

CONFIDENTIAL

The supervisory board, audit committee and
executive board of Royal BAM Group nv
Postbus 20
3980 CA BUNNIK

Amsterdam, August 18, 2021

REQ5831397/MS/jb

Dear members of the supervisory board, audit committee and executive board,

We hereby authorize you to include our review report in the interim condensed consolidated financial information as at June 30, 2021 as included in the half-yearly financial report 2021 of Royal BAM Group nv, Bunnik.

We hereby send you:

- ▶ One copy of the signed auditor's review report issued on the 2021 interim condensed consolidated financial information of Royal BAM Group nv, Bunnik that equals the final draft presented to us of which an initialed copy is enclosed. This signed review report is for your files and must therefore not be published
- ▶ One review report with the words: "signed by" followed by the name of the external auditor responsible for the engagement, to prevent misuse of the signature by third parties

We kindly request you to keep the authorization letter signed by us and the signed review report with your interim condensed consolidated financial information for your files. We hereby notice that a review report cannot replace an auditor's report.

The half-yearly financial report 2021 should be sent to the Authority for the Financial Markets (AFM) (Wft Section 5:25m).

If you wish to publish the first half-yearly financial report 2021 and our review report on the internet, it is your responsibility to ensure proper separation of the half-yearly financial report 2021 from other information on the website. For example, by presenting the half-yearly financial report 2021 as a separate, read-only file, or by issuing a warning if readers switch from the web page containing the half-yearly financial report 2021 (You are now leaving the secure page containing the half-yearly financial report 2021).

Our authorization only applies to this manner of publication.

Yours sincerely,
Ernst & Young Accountants LLP

A.A. van Eimeren

Enclosures: Unsigned review report dated August 18, 2021
Signed review report dated August 18, 2021
Half-yearly financial report 2021 initialed for identification purposes
Information sheet Publication of review report

Independent auditor's review report

To: the shareholders and the supervisory board of Royal BAM Group nv

Our conclusion

We have reviewed the interim condensed consolidated financial information included in the accompanying half-yearly financial report 2021 of Royal BAM Group nv based in Bunnik for the period from January 1, 2021 to June 30, 2021.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information of Royal BAM Group nv for the period from January 1, 2021 to June 30, 2021, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The interim condensed consolidated financial information comprises:

- ▶ The interim consolidated statement of financial position as at June 30, 2021
- ▶ The interim condensed consolidated statements for the period from January 1, 2021 to June 30, 2021: the income statement, the statement of comprehensive income, the statement of changes in equity and statement of cash flows
- ▶ The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the interim condensed consolidated financial information section of our report.

We are independent of Royal BAM Group nv in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the executive board and the supervisory board for the interim condensed consolidated financial information

The executive board is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the interim condensed consolidated financial information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing Royal BAM Group nv's financial reporting process.

Our responsibilities for the review of the interim condensed consolidated financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- ▶ Updating our understanding of Royal BAM Group nv and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the interim condensed consolidated financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- ▶ Obtaining an understanding of internal control as it relates to the preparation of interim condensed consolidated financial information
- ▶ Making inquiries of the executive board and others within Royal BAM Group nv
- ▶ Applying analytical procedures with respect to information included in the interim condensed consolidated financial information
- ▶ Obtaining assurance evidence that the interim condensed consolidated financial information agrees with, or reconciles to, Royal BAM Group nv's underlying accounting records
- ▶ Evaluating the assurance evidence obtained
- ▶ Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- ▶ Considering whether the executive board has identified all events that may require adjustment to or disclosure in the interim condensed consolidated financial information
- ▶ Considering whether the interim condensed consolidated financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, August 18, 2021

Ernst & Young Accountants LLP

A.A. van Eimeren

Independent auditor's review report

To: the shareholders and the supervisory board of Royal BAM Group nv

Our conclusion

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We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the executive board and the supervisory board for the interim condensed consolidated financial information

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- ▶ Obtaining assurance evidence that the interim condensed consolidated financial information agrees with, or reconciles to, Royal BAM Group nv's underlying accounting records
- ▶ Evaluating the assurance evidence obtained
- ▶ Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- ▶ Considering whether the executive board has identified all events that may require adjustment to or disclosure in the interim condensed consolidated financial information
- ▶ Considering whether the interim condensed consolidated financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, August 18, 2021

Ernst & Young Accountants LLP

Signed by A.A. van Eimeren

1 Conditions

Authorization to publish the review report is granted subject to the following conditions. The purpose of a review of financial statements is to obtain moderate assurance about whether the financial statements are free of material misstatement and therefore provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. We perform a review to conclude that nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of in accordance with the applied accounting policies. We provide negative formulated limited assurance.

- ▶ Further consultation with the auditor is essential if, after this authorization has been granted, facts and circumstances become known which materially affect the view given by the financial statements.
- ▶ The authorization concerns inclusion of the review report in the annual report to be tabled at the general meeting incorporating the financial statements as drawn up.
- ▶ This review report is not a substitute for an audit opinion and as a result the review report cannot be included in the Other information of the financial statements. As a result you need include the reason for the absence of the audit opinion in the Other information section of the financial statements. The review report needs to be included in the Additional information section.
- ▶ Financial statements for filing at the offices of the trade register which have been abridged in accordance with Section 397 of Book 2 of the Dutch Civil Code must be derived from the financial statements adopted by the general meeting and a draft version of these financial statements for filing purposes must be submitted to us for inspection. The review report should not be filed at the offices of the trade register.
- ▶ The review report can also be included as Additional information, if the financial statements are published electronically, such as on the internet. In such cases, the full financial statements should be published and these should be easily distinguishable from other information provided electronically at the same time.
- ▶ If the published financial statements are to be included in another document which is to be made public, authorization to include the review report must again be granted by the auditor.

2 Explanations to the conditions

2.1 Board of supervisory directors and board of executive directors

The auditor usually forwards his review report to the board of supervisory directors and to the board of executive directors.

2.2 General meeting

Publication of the review report will only be permitted subject to the auditor's express consent. Publication is understood to mean: making available for circulation among the public or to such group of persons as to make it tantamount to the public. Circulation among shareholders or members, as appropriate, also comes within the scope of the term "publication", so that inclusion of the review report in the annual report to be tabled at the general meeting similarly requires authorization by the auditor.

2.3 Review report and financial statements

The authorization concerns publication in the annual report incorporating the financial statements that are the subject of the review report. This condition is based on the auditors' rules of professional practice, which state that the auditor will not be allowed to authorize publication of his report except together with the financial statements to which this report refers.

The auditor will also at all times want to see the rest of the annual report, since the auditor is not allowed to authorize publication of his report if, owing to the contents of the documents jointly published, an incorrect impression is created as to the significance of the financial statements.

2.4 Events between the date of the review report and the general meeting

Attention should be paid to the fact that between the date of the review report and the date of the meeting at which adoption, as appropriate, of the financial statements is considered, facts or circumstances may have occurred which materially affect the view given by the financial statements.

Under COS 2400 and 2410, the auditor must perform review procedures designed to obtain sufficient audit evidence to ensure that all events occurring before the date of the review report that warrant amendment of or disclosure in the financial statements have been identified.

If the auditor becomes aware of events that may be of material significance to the financial statements, the auditor must consider whether those events have been adequately recognized and sufficiently disclosed in the notes to the financial statements. If between the date of the review report and the date of publication of the financial statements, the auditor becomes aware of a fact that may have a material impact on the financial statements, the auditor must assess whether the financial statements should be amended, discuss the matter with management and act as circumstances dictate.

2.5 Trade register

The financial statements are tabled at the general meeting (legal entities coming within the scope of Title 9 of Book 2 of the Dutch Civil Code table the directors' report (if applicable) and the other information as well). The reason why no auditor's report is included to the financial statements ought to be included in the Other information section. The review report ought not to be included in the Other information section, but to be included as Additional information. This also applies when the financial statements are voluntarily filed at the offices of trade register. The general meeting considers adoption of the financial statements. Only after the financial statements have been adopted, do they become the statutory (i.e. the company) financial statements. As a rule, the statutory financial statements will be adopted without amendment. It is the statutory financial statements whom are filed at the office of trade register, possibly using the legal exemption on basis of size of the corporation. The review report cannot be filed at the offices of trade register if any of these legal exemptions are used.

2.6 Other manner of publication

The financial statements may also be published other than by filing at the offices of the trade register. In that event, too, inclusion of the review report as Additional information is permitted, provided the financial statements are published in full. If publication concerns part of the financial statements or if the financial statements are published in abridged form, publication of any report the auditor has issued on such financial statements will be prohibited, unless:

- a. He has come to the conclusion that, in the circumstances of the case, the document concerned is appropriate
- Or
- b. Based on legal regulations, publication of the document concerned is all that is required

If less than the full financial statements are published, further consultation with the auditor is essential.

If the financial statements and the review report are published on the internet, it should be ensured that the financial statements are easily distinguishable from other information contained on the internet site. This can be achieved, for example, by including the financial statements as a separate file in a read-only format or by including a warning message when the reader exits the financial statements document.

2.7 Inclusion in another document

If the published financial statements are to be included in another document which is to be made public, this is considered a new publication and authorization must again be obtained from the auditor. An example of this situation is the publication of an offering circular which includes the financial statements, after these financial statements have been filed at the office of the trade register together with the other annual reports. For each new publication, authorization must again be obtained from the auditor.

2.8 Events after the general meeting

Even if facts and circumstances have become known after the adoption of the financial statements as a result of which they no longer give the statutory true and fair view, the auditor must stand by the review report issued on the financial statements. In that event, the legal entity is required to file a statement at the offices of the trade register on these facts and circumstances. In this situation, too, further consultation with the auditor is essential.

Date 19 August 2021

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BAM delivers strong operational performance in first half-year; outlook 2021 adjusted EBITDA margin of around 3.5%

Royal BAM Group nv reports for the first half-year of 2021 an adjusted EBITDA of €157 million versus an adjusted EBITDA of negative €54 million in the same period of 2020. All activities contributed to the operational improvement, with the exception of Dutch Civil engineering. The convertible bond (€120 million) and revolving credit facility (RCF; €400 million) were repaid in the period and the cash position remains solid. The order book of €13.8 billion remains high. BAM is making good progress with its new strategy, with continued focus on restructuring the portfolio, de-risking, increasing profitability and creating a sustainable platform for future growth. For 2021, BAM anticipates an adjusted EBITDA margin of around 3.5 per cent.

- Revenue increased by 17% compared to first half-year 2020 which was severely impacted by Covid-19
- Sharp upturn of adjusted EBITDA to €157 million, meaning adjusted EBITDA margin of 4.3%
- Very strong performance from Dutch Construction and Property and good contributions from United Kingdom and Ireland; underperformance in Dutch Civil engineering
- Net result of €20 million, including non-cash deferred tax charge of circa €30 million
- Liquidity position of €1.2 billion after repaying €400 million RCF and €120 million convertible bond; capital ratio 13.2% (year-end 2020: 13.4%)

Key numbers

(in € million, unless otherwise indicated)

	1st half-year 2021	1st half-year 2020	Full year 2020
Revenue	3,629	3,108	6,809
Adjusted EBITDA ¹	157.1	-54.0	200.8
Adjusted EBITDA ¹ margin	4.3%	-1.7%	2.9%
Net result attributable to shareholders	20.1	-234.5	-122.2
Order book (end of period)	13,800	13,300	13,800
Trade working capital efficiency	-15.7%	-12.1%	-13.9%

¹ Before restructuring costs and pension one-offs; see annex for full definition.

Ruud Joosten, CEO of Royal BAM Group:

'The financial results for the first half of 2021 clearly show a strong improvement in BAM's operational performance. All activities contributed to this positive development, except Dutch civil engineering which faced a significant cost overrun in the large contracts division. This reinforces BAM's strategic decision not to tender for very large, single stage lump-sum projects. Our other platform for growth businesses had a solid performance, led by our Dutch residential activities which delivered a substantial contribution supported by high demand for new homes.

I'm pleased to report that BAM employees are working enthusiastically on the execution of our strategy, 'Building a sustainable tomorrow', which we launched in February. In the first quarter, we successfully completed our major cost reduction programme. BAM has started Group-wide programmes to further reduce our risk profile, step up our efficiency and capture the opportunities provided by digitalisation and the growing emphasis of clients and society on sustainability. We divested two business units (BAM Swiss and BAM Facilities Services in Germany) and transferred BAM Indonesia to its management. In the Netherlands, we further strengthened the portfolio towards sustainability and industrialised construction with the acquisition of off-site production facilities for modular construction.

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We have a solid order book and a healthy pipeline of opportunities coming from the public stimulus programmes in the United Kingdom, the focus of our clients on sustainable solutions, essential infrastructure improvement and the demand for affordable housing in the Netherlands. Against this background we are on track to deliver our strategic targets for 2023.'

Outlook 2021

Looking ahead, market circumstances are generally positive. However, BAM is experiencing industry-wide pressure in some parts of the supply chain, there are ongoing discussions with clients regarding the timing and settlement of some substantial claims and Covid-19 uncertainties remain. For 2021, BAM anticipates an adjusted EBITDA margin of around 3.5 per cent.

Business review first half-year 2021

Income statement (in € million)	1st half-year 2021		1st half-year 2020	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Construction and Property	2,002	93.5	1,655	-19.8
Civil engineering	1,607	39.3	1,340	-15.2
	3,609	132.8	2,995	-35.0
BAM PPP ²		9.1	33	20.4
BAM International	39	-11.5	100	-52.6
Eliminations and miscellaneous	-19	26.7	-20	13.2
Group revenue and adjusted EBITDA	3,629	157.1	3,108	-54.0
Depreciation and amortisation		-73.4		-79.2
Interest charge		-7.5		-0.3
Restructuring		-0.2		-1.5
Impairments		-10.6		-65.5
Result before tax		65.4		-200.5
Income tax		-45.6		-34.4
Non-controlling interest		0.3		0.4
Net result attributable to shareholders		20.1		-234.5

² Adjusted EBITDA BAM PPP in first half 2020, net income from joint venture reported in first half 2021.

In the first half-year, Group revenue increased by €521 million (17 per cent) compared with the same period last year when production levels were severely impacted by Covid-19 restrictions, and was above the pre-Covid level of €3,454 million for the first half of 2019. The British pound exchange rate had a positive impact of €5 million. Joint venture revenue is not consolidated in Group revenue and was €213 million versus €332 million in the first half of 2020.

Higher revenues combined with the positive effect of the cost reduction programme initiated in September 2020 resulted in a strong recovery of adjusted EBITDA to €157.1 million (first half 2020: negative €54 million). All activities contributed positively, with the exception of Dutch Civil engineering where results were impacted by a significant cost overrun in the large contracts division, and BAM International.

Net result was impacted by non-cash impairments totalling €10.6 million, mainly for some property development positions in the Netherlands. Income taxes include a €29.8 million non-cash deferred tax charge, consisting of three elements. First, a law change on tax loss settlement rules in the Netherlands had a negative impact of €28 million. Second, the increase of the corporate income tax rate in the United Kingdom had a negative impact of €2.9 million on the net deferred tax position, of which €11.8 million has been charged through profit and loss, and a €8.9 million positive effect via equity. Third, the performance of the activities in the Netherlands and Germany resulted in a €6.5 million and €3.5 million addition to deferred tax assets.

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Construction and Property

(x € million, unless otherwise indicated)	1st half-year 2021		1st half-year 2020	
Analysis by geography	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Netherlands	855	69.3	773	42.0
United Kingdom	551	21.5	392	-13.9
Ireland	208	3.9	163	-16.8
Total Platform for growth	1,614	94.7	1,328	11.3
Belgium	172	-4.4	130	-9.4
Germany	216	3.3	197	-21.7
Total Manage for value	388	-1.1	327	-31.3
Eliminations and miscellaneous	-	-0.1	-	-
Total sector	2,002	93.5	1,655	-19.8
Trade working capital efficiency	-16.8%		-15.7%	
Revenue growth ³	21%		-17.0%	
Adjusted EBITDA margin		4.7%		-1.2%
	1st half-year 2021		Full year 2020	
Order book ³	5,848		6,184	
Order book growth	-6%		-7%	

³ The British pound exchange rate had a €2 million positive effect on revenues and a €64 million positive effect on the development of the order book.

After the severe impact of Covid-19 on the Construction and Property business line in the first half of 2020, particularly in Belgium, Ireland and the United Kingdom, revenue recovered strongly. Overall revenue for the business line Construction and Property was up by 21 per cent compared to first half 2020 and back to pre-Covid levels. Adjusted EBITDA of €93.5 million equated to a margin of 4.7 per cent. Within this, the platform for growth businesses delivered a margin of 5.9 per cent, while the manage for value businesses were approximately break-even on an adjusted EBITDA basis.

The Dutch Construction and Property activities again performed strongly, driven by residential property development and construction. Dutch house sales totalled 1,446 compared to 1,028 in the first half-year of 2020. Approximately 75 per cent of the homes were sold to private buyers. Gross investment in property decreased by €21 million to €483 million from €504 million at the end of 2020.

Performance in the United Kingdom rebounded in the first half of 2021, supported by a claim settlement. In Ireland, although activity in the first half-year of 2021 was impacted by the re-imposition of Covid-19 restrictions from January to late April, there was a positive contribution from adjusted EBITDA.

Performance in Germany and Belgium improved substantially in the first half compared to the first half of 2020 and in both countries management is focusing on further improving operations and reducing risk profile.

Trade working capital efficiency further improved to -16.8 per cent, mainly driven by the continuing focus on cash collection.

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The order book in Construction and Property declined by 6 per cent in the first half of 2021 versus year-end 2020 to €5.9 billion but remains high. In the United Kingdom several larger contracts, including the Co-op Live arena in Manchester, were secured, resulting in an increase versus the position at year-end 2020. The order backlog in Ireland was supported by several project wins, including the €100 million Newmarket Square project in Dublin. In Germany, continued selective tendering resulted in a €200 million lower order book.

Market outlook. Client sentiment has generally strengthened since a year ago. Clients have a growing emphasis on de-carbonising, sustainability and building safety which plays to BAM's strong capabilities in these areas. In all countries, the increasing pressure in the supply chain for materials and employees is leading to cost increases and delays of project awards.

In the Netherlands, high demand in the residential market combined with restricted supply due to delays in permitting means prices for new build homes continue to increase. There is a clear shortage of affordable and sustainable homes. Although BAM is well positioned to supply these homes, the production is highly dependent on the decisions and planning procedures of local and central governments.

In the United Kingdom, the government has committed to significantly increase public investment over the next four years, resulting in a positive outlook for health, justice and education. The private market is a mixed picture, with lower demand in retail and some hesitation in offices, partly offset by logistics and pharmaceuticals. In Ireland, both private and public sector investment and tenders remain strong.

In Belgium, the market for residential and public investments remains solid. The German market remains competitive.

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Civil engineering

(x € million, unless otherwise indicated)

	1st half-year 2021		1st half-year 2020	
Analysis by geography	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Netherlands	582	-5.4	615	3.5
United Kingdom	633	19.3	454	18.4
Ireland	61	2.8	23	-2.4
Total Platform for growth	1,276	16.7	1,092	19.5
Belgium	158	7.5	108	-5.7
Germany	175	15.1	142	-29.0
Total Manage for value	333	22.6	250	-34.7
Eliminations and miscellaneous	-2	-	-2	-
Total sector	1,607	39.3	1,340	-15.2
Trade working capital efficiency	-14.9%		-8.1%	
Revenue growth ⁴	20%		-2.0%	
Adjusted EBITDA margin		2.4%		-1.1%
	1st half-year 2021		Full year 2020	
Order book ⁴	7,900		7,519	
Order book growth	5%		17%	

⁴ The British pound exchange rate had a €3 million positive effect on revenues and a €186 million positive effect on the development of the order book.

BAM's Civil engineering revenue grew by 20 per cent compared to the first half of 2020. Growth was mainly driven by the 40 per cent revenue increase in the United Kingdom. Production in Ireland and Belgium partly recovered from a relatively low base related to the impact of Covid-19.

Adjusted EBITDA improved to €39.3 million from a loss in the comparable period last year.

The negative adjusted EBITDA of Dutch civil engineering reflected the significant cost overrun in the large contracts division, which was not compensated by the overall better performance of the other activities and a claim settlement. The contribution from the United Kingdom was satisfactory and included some provisions. In Ireland and Belgium, the performance improved, following the significant impact of Covid-19 in 2020. Germany also made a positive contribution, supported by a claim settlement and book profit from the sale of equipment.

Trade working capital efficiency improved to -14.9 per cent, mainly driven by improvement of advanced payments on some larger projects.

The order book increased by 5 per cent to €7.9 billion in the first half of the year, mainly driven by a €120 million increase in the Netherlands and the positive exchange rate effect of the British pound contributed €186 million. In the Netherlands, BAM decided not to tender for several new large projects such as the A27 highway (Utrecht) and Zuidas project (Amsterdam). The order book in the United Kingdom remains at a high level, allowing for continued selective tendering. Ireland, Belgium and Germany were stable.

Market outlook. Increasing shortages and price inflation of construction materials in all countries represents some headwind in the short term. In the Netherlands, market circumstances are getting tougher due to

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tenders being postponed and strong competition. The delay in forming a new government prolongs the uncertainty regarding nitrogen and budget allocations.

In the United Kingdom, the government continues to support the infrastructure market, seeing it as central to economic recovery. The government has two further primary objectives: rebalancing the UK economy geographically (North/South) and de-carbonisation. BAM's principal clients are investing in line with these broad objectives. In Ireland, the civil market remains competitive and investment is confined mostly to small and medium scale projects. Sentiment has recovered strongly since the lifting of the latest Covid-19 restrictions, with a positive outlook in key sectors.

In Germany, the market developments and the competitive environment are becoming more stable. The federal election in September could have an impact on certain market segments in Germany, but in general all parties agree on the for large-scale infrastructure investments in the coming years. In Belgium, civil engineering tenders are at normal levels, although there is some new uncertainty regarding nitrogen.

BAM PPP

The ownership structure of BAM PPP changed in December 2020 with the Dutch pension fund PGGM becoming a joint owner. The joint venture has had a good start, with a solid performance for the first half-year and a healthy pipeline of prospects and active bids. In the first half-year the net result from the joint venture was €9.1 million. The BAM PPP consortium was selected as the preferred bidder for the first project within a larger Belgium school building programme which will see 40 schools procured through public-private partnerships. At the end of the period there were 40 operational projects with a further seven under construction and one at preferred bidder stage, making 48 PPP projects in total. BAM PPP currently has a further 13 active bids at various stages of procurement.

BAM International

BAM International reported an adjusted EBITDA of negative €11.5 million (2020 H1: adjusted EBITDA negative €52.6 million). There were no additional losses in the second quarter. The wind-down is progressing, with revenues in the first half-year of €39 million (2020 H1: €100 million). The remaining order backlog stands at €39 million. In May, the Indonesian subsidiary BAM Decorient was transferred to its management.

Financial review

Cash flow ⁵

(in € million)	1st half-year 2021	1st half-year 2020	Full year 2020
Cash flow of earnings ⁶	127	-44	24
Working capital	-22	126	504
Provisions and Pensions	-43	39	86
Cash flow from Operating Activities	62	121	614
Cash flow from Investing Activities	-52	-14	60
Cash flow from Financing Activities	-588	354	295
Increase/decrease in cash position	-578	461	969
Cash and cash equivalents beginning period	1,789	854	854
Exchange rate differences, other changes ⁷	29	-32	-34
Cash and cash equivalents	1,240	1,283	1789

⁵ Based on the IFRS cash flow statement.

⁶ Net result for the period adjusted for depreciation and amortisation, impairment charges and other non-cash elements.

⁷ Includes cash change assets held for sale.

In the first half of 2021, BAM reported a strong cash flow from earnings. In contrast to the normal seasonal cash outflow in the first half-year, working capital was only €22 million negative due to the further improvement of advanced payments on some larger projects, which was partly offset by increased trade receivables. The change in working capital includes the repayment of around €40 million of Covid-19 deferred VAT and salary tax payments. Trade working capital efficiency further improved to minus 15.7 per cent (2020 FY: minus 13.9 per cent). The cash outflow for provisions and pensions mainly relates to the cost reduction programme initiated last September, progress on the execution of underperforming projects and around €8 million related to pension payments.

Cash flow from financing initiatives was €588 million negative, and mainly due to the repayment of the €400 million RCF and €120 million convertible bond.

Financial position

(x €million)	1st half-year 2021	Full year 2020	1st half-year 2020
Cash position	1,240	1,789	1,283
Interest-bearing debt	-96	-635	-675
Net (debt) / cash before lease liabilities	1,144	1,154	608
Lease liabilities	-261	-294	-305
Net (debt) / cash	883	860	303
Shareholders' equity	640	583	451
Capital base	640	702	573
Balance sheet total	4,856	5,225	5,084
Capital ratio	13.2%	13.4%	11.3%
Capital employed	1,680	1,959	1,714
Return on average capital employed	11.7%	-4.2%	-6.6%

Compared to the first half of 2020, BAM's cash position was almost unchanged at around €1.2 billion, while the Group sharply reduced its interest bearing debt through the full repayment of the €400 million RCF and the €120 million convertible bond. BAM also repaid around €40 million of deferred Covid-19 related VAT and salary tax payments, as a result the amount due declined to approximately €190 million.

BAM's capital ratio at mid-year 2021 was slightly lower at 13.2 per cent compared to 13.4 per cent at the end of 2020. The capital base reduced by €62 million as a result of the repayment of the convertible bond (€120 million), which was partly offset by a positive exchange rate effect (€22 million), net result (€20 million) and actuarial gains (€15 million). The impact of the lower capital base was partly mitigated by a €369 million decline in the balance sheet total.

The temporary debt covenant waiver, provided mid-2020, was no longer required and ended in line with the agreement. The Group was well within the limits of all its recourse banking covenants as at 30 June 2021; the recourse leverage ratio was minus 4.5 (≤ 2.5), the recourse interest coverage ratio was 16.6 (≥ 4.0) and the recourse solvency ratio was 20.0 per cent (≥ 15 per cent). Solvency for covenants differs from the capital ratio, since it is based on IFRS as applied by the Group for the year 2019, amongst others excluding IFRS 9 and, with regard to IFRS 16, it has been agreed to leave all leases out of scope for covenant testing. Further, the covenant calculations exclude all direct equity effects resulting from derivatives and pensions.

Risks and uncertainties

As indicated in the annual report for the 2020 financial year, there is a Group-wide focus on risk management in the primary process, in order to improve predictability and performance. The Group's risk management system does not imply avoidance of all risks. Instead it aims to identify opportunities and threats and manage them. More effective risk management will enable BAM to undertake larger commitments in a well-controlled environment. The risks that can have a material impact on the Group's results and its financial position are described in detail in the annual report for the 2020 financial year. Other risks, especially regarding the Covid-19 pandemic, or risks that are either not currently known or currently considered non-material could prove to have an effect (material or otherwise) in due course on the markets, objectives, revenue, results, assets, liquidity or funding of the Group.

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Executive Board, Royal BAM Group nv

Ruud Joosten, CEO

Frans den Houter, CFO

Live video webcast

The Executive Board of Royal BAM Group will present the results of the first half of 2021 on 19 August 2021 during an (English) analyst meeting at 9.30 a.m. CET. The meeting can be followed via live video webcast (www.bam.com).

Key dates

4 November 2021

Trading update first nine months 2021

17 February 2022

Publication of annual results 2021

Further information

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Regulated information

This press release contains information that qualifies or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Forward looking statements

This press release contains 'forward-looking statements', based on currently available plans and forecasts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and BAM cannot guarantee the accuracy and completeness of forward-looking statements.

These risks and uncertainties include, but are not limited to, factors affecting the realisation of ambitions and financial expectations, exceptional income and expense items, operational developments and trading conditions, economic, political and foreign exchange developments and changes to IFRS reporting rules.

BAM's outlook, in line with these forward-looking statements, merely reflects expectations of future results or financial performance and BAM does not make any representation or warranty in that respect. Statements of a forward-looking nature issued by the company must always be assessed in the context of the events, risks and uncertainties of the markets and environments in which BAM operates. These factors could lead to actual results being materially different from those expected, and BAM does not undertake to publicly update or revise any of these forward-looking statements.

Declaration in accordance with the Dutch Financial Supervision Act

In accordance with their statutory obligations under Article 5:25d(2)(c) of the Dutch Financial Supervision Act, the members of the Executive Board declare that, in so far as they are aware:

- the half-yearly financial report provides a true and fair reflection of the assets and liabilities, the financial position and the result generated by the Company and by companies included in the consolidated accounts; and
- the half-yearly report by the Executive Board provides a true and fair overview of the information required pursuant to Article 5:25d(8) and (9) of the Dutch Financial Supervision Act.

Bunnik, the Netherlands, 18 August 2021

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1. Interim condensed consolidated income statement

(x € million)	Notes	1 st half year 2021	1 st half year 2020*	Full year 2020*
Continuing operations				
Revenue	6	3,628.8	3,081.6	6,768.2
Operating result before depreciation, amortisation and impairment charges, restructuring costs and share of result of investments in associates and joint ventures		133.9	-46.6	62.9
Depreciation and amortisation charges		-29.5	-30.3	-60.1
Depreciation right-of-use assets		-43.9	-48.8	-98.8
Impairment charges	8.7	-10.6	-65.5	-74.8
Restructuring costs		-0.2	-1.5	-44.7
Share of result of investments in associates and joint ventures	8.14	23.2	-27.7	-5.8
Operating result		72.9	-220.4	-221.3
Finance income		2.1	5.2	8.2
Finance expense		-9.6	-10.4	-23.8
Total finance income and expense		-7.5	-5.2	-15.6
Result before tax		65.4	-225.6	-236.9
Income tax	8.4	-45.6	-33.4	-35.1
Result from continuing operations		19.8	-259.0	-272.0
Discontinued operations				
Result from discontinued operations	8.13	-	24.1	149.6
Net result		19.8	-234.9	-122.4
Attributable to:				
Shareholders of the Company		20.1	-234.5	-122.2
Non-controlling interests		-0.3	-0.4	-0.2
		19.8	-234.9	-122.4
Earnings per share (x €1)				
Basic				
Continuing operations	7	0.07	-0.95	-1.00
Discontinued operations		-	0.09	0.55
Total		0.07	-0.86	-0.45
Diluted				
Continuing operations	7	0.07	-0.95	-1.00
Discontinued operations		-	0.09	0.55
Total		0.07	-0.86	-0.45

*The results of BAM PPP for the full year 2020 and the first half year of 2020 have been presented on a separate line "Result from discontinued operations". See note 8.13.

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2. Interim condensed consolidated statement of comprehensive income

(x € million)	Notes	1 st half year 2021	1 st half year 2020	Full year 2020
Net result for the period		19.8	-234.9	-122.4
<i>Items that may be reclassified to the income statement, net of tax</i>				
Cash flow hedges		-0.3	59.9	94.6
Exchange rate differences		21.4	-28.4	-10.7
<i>Items that will not be reclassified to the income statement, net of tax</i>				
Remeasurements of post-employment benefit obligations		14.7	25.1	-1.9
Other comprehensive income		35.9	56.6	82.0
Total comprehensive income, net of tax		55.6	-178.3	-40.4
Attributable to:				
Shareholders of the Company		55.9	-177.9	-40.1
Non-controlling interests		-0.3	-0.4	-0.3
		55.6	-178.3	-40.4
Total comprehensive income attributable to the shareholders of the Company arises from:				
Continuing operations		55.9	-259.6	-287.5
Discontinued operations	8.13	-	81.7	247.4
		55.9	-177.9	-40.1

Exchange rate differences include the translation of foreign companies as a result of the increased pound sterling from 31 December 2020 to 30 June 2021.

3. Interim condensed consolidated statement of changes in equity

(x € million)	Notes	1 st half year 2021	1 st half year 2020	Full year 2020
As at 1 January		584.7	633.9	633.9
Net result for the period		19.8	-234.9	-122.4
Cash flow hedges		-0.3	59.9	94.6
Remeasurements of post-employment benefit obligations		14.7	25.1	-1.9
Exchange rate differences		21.4	-28.4	-10.7
Other comprehensive income net of tax		35.8	56.6	82.0
Total comprehensive income		55.6	-178.3	-40.4
Dividends paid (including non-controlling interests)		-	-0.1	-0.1
Other changes		-0.6	0.4	-8.7
Total change		55.0	-178.0	-49.2
Position as at period-end		639.7	455.9	584.7

In the second half of 2020, the other changes were predominantly influenced by the purchase of the non-controlling interest of an asphalt company for the amount of approximately €5 million and the derecognition of the carrying amount of the non-controlling interest in some former subsidiaries contributed to a newly formed asphalt joint venture for an amount of approximately €3 million.

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4. Interim consolidated statement of financial position

(x € million)	Notes	30 June 2021	30 June 2020	31 December 2020
Property, plant and equipment		242.1	269.8	253.1
Right-of-use assets		263.1	305.3	293.4
Intangible assets		348.3	328.9	334.5
PPP receivables	8.11	12.6	68.9	11.2
Investments in associates and joint ventures	8.14	274.1	138.6	256.1
Other financial assets	8.11	89.4	108.4	69.5
Employee benefits		64.5	77.1	55.1
Deferred tax assets	8.4	88.9	98.5	106.2
Non-current assets		1,383.0	1,395.5	1,379.1
Inventories		498.7	564.5	517.6
Trade and other receivables		1,723.5	1,817.3	1,495.3
Income tax receivable		3.0	14.3	15.3
Derivative financial instruments	8.11	0.2	-	0.7
Cash and cash equivalents		1,240.0	1,283.6	1,789.3
Current assets		3,465.4	3,679.7	3,818.2
Assets held for sale	8.15	7.8	8.5	27.2
Total assets		4,856.2	5,083.7	5,224.5
Share capital and premium		839.3	839.3	839.3
Reserves		-78.6	-152.0	-99.7
Retained earnings		-120.6	-236.3	-156.2
Equity attributable to the shareholders of the Company		640.1	451.0	583.4
Non-controlling interests		-0.4	4.9	1.3
Total equity		639.7	455.9	584.7
Borrowings	8.8	19.1	88.0	429.0
Lease liabilities		179.4	218.4	207.4
Derivative financial instruments	8.11	0.4	9.6	0.2
Employee benefits		105.4	104.6	113.7
Provisions	8.16	173.3	142.8	133.3
Social security and other taxes	8.4	172.7	-	183.6
Deferred tax liabilities	8.4	22.9	20.9	13.7
Non-current liabilities		673.2	584.3	1,080.9
Borrowings	8.8, 8.11	76.3	588.4	205.6
Lease liabilities		82.2	86.3	86.5
Trade and other payables		3,267.9	3,216.6	3,044.4
Derivative financial instruments	8.11	0.6	2.4	0.5
Provisions	8.16	106.4	141.2	193.7
Income tax payable		9.9	8.6	7.4
Current liabilities		3,543.3	4,043.5	3,538.1
Liabilities held for sale	8.15	-	-	20.8
Total equity and liabilities		4,856.2	5,083.7	5,224.5
Capital base		640.1	573.0	702.1

5. Interim condensed consolidated statement of cash flows

(x € million)	1 st half year 2021	1 st half year 2020*	Full year 2020*
Net result from continuing operations	19.8	-259.0	-272.0
Net result from discontinued operations	-	24.1	149.6
Net result	19.8	-234.9	-122.4
Adjustments for:			
Income tax	45.7	34.4	38.5
Depreciation and amortisation charges	29.5	30.3	60.1
Depreciation of right of use assets	43.9	48.9	99.2
Impairment charges	10.6	65.5	74.7
Result on sale of PPP projects	-	-13.6	-18.3
Result on sale of discontinued operations	-	-	-118.2
Result on sale of property, plant and equipment	-2.7	-0.8	-3.5
Share based payments	-	0.3	-
Share of result of investments in associates and joint ventures	-23.3	22.0	-5.7
Finance income and expense	7.5	0.3	7.2
Interest received	2.1	8.7	14.2
Dividends received from investments in associates and joint ventures	6.6	6.6	19.8
Changes in provisions and pensions	-42.9	38.7	86.0
Changes in working capital (excluding cash and cash equivalents)	-22.6	126.2	503.6
Cash flow from operations	74.2	132.6	635.2
Interest paid	-17.0	-8.8	-23.8
Income tax received / (paid)	6.1	-5.7	-8.5
Net cash flow from ordinary operations	63.3	118.1	602.9
Investments in PPP receivables	-1.6	-12.2	-19.1
Repayments of PPP receivables	0.2	15.5	30.5
Net cash flow from operating activities	61.9	121.4	614.3
Investments in non-current assets	-68.3	-74.1	-127.2
Proceeds from sale of property, plant and equipment	10.8	10.6	18.3
Repayments of non-current receivables (loans)	14.1	10.6	11.6
Proceeds from disposal of associates, joint ventures and other financial assets	-	0.5	2.6
Proceeds from disposal of intangible assets	-	-	0.5
Proceeds from sale of PPP projects	-	38.6	72.9
Net proceeds from sale of subsidiaries	-8.2	-	-
Net proceeds from sale of discontinued operations	-	-	81.7
Net cash flow from investing activities	-51.6	-13.8	60.4
Proceeds from borrowings	20.0	418.1	435.9
Repayments of borrowings	-561.8	-12.8	-38.7
Repayments of principal amount of lease liabilities	-45.9	-51.6	-97.9
Dividends paid (including non-controlling interests)	-	-0.1	-0.1
Repurchase of shares	-	-	-
Acquisition of non-controlling interest	-	-	-5.0
Net cash flow from financing activities	-587.7	353.6	294.2
Change in net cash and cash equivalents	-577.4	461.2	968.9
Cash and cash equivalents at beginning of the year	1,788.9	854.0	854.0
Change in cash and cash equivalents in assets and liabilities held for sale	-	-	-6.2
Exchange rate differences on cash and cash equivalents	28.5	-32.4	-27.8
Net cash position at period-end	1,240.0	1,282.8	1,788.9

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Cash and cash equivalents	1,240.0	1,283.6	1,789.3
Bank overdrafts	-	-0.8	-0.4
Net cash position at period-end	1,240.0	1,282.8	1,788.9
Of which in joint operations:	403.3	258.3	305.7

*The results of BAM PPP for the full year 2020 and the first half year of 2020 have been presented on a separate line "Net result from discontinued operations". See note 8.13.

6. Segment information

The segment information reported to the Executive Board is measured in a manner consistent with the interim condensed consolidated financial statements. The segment information includes Public Private Partnerships (PPP), despite that it is presented as discontinued operations in the consolidated income statement in 2020 and as equity method investment as from 31 December 2020, since PPP is monitored as a separate operating segment.

(x € million)	1 st half year 2021		1 st half year 2020	
Revenue and results	Revenue	Result	Revenue	Result
Construction and Property	2,018.2	63.4	1,699.5	-82.7
Civil engineering	1,630.0	-4.8	1,395.5	-70.1
PPP (100 per cent owned)*	-	-	32.7	25.1
PPP (share of result of investment)**	-	9.1	-	-
Other and eliminations	-19.4	-	-19.3	-
Total	3,628.8	67.7	3,108.4	-127.7
Discontinued operations	-	-	-32.7	-25.1
Sector revenue related to PPP	-	-	5.9	-
Total continuing operations	3,628.8	67.7	3,081.6	-152.8
Group overhead		15.5		1.2
Group interest charge		-7.0		-7.0
Adjusted result before tax		76.2		-158.6
Restructuring		-0.2		-1.5
Impairment charges		-10.6		-65.5
Result before tax		65.4		-225.6
Income tax		-45.6		-33.4
Net result from continuing operations		19.8		-259.0

* Previously, before the transfer of 50 per cent of the shares of BAM PPP to PGGM at year-end 2020, BAM PPP was fully consolidated (wholly-owned subsidiary). The revenue and result of BAM PPP in the first half year of 2020 has been classified as discontinued operations in the interim condensed consolidated income statement.

** As of 31 December 2020, BAM PPP is accounted for as an equity method investment (50 per cent joint-venture with PGGM). BAM's 50 per cent share of the JV's profit or loss (after appropriate adjustments) is included in share of result of investments in associates and joint ventures in the interim condensed consolidated income statement. In the first half year 2021, BAM PPP's 100 per cent revenue amounts to €31.7 million.

In the first half year 2021, revenue from continued operations amounts to €3,628.8 million consisting of construction contracts (€3,212.2 million), property development (€335.0 million), and service concession arrangements and others (€81.6 million).

In the first half year 2020, revenue from continued operations amounts to €3,081.6 million consisting of construction contracts (€2,720.2 million), property development (€269.2 million), service concession arrangements and others (€119.0 million), discontinued operations (-€32.7 million) and sector revenue related to PPP (€5.9 million).

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Revenue and results from BAM PPP for the first half year of 2020 are classified as discontinued operations in the interim condensed consolidated income statement. See note 1 and note 8.13. The reconciliation between the net result from discontinued operations and continuing operations to total net result is as follows:

(x € million)	1 st half year 2020	
Revenue and results	Revenue	Result
PPP	32.7	25.1
Sector revenue related to PPP	-5.9	-
Total	26.8	25.1
Income tax		-1.0
Net result for the period from discontinued operations		24.1
Net result from continuing operations		-259.0
Net result for the period		-234.9

The reconciliation between result before tax and adjusted EBITDA¹ is as follows:

(x € million)	1 st half year 2021				
	Construction and Property	Civil engineering	BAM PPP (share of result)*	Eliminations and other	Total
Result before tax	54.4	-6.9	9.1	8.8	65.4
Restructuring costs	-	0.5	-	-0.3	0.2
Impairment charges	9.0	1.6	-	-	10.6
Adjusted result before tax	63.4	-4.8	9.1	8.5	76.2
Depreciation and amortisation	21.3	40.9	-	11.2	73.4
Interest charge	-1.1	1.6	-	7.0	7.5
Adjusted EBITDA	83.6	37.7	9.1	26.7	157.1

* As of 31 December 2020, BAM PPP is accounted for as an equity method investment (50 per cent joint-venture with PGGM).

(x € million)	1 st half year 2020				
	Construction and Property	Civil engineering	BAM PPP (100 per cent owned)*	Eliminations and other	Total
Result before tax	-88.2	-88.2	25.1	-49.2	-200.5
Restructuring costs	-	1.5	-	-	1.5
Impairment charges	5.5	16.6	-	43.4	65.5
Adjusted result before tax	-82.7	-70.1	25.1	-5.8	-133.5
Depreciation and amortisation	23.9	43.1	0.2	12.0	79.2
Interest charge	-2.9	1.1	-4.9	7.0	0.3
Adjusted EBITDA	-61.7	-25.9	20.4	13.2	-54.0

* Previously, before the transfer of 50 per cent of the shares of BAM PPP to PGGM at year-end 2020, BAM PPP was fully consolidated (wholly-owned subsidiary).

¹Adjusted EBITDA is Result before tax excluding restructuring costs, impairment charges, pension one-off, depreciation and amortization, and interest charges.

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Due to the wind-down of BAM International, which is part of continuing operations and consistent with BAM's annual consolidated financial statements for the year ended 31 December 2020, additional information has been provided in respect of the activities of BAM International, part of the segments Construction and Property and Civil Engineering. The reconciliation between result before tax and adjusted EBITDA of BAM International is as follows:

(x € million)	1 st half year 2021			1 st half year 2020		
	Construction and Property	Civil engineering	Total	Construction and Property	Civil engineering	Total
Revenue	16.3	22.6	38.9	44.9	55.4	100.3
Result before tax	-9.9	-4.9	-14.8	-41.9	-14.6	-56.5
Restructuring costs	-	-1.3	-1.3	-	-	-
Impairment charges	-	-	-	-	-	-
Adjusted result before tax	-9.9	-6.2	-16.1	-41.9	-14.6	-56.5
Depreciation and amortisation	-	3.8	3.8	-	3.8	3.8
Interest charge	-	0.8	0.8	-	0.1	0.1
Adjusted EBITDA	-9.9	-1.6	-11.5	-41.9	-10.7	-52.6

7. Figures per ordinary share with par value of €0.10

(x €1, unless indicated otherwise)	1 st half year 2021	1 st half year 2020	Full year 2020
Total net result attributable to shareholders of the company:			
Basic			
Continuing operations	0.07	-0.95	-1.00
Discontinued operations	-	0.09	0.55
Total	0.07	-0.86	-0.45
Diluted			
Continuing operations	0.07	-0.95	-1.00
Discontinued operations	-	0.09	0.55
Total	0.07	-0.86	-0.45
Cash flow (net result plus depreciation, amortisation and impairment charges)	0.38	-0.33	0.41
Equity attributable to shareholders of the company	2.34	1.65	2.13
Highest closing share price	2.60	2.73	2.68
Lowest closing share price	1.61	1.21	1.03
Closing share price at period-end	2.34	1.61	1.71
Number of shares ranking for dividend (x 1,000)	273,296	273,296	273,296
Average number of shares ranking for dividend (x 1,000)	273,296	273,296	273,296
Number of shares ranking for dividend diluted (x 1,000)*	273,296	299,158	298,144
Average number of shares ranking for dividend diluted (x 1,000)*	295,810	299,158	299,124

*The (average) number of shares ranking for dividend diluted decreased as a result of the repayment of convertible bonds (see note 8.8) in 2021.

8. Explanatory notes to the half-year 2021 Interim Financial Statement

1. General information

Royal BAM Group nv ('the Company') was incorporated under Dutch law and is domiciled in the Netherlands. These interim financial statements contain the financial data for the first six months of 2021 for the Company and its subsidiaries (jointly referred to as 'the Group') and includes its share in joint operations.

These interim financial statements were approved by the Supervisory Board and released for publication by the Executive Board. The information in these interim condensed consolidated financial statements is reviewed, not audited.

2. Basis of preparation

These interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS as endorsed by the EU, and the commentary by the Executive Board earlier in this condensed interim report. The interim financial statements have been prepared on a going concern basis, taking into account the developments described in note 8.8 Covenants.

3. Accounting principles

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020. The Group did not adopt early any new accounting standards, interpretations and amendments that have been issued but are not yet effective.

The *Interest Rate Benchmark Reform Phase 2* amendments to IFRS 7, IFRS 9 and IFRS 16 apply for the first time in 2021. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). These amendments had no impact on the interim condensed financial statements of the Group. The group intends to use practical expedients in future periods if they become applicable.

On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. Although the Group has received rental concessions in some contracts, this amendment has no impact on the interim financial statements of the Group as it has chosen not to apply and does not plan to apply the practical expedient.

Exchange rates

The following exchange rates of the euro against the pound sterling (£) have been used in the preparation of these interim financial statements:

	1 st half-year 2021	1 st half-year 2020	Full year 2020
Closing exchange rate			
Pound sterling	0.85990	0.91399	0.90171
Average exchange rate			
Pound sterling	0.87079	0.87458	0.88703

4. Taxes

As per 30 June 2021, the result before tax amounted to €65.4 million and the income tax amounted to €45.6 million. The effective tax rate is 69.7 per cent, which is relatively high.

During the first half year of 2021, the effective tax rate was mainly influenced by reassessment of tax losses settlement potential, change in tax loss carry-forward rules in the Netherlands and change in tax rate in the UK.

Tax losses

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits are available against which tax losses can be utilized. BAM reassesses the forecasted future taxable profits and the tax loss settlement potential twice a year.

Additional tax losses in the Netherlands and Germany were recognised, due to improvement in forecasted result. This resulted in a €10 million increase in deferred tax asset. Certain operational losses resulted to deferred tax asset not being recognised with a combined amount of €4.3 million due to both the outlook of the businesses and the local tax loss settlement rules.

Change in tax loss carry forward rules in the Netherlands

The Dutch government enacted a change in tax loss carry forward rules effective on 1 January 2022 on the utilization of available tax losses, which resulted to a derecognition of the deferred tax assets of €28 million.

Change in enacted tax rate in the UK

The enacted tax rate change in the UK mandates an increase in corporate income tax rate from the current 19 per cent to 25 per cent, effective April 2023, which resulted in a negative impact on profit and loss of €12 million and a positive impact on other comprehensive income of €9 million (due to backward tracing).

Deferral of tax payment

During the first half year of 2021, there were no new temporary deferral of tax payments (value added tax and wage tax) granted by certain tax authorities in response to COVID-19 in 2020. The total deferral of tax payments amount to approximately €189 million as per 30 June 2021 (31 December 2020: €234 million). An amount of €15 million has been included in trade and other payables and the long term part amounts to €173 million, which is to be settled in the second half of 2022 up to 2024, forms part of the social security and other taxes in the non-current liabilities in the interim consolidated statement of financial position.

5. Seasonal influences

Due to the seasonal nature of the business in the operational sectors, sometimes adversely influenced by winter conditions, higher revenue and profitability are usually expected in the second half of the year.

6. Estimates and judgement in the interim financial statements

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense, including the current market and Covid-19 conditions. The basis for these estimates remain unchanged compared to those described in the 2020 financial statements, however the estimation uncertainty on the valuation of goodwill, deferred tax assets, projects, land and building rights and property development has reduced as Covid-19 has become of lesser impact in estimating the Group's forecasts and projections. In 2021, judgements, estimates and assumptions are applied in relation to appropriate adjustments made to BAM's share of the result of joint venture BAM PPP following the fair value step up at year-end 2020. See further note 8.14.

Actual results may differ from these estimates. Further information and considerations with regard to areas of significant judgments and estimates have been disclosed below and in note 8.4.

The other significant judgements made by management remained the same as those that were applied to the consolidated financial statements for the year ended 31 December 2020.

7. Goodwill and Impairments

Goodwill

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. In 2021, an impairment test has been performed for three CGUs to which €106 million of the carrying amount of goodwill has been allocated. The underlying key assumptions (including the WACC) for calculating the recoverable amount (based on value in use) of each CGU did not significantly change compared to 31 December 2020.

The impairment test did not result in an impairment to be recognized as per the first half year of 2021. Two CGUs, BAM Contractors Ltd and Kairos, had limited headroom. For these CGUs, a reasonably possible change in a key assumption in the future could cause the CGU's carrying amount to exceed its recoverable amount. The sensitivity analysis in this respect is not significantly different compared to 31 December 2020. For the other CGU, it was concluded that the recoverable amount exceeds its carrying amount with sufficient headroom.

Impairments

In the first six months of 2021 BAM recognised an impairment charge on its property development of approximately €9 million following its net realisable value test in relation to land and building rights. It comprises an impairment charge of approximately €6 million of a certain land right in a joint venture, which was mainly caused by a change in the development design of the land plots. It further includes a net impairment loss of €3 million that consist of an impairment charge of €9 million in a certain land right, compensated by impairment reversals of €6 million. The impairment charge was mainly caused by delays in planning and zoning discussions with governmental bodies. The impairment reversals relate to certain projects that benefited from increased sales prices. All these impairments form part of the construction and property operating segment.

Lastly, the total impairment charge of €11 million in the first six month of 2021 also includes, besides the abovementioned net impairments in property development, an impairment charge on certain assets under construction in property, plant and equipment of approximately €2 million for which BAM concluded that it will not generate any economic benefits in future.

8. Covenants

With regard to the various finance arrangements, the Group is bound by terms and conditions, both qualitative and quantitative and including financial ratios, in line with the industry's practice.

During March 2021, BAM fully repaid the RCF of €400 million which was drawn in 2020 as precautionary Covid-19 measure. In June 2021, BAM repaid its unsecured subordinated convertible bond amounting to €120 million on the initial agreed repayment date.

As from the second quarter of 2021, the waiver which BAM obtained from lenders for the recourse leverage and recourse interest cover in the second quarter of 2020 is no longer applicable.

As per 30 June 2021, BAM complies with all financial covenant requirements; the recourse leverage ratio was negative -4.5 (≤ 2.75), the recourse interest coverage ratio was 16.6 (≥ 4.0) and the recourse solvency ratio was 20.0 per cent (≥ 15 per cent).

The Group performed a sensitivity analysis on the covenant requirements for the next four quarters with satisfactory outcome. BAM notes that sensitivity analysis is to a certain extent judgmental and given the

uncertainty inherent to forecasts, actual results may differ. See note 8.6 on estimates and assessment in the interim financial statements.

9. Legal proceedings

In the normal course of business the Group and its subsidiaries are involved in legal proceedings predominantly concerning litigation as a result of claims with respect to construction contracts. In accordance with current accounting policies, the Group has recognised these claims, where appropriate, which are reflected on its balance sheet. Some proceedings, if decided adversely or settled, may have a material impact on the Group's financial position, operational result or cash flows.

10. Related party transactions

Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties. In the first half year of 2021 no significant related party transactions outside the ordinary course of business took place.

11. Fair value measurements and disclosures

The fair value of financial instruments not quoted in an active market is measured using valuation techniques. The Group uses various techniques and makes assumptions based on market conditions on balance sheet date. One of these techniques is the calculation of the net present value of the expected cash flows (DCF-method). The fair value of the interest rate swaps is calculated as the net present value of the expected future cash flows. The fair value of the forward exchange contracts is measured based on the 'forward' currency exchange rates on balance sheet date. In addition, valuations from financial institutions are requested for interest rate swaps.

Financial instruments valued at fair value consist of interest rate swaps, foreign exchange contracts and a portion of the other financial assets. In line with the current accounting policies the derivatives are classified as a level 2 valuation method. As at 30 June 2021, the balance sheet includes derivative financial instruments measured at fair value amounting to €0.2 million (asset) and €1.0 million (liability). The receivables valued on fair value through profit and loss, which are part of the other financial assets, amount to €69.1 million and are classified as a level 3 valuation method – the fair value is determined based on the DCF-method.

As at 30 June 2021, the fair value of other financial assets, which are valued at amortized cost, is approximately €19.4 million (carrying amount €19.1 million). The fair value of the non-current PPP receivables is approximately €12.6 million (carrying amount at amortized cost €12.6 million). The carrying amounts of other financial instruments do not differ significantly from their fair values.

12. Dividend

Given the circumstances around the financial performance, no dividend was proposed for 2020 which was approved in the Annual General Meeting of 14 April 2021. No shares have been repurchased in the first half year of 2021.

13. Discontinued operations

Following the transfer of 50 per cent interest in BAM PPP to PGGM in December 2020, the remaining 50 per cent interest in BAM PPP is accounted for as an equity method investment. In the interim condensed consolidated income statement, the result of BAM PPP for the full year 2020 and the first half of 2020, have been presented on a separate line 'Result from discontinued operations'. The consolidated income statement for the first half year 2020 has been adjusted for comparative purposes. As of 31 December 2020, BAM PPP is accounted for as an equity method investment (50 per cent joint-venture with PGGM). Therefore, no result

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from discontinued operations has been reflected in the interim condensed consolidated income statement for the first half year of 2021.

The result from discontinued operations can be detailed as follows:

(x € million)	1 st half year 2020	Full year 2020
Revenue	32.7	52.7
Operating result	20.3	26.4
Finance result	4.8	8.5
Result before tax	25.1	34.9
Tax benefit/(expense)	-1.0	-3.4
Total	24.1	31.5
Gain on the transaction	-	118.2
Result from discontinued operation	24.1	149.7
Non-controlling interest	-	-0.1
Net result from discontinued operations attributable to the shareholders of the Company	24.1	149.6

Total comprehensive income from discontinued operations in the first half year 2020 amounted to €82 million, which comprise of the net result from discontinued operations of €24 million and other comprehensive income of €58 million. In the full year 2020, total comprehensive income from discontinued operations amounted to €247 million, which comprise of the net result from discontinued operations of €150 million and other comprehensive income of €97 million.

The net cash flows incurred by BAM PPP (excluding the cash consideration), are as follows:

(x € million)	1 st half year 2020	Full year 2020
Operating	9.1	7.0
Investing	36.1	54.7
Financing	-26.9	-99.8
Net cash (outflow) / inflow	18.3	-38.1

14. Investment in associates and joint ventures

BAM PPP Joint venture

Following the transfer of 50 per cent of the shares, BAM PPP is accounted for as an equity method investment (50 per cent joint-venture with PGGM) as of 31 December 2020.

During the first half year 2021, the share of result of investments in the joint venture BAM PPP amounts to €9.1 million. This amount includes among other things appropriate adjustments for €1.6 million negative relating to amortisation of assets which were based on their fair values at the acquisition date.

No material goodwill is included in the carrying amount of the investment.

No hedge accounting was applied for existing hedges within the retained equity method investment (50 per cent joint venture with PGGM).

Investment in associates and joint ventures

In the first half year of 2020, the share of result of investment in associates and joint ventures amounted to a loss of €27.7 million, which mainly resulted from the Cologne metro settlement and loss-making projects. In the first half year of 2021, this amounted to a gain of €23.2 million, which resulted from the share of result from BAM PPP and other (property development) joint ventures.

15. Assets held for sale

During the first half year of 2021, BAM completed the sale of the shares of BAM Swiss AG (a subsidiary of BAM Deutschland AG) to Implenia AG and therefore the assets and liabilities involved have been fully derecognised. There was no gain or loss on the sale of BAM Swiss AG.

As of 30 June 2021, the assets held for sale mainly relate to one property development position in the East part of the Netherlands, which is not yet transferred.

16. Provisions

During the first half year of 2021, the total amount of provisions reduced by approximately €47 million mainly due to restructuring payments of €18 million, €10 million related to the sale of BAM Swiss AG and a net decrease in onerous contracts provision of €16 million. The latter comprising an addition of €45 million, usage of €46 million and a release of €15 million. Further, an amount of €8 million has been reclassified from restructuring provisions to Trade and other payables. As per 30 June 2021, the total provision amounts to €280 million (31 December 2020: €327 million) of which €106 million (31 December 2020: €194 million) has been classified as current.

17. Business combinations

In connection with the acquisition of additional shares in Modern Homes Ireland in 2020, BAM expects to finalise its purchase price allocation in the second half of 2021. Any outcome of this exercise shall be further reflected in the financial statements of 2021.

In the first half year of 2021, the Group made a strategic acquisition by purchasing all shares of Houtindustrie Stam and Landman and Gevelelementen Noord-Holland B.V. to leverage our expertise further in sustainability, digitisation, modular and industrial construction activities. As the amounts involved are not considered as material, no further details are disclosed.

18. Events after the balance sheet date

No material events after the balance sheet date have occurred.

Independent auditor's review report

To: the shareholders and the supervisory board of Royal BAM Group nv

Our conclusion

We have reviewed the interim condensed consolidated financial information included in the accompanying half-yearly financial report 2021 of Royal BAM Group nv based in Bunnik for the period from January 1, 2021 to June 30, 2021.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information of Royal BAM Group nv for the period from January 1, 2021 to June 30, 2021, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The interim condensed consolidated financial information comprises:

- The interim consolidated statement of financial position as at June 30, 2021
- The interim condensed consolidated statements for the period from January 1, 2021 to June 30, 2021: the income statement, the statement of comprehensive income, the statement of changes in equity and statement of cash flows
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the interim condensed consolidated financial information section of our report.

We are independent of Royal BAM Groep nv in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the executive board and the supervisory board for the interim condensed consolidated financial information

The executive board is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the interim condensed consolidated financial information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing Royal BAM Group nv's financial reporting process.

Our responsibilities for the review of the interim condensed consolidated financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of Royal BAM Groep nv and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the interim condensed consolidated financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim condensed consolidated financial information
- Making inquiries of the executive board and others within Royal BAM Groep nv
- Applying analytical procedures with respect to information included in the interim condensed consolidated financial information
- Obtaining assurance evidence that the interim condensed consolidated financial information agrees with, or reconciles to, Royal BAM Groep nv's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether the executive board has identified all events that may require adjustment to or disclosure in the interim condensed consolidated financial information
- Considering whether the interim condensed consolidated financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, August 18, 2021

Ernst & Young Accountants LLP

Signed by A.A. van Eimeren