

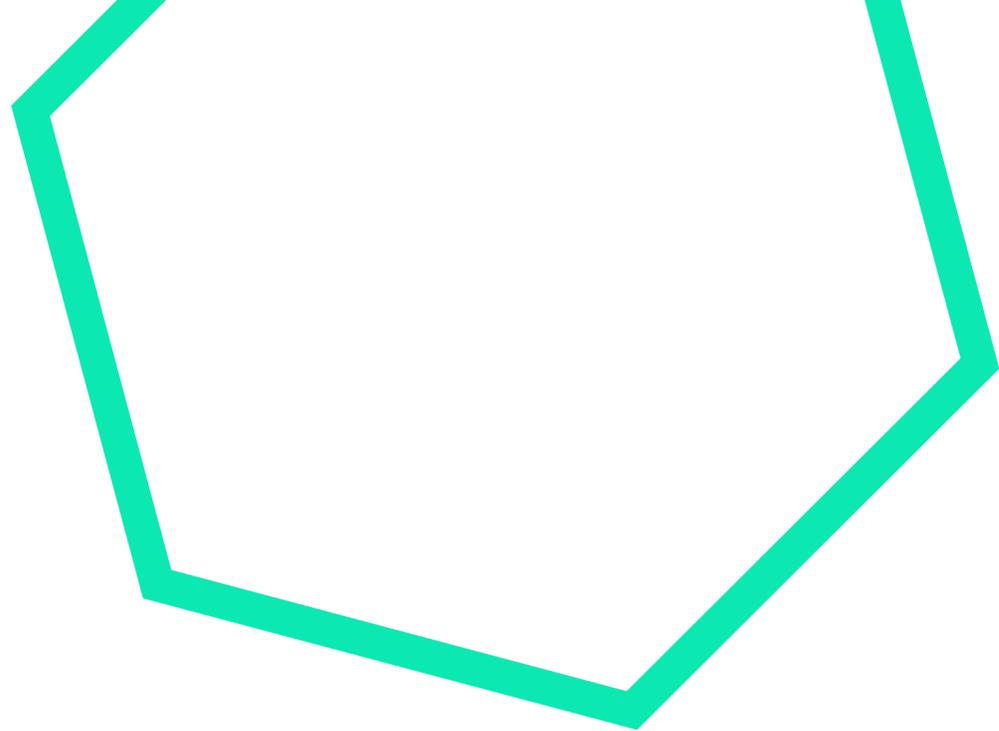
Annual Report Ballast Nedam 2023

Executive summary
and CEO message

Ballast Nedam

Executive summary

Annual report 2023



In 2023, Ballast Nedam demonstrated resilience in the face of economic challenges, achieving success in a volatile construction market. We commend our team for their dedication and adaptability, focusing on operational excellence and sustainable practices. Ballast Nedam actively addresses the urgent challenges of climate change through sustainable construction practices and future-proof solutions, contributing to global transitions in energy, water, mobility, and circularity.

Notable safety improvements and digital innovations underscore our commitment to progress. While undergoing market shifts, we remain dedicated to build a better living environment, mainly in the Netherlands but also exploring international possibilities. With ambitious targets for

carbon neutrality and energy efficiency, we're advancing towards a greener future. Looking ahead, our strategy prioritises a healthy, stable company, ensuring continuity and success for the future.

Our profile

Our company profile reflects who we are, what we do, and how we work. We are a long-standing construction and development company, emphasizing our historical evolution, core values, and strategic focus. Our culture is rooted in continuous improvement, aiming to add value for clients and contribute positively to the environment. We leverage the expertise and resources of our international parent organisation Rönnesans Holding to tackle various challenges.

Our purpose and strategy focus on building sustainable living environments and addressing societal needs through innovative solutions. We prioritise operational excellence, employee well-being, and financial stability while adhering to corporate social responsibility goals. Our organisational structure emphasizes the division between construction and development units to optimise expertise and market presence.

Financial highlights

Ballast Nedam boasts a well-diversified project portfolio, with the majority of business units making positive contributions to the financial performance. This is visible in the increased EBITDA and solvency ratio, while revenues and net result were lower compared with 2022.

Reflecting on the broader industry landscape, macroeconomic and legislative challenges have introduced uncertainties. These factors have also impacted Ballast Nedam's profitability and operations. With a good level of orderbook with focus on the quality of the order intake, Ballast Nedam is confident to continue to deliver solid results.



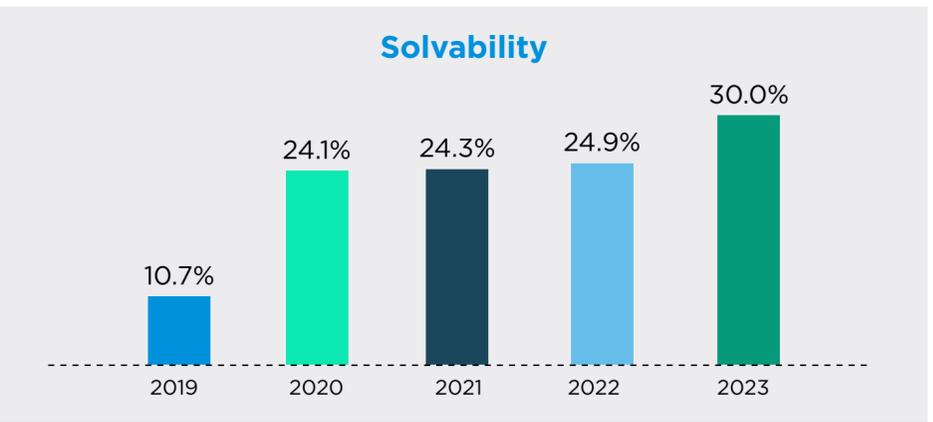
Project highlights

Our project highlights provide an extensive overview of diverse projects undertaken by the combined efforts of our business units. It highlights our versatility in industrial, infrastructure, residential, international, urban development and construction initiatives. In 2023, we celebrated numerous milestones, including the completion of the AMST housing project, the completion of BREEAM project Jonas, the high rise CoolTower, renovation project Mindlabs, the immersion of the Maasdeltatunnel and significant progress in many other projects.



Risk Management

Ballast Nedam prioritises risk management to safeguard strategic objectives and ensure operational excellence in the construction sector. Our strategies address strategic, operational, financial, and compliance risks, guided by the 'COSO' management model. We employ a three lines of defence model integrating project managers, legal, insurance, compliance, and CSR. Monitoring and mitigation strategies involve business control, finance, and operational risk departments. Our efforts focus on client engagement, sustainability initiatives, and staff training to manage risks effectively while remaining compliant with regulations and adapting to external factors.



Future endeavours will focus on enhancing risk management protocols, addressing supply chain risks, and complying with evolving sustainability regulations.

Sustainability performance

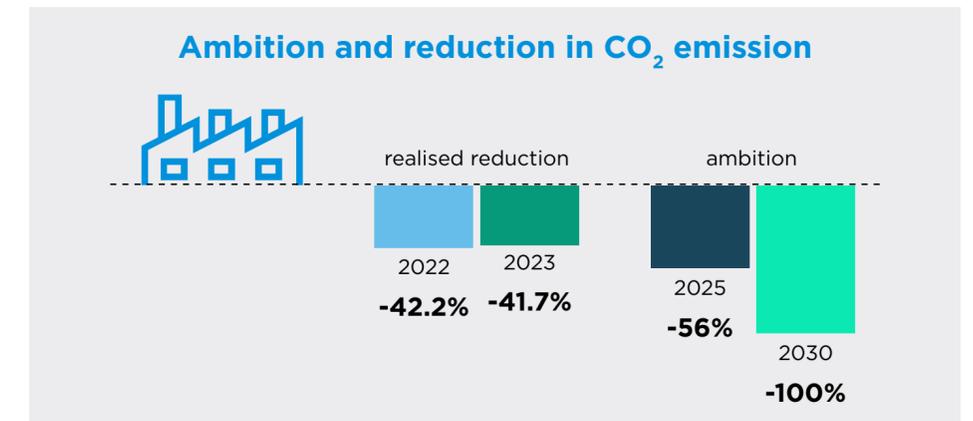
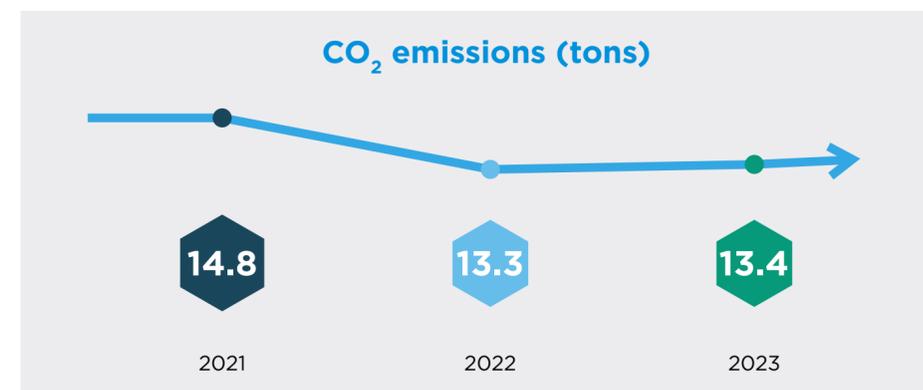
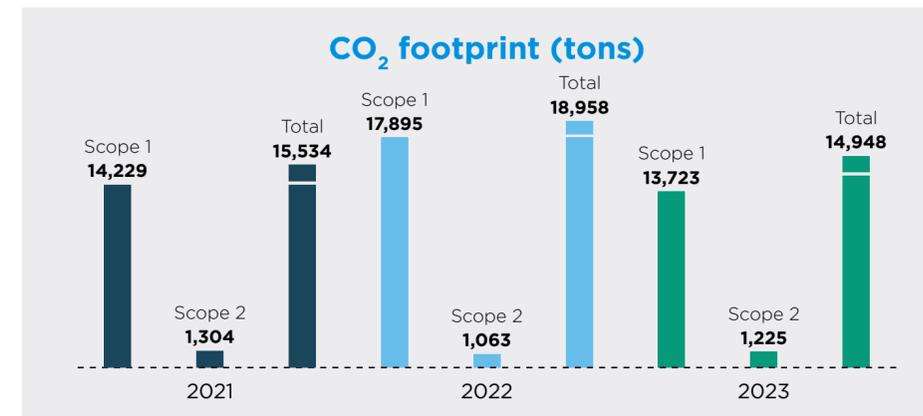
At Ballast Nedam, we are continuously learning, adapting, and growing on how our greenhouse gas (GHG) emission related interventions can contribute to mitigating climate change and how resilient our activities are in the face of increasing climate change risks.

With ambitious targets for CO₂ neutrality by 2030 and a focus on collaboration and transparency across all emission scopes, Ballast Nedam is on its way towards a sustainable future in construction.

We embrace the expanded possibilities of collaborating closely with clients to understand their climate adaptation opportunities and challenges. Furthermore, we observe a growing dedication to embracing circular practises in construction, as a result of pressures on the availability and affordability of construction materials. We also see increased commitments geared towards prioritising biodiversity preservation and pollution prevention.

Performance numbers:

- CO₂ emissions (Scopes 1 and 2) in 2023: 14,948 tonnes;
- Percentage of green electricity related to the total electricity purchased: 98.2%;
- Percentage reduction in CO₂ emissions (Scopes 1 and 2) from 2019 to 2023: 41.7%;
- CO₂ emissions (tonnes) per € million of revenue in 2023: 13.4;
- Percentage of own power supply provided through solar energy in 2023: 11.8%.



Digital transformation & Innovation performance

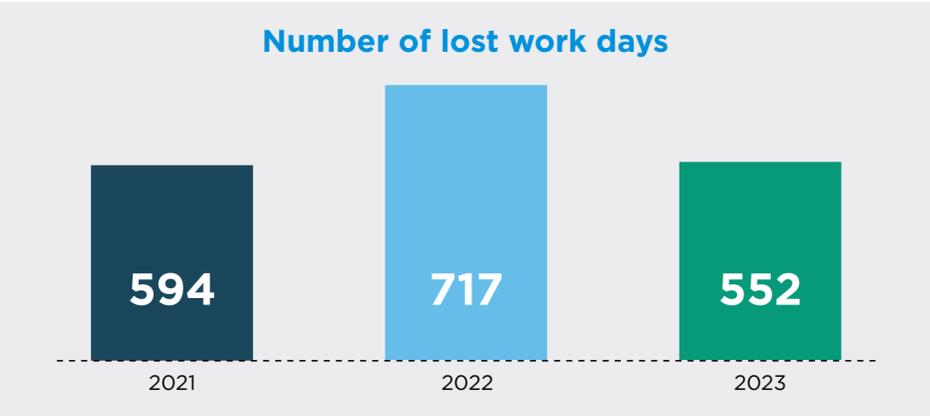
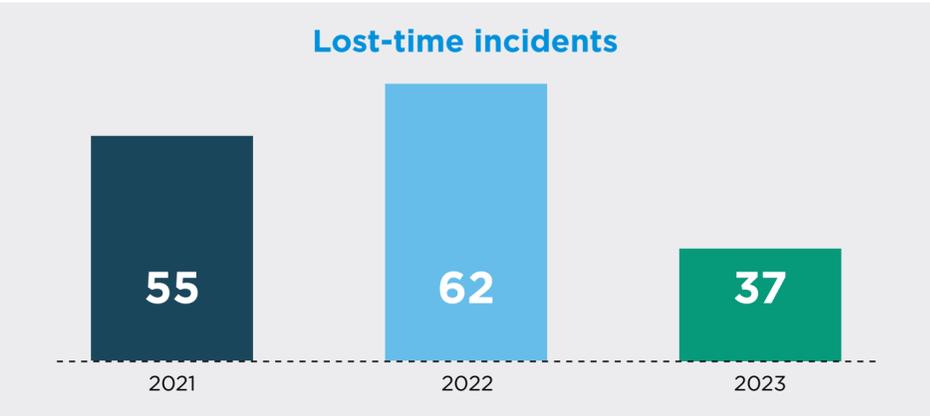
The focus theme Digital Transformation and Innovation (DTI) outlines Ballast Nedam's proactive approach to integrating digitalization and innovation across its operations. It emphasizes the role of emerging technologies like AI, robotics, and advanced building methods in enhancing efficiency, sustainability, and quality. Through strategic realignment, we aim to optimise internal processes and drive innovation, with a particular focus on improving project management tooling and processes. Initiatives include further development of Building Information Modelling (BIM), investing in robotic solutions to address labour shortages, and leveraging data digitalisation for better decision-making. Our efforts ensure operational excellence and sustainability, for a forward-thinking approach to navigating the digital future of construction.

Safety performance

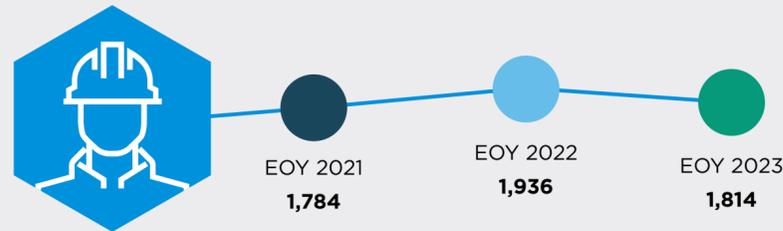
Our pursuit of safety excellence is based on creating a culture of care, and consists of a value driven safety approach. Through our safety program Take Care, we encourage everyone to be alert, to take action, and to address each other about safe and unsafe situations. We have been able to substantially decrease the number of accidents, meeting our overall injury frequency (IF) ratio target of 3,5. Key accomplishments included a decrease in absolute lost-time incidents from 62 in 2022 to 37 in 2023, and a decline in severity.

Looking ahead, as a next step, we will address mental health and well-being, recognising its pivotal role in organisational resilience and employee satisfaction.

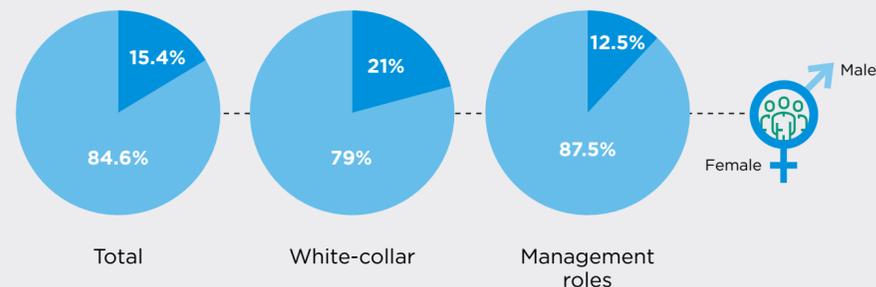
Together, we strive to create a workplace where safety is not just a priority, but a shared promise upheld by every member of our organisation. Safety as a true value, supported by a culture of care.



Number of employees



Number of female employees



Realised SROI vs plan

100%
realised vs planned

16
active projects with
social return

Human Resources performance

Ballast Nedam is committed to being an employer of choice through the diversity of our businesses and projects, our entrepreneurial spirit providing many opportunities to learn and grow and our attention to employee wellbeing. Our HR strategies focus on attracting and retaining a skilled workforce in a competitive labour market, providing challenging assignments and career development opportunities and prioritizing a healthy work environment with respect for individual preferences and recognition of achievements. We regard diversity as a social responsibility as well as a business necessity and strive to meet diversity targets and support a broad spectrum of employees. Our approach to HR underlines our commitment to sustainable growth, employee engagement and maintaining a preferred employer in our industry.

Performance numbers:

- ◆ Headcount EOY 2023: 1,814 employees;
- ◆ Sick Leave Rate 2023: 4.5%;
- ◆ Voluntary Attrition Rate EOY 2023: 10.1%;
- ◆ Female Employees in the Workforce EOY 2023: 15.4%;
- ◆ Female managers EOY 2023: 12.5%.

Outlook

In 2024, Ballast Nedam continues the renewed strategy for its Dutch construction operations, tailored to prevailing market conditions and company strengths. Our focus remains on fostering sustainability and profitability, emphasizing the creation of a safe and sustainable living environment. By collectively embracing responsibility and progressing incrementally, we aim to achieve our goals. Our aspiration is to realize these objectives in a safe environment characterised by mutual care and support.

CEO message

Building a sustainable living environment in challenging conditions

Kemal Sağlam, CEO of Ballast Nedam reflects: "In 2023, Ballast Nedam demonstrated resilience in navigating global economic challenges as well as complexities within the construction market. We proudly reflect on our diverse portfolio of projects, recognising our dedicated workforce for driving continuous improvement. This is a great compliment to all our people for their dedication, entrepreneurship and resilience. It was a year in which we focused on maintaining a healthy and stable business. Emphasising a focus on operational excellence, we prioritised a consistent way of working for project execution. This entails an increased emphasis on repetition in our processes, hereby leveraging accumulated knowledge and experience. We select projects that match our competences and our strategy. With this approach we create a healthier project portfolio

and still can realise landmark projects with manageable risks. Other important strategic pillars are international growth, a focus on specialised product-market combinations, being an employer of choice and corporate social responsibility."

Our responsibility to today's challenges

Climate change has far-reaching effects on our environment, ecosystems, urban living conditions and human societies. These impacts manifest in various ways, affecting both the natural world and human activities. In this changing world where we intensively use our energy resources and the need to preserve and protect our climate is evident, it is necessary to take responsibility. Fundamental changes are needed to offer a promising future.

As transitions in the field of energy, water, urban development, mobility and industries are ongoing, Ballast Nedam contributes to all these changes. We build houses, roads, ports, and also wind farms and dam constructions to protect the land from flooding. We convert fossil plants into sustainable alternatives. Increasingly with circular materials and with equipment and processes that cause zero emissions. We provide future-proof solutions, on a national and international level.

Reinventing ourselves

The eminent importance of accelerating a sustainable energy system and finding future proof ways of living, leads to further changes in our environment.

In the realm of sustainability, Ballast Nedam is committed to making a tangible impact. Our goal is clear: by 2030, we aim to achieve 100% CO2 neutrality on all construction sites within scope 1&2. To become carbon neutral, we are investing towards this through the establishment of zero-emission passenger fleet, business vans and equipment. For example, we have refitted several crawler tower cranes with 100% emission free engines in 2023. Looking ahead to 2040, our ambition extends to becoming energy neutral. This involves substantial investments in green energy and the development of independent energy sources. Creating a tangible impact is a collaborative task and we are working with all of our stakeholders to achieve our sustainability targets. We are actively minimising waste and elevating circularity levels. Concurrently, we are dedicated to enhancing biodiversity in our projects and integrating the use of biobased materials.

We also celebrate significant accomplishments in the field of safety as a result of our Take Care approach. Improving our safety means creating a safe, open and healthy working environment; the goal is to work safely and return home safely. Our Take Care approach exemplifies the power of good exemplary behaviour and personal leadership. We aspire for everyone in the company to have an intrinsic safety attitude, even when no one is looking, in which we

take care of each other. Impressively, there has been a substantial 40% reduction in lost time incidents, indicating a positive trend that we aspire to sustain. Safety remains paramount, with the understanding that any incident is one too many. At Ballast Nedam, we successfully stayed at level 3 of the Safety Culture Ladder and bridged the gap to level 4 for the first two Business Units in 2023.

Our focus on data collection and digitalisation extends to the implementation of new systems in our business processes. This includes the development of enhanced project management tools, progress monitoring, asset monitoring, and the integration of robotic process automation. We believe a structured common data environment is crucial for decision making and future business process optimisations.

We acknowledge that our people enable us to develop in the desired way. Ensuring a healthy, challenging and rewarding work environment is therefore a key driver for success. We are committed to being an employer of choice through the diversity of our businesses and projects, our entrepreneurial spirit providing many opportunities to learn and grow and our attention to employee wellbeing.

→ Windpark - Maasvlakte 2



Urban development and construction

Even though we can see some signs of recovery at the end of last year, we still see that the housing industry is under pressure. This is largely attributed to higher mortgage rates, declining consumer confidence, and increased construction costs. As a result, on average, fewer projects are being put up for sale. On top of economic factors, lengthy legal processes, as well as numerous objections from the community, contribute to extended project timelines. Uncertainty surrounding the regulation of mid-range rental market is also influencing housing production, as well as the continuing scarcity of building space, especially in light of the nitrogen measures.

Despite these challenges, our division Ballast Nedam Development holds a pioneering position in finding holistic, sustainable solutions to achieve sustainable urban development goals. Our regional construction activities range from small scaled land based housing projects to large urban solutions for living, working and leisure. Our regional presence is a strength as we operate close to markets and clients. This increases accessibility and a close understanding of clients. Meanwhile we are increasing the share of modular projects within our portfolio and looking for more ways to increase the use of timber and bio-diversified materials within our modules. Our expertise in

the fields of construction, modular construction, renovation and restoration, contribute to creating a better living environment.

Infrastructure

This year we signed the contract for the A27 to perform design, construction and maintenance services for the A27 motorway project from Everdingen to Hooipolder, a joint venture with Fluor. The two-phase approach fits into our early contractor involvement approach and allows us to fully integrate our long term construction experiences of similar scope and projects and to manage project risks for both Rijkwaterstaat and ALSÉÉN. Ballast Nedam Infra Projects also strengthened its focus on product specialisms. In the wind energy market the projects Maasvlakte 2 and Windplanblauw were recently completed. Our specialised expertise in tunnelling is expanding in the Netherlands as well as abroad. The very challenging immersion of the Maasdeltatunnel took place in October 2023. An immersed tunnel project in Iraq started in 2023 and will be completed beginning of 2025. Also our replacement and renovation works on the A73 tunnels continue. Our foundation and excavation solutions as well as our road construction works, contribute to our broad scope of expertise. We will continue to focus even more on replacement, renovation, and maintenance projects which represents a significant

workload potential. This broad project portfolio balances the risks within our infrastructure group.

With our selective tendering and de-risking approach for our project portfolio, we have moved away from price driven tenders into more EMVI lead tenders and product-market combinations where we can make a difference.

International ambitions

We are a Dutch construction company with a focus on the local construction market. At the same time, executing international projects has always been in our DNA. We have a long history abroad and a strong international reputation in mostly marine and water works, tunnelling and utility buildings. Iconic landmarks such as the King Fahd Causeway in Bahrein are examples we are still proud of. We continue to grow our strong international reputation and explore opportunities abroad. This means we continue to undertake large and complex construction projects aligned with our global resources and execution capabilities. Highlights of 2023 include successes for our international division, with projects in Guinea, Tanzania, Luxembourg, Sri Lanka and Sint Maarten. For 2024, we pursue the ambition to expand further in Africa, the CIS countries, the Caribbean, and the Nordics.

In January 2024, Ballast Nedam N.V. acquired 100% of the shares of Rönesans Endüstri Tesisleri (Rönesans Industrial and International Construction). This acquisition will strengthen the financial position of Ballast Nedam and is expected to contribute to a healthy profit margin. The business unit becomes part of the international portfolio within Ballast Nedam.

Financial results

Ballast Nedam maintained a positive operating performance, although there was a decrease in revenue from € 1,430.8 million in 2022 to € 1,112.7 million in 2023. Taking into account the winding down of the central Ballast Nedam Building Projects organisation, the 2023 revenue is in line with the expectations of our midterm business plan. The year 2022 was exceptionally high, mainly due to project cycles, with several successful projects realised simultaneously.

Our activities continue to be underpinned by sustained demand for residential and non-residential buildings, infrastructure enhancements, and the ongoing energy transition. The EBITDA shows an improvement from € 54.2 million in 2022 to € 57.0 million in 2023. Ballast Nedam boasts a well-diversified project portfolio, with the majority of business units making positive contributions to



financial performance. However, the year 2023 also posed challenges, notably in the form of deteriorated results from a selected number of construction projects in the Netherlands. These projects exhibited an asymmetrical risk and reward balance, leading to cost overruns. Ballast Nedam's financial indicators remain solid, with a working capital ratio of 1.3 (compared to 1.2 in 2022) and a year-end cash position of € 122.8 million (compared to € 171.0 million in 2022). The solvency ratio stands at 30.0%, exceeding the level of our best years. The order book, of € 1.3 billion (compared to € 1.4 billion in 2022), remains at a satisfactory level.

Ballast Nedam continues to focus on acquiring projects with a balanced risk-reward ratio. Reflecting on the broader industry landscape, global challenges have introduced uncertainties. These factors have also impacted Ballast Nedam's profitability and operations. We remain vigilant, closely monitoring these developments with an awareness of their potential future impact.

Outlook

“Since 3 years, Ballast Nedam has been working with a revised strategy for its construction activities in the Netherlands, tailored to the current market conditions and aligning effectively with the company's capabilities. This involves selective tendering, repetitive projects, and niche product-market mixes. This is paying off and we see the project portfolio is much more stable and predictable now. This of course puts some pressure on revenue growth, but our focus is always on the continuity and profitability of the company and we are finding new growth areas where we can make a difference, such as the energy transition. Looking ahead to 2024, the outlook is geared towards a sustainable and profitable business perspective.

We are dedicated to creating a safe and sustainable living environment. I believe that we need to find the balance in our quest for a healthy business in a healthy environment. We do this together with our competent and dedicated colleagues and with all other stakeholders whom we interact with. Hopefully we can do this in a safe environment where we take care for each other.”

Atilla Kemal Sağlam, CEO Ballast Nedam.



“Everything we do is based on our people. We trust each other and we embrace challenges.”

- A. Kemal Sağlam (CEO)

