



Strukton

Strukton Groep N.V.

Annual Report 2022

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Management Report

1. Message from the Executive Board

Due to the turbulent recent years, it is only now, May 2024, that the annual report 2022 is available. In the first half of 2023, the previous CEO and shareholder was suspended and the shares of Oranjewoud N.V., our parent company, were transferred to a temporary custodian who was appointed by the Enterprise Chamber. In July 2023, a new Executive Board was appointed by the Supervisory Board.

Since then, the assignment of the new Board is bringing back (financial) stability in the organisation. The main actions to do so are fivefold. Firstly, the cash outflow due to a number of heavily loss-making projects required immediate short and longer term actions. We are working towards a sustainable capital base by a limited number of divestments, thus creating free cash. Secondly, we are restoring relationships with our stakeholders, like our main (government) clients, supply chain partners, financial institutions and auditors to solve pending issues and secure future business. Thirdly, we are focussed to get in control of the operations, including the loss-making projects by, amongst others, reimplementing basic internal processes like (project) reporting, monitoring and control. Fourth, we are shifting order intake towards risk-based tendering, avoiding large and/or complex projects outside our core competencies or markets and identifying risks at an early stage. Finally, by doing so we aim to get back on track as much as possible and applicable to execute Strukton's strategic roadmap covering 2022-2025 shifting the focus to our five home countries in Europe and strengthening Strukton's position as a sustainable infrastructure specialist service provider.

Developments during 2022

Several important events took place in 2022. An important event was the divestment of Strukton WorkspHERE, a relatively stand-alone business active in the accommodation and built environment. The division was sold to SPIE Netherlands at a purchase price of over EUR 220 million or 11.3x EBITDA in January 2022. Strukton utilised the cash proceeds amongst others to repay cash facilities in January 2022 and substantially strengthen its capital base as of that date.

In 2020, Strukton started gradually to reduce its financing facilities, which is further described in chapter 8.1.5. Strukton formalised this roadmap since mid-2021, continuing a strategy to harmonise its financing landscape initially in Northern Europe, exempting the non-recourse project financing for RIVM and the ringfenced facilities in Italy, which continue to exist at the time of writing.

Since the divestment of Strukton WorkspHERE in 2022, Strukton's financing utilisation is substantially lower than industry standards and mainly constitutes of (bank) guarantees, transaction banking, (equipment) lease and transactions. Cash or credit facilities have been repaid, reduced or not materially utilised since early 2022. Due to the delay of Strukton's financial statements for the year 2022 and governance challenges, financiers are reluctant to provide additional services. The balance sheet of Strukton has been strengthened with the strategic divestment of WorkspHERE in 2022, and the substantial repayment of our bank debts in that same year.

Financial results 2022

The 2022 financial results are set out elaborately in chapter 8. This chapter provides an overview of the 2022 results per business unit as well as elaboration on our key projects. Where applicable, chapter 8 also describes recent developments and the (unaudited) financial consequences up to and including 2024 for a better understanding.

The 2022 net results were positive at EUR 178.3 million, following the severe loss in 2021 (EUR 181.6 million). The positive results 2022 are mostly due to the divestment of Strukton WorkspHERE, but also due to positive results in the Rail business units in the Netherlands, Belgium, Italy and the Nordics. The result on the RIVM project has further deteriorated. Chapter 8.2.4 elaborates on this project in further detail. The results of the Dutch division Strukton Civiel were disappointing, for which the Hoofdstation Groningen and A15 projects in particular had a considerable negative impact.

Looking ahead

Our business environment is clouded by uncertainty due to macroeconomic concerns including energy shortages, tightness in the labour market, inflation and supply chain disruptions. Events on a geopolitical level, climate change, the war in Ukraine and changing powers in the world arena have impact on our company as well.

These events have our attention. At the same time we believe that the new governance structure, stricter risk management and efforts made to regain trust of stakeholders in 2023, in combination with accelerating our strategic focus, will strengthen Strukton and make the company more resilient. We see great business opportunities for making the infrastructure in Europe more sustainable and attractive and we are committed to contribute to that important development.

The company has made significant improvements in its financial control framework, enabling a further acceleration in clearing the 'audit backlog'. With the 2022 accounts now available, we have taken a considerable step forward. We anticipate that the audited accounts for 2023 will be available in the winter of 2024.

We wish to thank all our stakeholders for their confidence in our company and patience in anticipation of this report. And we wish to thank our employees for their hard work and commitment to serve our customers.

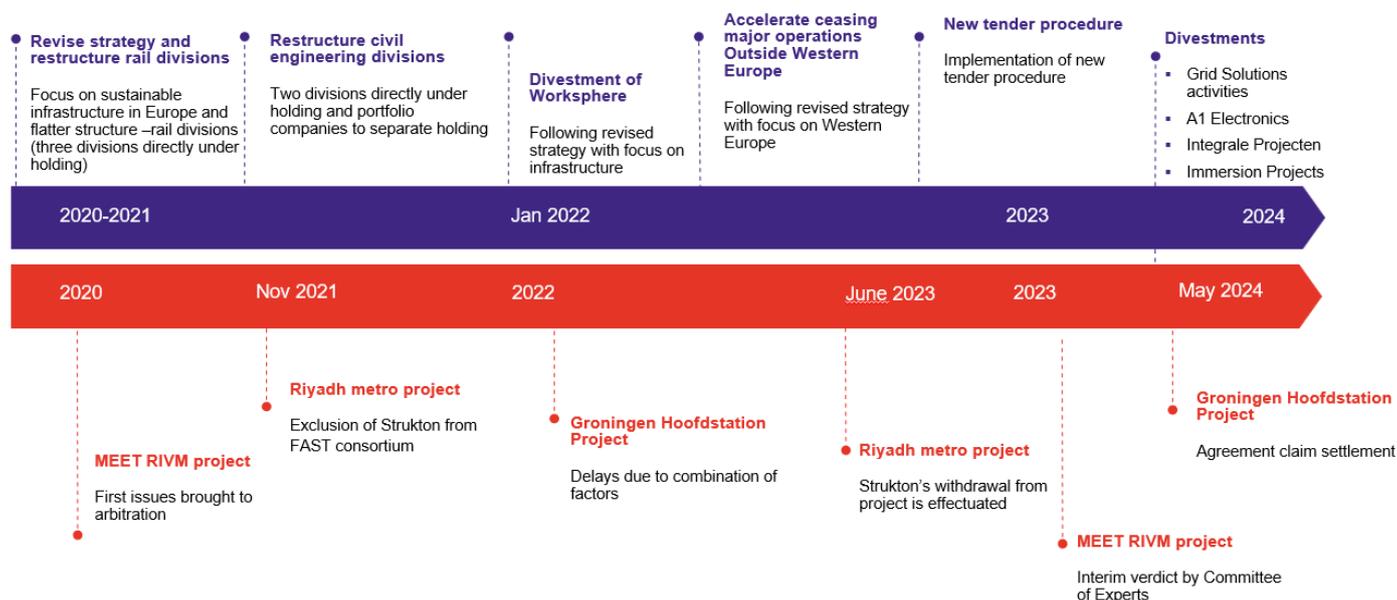
Utrecht,

Board of Directors

Mr. R.P. van Wingerden

Mr. M.A.J. de Haas

2. Timeline of Key Events



3. Profile

We create sustainable infrastructures. We create tomorrow.

We contribute to sustainable infrastructure for a safe, climate-friendly, future-proof and pleasant world. The work we do in infrastructure has an enormous impact and this is how we can make the difference. We are motivated to channel all our energy and passion into designing, building, and maintaining future-proof infrastructure. Our trained professionals and experts combine their wealth of experience and craftsmanship with technical, digital, and process innovations to do so. Safety is always key, both during and after our activities. Sustainability is a must; integrity is self-evident.

Mission

We are committed to play a leading role in the transition to a safe and future-proof infrastructure and a sustainable way of working. We want to help the world move forward and challenge our clients and partners to explore boundaries, making work processes and solutions as sustainable and safe as possible. We want to give the world the safest and sustainable solutions possible. Functionality, quality, durability, and a good balance between price and quality are always top of mind.

We design, build, and maintain sustainable infrastructure, for rail, road, and energy. We truly shine in projects in which technology is key and in which our expertise can make a difference. Assignments in which all our specialisms come together, from rail to civil engineering and from mechatronics to artificial intelligence.

Balance

All we do should be in balance with:

- What the earth gives us
- The interests and needs of our employees
- The interests and needs of our clients and partners in the chain
- The interests and needs of society.

Experienced teams

During 2022, our 4,237 colleagues created steady business in five home countries: the Netherlands, Sweden, Denmark, Belgium and Italy. We work on a national basis in each of these countries, based on maintenance contracts or (mostly long-term) projects.

We have clocked up 100 years so far, but we still have our eye firmly on the future. We are pragmatic go-getters and work:

- Safely
- Sustainably
- With integrity
- Professionally
- Skilfully

And we are extremely proud of what we do.

Core activities

We offer a comprehensive package of services in sustainable infrastructure, ranging from design up to and including management and operations. Our strength in particular lies in management and maintenance in areas where we can combine high-quality technology, domain knowledge and professionalism. In addition, we differentiate ourselves on the basis of (innovative) specialisms, such as strengthening bridges, sustainable asphalt solutions, developing innovative solutions to accelerate the energy transition, and the application of data technologies and data management.

Key principals

Our key principals are central government organisations (including Rijkswaterstaat, ProRail, RFI, Infrabel, Trafikverket, Banedanmark), decentralised government bodies (municipalities and provinces) and the industry.

4. Safety & Health

Our work comes with safety risks, both to us and the environment. Some of our work is potentially life-threatening. That is why safety is always top of mind within Strukton. Safety comes first, anytime, anywhere, day or night.

Our vision is that nothing of what we do is worth getting hurt. Working safely is an integral part of the expertise of our people and the people we work with. Safety is embedded in our organisation's DNA and is one of our key success factors.

Safety principles

The safety principles defined in Sweden are applicable to the daily work in all our home countries:

1. We work safely or not at all;
2. We teach new colleagues to work safely;
3. We focus on prevention;
4. We plan our work well;
5. We have order and tidiness in our work;
6. We check and follow-up (e.g. regular workplace inspections);
7. We review our partners;
8. Everyone has the right to stop work;
9. We follow up to learn;
10. We collaborate with the industry.

24Safe

In the Netherlands, we apply the 24Safe safety behaviour policy, focusing on safety together. 24Safe for us means always working safely, residing safely and travelling safely, 7 days per week, 24 hours per day. Health and safety at work are therefore an integral part of the professional skills of our own people, as well as of the people with whom we work.

The 24Safe programme applies to all of Strukton's projects and activities. Supplementary measures and programmes apply on project, division and national basis, since there is always room for improvement. We each assume our own responsibility and discuss safe and unsafe situations together. In this regard, we are open to feedback and subsequently deal with this feedback professionally and respectfully. Everyone is always briefed and has the responsibility for protecting his/her own safety as well as that of others. Keeping one another alert to high-risk situations is of major importance. This is why each employee is entitled to halt the work when he/ she believes that it may adversely affect health or safety. We work safely or not at all.

Incidents & accidents

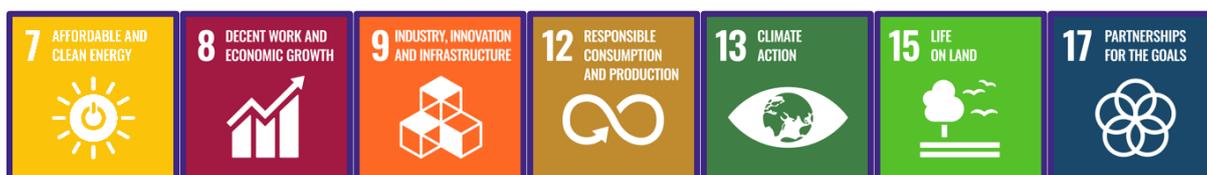
The key safety indicator for us is the internationally recognised IF rate, the number of lost time accidents x 1,000,000 / the number of at risk hours. By comparing the number of lost time accidents with the number of at risk hours, this factor provides more information than the number of accidents alone. In 2022, the IF rate was 4.7 (2021: 6.00).

5. Corporate Social Responsibility

We are proud of our social role in creating and maintaining safe and sustainable infrastructure. The construction and infrastructure sector has a significant impact on society in terms of the use of raw materials, the production of waste and emissions, and in terms of biodiversity. This implies major responsibility, as well as great opportunities for sustainability. This is why we have adopted a structural approach to working on corporate social responsibility with a focus on the long term. We do so by embracing our responsibility across the entire value chain, collaborating with our suppliers, partners, customers and other stakeholders to shape a future that prioritises safety, sustainability and quality.

Our colleagues have a passion for professionalism, innovation and sustainability. We approach CSR from the perspective of the entire chain. Today, together with our chain partners, we create the future-proof world of tomorrow. This way we want to fulfil a leading role within the sectors in which we operate. Our ambition is to be among the best CSR performers within five years. In 2020, we determined the most relevant strategic areas of focus on the basis of a materiality analysis and stakeholder dialogues in both the Netherlands and in Sweden. Our policy is aligned with this and we particularly focus on safety, circularity, product and project quality, and CO₂ reduction in our business operations and within the chain.

We contribute to the Sustainable Development Goals of the United Nations. Our main impact areas are SDGs 7, 8, 9, 12, 13, 15, 17. They are aligned with our strategic focus and our key activities.



We respect the fundamental human rights based on the universal declaration on human rights by the UN, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the International Labour Standards by the International Labour Organization (ILO).

Transparency

We communicate on our progress through our public websites (the corporate website www.strukton.com and the websites of our business units and countries in particular). Here, information on our carbon footprint and energy management plans are disclosed, the progress of actions taken in relation to sustainability and carbon emissions in particular, as well as specific sustainable initiatives and projects.

Five key areas

Our strategy encompasses five key areas - climate-neutral operations, circular economy, biodiversity & ecosystems, diversity & inclusion as well as health & safety. These focus areas guide our efforts to developing sustainable infrastructure for a future-proof tomorrow.

CSR processes and procedures

We use an integrated approach to making our business operations and the chain sustainable. The CSR policy forms an overarching framework for the further definition and implementation of sustainability in various parts of the organisation. In cooperation between executive boards and CSR working groups, operating companies use pre-established KPIs to monitor the CSR objectives we are targeting over the next five to ten years. In addition, in various connections within the chain and sector we are working together with subcontractors, suppliers, social organisations and competitors on improving the sustainability of the construction and infrastructure sector.

Research & Development

Strukton encourages its employees to develop new initiatives with regard to research and development in order to enhance our CSR performance. Sustainable infrastructure is achieved by innovative solutions throughout Strukton and we continue to invest in innovation in line with our structural approach to work on corporate social responsibility with a focus on the long term.

6. Risks and Risk Management

Various commercial, operational and financial risks are linked to our business activities. We aim to limit these risks with a systematic approach, both at a strategic and an operational level.

6.1 Risk appetite

Although we have been identifying and monitoring risks in a structural way, we must conclude that risk identification and awareness has not been optimally integrated company-wide in the past years. We are therefore tightening the selection criteria for new projects and implementing stronger group wide controls. We have adopted a new tender board procedure within Strukton in 2023, pursuant to which we now strategically aim to only tender for maintenance and construction projects that are a good match with our core competencies, with limited risks and justified expectations of healthy earning capacity. Projects with a mid-term maintenance and management component are particularly interesting to us as they align to core competencies and contribute to stabilizing our financial performance. The key themes relating to business risks and strategic objectives are set out in this section.

6.2 Strategic risks and market risks

6.2.1 Purchasing policy of principals

The majority of our operating income is attributable to the Swedish, Dutch and Italian rail market. These markets can be characterised as a monopsony and similar situations exist in our other European rail markets. The market volume generated by principals like ProRail, the main principal in the Dutch market, has decreased in the past years. ProRail actively supports new parties in their attempts to access this market, which is complex both in terms of technology and logistics. This policy has consequences for us. In order to remain competitive, we are continually alert on keeping the size of the organisation and the quality proposition at market level. We invest in innovation & development to create solutions that are discerning in the market. Furthermore, we continue our rail activities in our other home countries and aim to expand the activities in the Dutch rail market towards non-ProRail work (short lines and industrial parties) and municipal transit companies.

6.2.2 Tender costs

We generate a significant portion of our operating income from public tender procedures. Tender costs have been increasing in the past years, due to the increasing complexity of tenders (in particular projects awarded on a Best Value, D&C or integrated contracts). This is why we are increasingly selective in tendering.

6.2.3 Labour market

We need the right colleagues with the right competencies and passion to operate safely and successfully. The scarcity in specific areas of the labour market makes it a challenge to recruit sufficient people who are suitable to do the job. This is why we invest in our position as a preferred employer, in particular by creating an appealing work environment, giving people the opportunity for optimal development of their talents and staying fit.

6.2.4 Public sector contracting authorities

For a large percentage of our operating income, we depend on orders tendered by public and semi-public authorities. Delays in political decision-making processes and adjustments to the government's investment budgets affect the size and number of orders to be awarded. We closely monitor the development of the order book and the activity level in relation to the size of its organisation to enable the implementation of appropriate measures in due course. Extra vigilance relating to solvency is required in the event of payment risks, where supplementary guarantees are frequently asked, and risks are transferred within the chain to subcontractors and suppliers. In order to limit our vulnerability to fluctuations in the economic climate and public expenditures, we undertake to create a situation where long-term, repetitive orders form a substantial part of operating income.

6.3 Operational risks and compliance risks

6.3.1 Safety

This concerns the risk that operational activities result in accidents, injuries and loss of reputation or non-compliance with the occupational health and environmental regulations. Careful preparation of activities, safety awareness programmes and analysis of accidents and near-misses are designed to minimise this risk. All colleagues have access to the QHSE (Quality, Health, Safety and Environment) systems. These are frequently audited by external accredited and certifying bodies.

A number of examples regarding control measures relating to safety:

- Colleagues, suppliers and sub-contractors are actively involved in safety awareness campaigns;
- We actively encourage reporting, which can be used for continuous improvement;
- We take preventive measures to avoid calamities; and
- We actively encourage working with an LMRA (Last Minute Risk Analysis).

6.3.2 Realisation and design

We generally carry out project- and maintenance-based work for third parties. Both design risks and realisation risks play a role in this type of work. This involves a wide range of works in terms of complexity and scale and order size. Depending on the contract type, errors in forecasts and estimates may result in losses and negative cash flow. This sometimes leads to discussions regarding the financial settlement of the project with the principal. This generally concerns the invoicing of contract deviations, the cost of delays or the quality of the work. In individual cases, this ends up in claims and further legal proceedings. Such discussions are resolved to the satisfaction of all parties involved in most cases. We are committed to structural application of procedures, both during the acquisition phase and during the implementation phase, in order to prevent this sort of problems. Third-party reviews are highly valued relating to the design risks. We are insured for design errors.

6.3.3 Fixed prices

We mostly operate in an environment where principals wish to transfer risks to the contractor in exchange for a fixed price. Such risks may result in incurring losses and negative cash flows. Our policy aims to de-risk our operations, to attract a positive cashflow and accept only the risks we can manage independently. As part of our project monitoring method, we have used an advanced system for risk identification and quantification. This applies to both the acquisition and implementation phase. In this period of potential fluctuations in raw material prices, we are cautious in accepting inflation risks. In long-term projects, adequate indexation schemes are a key point of attention.

6.3.4 Agency contracts

The Group has made limited use of agents in the past. There was one agent contract that could be considered as particularly relevant. This concerns the contract with the local agent for the metro project in Riyadh, Saudi Arabia. This project was started in the course of 2013. The contract with the local agent was concluded in the first quarter of 2013 and is subject to an investigation that the Dutch Fiscal Information and Investigation Service (FIOD) started early 2019, based on a suspicion of corruption and forgery in being awarded an order for the Riyadh metro project. We started an internal investigation immediately after the raid. We have assessed the list of information confiscated by the FIOD for any indications of irregularities. From this investigation, we have not found anything that could indicate any non-compliance with the applicable legislation and regulations. An independent expert concluded that the internal investigation was conducted adequately and with due care.

The public prosecution office has not yet made a prosecution decision and has expressed informally that it aims to come to such a decision Q2 2024. In May 2023, pursuant to the new governance within Strukton, we terminated the engagement of the lawyer that defended both the Strukton entities and Mr. Sanderink collectively in the past. A new lawyer has been instructed to defend Strukton (and not Mr. Sanderink).

Strukton implemented a policy in 2021 with a renewed focus on the European continent, and especially the core countries being the Netherlands, Belgium, the Nordics and Italy. Such renewed strategy ensures that Strukton is able to operate in countries where it understands the jurisdiction, knows the market conditions and is able to digest the appropriate risk appetite. In line therewith, Strukton has strategically abolished the use of agency contracts in full.

6.3.5 *Utilisation rate*

Strukton is a capital-intensive company managing a large, specialist fleet of machines and equipment, in particular relating to rail systems. This fleet is mostly owned by Strukton. The cost is depreciated on the economic operational life of the object. Negative cash flow will not directly be the result if we fail to deploy our fleet at self-funding rates, but this will have a negative effect on our result. Additionally, a large portion of Strukton employees has permanent employment contracts. The company's profitability and cash flow will be negatively affected if we do not deploy these employees in current projects or contracts at self-funding rates, which may for example be the case if there are not many orders. Strukton Rail manages this risk with deployment of both its fleet and its employees in the home countries rather than in just one country. Major investments are in some cases shared with partners. Additionally, throughout Strukton, we limit the understaffing risk by continuously aiming for an increase in the share of non-project based activities. This is in line with the life cycle approach that is applied within all Strukton companies.

6.3.6 *Information security*

With our technology solutions, we depend on the availability and continuity of information provision. Without information, our processes are frozen, effectively suspending operations. If the information crucial to operations is not available, or becomes available to unauthorised parties, this may have a major impact on our organisation. The risks regarding information provision, cyber risks, are on the increase due to developments in the use of technology. In order to stay in control, we continuously provide integral, structured attention to protection of information and connections.

6.3.7 *Compliance*

Renewed attention has been given to 'hard' compliance related items, such as compliance with competition rules, privacy and anti-corruption rules, but also more 'soft' compliance related items such as unwanted behaviour and trusted persons .

6.4 Financial risks

6.4.1 *Available credit facilities*

The current account facility with two banks and the cash facility have been fully repaid and closed with the divestment of the buildings division 'Worksphere'. As of January 2023, Strukton has entered into a withdrawal agreement with the FAST Consortium, pursuant to which Strukton would exit the FAST Consortium and the Riyadh Metro Project within an agreed time frame. As of July 2023, the conditions for the withdrawal were met, meaning that: (i) Strukton legally exited all agreements regarding the RMP project and (ii) guarantee facilities of USD 121 million were taken over by the FAST Consortium and (iii) the cash collateral of approx. USD 60 million was returned to Strukton. The generic guarantee facilities were maintained at EUR 70 million. In the course of 2021, Strukton started the divestment process for the buildings division 'Worksphere' which no longer matched the strategic orientation of Strukton. The division was procured by SPIE providing a solid new home for our (former) employees. Strukton utilized the cash proceeds amongst others to repay cash facilities in January 2022 and substantially strengthen its capital base.

The company's liquidity requirement is being forecasted on a frequent basis, and the application of the facilities is continually monitored. The main financing documentation, applicable until the January 2022 repayments, sets out various covenants that are mainly related to the company's cash-generating capability. These covenants are assessed on a frequent basis as well. Most of these covenants became obsolete upon repayment of the facilities early 2022. Strukton's investment and depositing commitments pursuant to current investment programmes, projects and PPP shares are included in this liquidity requirement. Realisation of the liquidity forecast is strongly dependent on the development of external market conditions, order intake, development of project results and the development of the net working capital. Due to the project-based character of the company, one-off negative project results may affect both the financing requirement and the covenants. This risk is limited by strongly steering on process control and by increasing the share of non-project based activities. Additionally, we aim to further reduce the company's net debt, and to dispose of some specific assets that are not directly necessary for the core operations. Our financial policy aims to maintain and where possible improve our credit rating in order to assure our access to the banking and financial markets at conditions acceptable to Strukton Groep. We do not have any specific indications that certain market conditions, such as price development with both principals, and suppliers and contractors, or agreements with suppliers and credit insurers are developing in any way unfavourably. This also applies to the order intake and timely conversion into operating income and development of project results within the expected bandwidths. The Group Executive Board identified various measures that may ensure additional financial room.

These measures concern, among other things:

- Better payment conditions, quicker invoicing and collection of invoices, improving the working capital
- Securing dividends from non-credit base subsidiaries, associates and related investments
- Sales of specific assets and non-core portfolio companies
- Agreement on additional remuneration for specific projects with clients

6.4.2 *Financial instruments*

In the past, Strukton Groep used interest rate swaps and currency forward contracts in order to hedge some of the interest rate risks pursuant to concern and project financing, and in order to hedge currency risks on future USD cash flows. With the strengthened focus on Europe, the extent of this exposure is reduced. Most of Strukton Groep's activities are carried out within the Euro zone. The activities of subsidiaries outside the Euro zone are mostly carried out within the currency zone of the relevant country. Relating to transactions denominated in foreign currencies, the policy sets out that the net position should be fully hedged with foreign currency forward contracts. In 2014 and 2016, the company closed forward exchange contracts for the Riyadh metro project, hedging the currency risk on future cash flows in USD until early 2020 and an on balance sheet hedge terminated by the end of 2022. The translation risk on share capital and loans provided to subsidiaries outside the Euro zone is not hedged in 2022.

6.4.3 *Insurance*

The necessary risks are insured as a supplement to controlling operational and financial risks in particular. Our policy relating to insurance concerns insurance of risks that we are not able or willing to bear. We assess the insurance policies for amended legislation and regulations, sums insured and new risks on an annual basis. We adjust the insurance programme where necessary.

6.5 Risk management and control systems

6.5.1 *Risk control framework*

Relevant parts of the risk control framework include the applicable Code of Conduct, the Delegation of Authority, the procedure for authorisation applications relating to complex and large-scale projects, the planning and control cycles and the relevant reports. As part of Strukton's risk management process, an internal risk analysis is conducted annually, which includes the subject of fraud. This analysis considers the risk of fraud in financial data and disclosures, the possibility of manipulation of information technology (segregation of duties), common fraud in the market (assessment and selection of buyers by a third party), and other potential forms of fraud.

6.5.2 *Internal control systems*

The Group Executive Board is responsible for the company's internal risk control and auditing system, and assessing its effectiveness. The system is designed to control risks related to business activities and the realisation of company objectives. It also monitors the efficiency and effectiveness of business processes and the consistency of the administrative processes. The risk control framework is implemented throughout the Group. The responsibility for the control system is primarily allocated to the operating companies, whereby we continuously aim for improvement of the internal control systems. The focus for 2022 was on improvement of the internal control of the rail maintenance contracts, change in structure of the Civil division and the quality of the financial function. Risk assessments are an integral part of the company's annual planning and control cycle, which is discussed with the shareholder on an annual basis. The risk control and auditing system for financial reporting is based on the central guidelines and procedures. Clear accounting rules are set out in the Strukton Reporting Manual and in a standard reporting structure.

6.5.3 *External auditor*

The external auditor completes auditing activities designed to issue an auditor's statement with the annual financial statements. The external auditor is appointed by the shareholders. In consultation with the auditor, both the shareholder and the Supervisory Board determine the activities to be added to the work required pursuant to the auditor's statement. This may concern specific risks, business processes or sites where the Chairman of the Supervisory Board or the Shareholder require more in-depth auditing. Recommendations from external auditing activities at any level are reported to the Group Supervisory Board and the Group Executive Board, and followed up by the Group Executive Board.

6.5.4 Reporting structure

Strukton's reporting structure is in line with the management of the separate operating companies. The CEO of the Group Executive Board is responsible for the introduction and assurance of control effectiveness. The success of such controls is measured based on self-assessment by the Executive Board members of the business units and on frequently assuring the adequacy of the internal control system. The progress and development of the operational results, the liquidity and financial position of the company, the safety risks, operational and financial risks, and also the CSR results are set out in the periodical management reports. The implementation of the strategy is achieved based on improvement programmes focusing on the operational processes regarding tender management and project management, and also in the field of working capital and cash management.

6.6 Business continuity

Major external events like an influenza pandemic, wars or climate change can have a material effect on Strukton's operation and business results. We learned from the COVID-19 outbreak that we must always be prepared for such an event. Our multidisciplinary business continuity organisation is able to ensure continuity in a safe and healthy manner on project and contract sites, in our offices and at home, though it is impossible to predict the impact of any major event when this happens unexpectedly.

6.7 Going concern assessment

The 2022 financial statements of Strukton are prepared based on the going concern assumption.

Strukton made a detailed assessment of the company's ability to continue as a going concern. The going concern assessment takes into account events including the sizable divestment of WorkspHERE in 2022, divestments of non-core portfolio companies within the group, the operating plan 2024 and further, developments of Strukton's order book, road map of working capital improvement and attracting external funds. In performing this assessment, Strukton considered factors that could indicate the presence of material uncertainties that might cast significant doubt upon the company's ability to continue as a going concern. Factors considered included: operating results and/or major losses on projects, as well as the fact that no declaration of liability has been issued regarding Strukton Civiel B.V., Strukton Civiel Projecten B.V. and Strukton International B.V.

Several large loss making projects have caused significant losses in recent years. These projects are further elaborated on in paragraph 'Accounting considerations on key projects' on page 52 and further.

Key project MEET RIVM relates to the construction of the new office for the Dutch National Institute for Public Health and the Environment (RIVM). The MEET RIVM project is highly complex, in particular due to the high requirements on laboratories. A number of developments had a mainly negative impact on progress and profitability of the project. In October 2023 we received an (interim) judgement about the compensation of substantial extra costs related to further contract modifications to the laboratories, which were requested by the client at a late stage of the project's realisation phase and without a clear scoping with required output specifications. The judgement confirms the project valuation taken into account at 31 December 2022.

The key project Hoofdstation Groningen has been delayed and the planning has moved backwards several times primarily due to the complexity of the design, the COVID-19 lockdown, technical complexities involved in realizing certain aspects of the design. Substantial delays were incurred along with substantial increased costs. Since the project will now take till June 2026 to be completed, there are risks and uncertainties identified and estimated to our best knowledge.

The key project A15 faces a disagreement with the client regarding the recoverability of the costs attached to the use of lower noise producing but less durable asphalt. This shift requires a modified maintenance strategy leading to an expected project loss and uncertainties regarding the outcome of the dispute with the client.

Strukton accelerated its strategic decision to withdraw from our operations in the Middle East. We have reached a settlement with our consortium partners on the Riyadh Metro Project in 2023.

At year-end 2021, there was a financing agreement consisting of a current account facility with two banks of EUR 60 million, which was repaid and closed in 2022.

Strukton Groep N.V. sold the shares of Strukton Services B.V. on 27 January 2022 to SPIE Nederland B.V.. The proceeds of this transaction have significantly improved Strukton Groep's financial position and solvency. A refinancing of the credit and guarantee facility was completed in the context of this transaction. As of this date there are no longer any financial covenants.

Since the divestment, financing requirements mainly constitute (bank) guarantees, loss financing, transaction banking, (equipment) lease and transactions. For now, the non-recourse project-financing for RIVM and the ringfenced facilities in Italy are left intact and continue. Other cash or credit facilities are repaid, reduced or not materially utilised.

Furthermore, Strukton responded decisively and promptly by taking measures to ensure business continuity, significantly reduce cost and capital expenditure to protect liquidity and profitability. Strukton has 'stress tested' its going concern assessment, considering aforementioned factors on an individual basis, and considered all available information about the future such as result forecasts and cash flow projections, at least twelve months after the end of the audit date of these financial statements. For the projects and contracts with a relative high-risk profile the assessment has been done for the entire contract period.

The required financing of the major loss making projects leads to material uncertainties that may cast doubt on the company's ability to continue as a going concern.

The potential funding gap, is being mitigated through measures such as attracting (external) funding, divestment of (portfolio) companies and improvement of working capital. These measures have been assessed by management and are considered to be realistic and feasible. The potential funding gap has declined compared to the reporting of the 2021 financial statements as a result of mitigating measures implemented and carried out. Our current evaluation, including the additional losses on key projects, indicates that additional funding after all these measures taken may be required in the future. Oranjewoud N.V. has provided Strukton Groep N.V. with a letter of support until 31 December 2025 up to a maximum of EUR 140 million minus the total cash amount resulting from measures taken and to be taken by Strukton and Oranjewoud. Furthermore, the shareholder's equity of Strukton Groep N.V. has been strengthened in December 2023 through a conversion of subordinated and other loans from Oranjewoud N.V. to share premium, also refer to [note 29 Subsequent Events](#). Strukton in its judgement concluded that, given the outcome of the going concern assessment, the material uncertainties that may cast significant doubt on the company's ability to continue as a going concern have been mitigated sufficiently. Therefore, it is appropriate to prepare the financial statements based on going concern. For further explanation of the underlying reasons, please refer to the section 'Liquidity risk' in paragraph 'Financial risk management'.

6.8 Conclusion

The positive result for the year 2022, which is mostly attributable to the 'WorkspHERE' divestment and the performance of the Rail Infrastructure segment, comes after the adverse results of 2020 and 2021, which were mostly caused by the historic projects contracted in 2010 (A15 MaVa), 2013 (Riyadh), 2014 (RIVM) and 2019 (Hoofdstation Groningen). With current knowledge, it is evident that the historic market conditions and risk regime were insufficient. Based on the above renewed systems, the frameworks applied and the relevant reporting structure, the risk control and auditing system has an adequate structure in our opinion, and has performed better in 2022. The focus in 2022-2023 was on further improving the internal control and procedures throughout the business units, supported by the leaner organisational structure. The reporting procedures were improved, a new consolidation system was implemented, and the holding organisation is more involved in the operation. A new tender procedure was introduced in 2023 which will be further developed into a full stage gate risk review in 2024 alongside further strengthened group wide controls.

7. Corporate Governance

Good business practices, integrity, respect, supervision, transparent reporting and accountability: these are the leading aspects our corporate governance policy is based on.

Strukton Groep N.V. is a public limited liability company governed by Dutch law. The company is managed by the Group Executive Board, under the supervision of the Supervisory Board. Oranjewoud N.V. is the sole shareholder of the company. Oranjewoud has amended its articles of association in August 2023 pursuant to which it has adopted a so-called two-tier regime.

7.1 Management

The Group Executive Board manages the company and determines the vision and the ensuing mission, strategy and objectives of the company. The CEO, as the sole statutory director during the year, of the Group Executive Board has final responsibility for the entire company. The Group Executive Board is responsible for transparent governance within the company. The Group Executive Board frequently provides information and tools to the shareholder and the Supervisory Board as required for adequate fulfilment of their tasks. The Group Executive Board annually reports to the General Meeting of Shareholders on the results of the past reporting year. The Management Teams of the operating companies are responsible for defining and executing the strategies of their respective operating companies within the overall group strategy framework.

7.2 Appointment and remuneration of CEO

During the year 2022 the Group Executive Board consisted of two members, one of which served as the CEO. The other member served as CFO. Mr. G.P. Sanderink was appointed as the chairman of the Group Executive Board as per 29 October 2010 and resigned as per 8 January 2021. Mr. E. Hermsen acted as sole member of the Group Executive Board as of 8 January 2021 until 3 June 2021 and resigned as per 1 October 2021. Mr. G.P. Sanderink was appointed as CEO of the Group Executive Board as per 3 June 2021. Mr. M.A.J. de Haas acted as (interim) CFO and member of the Group Executive Board until September 2022. As of then, Mr. A.E.P. Vlaanderen was appointed CFO of the Group and member of the Group Executive Board. On 17 March 2023 the Supervisory Board suspended Mr. Sanderink as CEO of the Group Executive Board with immediate effect for a period of three months. In addition, at the request of the Supervisory Board, the Enterprise Chamber rendered its ruling on the 1 June 2023. In this ruling, the Enterprise Chamber (in short) came to the decision that a continuation of the involvement of Mr Sanderink was currently not in the interest of Strukton and Oranjewoud. Therefore, the Enterprise Chamber (as requested by the Supervisory Board) (i) suspended Mr Sanderink as statutory director of Oranjewoud and Strukton and (ii) placed the shares in Oranjewoud and held by SI (with the exception of 1 share) into custody with a custodian. The court appointed Mr. M. Holtzer, partner of DLA Piper, as the custodian.

As of the date of suspension, the members of the Supervisory Board collectively acted as the interim directors of Strukton Groep, until 15 July 2023, which is the date where Mr. R.P. van Wingerden (as CEO) and Mr. M.A.J. de Haas (as Chief Transition Officer (CTO)) were appointed as statutory directors of Strukton Groep. They, together with the CFO and, as per the end of July 2023 the Chief Legal Officer (CLO), constitute the Group Executive Board consisting of four members. The general meeting determines the remuneration of the members of the statutory members of the Group Executive Board based on an advice issued by the Supervisory Board. Please also refer to [note 28](#) of the consolidated financial statements for the remuneration of management during 2022.

7.3 Supervisory Board

The company installed a Supervisory Board in 2017. The Supervisory Board members till March 2022 were Mr. H.G.B. Spenkelink (Chairman) and Mr. W.G.B. Te Kamp. Mr. Spenkelink and Mr. Te Kamp resigned as members of the Supervisory Board as per 22 March 2022. As per the same date, Mr. J.M. Kuling was appointed as Chairman of the Supervisory Board and Mr. A. Schoots was appointed as Supervisory Board member. Mr. B.C. Fortuyn was appointed as Supervisory Board member as of 1 April 2022 and Mr. J.J.A. van Leeuwen was appointed a member as of 1 May 2022. Mr. A. Schoots resigned as Supervisory Board Member as per July 2023. Ms. M.L. Bremer was appointed a member as of 21 March 2024.

7.4 Diversity

We aim for a balanced workforce in different positions in terms of age, gender and background, training, education and professional experience. The regulation in Book 2 of the Dutch Civil Code (BW) sets out a best-effort obligation imposed on large companies for the seats of the Executive Board to be occupied by women for at least thirty percent, and by men for at least thirty percent, insofar as such seats are divided among natural persons. In addition, a new Dutch law was implemented on 1 January 2022 providing for additional (reporting) obligations regarding diversity applicable to the Group Executive Board, Supervisory Board and the “sub top”. In the selection and appointment of potential new members of Strukton Groep’s Supervisory Board, diversity has been considered.

With the appointment of Ms M.L. Bremer as a member of the Supervisory Board in March 2024, Strukton acted in accordance with the Dutch Diversity Act.

7.5 Conflict of interest and transactions between related parties

The Supervisory Board of Strukton Groep N.V. is responsible for resolving any conflicts of interest between the company on the one hand and the Executive Board of Oranjewoud N.V., the Supervisory Board, the Group Executive Board and the external auditor on the other. Transactions with the shareholder or affiliated companies are conducted in line with market practice.

7.6 Auditor

The Supervisory Board of Strukton nominates the external auditor for the group as a whole. Mazars Accountants N.V. has been appointed for the audit of the financial statements 2022.

7.7 Internal stakeholders

Our colleagues are a key stakeholder group. We are in continuous dialogue with our colleagues on developments in the organisation, individual development, performance, safety & health, sustainability and integrity in meetings and on the job. The main source of information for colleagues are the intranet sites in addition to meetings.

The colleagues are represented in Strukton's employee participation bodies. Each operating company which meets the required statutory threshold has its own Works Council or other employee participation body. For issues concerning all operating companies, a Central Works Council has been installed.

7.8 External stakeholders

We constantly work in dialogue with stakeholders and ensure that our business operations continue to be aligned with their requirements and needs. They challenge us to discover new opportunities and possibilities relating to sustainability and to accelerate the pace in this respect, and we challenge them. We have identified our customers, employees, financial partners, suppliers and subcontractors, and social organisations as our key stakeholders. In addition, knowledge and educational institutions, sector organisations and NGOs are relevant stakeholder groups for us with whom we wish to maintain a constructive dialogue. We frequently publish about key events on our websites and in press releases.

7.9 Compliance

We owe our success to our core competencies in the implementation of projects and contracts, and to always acting ethically correct and with integrity. In all operating companies, Strukton insists on integrity in doing business. To this effect, Strukton All Right was implemented, the title of our compliance program and policies for acting with integrity. Under this title, this programme uses training courses, presentations, internal communication, and e-learning to focus intensive attention to our company culture to make employees more aware of ethical rules, authorisations, compliance with legislation and regulations both at home and abroad, and risk management when collaborating with domestic and foreign parties. We have various rules and regulations indicating the framework for the performance and operations of the Company. The Code of Conduct Honest Business Practice sets out the key rules that Strukton imposes for fair and just business.

The Code of Conduct Honest Business Practice is applicable to all persons working for and with Strukton. The Code has an integral structure, clearly connecting into various existing policy documents and rules, including the policy for dealing with gifts and invitations, the policy for countering bribes and corruption, the human rights policy, and the regulations regarding undesirable behaviour.

The regulations regarding undesirable behaviour allow employees to report any actual or suspected irregularities within the Company to a Confidential Counsellor. Strukton has appointed compliance officers to ensure uniform policy and consistency in the interpretation of and compliance with the Code of Conduct. The Code of Conduct Honest Business Practice is available from Strukton's corporate website and on the Strukton intranets.

8. Financial Results 2022

- Revenue stable at EUR 1.38 billion (2021: EUR 1.44 billion)
- Operational result: EUR 45.2 million positive (2021: EUR 100.2 million negative)
- Net result: EUR 178.4 million positive (2021: EUR 181.6 million negative)
- Solvency rate increased to 3.1% (2021: -11.4%), due to the positive net result in 2022. Divestment of Workspere in 2022 improved the solvency substantially.

Key figures	2022	2021	2020 ⁶	2019 ²	2018 ¹
<i>Amounts in EUR millions (unless stated otherwise)</i>					
Revenue	1,378.2	1,439.6	1,349.8	1,873.3	1,779.1
Operational result (EBITDA)	45.2	-100.2	-98.0	62.3	45.1
Operating result (EBIT)	-5.7	-153.0	-178.9	6.0	16.8
Net operating result	-8.0	-181.6	-198.4	-19.7	-0.2
Cashflow					
Operating activities	-34.9	105.1	52.0	60.4	-20.2
Investing activities	237.9	-73.4	-38.6	-43.0	91.4
Financing activities	-49.7	-21.7	2.7	-28.3	8.3
Total Cash flow	153.3	10.0	16.1	-11.0	79.5
Investment in property, plant and equipment	31.8	22.6	14.2	21.5	22.8
Depreciation/ impairment on fixed assets	-50.9	-52.8	-80.9	-62.2	28.3
Excluding PPP SPC financial holding companies⁵					
Balance sheet total	1,010.9	1,034.4	1,067.4	1,139.1	1,140.7
Invested equity ³	-379.0	-12.9	158.1	366.7	312.2
Net debt ⁴	-86.4	-13.4	4.6	27.7	38.2
Solvency rate (%) based on group equity	3.6%	-13%	4%	17%	21%
Including PPP SPC financial holding companies⁵					
Balance sheet total	1,159.3	1,157.9	1,159.3	1,296.3	1,313.9
Total equity	22.8	-170.2	8.7	184.6	189.6
Total group equity	23.0	-170.2	8.9	185.6	230.6
Invested equity ³	-225.8	127.3	306.9	519.7	484.6
Net debt ⁴	28.1	126.4	153.0	176.4	210.5
Solvency rate (%) based on group equity	3.1%	-11.4%	4.0%	15.2%	18.4%
Net result (in %) of group equity	10.9%	225.0%	-205.2%	-10.6%	-0.1%
Net result (in %) of revenues with customer contracts	-0.6%	-12.6%	-10.9%	-1.1%	0.0%
Orderbook on closing date	2,775.0	2,403.9	1,981.6	2,852.7	2,942.7
Non-financial data					
Average number of employees	4,230.6	6,139.0	6,451.0	6,651.0	6,696.0
Sick leave rate (%)	5.9%	6.0%	4.8%	3.4%	3.2%
Costs of management development and training	5.1	9.0	9.0	9.8	8.9
Carbon dioxide emission (in tonnes)	37,603.8	41,543.6	36,263.7	42,322.0	45,857.0

¹ After amendments to the accounting policies regarding Financial Instruments (IFRS 9) and Revenue from contracts with customers (IFRS 15).

² After amendments to the accounting policies regarding Leasing (IFRS 16) and restatements/revisions as included in the financial statements 2020.

³ Invested equity is calculated as total (group) equity plus financial liabilities as included in note 25 of the consolidated financial statements.

⁴ Net debt is calculated as subordinated loans plus non-current liabilities and debt to financial institutions minus cash and cash equivalents (excluding cash blocked within combinations).

⁵ PPP SPC financial holding companies are public-private partnership projects. The figures are presented including and excluding the PPP SPC financial holding companies in order to present the significant impact of these projects on the statement of financial position.

⁶ Significant decrease of consolidated statement of income figures due to discontinued operations.

8.1 General

2022 was a positive year for Strukton Groep. The net result was EUR 178.3 million following the sale of Strukton WorkspHERE. The project management is progressively gaining control, thereby enabling us to leave the negative years behind.

8.1.1 Operating income

The revenue decreased by EUR 61.4 million in 2022 compared to 2021.

The revenue per segment is as follows:

Revenue (in EUR Millions)	2022	2021
Rail Infrastructure	954.1	889.0
Civil Infrastructure	199.7	416.0
Technology and buildings	44.7	60.0
Other	179.8	75.0
Total	1,378.2	1,440.0

8.1.2 Operational result

The operational result per segment is as follows:

Operational result (EBITDA) (in EUR Millions)	2022	2021
Rail Infrastructure	103.4	90.1
Civil Infrastructure	(59.2)	(70.5)
Technology and buildings	(10.4)	(120.6)
Other	11.4	0.8
Total	45.2	(100.2)

Strukton Civiel's disappointing results had significant impact due to the projects Hoofdstation Groningen and A15.

8.1.3 Taxes

In 2022, the corporate income tax amounts to EUR 15.7 million.

8.1.4 Order book

The order book was well-filled:

Order book (in EUR Millions)	Netherlands	Outside Netherlands	Total
Rail Infrastructure	312.8	1,859.3	2,172.2
Civil Infrastructure	383.3	-	383.3
Technology and buildings	85.6	-	85.6
Other	133.8	-	133.8
Total	915.6	1,859.3	2,774.9

The order books are until 2026. In the Rail Infrastructure segment, the order books in the Netherlands, Sweden and Italy increased compared to 2021. The order book of the Technology and buildings segment decreased compared to 2021 under the policy of no new intake in that segment. The Dutch order book of the civil segment decreased compared to 2021.

8.1.5 Cash flow and financing

The increase of cash and cash equivalents amounted to EUR 153.3 million in 2022 (2021: EUR 10.0 million increase). The cash flow in 2022 was positively affected by the sale of WorkspHERE in particular.

At year-end 2022, there no longer was a financing agreement consisting of a current account facility with two banks (2021: EUR 60 million). The cash facility was reduced and closed from an amount of EUR 36.2 million to nil in January 2022.

The generic guarantee facilities were maintained at EUR 70 million.

The company's liquidity requirement is being forecasted on a frequent basis, and the application of the facilities is continuously monitored.

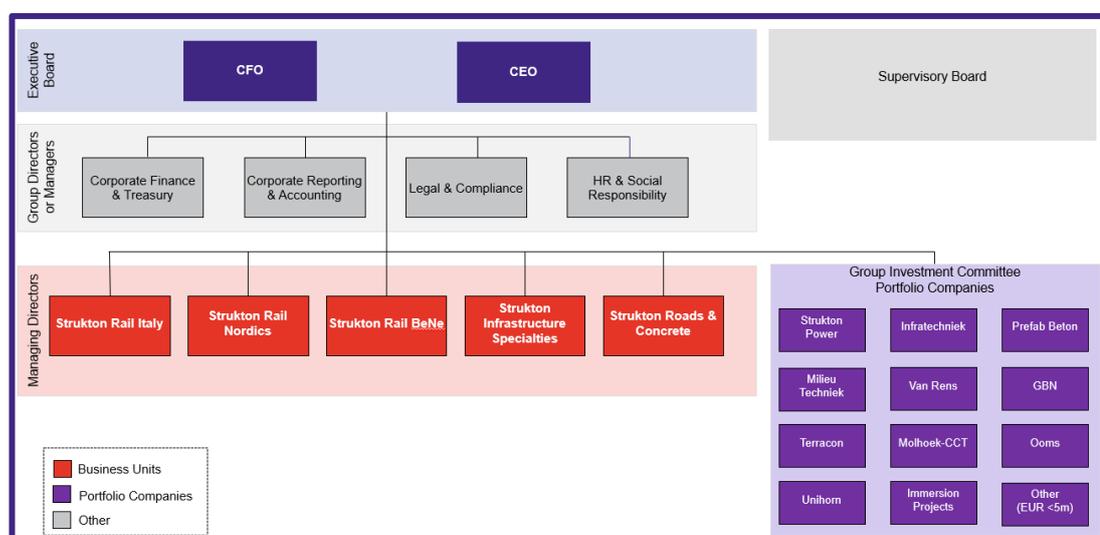
8.1.6 Equity position

Equity increased in 2022 by EUR 193.2 million mainly due to the net result of EUR 178.3 million.

8.1.7 Acquisitions & Divestments

In 2022, Strukton divested a large part of the buildings division 'WorkspHERE', a relatively stand-alone business, which no longer matched the strategic orientation of Strukton.

8.2 Highlights per division



The above organisational structure shows the organisation after the changes made in 2020-2022 and excludes the divested business unit WorkspHERE. The business units report directly to Strukton Group. The portfolio companies operate on a more autonomous level within Strukton Group. The highlights below are including a breakdown on the current structure.

8.2.1 Strukton Rail segment

This paragraph includes the three rail-related business units Strukton Rail Belgium-Netherlands, Strukton Rail Nordics (Sweden and Denmark) and Strukton Rail Italy.

Rail Infrastructure (Revenue in EUR Millions)	Revenue	FTE
Rail NeBe	359.7	1,350
Rail Italy	290.2	634
Rail Nordics	304.3	1,039
Total	954.1	3,023

The growing importance of rail as a segment is also reflected in the results over 2022 with a combined revenue over the three clusters of EUR 954.1 million and an EBITDA of EUR 103.4 million positive.

Rail Belgium-Netherlands

The market in the Netherlands is expected to grow and safety regulations ask for an upgrade of the old train safety systems. In 2022, the Belgian division became a certified rail operator, which provides further growth opportunities. Main project areas include the performance-based maintenance contracts in the Netherlands and upgrading projects to increase frequency (PHS). Strukton Rail Netherlands and product market combination Rail-Civil (part of Strukton Infrastructure Specialties) are currently working successfully on the Rijswijk-Delft PHS project and started with the PHS Dijkgracht project in 2022.

Rail Nordics

Strukton Rail has a long maintenance history in Sweden and Denmark and works on a smaller-scale project basis in Norway. The business unit is one of few companies that takes care of rail maintenance, where we can grow with projects and machines. We can cover large parts of the market with our broad competence, even geographically through the Nordic countries.

The prospects for Rail Nordics are positive. The market is looking for a proactive and more efficient way of maintaining the track facilities, which Strukton can offer. The Danish F-Bane project bank guarantee requirements are altered to a more proportional mechanism with regards to bank guarantees in an agreement in May 2022. The introduction of ERTMS across Europe also provides good opportunities, where we can leverage experience from the stabilized F-Bane project in Denmark.

Rail Italy (CLF)

Strukton's rail division in Italy, CLF, has a rich history in Italy as a full-service provider for railways, building on good relationships with customers and market participants. The company can supply the entire track portfolio with a specialist machinery fleet and has a strong ability to react to changes in operating conditions. In 2022 and onwards, cooperation in Strukton is increasing. From the strong production base in Italy, staff and machinery are occasionally mobilised in projects in the Netherlands, Belgium and the Nordics.

8.2.2 Strukton Civil segment

2022 was a difficult year for the Dutch civil engineering segment. The revenue for the year was EUR 199.7 million and the EBITDA was EUR 61.2 million negative, due to negative project results, a complex organisation and high cost base.

Civil Infrastructure (Revenue in EUR Millions)	Revenue	FTE
Roads & Concrete	163.9	474
Strukton Civil Projects	14.0	-
International	21.8	122
Total	199.7	596

Apart from our international loss-making activities which are explained in the subsequent paragraph 8.2.3, project 'Hoofdstation Groningen' within our Dutch civil activities had a significant negative impact on the results.

Hoofdstation Groningen

Strukton Civiel Projecten B.V. is working on the Hoofdstation Groningen project on behalf of ProRail. The project has been delayed and the planning has been shifted backwards several times. The delays are caused by the complexity of the project and material external circumstances, both resulting in a longer and more expensive design process. The following reasons have contributed to the cost increases and/or delays:

- COVID-19. Given the complexity of the design, the intention was to perform the design phase at one location. In March 2020, three months after the start of the final design (DO) phase, almost all 75 designers were forced to work individually due to a corona lockdown. This had a major impact on the integrated approach of the design, which in turn led to delays and higher costs.
- Macro-economic circumstances led to unforeseeable cost increases and supply chain disruptions.
- Remove cables and ducts at the start of the project. At the start of the project, a large number of unknown cables and ducts turned out to be present in the site.
- Design complexity and inefficiency. The realization of parts of the design turned out to be technically very complex. As a result, adjustments were made to the design, which led to delays and higher costs.
- Anchoring problems. After pouring the concrete, the anchors proved to be unsatisfactory at a number of points. As a result, Strukton's subcontractor had to take measures to resolve this, which led to higher costs.
- Train-free periods (*Trein Vrije Periodes*). Consecutive delays by the above are multiplied by missing certain pre-determined train-free periods (*TVPs*) and lack of flexibility in securing new ones. The completion of the project is currently foreseen in 2026.

The above matters were not foreseeable and have arisen during the important execution phase of the project. We are in constructive and active dialogue with ProRail, which has led to a final agreement on additional remuneration per April 2024. The estimate of the final project result as per 2022 amounts to EUR 128.5 million. A provision of EUR 124.5 million is formed up until 2022, and a further provision of EUR 1.9 million is recognised in 2023 and a provision of EUR 2.1 million is recognised in 2024.

Other Civil projects

On top of the major projects described above, Strukton Civiel has also executed a number of smaller loss-making projects. The broad strategy, complex organizational responsibilities and challenging risk management all contributed to poor performance across the board. Strukton Civiel also experienced a number of smaller disputes with partners, subcontractors and clients. Furthermore, Strukton Civiel ventured in all markets and in all disciplines in a traditional market approach until 2020, which was typical for civil companies in the Netherlands. Strukton perceives this market as a high-risk market with low profitability, worsened by significant competition and overcapacity in the asphalt market. The combination of these matters led management to implement a new approach to the Civil market and strengthen the internal organisation and controls.

Changes in the Civil segment

To counteract the high cost base and overhead structure in the Dutch civil engineering segment, we launched the '4 to 1' integration strategy: a more centralised approach to create more synergy between individual regional businesses and improve cost-efficiency significantly. The first steps in this new approach were made in 2020. The strategy was accelerated in 2021 and completed in 2022 with an internal merger of legal entities. The Strukton Civiel organization was restructured and overhead and complexity were reduced. The company now consists of two business units: 'Strukton Roads & Concrete' and 'Strukton Infrastructure Specialties'.

Strukton Roads & Concrete consists of the former regional companies specialising in roads & concrete projects. The business unit is active in road construction and concrete construction in the Netherlands.

Strukton Infrastructure Specialties is a new entity focussing on specialist projects in three product market combinations 'waterways, locks & bridges', 'tunnels' and integrated 'rail-civil' projects together with Strukton Rail Netherlands.

Specialized companies that used to be partially integrated mainly within the Dutch civil division are now operating more autonomously. These companies were transferred to the cluster Portfolio Investments Holding per December 2021, which is directly under Strukton Groep management.

With the new structure, the civil engineering segment is expected to improve financial performance and lower the risk profile as from 2023 onwards. Business-wise, the focus will be on smaller projects of a repetitive nature in which the focus on only the core competencies are envisaged to restore the earnings potential of the business.

8.2.3 *Strukton International*

Strukton International used to be a separate division, focussing on projects outside of Europe, with a focus on the Middle East. Following the strategic roadmap with focus on sustainable infrastructure in Europe, Strukton International is being wound down, with the intention to withdraw and cease Strukton International's activities.

Riyadh Metro Project (Saudi-Arabia)

Strukton International's single largest project (acting through Strukton Civiel Projecten B.V.) was the Riyadh Metro project in Saudi Arabia with the Royal Commission for Riyadh City as the client (RCRC). Strukton was part of the so-called FAST consortium with FCC Construcción S.A., Samsung C&T Corporation, Freyssinet Saudi Arabia and ALSTOM Transport S.A. as the consortium members. However, Strukton's relationship with RCRC and the other consortium members deteriorated significantly due to a complex legal event regarding our operations in the country. A Saudi citizen Mr Al-Shattery obtained a judgement against Strukton in his favour on 3 May 2021 in the Kingdom of Saudi Arabia. Pursuant to this judgement, Strukton was ordered to pay this individual an amount of EUR 25.25 million. Strukton strongly disputes the validity of this claim. We also believe this judgement has been obtained in breach of our rights of due process.

Notwithstanding the aforementioned, RCRC has used this court ruling as a ground for withholding a similar amount to the entire FAST Consortium in the summer of 2021. Strukton perceives this action by RCRC as legally incorrect. However, this event has led to a material breach of confidence between the FAST Consortium members and Strukton, ultimately leading to the exclusion by the other consortium members of Strukton in November 2021. The total financial impact of the exclusion for the financial year 2022 amounts to EUR 1.9 million.

Discussions between Strukton and the other consortium members continued as to the lawfulness of the exclusion(s) and the consequences of such exclusions. We reached an agreement on a process with the other consortium members in January 2023. This agreement aimed to regulate a process pursuant to which Strukton transfers the bank guarantees and its participation in the various consortia, joint ventures and entities of the Riyadh metro project to the other members. The agreement handed over responsibilities with regards to the project to the consortium and was effected during June 2023. Strukton is also party in a number of statutory and tax disputes for which we have formed provisions for a total amount of EUR 16.1 million (2021: EUR 17.1 million). Considering the finalisation of the agreement, no further negative financial impact is expected relating to the Riyadh Metro Project.

Road work projects (Qatar)

Strukton initially entered the market of Qatar as a platform to market its premium grade asphalt products that perform well in the local climate. Strukton Construction and Trading is involved in multiple medium-size road work contracts supporting the overall infrastructure investments of the country of Qatar made in recent years. Execution inefficiencies, cultural differences with partners, travel restrictions during the COVID pandemic and minor local legal disputes all contributed to a negative result and also the decision of Strukton not to continue in the region. At the time of writing, the three most material projects are materially complete and progressing towards handover and latent defects phase. In 2020, a provision of EUR 11.0 million was recognised as management's best estimate of the projects valuation and cost relating to ceasing our operations in the country. Management's best estimate of the provision remains the same per year-end 2022. Our Qatari activities are foreseen to come to an organic end during 2024.

8.2.4 *Technology & Buildings*

MEET RIVM project

Starting 2014, MEET RIVM CBG (hereafter: 'MEET', the project company) executed the works on the new accommodation of the RIVM (national institute for public health and the environment). MEET is responsible for the Design Build Maintain and Operate of the project, a separate Strukton owned SPC called MEET Strukton is responsible for attracting the initial non-recourse project-financing.

The one-off project has faced significant complexities, the two most material of which have resulted in formal dispute resolution proceedings with the Contracting Authority. These relate to (1) the continuous VC-C vibration measures which are applied to the new building and (2) several major Change Orders to the laboratories requested by the Contracting Authority. These issues cause (critical) delays and therefore have significant financial consequences which the Contracting Authority does not agree with. Within the DBFMO Agreement, a dispute resolution mechanism is contractually prescribed to solve these issues.

The abovementioned issues have been brought towards several Committees of Experts during the timeframe 2020-2024.

Mitigating Measures (Committee of Experts (02))

To meet the contractually stipulated vibration requirements, various vibration mitigation measures have been taken. During the dispute procedure in 2017, the first Committee of Experts judged to set the cost scope of these measures at EUR 20.7 million, of which 40% percent was to be remunerated by the Contracting Authority. Thereafter, further continuous measures were taken and the actual costs of the measures proved higher than judged in 2017. A new dispute resolution proceeding was initiated by MEET in November 2020 to determine the amount and distribution between parties of the costs. By the end of July 2021, the Committee of Experts (02) shared its final (interim) verdict on the costs of the measures and determined that 50% of the higher costs are to be compensated. In order to form a final verdict, the Committee appointed an independent cost expert to determine and report on the amount of the costs, who issued a final report in November 2023. On December 19th 2023, the Committee issued a final binding advice. Result of this binding advice is that the Contracting Authority is obliged to reimburse MEET regarding the mitigating measures.

MEET has decided not to appeal this advice, neither did the Contracting Authority; therefore the outcome of this dispute procedure is final.

The basis for current result valuation are the compensations granted under the final binding advice and the incurred financial consequences for implementing the vibration measures. This forms the basis of management's current best estimates, leading to a combined negative project result of EUR 194.1 million, and provisions included in this result are recognized in and attributable to 2022. The procedure has now led to a prudent conclusion on additional fees. Consequently, a reasonably reliable estimate of settlement of compensation can be made. Hardly any additional compensation over and above the final binding advice judgment has been recognized for these events, as a result of which management expects that such amounts are unlikely to be recovered. However, it should be noted that agreements have not yet been definitively signed.

Change Orders Contracting Authority GAP III and Recalibration Process 1 (Committee of Experts (03))

In recent years, the Contracting Authority has requested several Change Orders, which have – together with the COVID-19-situation within the same timeframe – caused (critical) delays and resulted in significant financial consequences. These Change Orders relate amongst others to changing of the classification of the generic laboratories in the Tower ('Recalibration Process 1') and modifications required to realise a polio laboratory in the special labs wing to meet updated WHO requirements. As a result, the building was not available at the original Scheduled Availability Date (31st of August 2021). Parties disagree on both the amount of the financial consequences and the duration of the critical delay and have therefore started the contractual dispute procedure.

Within this procedure, MEET has included an extensive elaboration of the financial consequences and critical delay caused by the Change Orders GAP III, the Recalibration Process 1 and the other circumstances. MEET expected the additional operational work will delay obtaining the Availability Certificate with 40 months to circa year-end 2024. The GAP III Committee has drafted an (interim) verdict in October 2023 and decided that the Planned Availability Date is delayed by 15 months. Furthermore, the committee invited parties to discuss the subsequent Financial Disadvantage. On March 8th 2024, parties reached mutual agreement on the Financial Disadvantage and have laid this down in a settlement agreement. In this settlement agreement parties agreed to set the Planned Availability Date on December 31st 2024 and there is agreement on financial compensation. The settlement agreement has been sent to the Lenders with a request to consent; this request is still pending at this moment.

As part of the process, the GAP III Committee also issued a binding interim advice in three interim provisions (March 2022, September 2022 and April 2023), in which the Committee ordered that MEET is to immediately start and continue to work on the GAP III Change Order, while the Contracting Authority must pay (monthly) advance payments to secure MEET's liquidity position until November 2022 and subsequent remuneration of direct costs.

Due to the high uncertainty, management's current best estimate is to only take into account the outcomes of the above mentioned, which also align with the latest agreement of March 2024.

The combined negative project result including the negative results and provisions formed for the vibration issue and the neutral effect from the GAP III Committee cumulatively lead to a negative project result of EUR 194.1 million per year-end 2022. The procedure has not yet led to a final conclusion on additional remuneration. Consequently, no reliable estimate of further compensation can be made and thus no compensation on top of the final (interim) verdict for these events is accounted for, whereas management expects (partial) recovery of such amounts. As the case is with a committee of experts, different outcomes are possible which may significantly impact our results from 2022 onwards.

OPEX

From Q1 2025, the OPEX phase of the MEET project will commence. In the EUR 194.1 million negative project result for MEET RIVM, a loss is included for this OPEX phase. The provision takes into account a more demanding start-up of OPEX phase (due to the turbulent CAPEX phase) and the latest insights in hourly rates (which have risen more than indexation compensation). However, uncertainty surrounds the magnitude of this loss, caused by both complexity, the size (total OPEX costs amounting to EUR 268.1 million) and duration (the 25-year term). Consequently, the prognosed loss is subject to change.

Construction progress

At reporting date, the structural, electrical and mechanical construction progress of the Tower, plint and the special labs wing is approximately 90 percent. Finishing works – such as the laying down of the floors, painting works and the instalment of lab furniture – and the commissioning and qualification phase are to be completed. Besides that, the project company is making significant progress with the structural works in the terrain and expedition area.

8.2.5 *Portfolio companies*

Strukton's product companies have been transferred to 'Portfolio Investments Holding B.V.', per December 2021, which is directly under Strukton Groep management. The aim of the Portfolio Investments Holding is to create value for Strukton Groep and permit the portfolio companies certain autonomy from the larger business units of Strukton. The structure is designed to allow the individual portfolio companies to operate with a certain degree of freedom from the rest of the Strukton organization, with support still available and aiming for 'best-for-company'. All shareholdings that Strukton owns are held by the Portfolio Investment Holding. Shareholdings in individual companies are no longer split between Strukton business units or between regions. Further Portfolio Companies may be added from within Strukton Groep and depending on growth trajectory of individual portfolio companies, they could become future business units.

Overall, the portfolio companies were showing a reasonable performance.

9. Message from the Supervisory Board

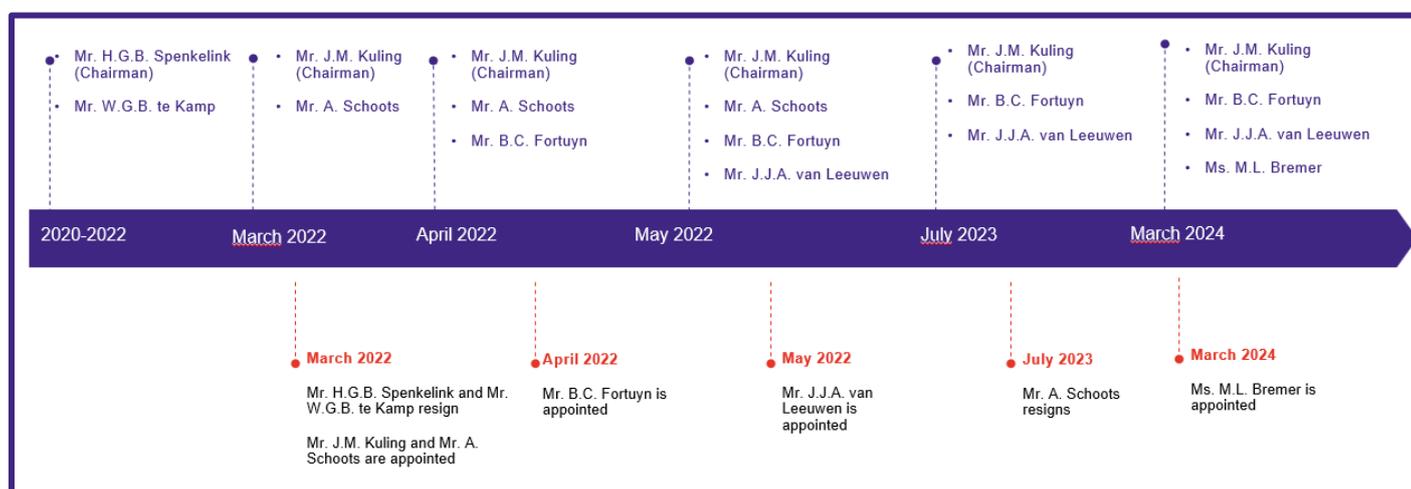
The Supervisory Board was involved in formulating and implementing Strukton's strategic roadmap covering 2022-2025, shifting the focus to Western Europe and strengthening Strukton's position as a sustainable infrastructure specialist service provider. The company aims to be leading in the transition to a fossil-free European society, contributing to green transportation and electrification, focussing on works with a repetitive character and on maintenance services. The renewed strategy fits well with Strukton's proven competitive strengths and marks a return to Strukton's rich history, building on a century of expertise.

In the opinion of the Supervisory Board, the new strategy, in combination with the shift towards risk-based tendering, avoiding complex projects outside Strukton's core competencies or markets and stronger focus on works with a repetitive character and on maintenance services, will improve Strukton's profitability and viability. Improvements are becoming increasingly visible at the time of writing of this report, though contracts and projects from the past still have material financial and organisational impact in 2022 and the years thereafter. Current management is pro-actively taking actions in order to mitigate the related risks.

During the year (2022) under review the regular Supervisory Board meetings with the EB took place. Although one of the regular meetings (in November) is unfortunately held without presence of the CEO. During the year the Supervisory Board also held its internal meetings in between (without presence of the Executive Board), because the situation of the company asked for tightened supervision. Besides financial and operational items, strategy was on the agenda of each meeting and discussed. The Supervisory Board was in the main lines involved in implementing the new strategy including the organisational impact. Other topics included further reinforcement of internal procedures regarding the compliance framework, anti-corruption, safety, integrity and risk management.

The financial statements for the financial year 2022 were prepared by the Executive Board and have been audited by the external auditor, Mazars. The Supervisory Board discussed the draft annual report including financial statements with the Executive Board and the external auditor. The Supervisory Board reviewed the auditor's report.

Members of the Supervisory Board



To conclude

Like 2021, the year 2022 was challenging for Strukton. The Supervisory Board is convinced that, after major necessary interventions during the year 2023, Strukton is back on track to become a future-proof and profitable company. The company is implementing a clear strategy, is de-risking its portfolio, and the financial position is improving as is the relation with stakeholders. Strukton will require everyone in the organisation to continue with dedicating a lot of energy to achieve the (strategic) objectives.

The Supervisory Board is very grateful to the Executive Board and the employees of the company for the hard work in the reporting period and afterwards. Developments were intensive, but necessary to guarantee the continuity of the company.

Utrecht,

The Supervisory Board

Mr. J.M. Kuling (Chairman)

Mr. J.J.A. van Leeuwen

Mr. B.C. Fortuyn

Ms. M.L. Bremer

Consolidated financial statements

Consolidated statement of financial position

(x EUR 1,000)

	31 December 2022	31 December 2021
Non-current assets		
1. Property, plant and equipment	107,583	109,370
2. Right-of-use assets	83,029	93,667
3. Intangible assets	22,862	23,039
4. Investments in associates and joint ventures	20,522	24,486
5. Financial non-current assets	10,270	26,266
6. Deferred tax assets	32,780	36,004
Total non-current assets	277,045	312,832
Current assets		
7. Inventories	24,188	22,900
8. Trade and other receivables	312,944	252,594
9. Contract assets	189,543	181,538
Corporate income tax receivable	8,349	8,213
10. Cash and cash equivalents	347,247	187,898
	882,271	653,143
Assets classified as held for sale	-	196,621
Total current assets	882,271	849,764
Total assets	1,159,316	1,162,597
Equity		
Issued share capital	2,269	2,269
Share premium reserve	69,000	69,000
Other reserves	(226,685)	(59,797)
Undistributed result for the year	178,177	(181,646)
11. Total equity	22,761	(170,174)
30. Non-controlling interest	266	-
11. Total group equity	23,027	(170,174)
Non-current liabilities		
12. Subordinated loans	13,058	38,125
13. Loans and other financing obligations	160,897	183,135
14. Lease liabilities	39,588	48,503
6. Deferred tax liabilities	9,331	7,269
15. Provisions	218,367	251,161
Total non-current liabilities	441,241	528,193
Current liabilities		
12. Subordinated loans	24,000	-
16. Trade and other payables	561,499	454,295
14. Lease liabilities	24,430	28,394
13.24. Debt to financial institutions	2,123	24,751
9. Contract liabilities	69,957	77,504
Corporate income tax payable	10,519	4,897
15. Provisions	2,520	12,095
	695,048	601,936
Liabilities classified as held for sale	-	202,642
Total current liabilities	695,048	804,578
Total liabilities	1,159,316	1,162,597

Consolidated statement of income

(x EUR 1,000)

	2022	2021
Continuing operations		
17. Revenue	1,378,183	1,439,594
18. Costs of raw materials, consumables, subcontracted work and other external costs	(802,550)	(1,025,510)
19. Personnel expenses	(346,948)	(349,756)
20. Other operating expenses	(184,955)	(168,412)
Cost of sales	(1,334,453)	(1,543,678)
4. Share of result from associates and joint ventures	1,458	3,914
Operational result (EBITDA)	45,188	(100,170)
1.2.3.4. Depreciation and amortisation charges	(50,797)	(51,075)
1.2.3.4.5.6. Impairment charges	(127)	(1,746)
	(50,923)	(52,821)
Operating result (EBIT)	(5,736)	(152,991)
21. Financial income	14,294	7,963
21. Financial expenses	(16,568)	(36,144)
	(2,274)	(28,181)
Result before tax (PBT)	(8,010)	(181,172)
22. Income tax	(15,662)	(12,602)
Result for the year from continuing operations	(23,672)	(193,774)
Discontinued operations		
34. Result for the year from discontinued operations	202,022	12,128
Net result	178,350	(181,646)
<u>Attributable to:</u>		
Shareholders of the Company	178,177	(181,646)
30. Non-controlling interest	173	-
Result after taxes	178,350	(181,646)

Consolidated statement of comprehensive income

(x EUR 1,000)

	2022	2021
Net result for the year	178,350	(181,646)
<i>Items that may subsequently be reclassified to the statement of income</i>		
12. Changes in fair values of derivatives for hedge accounting	-	-
12. Effect of income tax	-	-
	<u>-</u>	<u>-</u>
12. Changes in fair values of derivatives for hedge accounting of joint ventures and associates	-	-
12. Effect of income tax	-	-
	<u>-</u>	<u>-</u>
12. Translation differences foreign currencies	(1,527)	(850)
12. Effect of income tax	-	-
	<u>(1,527)</u>	<u>(850)</u>
Total items that may subsequently be reclassified to the statement of income	<u>(1,527)</u>	<u>(850)</u>
<i>Items that will not be reclassified to the statement of income</i>		
12. Changes in actuarial reserve	16,826	2,109
12. Effect of income tax	(3,538)	(350)
	<u>13,288</u>	<u>1,759</u>
12. Other movements	-	-
12. Effect of income tax	-	-
	<u>-</u>	<u>-</u>
Total items that will not be reclassified to the statement of income	<u>13,288</u>	<u>1,759</u>
Total comprehensive income for the year	<u><u>190,111</u></u>	<u><u>(180,737)</u></u>
<i>Attributable to:</i>		
Shareholders of the Company	189,938	(180,737)
Non-controlling interest	173	-
Total comprehensive income for the year	<u><u>190,111</u></u>	<u><u>(180,737)</u></u>

Consolidated statement of movements in equity

(x EUR 1,000)

	Share Capital	Share Premium	Foreign currency translation reserve	Hedging reserve	Actuarial reserves	Retained earnings	Result for the year	Shareholders' equity	Non- controlling interest	Total equity
Balance 1 January 2021	2,269	69,000	834	(247)	(25,597)	161,186	(198,709)	8,736	172	8,908
Appropriation of result 2020	-	-	-	-	-	(198,709)	198,709	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	1,580	-	1,580	(172)	1,408
Cash flow hedges	-	-	-	247	-	-	-	247	-	247
Result for the reporting period	-	-	-	-	-	-	(181,646)	(181,646)	-	(181,646)
Other comprehensive income for the reporting period	-	-	(850)	-	1,759	-	-	909	-	909
<i>Total comprehensive income for the reporting period</i>	-	-	(850)	-	1,759	-	(181,646)	(180,737)	-	(180,737)
Balance 31 December 2021	2,269	69,000	(16)	-	(23,838)	(35,943)	(181,646)	(170,174)	-	(170,174)
Balance 1 January 2022	2,269	69,000	(16)	-	(23,838)	(35,943)	(181,646)	(170,174)	-	(170,174)
Appropriation of result 2021	-	-	-	-	-	(181,646)	181,646	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	2,996	-	2,996	93	3,090
Result for the reporting period	-	-	-	-	-	-	178,177	178,177	173	178,350
Other comprehensive income for the reporting period	-	-	(1,527)	-	13,288	-	-	11,761	-	11,761
<i>Total comprehensive income for the reporting period</i>	-	-	(1,527)	-	13,288	-	178,177	189,938	173	190,111
Balance 31 December 2022	2,269	69,000	(1,543)	-	(10,550)	(214,593)	178,177	22,761	266	23,027

Consolidated statement of cash flows

(x EUR 1,000)

	2022	2021
Cash flows provided by operating activities		
Net result for the year	178,350	(181,646)
<i>Adjustments for non-cash items:</i>		
1.3. Depreciation, amortisation and impairment on fixed assets	50,923	56,006
21. Interest charges relating to leases	1,338	1,357
21. Interest income and expense (non-lease)	936	27,312
15. Changes in provisions and employee benefits	(59,180)	91,034
Result from disposals of fixed assets	(36)	489
4. Share of result from associates and joint ventures	(1,458)	(3,914)
34. Gain on sale of subsidiaries	<u>(202,022)</u>	<u>-</u>
	(209,498)	172,284
4. 21. Dividends distributed by associates and joint ventures	1,050	3,183
Interest received	(15,903)	2,789
Interest paid	15,908	(15,718)
22. Corporate income tax	15,662	12,602
Corporate income tax paid	(4,889)	(6,097)
7. Changes inventories	(1,023)	2,187
Changes in projects in progress and contract balances	(30,727)	75,755
Changes in trade and other receivables	2,803	546
Changes in trade and other payables (excl. ST part of LT liabilities)	13,362	39,211
Net cash (used in)/generated by operating activities	<u>(34,905)</u>	<u>105,096</u>

	2022	2021
Cash flows provided by investing activities		
3. Investments in intangible assets	(249)	(1,702)
1. Investments in property, plant and equipment	(31,835)	(22,564)
Disposals of property, plant and equipment	11,274	3,360
Acquisitions/disposals of joint ventures, associates and other investments	-	798
5. Investments in PPP projects and other non-current financial assets	8,529	(72,803)
5. Repayments on PPP projects and other non-current financial assets	28,395	19,537
34. Net proceeds from sale of subsidiaries	221,768	-
Net cash (used in)/generated by investing activities	237,882	(73,374)
Cash flows provided by financing activities		
Acquisition of non-controlling interest	(2,606)	(351)
13. Receipts from non-current loans and borrowings	-	40,655
13. Repayments of non-current loans and borrowings	(13,475)	(29,564)
14. Payments arising from lease liabilities	(31,544)	(32,487)
11. Share premium contribution	-	-
12. Repayment of subordinated loan	(2,087)	-
Net cash (used in)/generated by financing activities	(49,712)	(21,747)
Composition of net cash (used)/generated		
Net cash (used in)/generated by operating activities	(34,905)	105,096
Net cash (used in)/generated by investing activities	237,882	(73,374)
Net cash (used in)/generated by financing activities	(49,712)	(21,747)
Total net cash (used)/generated	153,264	9,975
25. Cash and cash equivalents as at 1 January	190,075	182,177
25. Cash and cash equivalents as at 31 December	345,124	190,075
25. Effect of exchange rate differences on cash and cash equivalents (including bank overdrafts)	(1,785)	2,077
Net (decrease)/increase in cash and cash equivalents	153,264	9,975

Notes to the consolidated financial statements

General information

Strukton Groep N.V. (referred to as "Strukton" or the "Company") is a holding company that directly or indirectly has the ownership of subsidiaries and interests in other entities collectively known as Strukton. Strukton has its registered seat and its actual office at Westkanaaldijk 2, Utrecht, the Netherlands, and it is registered in the Dutch Trade Register under number 30004006.

The Company's 2022 consolidated financial statements comprise the Company itself and its subsidiaries and Strukton's share in associates and entities over which it exercises control jointly with third parties. In 2022, Strukton operated in the rail systems, civil infrastructure, technology and buildings markets.

The Company has issued a declaration of liability for several group companies in accordance with article 403 of Book 2 of the Dutch Civil Code. [Note 35](#) contains an overview of the group companies and interests in other entities; this also shows which companies are included in the consolidation and for which group companies a declaration of liability has been issued.

The immediate parent company of Strukton is Oranjewoud N.V. and the ultimate parent company is Sanderink Investments B.V.

The consolidated financial statements were approved by the Board of Directors and the Supervisory Board members and authorised for issue on 31 May 2024. The Board of Directors has the power to amend and reissue the financial statements. The financial statements as presented in this report are subject to the adoption by the General Meeting of Shareholders.

Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of Strukton have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, where applicable.

The consolidated financial statements are presented in euros, the Company's functional currency. All financial figures in euros are rounded off to the nearest thousand, unless where stated otherwise.

The basis for the estimates remains unchanged compared to those described in the 2021 financial statements. 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 2021. Further information and considerations regarding areas of significant judgements and estimates are disclosed below.

Going concern assumption

The 2022 financial statements of Strukton have been prepared based on the going concern assumption. Strukton made a detailed assessment of the company's ability to continue as a going concern. The going concern assessment takes into account events including the sizable divestment of WorkspHERE in 2022, divestments of non-core portfolio companies within the group, the operating plan 2024 and further, developments of Strukton's order book, road map of working capital improvement and attracting external funds. In performing this assessment, Strukton considered factors that could indicate the presence of material uncertainties that might cast significant doubt upon the company's ability to continue as a going concern. Factors considered included: operating results and/or major losses on projects, as well as that no declaration of liability has been issued regarding Strukton Civiel B.V., Strukton Civiel Projecten B.V. and Strukton International B.V.

Several large loss making projects have caused significant losses in recent years. These projects are elaborated on in paragraph 'Accounting considerations on key projects'. This includes the construction of the new office for the Dutch National Institute for Public Health and the Environment (RIVM), called "MEET RIVM".

The MEET RIVM project is highly complex, in particular due to the high requirements on laboratories. A number of historic developments had a mainly negative impact on progress and profitability. In October 2023 we received an (interim) verdict about the compensation of substantial costs related to further contract modifications to the laboratories, which were requested by the client at a late stage of the project's realisation phase and without a clear scoping with required output specifications. The verdict confirms the project valuation taken into account at 31 December 2022.

The key project Hoofdstation Groningen has been delayed and the planning has moved backwards several times. Due to the complexity of the design, the COVID-19 lockdown, and the technical complexities involved in realizing certain aspects of the design, delays were incurred along with increased costs. Since the project will take time to complete up into June 2026, there are risks and uncertainties for which we identified our best estimate. The key project A15 faces a disagreement with the client regarding the use of quieter but less durable asphalt with respect to the recoverability of the costs of this asphalt. This shift requires a modified maintenance strategy leading to an expected project loss and uncertainties regarding the outcome of the dispute with the client.

Strukton accelerated its strategic decision to withdraw from our operations in the Middle East. We have reached a settlement with our consortium partners on the Riyadh Metro Project in 2023.

At year-end 2021, there was a financing agreement consisting of a current account facility with two banks of EUR 60 million, which was repaid and closed in 2022. Strukton Groep N.V. sold the shares of Strukton Services B.V. on 27 January 2022 to SPIE Nederland B.V.. The proceeds of this transaction have significantly improved Strukton Groep's financial position and solvency. A refinancing of the credit and guarantee facility was completed in the context of this transaction. As of this date there are no longer any financial covenants.

Since the divestment, financing requirements mainly constitute (bank) guarantees, loss financing, transaction banking, (equipment) lease and transactions. For now, the non-recourse project-financing for RIVM and the ringfenced facilities in Italy are left intact and continue. Other cash or credit facilities are repaid, reduced or not materially utilised.

Furthermore, Strukton responded decisively and promptly by taking measures to ensure business continuity, significantly reduce cost and capital expenditure to protect liquidity and profitability. Strukton has 'stress tested' its going concern assessment, considering aforementioned factors on an individual basis, and considered all available information about the future such as result forecasts and cash flow projections, at least twelve months after the end of the audit date of these financial statements. For the projects and contracts with a relative high-risk profile the assessment has been done for the entire contract period. Financing major loss making projects causes that there are material uncertainties that may cast significant doubt on the company's ability to continue as a going concern.

These material uncertainties lead to a potential funding gap, which is being mitigated through the measures such as attracting (external) funding, divestment of (portfolio) companies and improvement of working capital. These mitigating measures have been assessed by management and are considered to be realistic and feasible. This potential funding gap has declined compared to the reporting of the 2021 financial statements as a result of mitigating measures implemented and carried out by management. Our current evaluation, including the additional losses on key projects, indicates that additional funding after all these measures taken by Strukton may be required in the future. Oranjewoud N.V. has provided Strukton Groep N.V. with a letter of support until 31 December 2025 up to a maximum of EUR 140 million minus the total cash amount resulting from measures taken and to be taken by Strukton and Oranjewoud. Furthermore, the shareholder's equity of Strukton Groep N.V. has been strengthened in December 2023 through a conversion of subordinated and other loans from Oranjewoud N.V. to share premium, also refer to [note 28 Subsequent Events](#). Strukton in its judgement concluded that given the outcome of the going concern assessment, the material uncertainties that may cast significant doubt on the company's ability to continue as a going concern have been mitigated sufficiently. Therefore, it is appropriate to prepare the financial statements based on going concern. For further explanation of the underlying reasons, please refer to the section 'Liquidity risk' in paragraph 'Financial risk management'.

Accounting policies for the preparation of the consolidated financial statements

The consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions that affect the application of Strukton's accounting policies and the reported amounts of assets and liabilities, income and expense.

The accounting policies described below have been applied consistently to the periods presented in these consolidated financial statements, except for the standards and interpretations that have not yet been implemented.

The Company financial statements contain only an abridged statement of income, through the application of Section 402 of Book 2 of the Dutch Civil Code.

Revision of comparative figures 2021

The 2021 comparative figures have been revised in order to reflect the correct comparative figures for 2021 for improved presentation purposes. This revision is a reclassification between ‘costs of raw materials, consumables, subcontracted work and other external costs’ and ‘other operating expenses’. This has the following effect on the comparative figures of 2021:

Revised figures Consolidated statement of income

	2021	Revision	2021 Revised
Costs of raw materials, consumables, subcontracted work and other external costs	(997,910)	(27,600)	(1,025,510)
Personnel expenses	(349,756)	-	(349,756)
Other operating expenses	(196,012)	27,600	(168,412)
Cost of sales	(1,543,678)	-	(1,543,678)

Application of new and revised standards and interpretations

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 ‘Interest Rate Benchmark Reform Phase 2’

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). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments have no material impact on the consolidated financial statements of Strukton.

New standards and interpretations in issue but not yet effective

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Strukton will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The current accounting policies are not expected to deviate significantly from the amendments to IAS 37, but a further detailed assessment of the impact of the amendments is required.

Classification of liabilities as current or non-current - Amendments to IAS 1

The amendments clarify topics such as:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period; and
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.

Companies are required to apply the amendments for annual periods beginning on or after 1 January 2024, with early application permitted. A further detailed assessment of the impact of the amendments is required.

Amendments to IAS 12 Income taxes ‘Deferred Tax related to Assets and Liabilities arising from a single transaction’

The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

Amendments to IFRS 3 Business Combinations ‘Reference to the Conceptual Framework’

The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16 Property, Plant and Equipment ‘Proceeds before Intended Use’

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in the statement of income.

Amendments to IAS 8 ‘Definition of Accounting Estimates’

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are ‘monetary amounts in financial statements that are subject to measurement uncertainty’. The requirements for recognising the effect of change in accounting prospectively remain unchanged.

Amendments to IFRS 4 Insurance contracts

This standard relates to companies that issue insurance contracts and is not applicable to Strukton.

IFRS 17 Insurance contracts

This new standard relates to companies that issue insurance contracts. This standard contains a complete description of all aspects that apply to the recording and accounting of insurance contracts. This standard is not applicable to Strukton.

Amendments to IFRS 10 and IAS 28 ‘Sale or contribution of assets between an investor and its associate or joint venture’

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 Business Combinations).

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

This amendment introduces a temporary exception to the accounting for deferred tax assets and liabilities related to Pillar Two income taxes. The amendment also adds targeted disclosure requirements for affected entities, including information about an entity’s exposure to Pillar Two income taxes (before Pillar Two legislation is effective) and current tax expense related to Pillar Two income taxes (when Pillar Two legislation is effective).

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. These amendments are not expected to have a material impact on Strukton.

Amendments to IAS 1 Presentation of Financial Statements ‘Classification of Liabilities as Current or Non-current’, ‘Classification of Liabilities as Current or Non-current – Deferral of Effective Date’ and ‘Non-current Liabilities with Covenants’

The amendments entail several adjustments on the classification of liabilities as current or non-current. These amendments are not expected to have a material impact on Strukton.

Amendments to IAS 21 The effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)

These amendments have no material impact on the consolidated financial statements of Strukton.

IFRS 18 Presentation and disclosure in Financial Statements (issued on 9 April 2024)

These amendments have no material impact on the consolidated financial statements of Strukton.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on Strukton.

Accounting policies for consolidation

Subsidiaries

Subsidiaries are entities in which the Company has a direct or indirect controlling interest. Controlling interest is achieved if Strukton:

- has the power to direct the relevant activities of an organisation to acquire benefits from its activities;
- is exposed to or entitled to a variable return on its investment in the organization; and
- has the option of exercising its power to manage or influence the return.

Subsidiaries are consolidated from the first date of decisive control being transferred to Strukton. Deconsolidation is implemented on the first date where Strukton no longer has decisive control.

Acquisition of subsidiaries is recognised by Strukton based on the acquisition method. The transferred consideration is valued based on the fair value of the assets transferred by the Company, the equity instruments issued as per the acquisition date, and the liabilities accepted or incurred by the Company. The transferred consideration also includes the fair value of the assets, fees and liabilities pursuant to contractual contingent liabilities. Transaction fees in the context of an acquisition are recognised at the moment these are incurred and charged to the result.

The acquired identifiable assets and the identifiable (contingent) liabilities are stated at fair value as per the acquisition date upon initial recognition in the financial statements. For each acquisition, Strukton states any non-controlling interests at either the fair value or at the share of the non-controlling interest in the identified net assets of the party acquired.

If the transferred consideration, the non-controlling interest and the fair value as at the acquisition date of a share in the acquired party that existed on the acquisition date is higher than the fair value of Strukton’s share in the identifiable net assets, then the difference is stated as goodwill. If the transferred consideration is lower than the fair value of the identifiable net assets, the difference is directly taken to the statement of income.

Joint arrangements

Based on IFRS 11 ‘Joint arrangements’, joint arrangements are classified as ‘joint venture’ or as ‘joint operation’. The classification depends on the rights and obligations of each shareholder or partner and is not based on its legal form. Strukton has both joint operations and joint ventures.

Joint operations

Joint operations are interests in entities or contracts in which Strukton has contractually agreed to exercise joint control with third parties. Strukton recognises its interest in the revenues and costs, and assets and liabilities of the joint operation and combines them, item by item, with the corresponding items in Strukton’s consolidated financial statements.

Joint ventures

Joint ventures are entities over which Strukton exercises joint control with one or more third parties, with this control set out in an agreement. Strukton is entitled to a share of the net results generated by such entities, and it is entitled to a share in the net assets. The joint ventures are recognised in the consolidated financial statements using the equity method. The valuation of the joint ventures includes the goodwill as recognised upon acquisition, deducting any cumulative impairments. The parties involved concluded a contract agreeing to share control; any decisions relating to relevant activities require the unanimous approval of the parties who have joint control of the joint venture.

Associates

Associates are entities in which Strukton has significant influence on the financial and operational policies, but in which it does not have a controlling interest, and which are not joint ventures or joint operations. The consolidated financial statements include Strukton's share in the overall result of associates according to the equity method, after adjustment of the policies to bring them in line with Strukton's policies, from the date on which significant influence by Strukton commences until the date on which significant influence ceases. The valuation of the associates includes the goodwill as recognised upon acquisition, deducting any cumulative impairments.

Elimination of transactions on consolidation

Intra-group balances and any unrealised gains and losses on transactions within Strukton or income and expenses from similar transactions are eliminated in the preparation of the consolidated financial statements. Unrealised gains and losses from transactions with associates and entities over which joint control is exercised are eliminated in proportion to Strukton's share in the entity.

Accounting policies regarding measurement and presentation**Foreign currency transactions and investments in foreign activities**

Foreign currency transactions are initially recognised at the exchange rate of the functional currency at the transaction date. Cash and cash equivalents, receivables, debts and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Any translation differences ensuing from the conversion are charged to the statement of income. This does not apply to the differences on loans denominated in foreign currencies as a hedge for an investment in foreign activities. Such differences are recognised in other comprehensive income and accumulated in a translation reserve until the date the foreign activities are sold. On this date the amount (plus or minus) is taken to the statement of income.

The assets and liabilities of foreign operations are translated into euros at the applicable exchange rate at the balance sheet date. Exchange differences arising from this translation are recognised in other comprehensive income and accumulated in the translation reserve. The translation differences are transferred to the statement of income on the full or partial disposal of foreign subsidiaries, joint operations, joint ventures and associates as a result of which Strukton ceases to exercise decisive control. The income and expenses arising from foreign operations are converted to euros at a rate approximating the exchange rate on the transaction date.

Derivative financial instruments

Strukton makes use of interest rate swaps and forward exchange contracts in order to hedge the interest rate risks pursuant to concern and project financing, and in order to hedge currency risks on future USD cash flows. The interest-rate swaps and forward exchange contracts are stated at fair value. This is equal to the present value of the projected cash flows.

Cash flow hedge accounting is applied for the interest rate swaps and forward exchange contracts. Changes in the fair value of interest rate swaps and forward exchange contracts that serve to hedge the interest rate risks and currency risks arising from future interest rate payments and future USD cash flows are recognised in other comprehensive income and accumulated in equity to the extent that the hedge can be classified as effective. The deferred amounts in equity are taken to the statement of income on the completion date of the forward exchange contracts and as soon as the hedged future interest coupons are taken to the result.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Strukton actually hedges and the quantity of the hedging instrument that Strukton actually uses to hedge that quantity of hedged item.

For the portion of which the hedge effectiveness of the hedge cannot be shown, the change in the value is directly taken to the statement of income. If an interest rate swap is sold or terminated or if the hedge relationship is no longer effective, the cumulative gain or loss up to that point remains recognised in equity unless there is no longer an expectation of the original hedged future cash flows taking place. The results deferred in equity are then recognised immediately in the statement of income within 'financial income/expenses'.

Property, plant and equipment

Land and buildings

Company buildings are stated at cost less the annual straight-line depreciation based on expected useful life, considering any residual value and any cumulative depreciation. The useful life applied for company buildings is ten to fifty years. In the event of major maintenance, the amount is capitalised and written off. Land is not subject to depreciation (except for pavements (eight to twenty years)).

Plant and equipment, and other assets

The equipment, instruments and other items are stated at cost less annual straight-line depreciation based on expected useful life, considering any residual value and any cumulative impairments. The cost also includes the cost of replacing parts of the equipment and instruments insofar as such costs fulfil the conditions for inclusion in the balance sheet, and financing fees for long-term projects if the capitalisation criteria are fulfilled. The useful life in years as applied is two to six years for equipment and instruments, and three to ten years for other items.

Assets under construction

Assets under construction are stated at the cost incurred and mainly consist of instalments for the acquisition of equipment that has not yet been put into use.

No longer recognised in the balance sheet

A property, plant and equipment item is no longer recognised in the balance sheet if divested or if no more economic benefits are expected from use or divestment. Any proceeds or losses ensuing from removing the asset are taken to the statement of income of the year in which the asset is removed from the balance sheet. The residual values, the useful life and the valuation methods are assessed and where necessary adjusted as per the closing date of the financial year. When property, plant and equipment items consist of components that have different useful lives, these components are accounted for as separate items (key components) under Property, plant and equipment.

Leases

Initial recognition of right-of-use and lease liability

Rental and lease contracts are recognised in the balance sheet, which results in the recognition of a liability that represents the present value of the future lease payments and the recognition of an asset that represents a right to use the leased asset during the lease term of the contract. Upon initial recognition, the measurement of the right-of-use is based on the amount of the initial measurement of the lease liability to which any lease payments are added on or before the effective date. Where applicable, initial direct costs incurred by Strukton for the conclusion of the contract and mandatory estimated discounted costs for restoration and dismantling are included in the measurement of the right-of-use in accordance with the terms of the contract.

Lease payment

On initial recognition, the liability is equal to the present value of the future lease payments over the lease term. A distinction is made between lease and non-lease components of the lease payments. The value of the lease and non-lease components is determined based on the relative stand-alone price of the various components.

The non-lease components are not included in the measurement of the liability and are recognised in the statement of income on a straight-line basis. The measurement of the lease liability comprises the fixed payments, variable lease payments that depend on an index or percentage (initially measured by reference to the index or a percentage that was in effect on the effective date of the lease), the exercise price of a purchase option when it is reasonably certain that the option will be exercised, amounts expected to be payable by the lessee under residual value guarantees and payment of penalties for termination of the lease if the lease term reflects the lessee's exercising of an option to terminate the lease.

Determining the lease term

The lease term is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The non-cancellable period ends when both the lessor and the lessee can terminate the contract with no more than an insignificant penalty.

Treatment of right-of-use after initial recognition

After initial recognition, the right-of-use shall be depreciated over the useful life of the underlying asset or, if shorter, the lease term. In the case of purchase options that are reasonably certain to be exercised, the depreciation period is equal to the useful life of the underlying asset. In this case, it is not permitted to make use of the exception for contracts with a short lease term (term of 12 months or less).

Treatment of liability after initial recognition

After initial recognition, the lease liability is measured using a process like the amortised cost method using the discount rate, increasing the liability by the accrued interest resulting from discounting the lease liability at the inception of the lease, less any payments made. Interest expenses for the period, as well as variable payments not included in the initial measurement of the lease liability and incurred during the relevant period, are recognised as an expense.

Remeasurement of lease liability

The lease liability is remeasured when the lease term, the estimate of whether the exercise of an option is reasonably certain, the estimate of the assessment of the probability of the residual value guarantee and/or the rates or indexes that are used to determine the future lease payments change. Remeasurements resulting from an adjustment of the lease term or the estimate in the assessment of whether the exercise of the option is reasonably certain use a revised discount rate for the remeasurement. Remeasurements arising from the assessment of the amounts expected to be payable under a residual value guarantee and/or changes in the rates or indexes used to determine future lease payments are performed using the discount rate determined at initial recognition.

The difference with the lease liability prior to the revaluation is corrected on the capitalised right-of-use asset.

Contract amendments

A contract is considered amended if the scope of the contract changes and this change was not part of the original contract. The change is accounted for as a separate contract if the change results from an increase in the leased asset and the change in price is equal to the stand-alone price of the additional leased asset. If the change is not accounted for as a separate contract, the lease liability is recalculated using a revised discount rate. The difference with the lease liability prior to the contract amendment is corrected on the capitalised right-of-use asset.

If there is a decrease in the leased asset, this leads to a decrease in the right-of-use asset. Any profits or losses arising from this are taken directly to the statement of income.

Capitalised right-of-use

Land

Land is leased mainly for the storage of equipment. Contracts are based on annual indexations. These are variable indexations that depend on the consumer price index. The initial measurement is based on the index as at the commencement date. At the time of indexation, the lease obligation is recalculated and the difference with the lease obligation prior to indexation is adjusted to the capitalised right-of-use.

Property

The lease term is determined as described above. For a large part of the contracts, both the lessee's and lessor's approval are required for options to be exercised and therefore the non-cancellable period is equal to the end date without application of options in the contract.

Contracts are based on annual indexations. These are variable indexations that depend on the consumer price index. The initial measurement is based on the index as at the commencement date. At the time of indexation, the lease liability is recalculated and the difference with the lease obligation prior to indexation is adjusted to the capitalised right-of-use.

Plant and equipment

The lease of machinery, installations and equipment relates to the lease of equipment such as forklift trucks and crane machines. The lease term is determined as described above. The lease of equipment includes purchase options under several contracts. If it is reasonably certain that these purchase options will be exercised, the purchase options are considered in determining the lease obligation. In such cases, the depreciation period for the right-of-use is equal to the economic life of the underlying asset. In the case of purchase options, no use is made of the practical application for not capitalizing short-term lease contracts.

Cars

The lease of cars relates to the lease of passenger cars, vans and trucks. The lease term is determined as described above. The lease term of these agreements is equal to the non-cancellable period included in the contract. The non-cancellable period is a standard period (from the start date of the contract) unless the contractually agreed mileage is reached at an earlier point in time.

Other assets

The other assets relate to various leased assets, which cannot be allocated to a specific category due to their diverse nature, such as the rental of video-conferencing equipment. The lease term is determined as described above. For the contracts, both the lessee's and lessor's approval are required for options to be exercised and therefore the non-cancellable period is equal to the end date without application of options in the contract.

Non-capitalised rights of use

Strukton makes use of the exemption provision rule not to recognise rights of use and lease liabilities for short-term lease contracts and leases of low-value assets. Short-term lease contracts are contracts with a lease term of 12 months or less and mainly concern the rental of tools and equipment. Low value assets include assets with a replacement value of less than EUR 5,000 and mainly concern the lease of printers and small mechanical tools. Strukton recognises the lease payments relating to these leases as an expense on a straight-line basis over the term of the lease.

Intangible assets**Patents and intellectual property**

Patents and intellectual property are stated at cost less the cumulative amortisation and any cumulative impairment losses. The patents and intellectual property are included in the category Other Intangible Assets.

Software

Software is stated at cost including the capitalised financing costs, deducting the annual straight-line amortisation based on expected useful life and any cumulative impairments. Software is included in the category Other Intangible Assets.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the amount of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in business combinations is allocated, at the acquisition date, to the cash-generating units (CGUs) or groups of CGUs expected to benefit from that business combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Other intangible non-current assets

If separately identifiable intangible assets can be discerned upon acquisition of an entity, these are capitalised and amortised within the relevant applicable amortisation period. The amortisation period is assessed annually.

Investment property

Investment property is property which is held either to earn rental income or for capital appreciation, or for both. Investment property is carried at cost less cumulative depreciation and impairment.

The fair value of the investment property is disclosed in the notes to the consolidated financial statements.

The fair value is defined as the price that would be received for the sale of an asset or would be paid for the transfer of a liability in a regular transaction between market parties on the valuation date. The determination of the fair value assumes that the transaction for the sale of an asset or transfer of a liability takes place in the principal market for the asset or liability, or if there is no principal market, in the most favourable market for the asset or liability. The principal or most favourable market must be one to which Strukton has access.

Depreciation is charged to the statement of income according to the straight-line method based on the estimated useful life of each component. Depreciation rates correspond to those of the categories of property, plant and equipment. The depreciation methods, useful lives and residual values are reassessed on the reporting date.

Non-current assets held for sale

Non-current assets (or groups of assets (and liabilities) held for sale) of which the carrying amount is expected to be primarily realised through a sales transaction rather than through their continued use, are classified as 'held for sale'. Immediately before this classification, the assets (or the components of a group of assets being sold) are tested for impairment in accordance with Strukton's accounting policies. The assets (or group of assets being sold) are stated at the lower of carrying amount and fair value (less the costs of selling).

An impairment loss on a group of assets held for sale is allocated to goodwill in the first instance, and subsequently in proportion to the remaining assets and liabilities. Impairment losses arising from the initial classification are taken to the statement of income.

Other financial non-current assets

Other non-current receivables

The other non-current receivables concern assets that are held within a business model designed to hold financial assets to receive contractual cash flows. Such cash flows exclusively concern repayments and interest payments on the principal outstanding. Such non-current receivables are initially recognised at the fair value of the relevant performance, and subsequently at amortised cost based on the effective interest rate method.

PPP receivables

PPP receivables (Public-Private Partnership receivables) consists of concessions payments still due from public bodies (government authorities) for PPP concession projects. PPP receivables are recognised as financial non-current assets. This refers to assets that are held within a business model designed to hold financial assets to receive contractual cash flows. Such cash flows exclusively concern repayments and interest payments on the principal outstanding. Such non-current receivables are initially recognised at the fair value of the relevant performance, and subsequently at amortised cost based on the effective interest rate method. The interest rate applied is (virtually) equal to the interest rate (after hedging) of the associated non-recourse PPP loan (PPP loan for which the borrower is not severally liable towards the financier).

Investments in equity instruments

Upon initial recognition, Strukton may choose to irrevocably designate its investments in shares as equity instruments measured at fair value through unrealised gains and losses (FVOCI, Fair Value through Other Comprehensive Income) if they fulfil the definition of an equity instrument according to IAS 32 'Financial instruments: presentation' and are not held for trading purposes. The classification is determined on an instrument basis.

Gains and losses on such financial assets are never recycled into profit or loss. Dividends are recognised as other income in the statement of income if the right to receive payment is established. Strukton chose to irrevocably designate the equity investments to this category.

Deferred taxes

Deferred tax assets and liabilities are recognised for temporary differences between the value of the assets and liabilities in accordance with the accounting principles for measurement and determining the result applied in these financial statements and in accordance with the tax policies. Deferred tax assets are only recognised when realisation is considered to be probable. This is also done for the portion of carry-over losses which is more likely than not being realised against sufficient positive taxable results.

For the initial measurement of assets and liabilities that have no impact on the result in the financial statements and on the fiscal result, no tax assets and liabilities are included.

The carrying amount of deferred tax assets is assessed on each balance sheet date and decreased insofar sufficient future taxable profits are not expected to be probable.

Deferred taxes are based on the rate that is likely to be applicable on the date of settlement according to the tax rules.

Deferred taxes are recognised in the statement of income, except if related to items that are recognised in the other comprehensive result. In such cases, the deferred taxes are also recognised as other comprehensive result.

If this results on balance in a deferred tax asset, it is recognised as a non-current asset. Deferred tax assets and liabilities are offset in a balance if there is a legally enforceable right to do so, if these are associated with tax on profit imposed by the same tax authorities.

Impairments of other assets

The carrying amount of Strukton's other assets, except for inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If there are such indications, an estimate is made of the recoverable amount of the asset in question.

For goodwill and intangible assets with an indefinite useful life or that are not yet available for use, an estimate of the recoverable amount is made at each reporting date. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which the asset belongs, is greater than the recoverable amount. Impairment losses are recognised in the statement of income. The recoverable amount of an asset or a cash-generating unit equals the higher of the value in use and the fair value net of selling costs. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects both the current market assessments of the time value of money and the specific risks with respect to the asset.

Impairments of goodwill are not reversed (except for goodwill included in the carrying amount of associates and joint ventures). In the case of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the recognised loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost and the net realisable value. The net realisable value is the estimated sales price in the normal conduct of business, less the estimated cost of completion and the cost of sales. The cost of the inventories is based on the average purchase price or based on the first-in-first-out principle (FIFO) (depending on the operational segment) and includes expenditure incurred in acquiring the inventories and the associated costs of purchase. The cost of inventories of finished products includes an appropriate share of the indirect overheads based on normal production capacity.

Contract assets and contract liabilities

Strukton defines a project contract as a contract specifically negotiated for the contracted work to realise an asset. On the balance sheet, Strukton reports the net contract position for each (project) contract as either a contract asset or a contract liability. A contract asset is recognised when Strukton has a right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. A contract receivable is an amount to be billed for which payment is only a matter of passage of time. A contract liability is recognised when Strukton has an obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. A provision for onerous contracts is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Impairments on PPP receivables, contract assets and trade and other receivables

If the credit risk on PPP receivables has not increased significantly since initial recognition, the loss allowance for these receivables are the 12-month expected credit losses (ECL). If the credit risk on PPP receivables has significantly changed since initial recognition the loss allowance equals the lifetime expected credit losses. PPP receivables are impaired when there is no reasonable expectation of recovering the contractual cash flows.

Indications of increase in credit risk for PPP receivables are:

- Experience significant financial difficulty;
- Are in default or delinquency in interest or principal payments;
- Have increased probability of default; or
- Other observable data resulting in increased credit risk.

The amount of lifetime credit losses is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the PPP receivables' original effective interest rate, taking into account the value of collateral, if any. The carrying amount of the PPP receivables is reduced and the amount of the loss is recognised in the statement of income. If a variable interest rate is applicable, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For contract assets and trade and other receivables, Strukton applies the simplified approach for the measurement of expected credit losses. Therefore, Strukton does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. Strukton uses a provisions matrix to calculate expected credit losses on contract assets and trade and other receivables. This matrix is based on Strukton's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Based on the matrix, expected credit losses for groupings of different customer segments are identified and, if credit losses are expected, contract assets and trade and other receivables are impaired.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of income.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash balances. Amounts due to banks that are payable on demand and that form an integral part of the Company's cash management system are recognised in the statement of cash flows under the cash and cash equivalents.

Equity attributable to shareholders of the parent company

Reserves

The reserves consist of a share premium reserve, a translation reserve, a hedging reserve and an actuarial reserve.

The share premium reserve is a reserve resulting from additional capital contributions by the shareholder. The translation reserve covers all the gains and losses from the translation of Strukton's net investments in foreign subsidiaries. The hedging reserve consists of the accumulated change in the fair value of hedging instruments before the hedged transaction takes place, or if the hedged position has not been terminated yet. An actuarial reserve is formed for the changes in actuarial results on defined-benefit plans regarding the pension liabilities arising from changes in the actuarial assumptions.

Retained earnings

The retained earnings comprise the cumulative results from previous financial years following deduction of dividend payments.

Non-controlling interests

The 'Non-controlling interests' item comprises the equity capital provided by third parties and relates to the non-controlling interests in consolidated entities.

Group equity

The group equity consists of the equity attributable to the shareholders of the parent company and non-controlling interests.

Subordinated loans

A loan is classified as a subordinated loan if subordinated to other recognised liabilities. Upon initial recognition in the financial statements, subordinated loans are stated at fair value (net of transaction fees) and subsequently at amortised cost using the effective interest method.

Non-current liabilities

The non-current liabilities consist of liabilities for financing property development, liabilities in financing public-private partnership projects, bank credit facilities and other non-current liabilities.

On initial recognition in the consolidated financial statements, liabilities for financing property development, liabilities in financing public-private partnership projects, bank credit facilities and other non-current liabilities are valued at fair value (after deducting transaction fees). Subsequently they are valued at amortised cost using the effective interest method.

Transaction fees are depreciated over the duration of the loan. The share of non-current liabilities that must be repaid within one year is stated as a repayment liability of non-current liabilities in current liabilities. A liability is written off on the date the obligation expires, lapses or terminates.

Unconditional liabilities based on an option agreement are stated at the fair value. This fair value is calculated by discounting the nominal liability using a real interest rate in accordance with the option pricing model of IFRS 13.

Provisions

A provision is recognised in the balance sheet whenever Strukton has a legally enforceable or a constructive obligation because of a past event, if that constructive obligation can be reliably estimated and it is more likely than not that the settlement of that constructive obligation will entail an outflow of funds. Provisions are determined by calculating the present value of the expected future cash flows. The applied discount rate is a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

Onerous contracts provisions

Strukton applies the direct related cost method in measuring the loss on a contract. The loss is recognised on the entire contract. This could imply that the profit on a performance obligation in an onerous contract, prior to realising the performance obligation, is already fully deducted from the loss of the other performance obligation(s). The provision for onerous contracts only relates to the future loss on the performance to be delivered under the contract.

Restructuring provisions

A restructuring provision is created if a detailed formal restructuring plan has been approved and those who will be affected have valid expectations that the restructuring will be effected, because the implementation of the plan has been started or the main features of the plan have been announced to those affected.

Employee benefits

a. Defined contribution plans

For defined contribution plans, Strukton pays contributions on a mandatory, contractual or voluntary basis to pension funds or insurance companies. Strukton has no further obligations beyond the payment of contributions. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income when the contributions are due.

b. Defined benefit plans

Defined benefit plans lead to a fixed pay-out after termination of employment; the amount depends on factors such as salary, service years and accrual rate. Pursuant to IAS 19, Strukton is required to create a provision for this fixed annuity after termination of employment. Strukton's net liability on account of defined benefit plans is determined separately for each plan by estimating the pension entitlements that employees have accrued and will accrue pursuant to their services in the reporting period and previous periods. The present value of these pension entitlements is determined, and the fair value of the plan assets is deducted from this amount. The discount rate is the yield as at the balance sheet date for blue chip corporate bonds with a maturity approximately the same as that of Strukton's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method. This method allows for future increases in salary due to employees' promotions and general wage trends, including adjustments for inflation.

In the event of an improvement to pension entitlements under a plan, the portion of the improved pension entitlements relating to employees' past service is recognised immediately as an expense in the statement of income. Strukton takes actuarial gains and losses with respect to defined benefit plans and the notional excess or deficit in return on investments directly to the other comprehensive income (OCI). The notional return on investments is determined based on the same discount rate used for interest accrual. If the fund assets exceed the liabilities, the recognised assets are limited to an amount that cannot exceed the present value of any future refunds by the fund or reductions in future pension contributions.

c. Other long-term employee benefits

Strukton's net liability for other long-term employee benefits, except for pension plans, is the amount of the future entitlements that employees have earned in return for their services in the reporting period and previous periods. Examples include jubilee benefits and bonuses. These liabilities are calculated using the projected unit credit method and are discounted to give the present value. The discount rate is the yield as at the balance sheet date for high-value government bonds with a maturity that approximates that of these long-term liabilities of Strukton. Any actuarial gains or losses are recognised in the statement of income in the period in which they occur.

Guarantee commitments

A 'guarantee provision' is recognised if the underlying projects or services have been sold and delivered. This provision is created for the costs that will have to be incurred to rectify deficiencies that become evident after the delivery, yet during the guarantee period. The provision is based on the best estimate for the cash outflow.

Other provisions

The other provisions comprise provisions for specific guarantees issued when interests in entities are sold, risks of legal proceedings against Strukton and/or its operating companies, redundancy arrangements and other relatively minor risks.

Trade and other payables

Trade and other payables and amount payable to credit institutions are initially recognised at fair value and subsequently at amortised cost using the effective interest method. Any income tax payable is recognised at face value.

Revenue

Projects for third parties, service and maintenance contracts

Strukton has adopted and applies IFRS 15 Revenue from Contracts with Customers.

IFRS 15 follows a 5-step approach to recognise for revenue, which is set out below. Certain specific topics have been included or referred to the applicable note. The core principle of IFRS 15 is a 5-step model to distinguish each distinct performance obligation within a contract that Strukton has with its customer and to recognise revenue on the level of the performance obligations, reflecting the consideration that Strukton expects to be entitled for, in exchange for those goods or services.

The following five steps are identified within IFRS 15:

- Step 1 'Identify the contract with the client': Agreement between two or more parties that creates enforceable rights and obligations (not necessarily written).
- Step 2 'Identify the performance obligations': A promise in a contract with a customer to transfer a good or service to the customer.
- Step 3 'Determine the transaction price': The transaction price is the amount of consideration to which an entity expects to be entitled for in exchange for transferring promised goods or services to a client.
- Step 4 'Allocate the transaction price': The objective of allocating the transaction price is for Strukton to allocate the transaction price to each performance obligation.
- Step 5 'Recognise revenue': Strukton recognises revenue when (or as) Strukton satisfies a performance obligation by transferring a promised good or service (that is an asset) to a client.

When determining the revenue recognition, the number of performance obligations in a contract is identified. Subsequently, the transaction price is determined. If the consideration promised in a contract includes a variable component, such as a performance bonus or penalty for delays, the amount of consideration to be received is estimated. In such an event, the variable component is measured using the expected value or the most likely amount, depending on the method that can be expected to best predict the amount of consideration that the entity will be entitled to. This method is subsequently applied throughout the contract. An increase of the amount of consideration due to including or excluding the variable component may not take place until it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration has been resolved.

After determining the amount of consideration, this consideration is allocated to the separate performance obligations. This allocation is based on determining the 'stand-alone selling price' for each performance obligation. The stand-alone selling price is measured based on the 'cost plus margin' method, determining the cost based on the preliminary calculation as prepared during the tender phase. Subsequently, a customary margin is allocated.

Finally, revenue is recognised when transferring control of the goods or services to the customer against an amount reflecting the consideration that Strukton expects to be entitled to in exchange for the relevant goods or services. Strukton is active in developing, building, maintaining and operating infrastructure projects, technical installations and rail systems. Revenue recognition will be based on the completion rate of the project. Progress of the project is determined based on the input method, with project progress being measured based on the cost incurred by the entity in fulfilling a performance obligation. It is not permitted to recognise revenue for costs incurred that can be attributed to significant inefficiencies and that are not factored into the contract sum, as such costs do not contribute to progress regarding fulfilment of the performance obligation.

In the event of contract deviations, claims or any other changes in the scope of a contract or a (potential) change in the contract consideration, revenue relating to this modification will not be recognised until a written or verbal agreement has been reached.

If the date of transferring the performance obligation is not the same as the date of receiving the consideration, the time value of money is considered when recognising revenue. For this purpose, Strukton makes use of the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component if Strukton expects that the period between the date on which the entity transfers a performance consideration and the date on which the customer pays for this performance obligation is no more than one year.

As a separate performance obligation does not apply, tender fees are recognised as part of the amount of consideration over the term of the contract in proportion with performances completed.

Revenue from sale of goods from inventories

The sale of goods from inventories primarily pertains to the sale of prefabricated concrete applications. Revenue from sales from inventories are recognised in the statement of income when handing over control over the goods or services to the customer against an amount reflecting the consideration that Strukton expects to be entitled to in exchange for the relevant goods or services.

Concessions

During the operational phase, revenues from concession management comprise:

- The revenue regarding the contractually agreed services; and
- The interest income related to the investment in the project.

Revenue is recognised based on the completion rate as soon as the related services are provided. Interest is recognised as finance income in the period to which it relates.

Expenses

Costs to obtain a contract

Costs incurred to be awarded a contract by a customer that would not have been incurred if the contract was not awarded, i.e., incremental acquisition cost of a contract are capitalised. If the conditions of incremental costs are not fulfilled, the costs incurred to win a contract are measured as an expense.

Costs to fulfil the performance obligation

The costs to fulfil a future performance obligation are capitalised if such costs are directly related to an existing contract or specific anticipated contract, provided that these costs are expected to be recovered.

Operating costs

Operating costs are allocated to the year these are related to.

Public private partnerships (concessions)

The costs incurred for proposals for PPP projects are in principle charged to the result, unless such costs are explicitly chargeable to the customer, regardless of whether the contract is obtained. In that case, such costs are capitalised.

Finance income and expenses

Finance income comprises interest received on invested funds, exchange rate gains, and gains on hedging instruments that are recognised in the statement of income.

Finance expenses comprise interest payable on borrowings, interest added to provisions, exchange rate losses, impairment losses on financial assets and losses on hedging instruments that are recognised in the statement of income.

Government grants

Government grants are not recognised until it is reasonably certain that Strukton will comply with the conditions attached to them and that the grants will be received. Government grants that are receivable as a compensation for expenses or losses already incurred are recognised in the statement of income in the period in which they become receivable. Strukton presents such government grants as a reduction to the related expenses in the statement of income.

Corporate income tax

Income tax comprises the payable and offsetable income tax relating to the period under review and deferred income tax. The income tax is recognised in the statement of income, except if it relates to items recognised directly in equity, in which case the tax is charged to equity. The current tax payable and offsetable is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised for temporary differences between the value of the assets and liabilities in accordance with the accounting principles for valuation and determining the result applied in these financial statements and in accordance with the tax policies.

Deferred tax assets are recognised for tax losses carry-forwards, temporary differences and tax credits to the extent that the realisation of the related tax benefit through future taxable profits is probable. Estimates are an inherent part of this process and they may differ from the actual future outcome.

Deferred tax liabilities are not recognised for the following temporary differences: the initial recognition of goodwill, initial recognition of assets and liabilities in a transaction that do not involve a business combination and that affect neither the accounting nor the taxable profit, and differences relating to investments in subsidiaries and entities over which joint control is exercised to the extent that they are unlikely to be settled in the foreseeable future. Deferred tax liabilities are measured using tax rates expected to apply when the temporary differences are reversed, based on legislation enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available for the realisation of the temporary difference.

Strukton measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty, after taking into account external advice where appropriate.

As per IFRIC 23, in preparing estimates of current and deferred tax assets and liabilities, management considers whether it is probable that a taxation authority will accept an uncertain tax treatment. If it is considered probable that an uncertain tax treatment will be accepted, tax estimates are determined in accordance with the tax treatment used or planned to be used in the company's income tax filings. If it is not considered probable that an uncertain tax treatment will be accepted, tax estimates are made based on the most likely outcome or the expected value, depending on which method best reflects the uncertainty.

At each reporting date, deferred tax assets are reviewed and reduced to the extent that it is no longer probable that the corresponding tax benefit will be realised. Additional income tax on account of dividend payments is recognised at the same time as the obligation to pay the dividend in question.

Strukton constitutes a fiscal unity together with most of its 100% domestic subsidiaries. Please refer to [note 35](#) for a complete overview of which entities are included in this fiscal unity.

Information per segment

For management purposes, Strukton has a segmented structure based on its products and services. The statement of income and several balance sheet items are presented for each segment. This structure is supported by the management reporting structure, with the aforementioned divisions reporting to Group management entirely separately. The management monitors the operating results of the segments separately to support decision-making regarding allocation of resources and assessment of the results. The segment results are assessed based on the operating result determined in accordance with the operating result in the consolidated financial statements. The management of Group financing and income tax is conducted at Group level.

Policies for the consolidated statement of cash flows

The statement of cash flows is prepared according to the indirect method. Cash flows in foreign currencies are translated at the exchange rate that applies on the transaction date. For subsidiaries and interests in other entities, this is based on the average exchange rate during the financial year. The inventories, receivables, debts, provisions, and debts to credit institutions included in acquisitions are incorporated in the statement of cash flows under investing activities. The acquisition cost paid for acquired associates (after deduction of the purchased cash and cash equivalents), and the selling price received for divested associates, are recognised in the cash flow from investment activities. Income based on interest, dividends and income taxes are included in the cash flow from operations. Transactions that do not involve an exchange of money are not recognised in the statement of cash flows. Amounts owing to banks that are payable on demand and that form an integral part of the Company's cash management system are recognised in the statements of cash flows under the cash and cash equivalents item. Cash flows related to the investments in PPP-projects are included in the cash flow from investing activities due to the nature of investing in the project. The cash from loans and non-recourse financing are included in the cash flow from financing activities. Lease payments are split into an interest component and a repayment component. Both components are included in the cash flow from financing activities. The costs relating to short-term lease liabilities and the costs of low-value leasing assets are included in the cash flow from operating activities.

Significant estimates and assumptions in the consolidated financial statements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and the current market. The basis for these estimates remains unchanged compared to those described in the 2021 financial statements. The historical experience and other factors especially have an effect on the estimates made regarding the valuation of goodwill, deferred tax assets, defined benefit plans and projects. Actual results may differ from these estimates.

The preparation of the consolidated financial statements requires the management to make judgements, estimates and assumptions that influence the application of the accounting principles and the reported values of assets and liabilities and of income and expenses. The estimates and corresponding assumptions are based on experiences from the past and various other factors that could be considered reasonable under the circumstances. The actual outcomes may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised or in future periods if the revision has consequences for these periods.

The key elements of uncertainty in the estimates are as follows:

Key estimates

- Estimations related to the total costs of projects are included in the 'Assumptions when determining revenue recognition' section below.
- Estimation of uncertain tax positions is included in the applicable accounting policy sections above and in the following section 'Accounting considerations on key projects'.
- Estimation of future taxable profits in support of recognition of deferred tax assets is included in the applicable accounting policy sections above.
- Estimation of inputs into discounted cash flow models relating to the impairment of goodwill is included in the applicable accounting policy sections above.
- The assumptions, forecasts and expectations regarding defined benefit plans and deferred employee benefits as included in the following section 'Defined benefit plans and deferred employee benefits'.
- Estimation in determining the lease terms and discount rates applicable to lease agreements as included in the following sections 'Lease terms' and 'Determining the incremental interest rate'.

Key judgements

- Recoverability of financial and other assets is included in the applicable accounting policy sections above and in the following sections 'Accounting considerations on key projects' and 'Impairments'.
- Recoverability of deferred taxation assets is included in the corresponding accounting policy section above.
- Recognition and measurement of provisions is included in the applicable accounting policy sections above and in the following section 'Accounting considerations on key projects'.
- Correct classification and completeness of liabilities and events occurring after the reporting period is included in [note 28](#).

Assumptions when determining revenue recognition

When recognising revenue from contracts with customers, the contract consideration must be determined. This consideration may also include variable components, such as a performance bonus or penalty for delays. If the consideration promised in a contract includes a variable component, the amount of consideration to be received is estimated. In such an event, the variable component is measured using the expected value or the most likely amount, depending on the method that can be expected to best predict the amount of consideration that the entity will be entitled to. This method is subsequently applied throughout the contract. An increase of the amount of consideration due to including or excluding the variable component may not take place until it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration has been resolved. Pursuant to IFRS 15, the threshold to recognise positive variable considerations is therefore relatively high. Nevertheless, this variable component is subject to management estimates.

In the event of changes in the scope of a contract or a (potential) change in the contract consideration, revenue relating to this modification will not be recognised until a written or oral agreement has been reached. If this agreement is reached but no agreement was reached about the consideration, the recognition will not take place until it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty regarding the consideration for the contract modification has been resolved. In practice, this means that considerations for requests for change or claims cannot be recognised until a written or oral agreement has been reached on the nature of the change and the relevant consideration.

When allocating the contract consideration to the separate performance obligations, the stand-alone selling price of the performance obligations must be determined.

This stand-alone selling price is measured based on the 'cost plus a margin' method, determining the cost based on the preliminary calculation as prepared during the tender phase. Subsequently, a customary margin is allocated. Both the measurement of the cost and the measurement of the margin are subject to the management's estimates.

Revenue recognition is based on the input method, with project progress based on the cost incurred by the entity in fulfilling a performance obligation in proportion with the total forecast project cost. The total project cost is subject to accounting estimates. Such accounting estimates are subject to more uncertainty as:

- The agreed contract form entails more risk for the contractor. After all, in a design & construct contract the contractor also bears the design risk. In a DBMO (design, build, maintain and operate) contract, the contractor is also responsible for maintenance and operations.
- The contract is still at an early stage in the design or realisation process. When a provisional design is being worked out in detail to create the final design, it may be necessary to deviate considerably from the provisional design (for instance because the initial solution turns out to be not feasible, because the soil conditions are better or worse than expected, or because the dialogue with stakeholders turns out to be much more complicated, and therefore more costly, than anticipated). Numerous risks may also emerge during the execution phase that are for the account of the contractor. It should however be noted that such deviations can be either positive or negative.
- The contract term is longer, whereby the estimate of the final amount of work is inherently subject to greater uncertainty.

Accounting considerations on key projects

MEET RIVM project

Starting 2014, MEET RIVM CBG (hereafter: 'MEET', the project company) executed the works on the new accommodation of the RIVM (national institute for public health and the environment). MEET is responsible for the Design Build Maintain and Operate (DBFMO) of the project, a separate Strukton owned SPC called MEET Strukton is responsible for attracting the initial non-recourse project-financing.

The one-off project has faced significant complexities, the two most material of which have resulted in formal dispute resolution proceedings with the Contracting Authority. These relate to (1) the continuous VC-C vibration measures which are applied to the new building and (2) several major Change Orders to the laboratories requested by the Contracting Authority. These issues cause (critical) delays and therefore have significant financial consequences which the Contracting Authority does not agree with. Within the DBFMO Agreement, a dispute resolution mechanism is contractually prescribed to solve these issues.

The abovementioned issues have been brought towards several Committees of Experts during the timeframe 2020-2024.

Mitigating Measures (Committee of Experts (02))

To meet the contractually stipulated vibration requirements, various vibration mitigation measures have been taken. During the dispute procedure in 2017, the first Committee of Experts judged to set the cost scope of these measures at EUR 20.7 million, of which 40% percent was to be remunerated by the Contracting Authority. Thereafter, further continuous measures were taken and the actual costs of the measures were proven higher than judged in 2017.

A new dispute resolution proceeding was initiated by MEET in November 2020 to determine the amount and distribution between parties of the costs. By the end of July 2021, the Committee of Experts (02) has shared its final (interim) verdict on the costs of the measures and determined that 50% of the higher costs are to be compensated. In order to form a final verdict, the Committee has appointed an independent cost expert to determine and report on the amount of the costs, who issued a final report in November 2023. On December 19th 2023 the Committee issued a final binding advice. Result of this binding advice is that the Contracting Authority is obliged to reimburse MEET regarding the mitigating measures. MEET has decided not to appeal this advice, neither did the Contracting Authority; therefor the outcome of this dispute procedure is final.

The basis for current result valuation are the compensations granted under the final binding advice and the incurred financial consequences for implementing the vibration measures. This forms the basis of management's current best estimates, leading to a combined negative project result of EUR 194.1 million, and provisions included in this result are recognized in and attributable to 2022. The procedure has now led to a prudent conclusion on additional fees. Consequently, a reasonably reliable estimate of settlement of compensation can be made. Hardly any additional compensation over and above the final binding advice judgment has been recognized for these events, as a result of which management expects that such amounts are unlikely to be recovered. However, it should be noted that agreements have not yet been definitively signed.

Change Orders Contracting Authority GAP III and Recalibration Process 1 (Committee of Experts (03))

In recent years, the Contracting Authority has requested several Change Orders, which have – together with the COVID-19-situation within the same timeframe – caused (critical) delays and resulted in significant financial consequences. These Change Orders relate amongst others to changing of the classification of the generic laboratories in the Tower ('Recalibration Process 1') and modifications required to realise a polio laboratory in the special labs wing to meet updated WHO requirements. As a result thereof, the building was not available at the original Scheduled Availability Date (31st of August 2021). Parties disagree on both the amount of the financial consequences and the duration of the critical delay and have therefore started the contractual dispute procedure.

Within this procedure, MEET has included an extensive elaboration of the financial consequences and critical delay caused by the Change Orders GAP III, the Recalibration Process 1 and the other circumstances. MEET expected the additional operational work will delay obtaining the Availability Certificate with 40 months to circa year-end 2024. The related financial consequences have been estimated at EUR 227 million. The GAP III Committee has drafted an (interim) verdict in October 2023 and decided that the Planned Availability Date is delayed by 15 months. Furthermore, the committee invited parties to discuss the subsequent Financial Disadvantage. On March 8th 2024, parties reached mutual agreement on the Financial Disadvantage and have laid this down in a settlement agreement. In this settlement agreement parties agreed to set the Planned Availability Date on December 31st 2024 and there is agreement on financial compensation. The settlement agreement has been sent to the Lenders with a request to consent; this request is still pending at this moment.

As part of the process, the GAP III Committee also issued a binding interim advice in three interim provisions (March 2022, September 2022 and April 2023), in which the Committee ordered that MEET is to immediately start and continue to work on the GAP III Change Order, while the Contracting Authority must pay (monthly) advance payments to secure MEET's liquidity position until November 2022 and subsequent remuneration of direct costs.

Due to the high uncertainty, management's current best estimate is to only take into account the outcomes of the above mentioned, which also align with the latest agreement of March 2024

The combined negative project result including the negative results and provisions formed for the vibration issue and the neutral effect from the GAP III Committee cumulatively lead to a negative project result of EUR 194.1 million per year-end 2022. The procedure has not yet led to a final conclusion on additional remuneration. Consequently, no reliable estimate of further compensation can be made and thus no compensation on top of the final (interim) verdict for these events is accounted for, whereas management expects (partial) recovery of such amounts. As the case is with a committee of experts, different outcomes are possible which may significantly impact our results from 2022 onwards.

Construction progress

At reporting date, the structural, electrical and mechanical construction progress of the Tower, plint and the special labs wing is approximately 90 percent. Finishing works – such as the laying down of the floors, painting works and the instalment of lab furniture – and the commissioning and qualification phase are to be completed. Besides that, the project company is making significant progress with the structural works in the terrain and expedition area.

OPEX

From Q1 2025, the OPEX phase of the MEET project will commence. In the EUR 194.1 million negative project result for MEET RIVM, a loss is included for this OPEX phase. The provision takes into account a more demanding start-up of OPEX phase (due to the turbulent CAPEX phase) and the latest insights in hourly rates (which have risen more than indexation compensation). However, uncertainty surrounds the magnitude of this loss, caused by both complexity, the size (total OPEX costs amounting to EUR 268.1 million) and duration (the 25-year term). Consequently, the prognosed loss is subject to change.

Hoofdstation Groningen

Strukton Civiel Projecten B.V. is working on the Hoofdstation Groningen project on behalf of ProRail. The project has been delayed and the planning has been shifted backwards several times. The delays are caused by the complexity of the project and material external circumstances, both resulting in a longer and more expensive design process. The following reasons have contributed to the cost increases and/or delays:

- COVID-19. Given the complexity of the design, the intention was to perform the design phase at one location. In March 2020, three months after the start of the final design (*DO*) phase, almost all 75 designers were forced to work individually due to a corona lockdown. This had a major impact on the comprehensiveness of the design, which in turn led to delays and higher costs.
- Macro-economic circumstances led to unforeseeable cost increases and supply chain disruptions.
- Remove cables and ducts at the start of the project. At the start of the project, a large number of unknown cables and ducts turned out to be present in the site.
- Design complexity and inefficiency. The realisation of parts of the design turned out to be technically very complex. As a result, adjustments were made to the design, which led to delays and higher costs.
- Anchoring problems. After pouring the concrete, the anchors proved to be unsatisfactory at a number of points. As a result, Strukton's subcontractor had to take measures to resolve this, which led to higher costs.
- Train-free periods (*Trein Vrije Periodes*). Consecutive delays by the above are multiplied by missing certain pre-determined train-free periods (*TVPs*) and lack of flexibility in securing new ones. The completion of the project is currently foreseen in 2026.

The above matters were not foreseeable and have arisen during the important execution phase of the project. Remaining uncertainties relate to the not yet contracted cost-to-complete and the amount of expected compensation. We are in constructive and active dialogue with ProRail, which has yet led to a final agreement on additional remuneration per April 2024. The estimate of the final project result as per 2022 amounts to EUR 128.5 million. A provision is formed of EUR 124.5 million up until 2022, and a further provision is recognised in 2023 for EUR 1.9 million and 2024 EUR 2.1 million.

Wintrack Zuid

TenneT is increasing the capacity of the electricity network with new 380 kV high-voltage connections. Strukton (50%) and Mobilis (50%) have been contracted for the foundation constructions at two projects in connection herewith, in the Dutch provinces of Groningen and Zeeland. The Zeeland project (Wintrack Zuid) has suffered delays due to the non-availability of land and permits. It also encounters problems with the reinforcement of some of the completed foundation piles. We have presented a solution towards TenneT to solve the issue whilst adhering to the specifications of the contract.

The combination Strukton/Mobilis was in constructive and active dialogue with TenneT, which has yet led to an agreement on additional remuneration and the time consequences in December 2023. The best estimate of the total remuneration from the agreement on these matters, together with the additional costs related to the repair works, has been included in the evaluation of the expected project result. A provision is formed for Strukton' share of the net balance amounting to EUR 8.7 million.

A-Pier

In 2018, the legal predecessor of Strukton Roads & Concrete (50%) formed a joint venture with Ballast Nedam Road Specialties (50%) for a subcontract regarding the realisation of specific civil works on the A-Pier at Schiphol, as subcontractor for the main contractor, a JV between Ballast Nedam and TAV. In the execution of the project, Ballast Nedam TAV was involved in discussions with Schiphol based whereon ultimately Schiphol decided to terminate the contract with Ballast Nedam TAV. Subsequently, the main contractor terminated the contracts with its subcontractors. There is currently a dispute with Ballast Nedam TAV as to the amount of compensation we are entitled to receive for this premature termination.

The outcome of the current process between Schiphol and Ballast Nedam TAV, and the subsequent implication for Ballast Nedam Road Specialties and Strukton Roads & Concrete is uncertain. The process has not yet led to an agreement on (additional) remuneration and the time consequences. The best estimate on potential remuneration from the client on these matters has been included in the evaluation of the expected project result. A provision is formed for Strukton's share of the net balance amounting to EUR 15.1 million. If no remuneration will be granted, which Strukton deems unlikely, an additional loss would have to be recognised.

A15 MAVA and M CO

Strukton Civiele Projecten B.V. is involved in the design, build and long-term maintenance of the A15 project. Related to the design and build part of the A15 project, the consortium has faced significant losses, which were accounted for in previous years. As a result of previous ownership changes in the consortium and remaining uncertainties related to the finalization of the design and build face of the project, an additional provision has been formed for the share of Strukton, which amounts to a total of EUR 20.4 million as of December 31, 2022.

Related to the maintenance part of the project, the consortium has deviated from the original long-term maintenance strategy upon the request of the client. The client requested to use quieter but less durable asphalt and to execute the asphalt overlay earlier than planned, whereby it was the understanding of the consortium that the client would cover the additional costs (compared to those of the original long-term maintenance strategy). The client is now of the opinion that the consortium must bear the costs of the adjusted maintenance strategy. We do not agree with the opinion of the client, and therefore a legal Arbitration procedure is initiated, with the hearing planned in Q2 2024. The procedure has not yet led to a conclusion on additional remuneration. Consequently, no compensation for these events is accounted for, whereas management expects (partial) recovery of such amounts. In Arbitration, different outcomes are possible which may impact our results 2023 onwards. This situation leads to expected loss of the project. A provision has been formed for the share of Strukton (50%), which amounts to EUR 15.7 million as of December 31, 2022.

Other Civil projects

On top of the major projects described above, Strukton Civiel has also executed a number of smaller loss-making projects. The broad strategy, complex organisational responsibilities and challenging risk management all contributed to poor performance across the board. Strukton Civiel also experienced a number of smaller disputes with partners, subcontractors and clients. Furthermore, Strukton Civiel ventured in all markets and in all disciplines in a traditional market approach until 2020, which was typical for civil companies in the Netherlands. Strukton perceives this market as a high-risk market with low profitability, worsened by significant competition and overcapacity in the asphalt market. Management evaluation of the project portfolio of the Civil segment during 2021 and 2022 has led to a significant number of adjustments and write-offs to project valuations. The combination of these matters led management to implement a new approach to the Civil market and strengthen internal organisation and controls.

Corporate income tax

Measured deferred tax assets due to tax loss carried forward are subject to the management's estimates in terms of future taxable results to be achieved.

Strukton operates in various countries. Tax legislation and guidelines vary for each country. Tax treaties between various countries do not always offer full prior certainty about the effects and solutions of tax issues. When determining the tax position, it is possible that assumptions must be made. If such assumptions may lead to uncertainties regarding the correctness of the tax position recognised, this is explained in the notes to the financial statements.

Defined benefit plans and deferred employee benefits

The most important actuarial principles at the basis of the recognised pension commitments and other employee benefits are included in the notes to the relevant items. All assumptions, forecasts and expectations applied as a basis for accounting estimates in the consolidated financial statements reflect the actual outlook of Strukton as accurately as possible.

Goodwill

Goodwill is subject to annual impairment tests. An assessment is made of the expected cash flows per business unit based on the business plans drawn up for the next five years. A weighted average cost of capital (WACC) is determined for each business unit based on a representative peer group. The expected cash flows and the WACC form the basis of the discounted cash flow method for the goodwill test. Strukton has developed a standard method for this.

Lease terms

The lease term is equal to the non-cancellable period of the agreement, considering the legally enforceable renewal and termination options included in the agreement, if there is a reasonable assurance that these options will be exercised. The non-cancellable period ends when both the lessor and the lessee can terminate the contract. For each contract, we assess whether there is a reasonable degree of certainty that options will be exercised.

Impairments

Other assets

In order to ascertain whether assets are impaired it is necessary to make an estimate of the recoverable amount. The recoverable amount of an asset or a cash generating unit equals the higher of the value in use and the fair value net of cost of selling. If possible, the fair value net of cost of selling is calculated based on a binding sales contract in an arm's length and objective transaction between independent parties. If there is no binding sales contract, but the asset is traded on an active market, the fair value net of cost of selling is equal to the market price of the asset net of cost of selling. If there is neither a binding sales contract nor an active market for an asset, the fair value net of cost of selling is based on the best information available to agree a price that could be achieved at the balance sheet date from the sale of the asset in a transaction between properly informed, willing and independent parties, net of the cost of selling. When calculating this value, account is taken of the results of recent transactions involving similar assets in the same business sector. In determining the value in use, the present value of estimated future cash flows is calculated using a discount rate that reflects both the current market rate and the specific risks relating to the asset. The cash flow forecasts are based on reasonable and substantiated assumptions representing the best estimates by the management of the economic circumstances that will exist during the residual useful life of the asset.

Determining the incremental interest rate

Determining the incremental interest rate is a key factor in the measurement of the lease. When determining the incremental interest rate, the following components should be considered:

- The credit rating of the company
- The contractual lease terms
- The amount of the lease liability
- The applicability of guarantees
- The economic conditions

Strukton calculated the incremental interest rate based on the following steps:

- 1) Determining the reference rate: This reference rate is determined based on the government bonds (of the various countries in which Strukton operates) on the date on which the asset was made available. This was based on government bonds with a term of five years. This term was applied because most of the lease agreements within Strukton have an average term between 3 and 5 years.
- 2) Determination of the financial spread ('finance spread adjustment'): The determination of the finance spread adjustments was based on credit spreads set out in the financing agreements of the various countries.

Lease specific adjustment: The leases are secured loans because the risk of bad debt is lower since the lessor owns the underlying assets. The finance spread adjustments applied in step 2 relate to loans based on collateral. As a result, no additional adjustment was made. The weighted average interest rate used to determine the cumulative effect of first-time adoption of IFRS 16 was 1.5%.

A vulnerabilities analysis is included in the Notes to the newly adopted and revised standards and interpretations.

Financial risk management

Strukton applies a policy focusing on maximum limitation and control of current and future risks, minimising the financial cost. This is based on general control measures, such as internal procedures and instructions and specific measures designed to control the specified risks.

Strukton's financial risks mainly concern credit risks, interest rate risks, currency risks, liquidity risks and inflation rate risk.

The risk of fluctuations in currency exchange rates and interest rates is hedged with a range of derivatives, transferring the risks that apply to the primary financial instruments to other contract parties. Interest rate and currency risks are mainly centrally managed. No speculative positions are held.

Credit risk

Most of the principals are public organisations (government bodies), which implies minimum credit risk. For orders from private principals in excess of a certain limit, the credit risk is a factor in the contract assessment. Additionally, the orders are invoiced in advance in proportion to progress in the projects. The cash and cash equivalents available are held with financial institutions with a high credit rating.

Interest rate risk

Loans with a variable interest rate are exposed to the risk of changes in cash flows due to interest rate changes. Strukton's policy is designed to conclude long-term loans at a fixed interest rate. Interest rate swaps are concluded to achieve fixed rates. The interest rate risk relating to financing the long-term PPP projects is occasionally hedged with interest rate swaps.

Currency risk

The bulk of Strukton's operations takes place in the euro zone. Strukton's currency risk relates mostly to its foreign subsidiaries in Scandinavia. No hedges are used.

Liquidity risk

The liquidity risk is the risk of Strukton being unable to meet its financial obligations on the due dates. Liquidity management is based on having adequate liquidity to fulfil both current and future financial obligations in regular and special circumstances, without incurring unacceptable losses or jeopardising Strukton's reputation. Using progressive liquidity forecasts, Strukton assesses the adequacy of liquidity levels. Relating to long-term contracts, principals are usually requested to pay instalments to allow for financing of the project costs.

Strukton has facilities in Italy, Sweden, Belgium and Denmark.

Based on the liquidity forecasts, the Board of Directors of Strukton expects to have sufficient financial room to implement the business plan. Realisation of the liquidity forecast is strongly dependent on the development of external market conditions, order intake, development of project results and the net working capital.

Strukton does not have any specific indications that certain market conditions, such as price development with both customers, and suppliers and contractors, or agreements with suppliers and credit insurers, are developing in any way unfavourably. This also applies to the order intake and timely conversion into sales and development of project results within the expected bandwidths.

The Strukton Executive Board identified various measures that may ensure additional financial room.

These measures concern, among other things:

- Better payment conditions, quicker invoicing and collection of invoices, improving the working capital
- Securing dividends from non-credit base subsidiaries, associates and related investments
- Sales of specific assets and non-core portfolio companies
- Agree on additional remuneration for specific projects with clients

Since the divestment of Strukton Worksphere, financing requirements mainly constitute (bank) guarantees, transaction banking, (equipment) lease and transactions. For now, the non-recourse project-financing for RIVM and the ringfenced facilities in Italy are left intact and continue to exist as of the date of authorisation of these financial statements. Other cash or credit facilities have been repaid or reduced or not materially utilised. The strengthened financial position as of 2022 results in financing requirements substantially lower than industry standards.

COVID-19

Strukton Groep N.V. has used the COVID-19 facilities as provided by the Dutch government. For 2022 this relates to the special postponement of payment due to the corona crisis. The special postponement of payment due to the corona crisis relates to VAT and wage tax over the period February until June 2021. Payment of these VAT and wage tax amounting to EUR 45.5 million started in October 2022 and will be repaid in 60 months according to the facility.

Capital management

The Executive Board's policy is designed to maintain a strong equity position, enabling Strukton to assure the trust of principals, creditors and the markets, fulfil requirements ensuing from bank covenants and ensure future development of the business activities. Capital consists of issued and paid-up capital, retained earnings, share premium reserve, hedging reserve, translation reserve, legal reserve and an actuarial reserve.

1. Property, plant and equipment

	Land	Buildings	Plant and equipment	Other assets	Assets under construction	Total
2021						
Cost	11,425	62,896	373,907	44,086	6,026	498,340
Accumulated depreciation and impairment	(1,008)	(35,436)	(309,942)	(36,999)	-	(383,385)
Carrying amount as at 1 January 2021	10,417	27,460	63,965	7,087	6,026	114,955
Carrying amount as at 1 January 2021	10,417	27,460	63,965	7,087	6,026	114,955
Acquisitions / (De)Consolidation	-	-	(1,098)	3	(245)	(1,340)
Investments	-	925	14,053	1,834	5,752	22,564
Disposals	(1,286)	(513)	(5,252)	(39)	-	(7,090)
Impairments	-	-	-	-	-	-
Depreciation	(1)	(1,777)	(14,147)	(2,232)	-	(18,157)
Other reclassifications	-	-	-	(168)	-	(168)
Reclassified to held for sale	-	-	-	(994)	(487)	(1,481)
Foreign currency exchange differences	-	-	(129)	3	(17)	(143)
Other movements	-	10	-	220	-	230
Carrying amount as at 31 December 2021	9,130	26,105	57,392	5,714	11,029	109,370
Cost	10,139	62,319	369,117	44,546	11,029	497,150
Accumulated depreciation and impairment	(1,009)	(36,214)	(311,725)	(38,832)	-	(387,780)
Carrying amount as at 31 December 2021	9,130	26,105	57,392	5,714	11,029	109,370
2022						
Carrying amount as at 1 January 2022	9,130	26,105	57,392	5,714	11,029	109,370
Acquisitions / (De)Consolidation	-	5	1,441	(897)	(487)	62
Investments	1,634	751	15,291	3,692	10,466	31,835
Disposals	(0)	(2,841)	(1,723)	(5,790)	(2,771)	(13,125)
Impairments	-	-	-	-	-	-
Depreciation	(9)	(1,674)	(13,966)	(2,230)	-	(17,878)
Other reclassifications	4,461	(4,127)	(1,090)	4,803	(4,593)	(546)
Foreign currency exchange differences	-	(0)	(954)	1	(108)	(1,062)
Other movements	(2)	(1)	(1,500)	(46)	476	(1,073)
Carrying amount as at 31 December 2022	15,214	18,219	54,891	5,247	14,012	107,583
Cost	15,600	55,908	336,397	31,693	14,012	453,610
Accumulated depreciation and impairment	(386)	(37,690)	(281,507)	(26,445)	-	(346,027)
Carrying amount as at 31 December 2022	15,214	18,219	54,891	5,247	14,012	107,583

The item Plant and equipment includes:

- Machines and installations for production
- Equipment used in the realisation of works
- Office inventories, computer systems, telecom systems etc.

Of the Property, plant and equipment a maximum amount of nil (2021: EUR 70.0 million) served as collateral to banks and/or other providers of loan capital in the context of the committed bank facilities and a maximum amount of EUR 0.8 million (2021: EUR 2.0 million) served as collateral for the bank loans.

The depreciation terms are based on expected economic life.

• Land	No depreciation (only paved areas are subject to depreciation, 8 to 20 years)
• Buildings	10 to 50 years
• Plant and equipment	2 to 6 years
• Assets under construction	No depreciation
• Other assets	3 to 10 years

2. Right-of-use assets

	Land	Property	Plant and equipment	Cars	Other assets	Total
2021						
Carrying amount as at 1 January 2021	1,582	32,155	36,659	35,982	13	106,392
Acquisitions / (De)Consolidation	-	-	365	200	-	565
Additions	-	5,108	8,959	24,595	3,387	42,049
Contract terminations	-	-	(149)	-	-	(149)
Contract modifications	782	6,264	(90)	(1,946)	-	5,010
Depreciation	(877)	(9,825)	(6,795)	(12,309)	(1,110)	(30,916)
Other reclassification	-	(926)	-	(1,857)	(3)	(2,786)
Reclassified to held for sale	-	(10,145)	-	(16,203)	(10)	(26,358)
Foreign currency exchange differences	(4)	(198)	-	(147)	-	(349)
Other movements	-	-	-	209	-	209
Carrying amount as at 31 December 2021	1,483	22,433	38,949	28,524	2,277	93,667
2022						
Carrying amount as at 1 January 2022	1,483	22,433	38,949	28,524	2,277	93,667
Acquisitions / (De)Consolidation	-	-	-	-	-	-
Additions	4	2,000	6,291	6,426	305	15,026
Contract terminations	-	-	-	-	-	-
Contract modifications	(31)	3,050	(73)	1,698	(50)	4,594
Depreciation	(758)	(9,457)	(7,073)	(13,953)	(72)	(31,313)
Other reclassification	-	1,033	(1,330)	3,851	(2,085)	1,469
Foreign currency exchange differences	(20)	(634)	-	(452)	-	(1,106)
Other movements	(1)	183	304	207	-	693
Carrying amount as at 31 December 2022	677	18,608	37,068	26,301	375	83,029

The depreciation periods are based on the lease contract terms:

• Land	5 - 10 years
• Property	5 - 10 years
• Plant and equipment	4 years
• Cars	5 years
• Other assets	3 years

Some of the assets that are leased are sub-leased to third parties. The total revenue from these subleases during 2022 amounts to nil (2021: EUR 0.3 million).

Land

Most of the land lease contracts have a term of 5 to 10 years. Renewal options are set out in these contracts to ensure operational flexibility. If both the lessor and the lessee wish to extend or not terminate the contracts, the contracts are usually automatically renewed based on the same conditions. Most of the contracts are indexed annually based on the consumer price index (CPI). The lease contracts do not impose covenants, but the leased assets may not be used as collateral for loans.

Property

Most of the property lease contracts have a term of 5 to 10 years. Renewal options are set out in these contracts to ensure operational flexibility. If both the lessor and the lessee wish to extend or not terminate the contracts, the contracts are usually automatically renewed based on the same conditions. Most of the contracts are indexed annually based on the consumer price index (CPI). The lease contracts do not impose covenants, but the leased assets may not be used as collateral for loans.

Plant and equipment

The lease contracts do not impose any covenants, but the leased assets may not be used as collateral for loans. No renewal options are set out in these contracts.

Cars

The leases of the cars have a maximum term of 5 years. If the mileage is higher than contractually agreed, this leads to an adjustment of the lease term to less than 5 years. If the lease term is adjusted, this also results in an adjustment of the lease rate. No indexations and variable payments are set out in these lease agreements. Furthermore, it is not possible to extend the lease term beyond the maximum term of 5 years.

The payment obligations corresponding with the lease contracts are recognised in current liabilities and non-current liabilities. For more information relating to these lease liabilities, please refer to section 15 Lease liabilities.

3. Intangible assets

	Goodwill	Other intangible assets	Total
2021			
Cost	97,708	101,096	198,804
Accumulated amortisation and impairment	(60,307)	(90,660)	(150,967)
Carrying amount as at 1 January 2021	37,401	10,436	47,837
Carrying amount as at 1 January 2021	37,401	10,436	47,837
Investments	16	1,686	1,702
Divestments	-	(40)	(40)
Impairments	(1,334)	-	(1,334)
Amortisation	-	(1,998)	(1,998)
Foreign currency exchange differences	(128)	(10)	(138)
Other movements	-	(58)	(58)
Other reclassification	-	(231)	(231)
Reclassified to held for sale	(20,999)	(1,702)	(22,701)
Carrying amount as at 31 December 2021	14,956	8,083	23,039
Cost	76,598	100,971	177,569
Accumulated amortisation and impairment	(61,642)	(92,888)	(154,530)
Carrying amount as at 31 December 2021	14,956	8,083	23,039

	Goodwill	Other intangible assets	Total
2022			
Carrying amount as at 1 January 2022	14,956	8,083	23,039
Acquisitions	1,143	-	941
Investments	-	249	249
Divestments	-	(674)	(674)
Impairments	-	-	-
Amortisation	(1)	(2,074)	(2,075)
Intangibles no longer in use (cost)	(60,543)	(80,580)	(141,123)
Intangibles no longer in use (depreciation)	60,543	80,580	141,123
Foreign currency exchange differences	(425)	(42)	(467)
Other movements	-	368	368
Other reclassification	-	1,279	1,279
Carrying amount as at 31 December 2022	15,673	7,189	22,862
Cost	16,772	19,925	36,697
Accumulated amortisation and impairment	(1,100)	(12,736)	(13,836)
Carrying amount as at 31 December 2022	15,673	7,189	22,862

Strukton performs an annual impairment test on the capitalised goodwill of cash generating units. The key assumptions for the value-in-use calculations are those regarding discount rate (WACC), long-term revenue growth rate and profit before tax margin. The cash flows are based on the five-year business plans prepared by the relevant business unit. This is based on stabilisation and modest growth for some of the sub-segments. The management's expectation is based on historical data, order portfolios, assessments and external information. The business plans applied do not include any acquisitions. For each cash generating unit, a discount rate, the WACC (weighted average cost of capital) is determined, based on a representative peer group. The forecast is based on the cash flows before tax. The cash flows are discounted at a gross WACC (pre-tax WACC).

The WACC, long-term revenue growth rate and profit before tax margin form crucial underlying assumptions for calculating the recoverable amount of each CGU. When these underlying assumptions would change in future, this could have significant impact on the CGU's recoverable amount (based on value in use), which might give rise that the recoverable amount becomes lower than the carrying amount of the CGU to which goodwill is allocated.

Goodwill relates to multiple CGUs of which the 4 CGUs below are deemed significant in comparison with the Group's total carrying amount of goodwill.

Strukton also performed a test for potential impairment triggers for all CGUs (excluding goodwill), which did not result in any findings and therefore no additional impairment testing was performed for CGUs (excluding goodwill).

Cash-generating units to which goodwill has been allocated:

		31-12-2022	31-12-2021
Strukton Rail AB, TRI Stockholm and Strukton Rail			
Västerås AB	<i>Sweden</i>	6,138	5,421
Terracon Molhoek Beheer B.V.	<i>The Netherlands</i>	1,029	1,029
Costruzioni Linee Ferroviarie S.p.A.	<i>Italy</i>	6,136	6,136
Other cash-generating units	<i>Various</i>	2,370	2,370
		15,673	14,956

The key assumptions and the quantification method for each of the significant cash generating units are:

Assumptions used:		Strukton Rail AB & Strukton Rail Västerås	Terracon Molhoek Beheer B.V.	Costruzioni Linee Ferrovie S.p.A.
<i>WACC (pre-tax)</i>	Financial year 2022	11.1%	12.1%	18.0%
	Financial year 2021	10.3%	10.4%	12.6%
<i>Average yearly growth rate according to business plans</i>	Financial year 2022	-1.5%	15.7	-1.2%
	Financial year 2021	2.4%	-2.4%	4.8%
<i>Revenue growth</i>	Financial year 2022	0.5%	0.5%	0.5%
	Financial year 2021	0.5%	0.5%	0.5%

Business plans contain a window of five years ahead, in this case 2023 – 2027. The sensitivity analysis below shows the impact on the realisable values in millions of euros in the impairment test for the significant cash-generating units that may be affected by changes in the assumptions if the other assumptions remain unchanged.

Sensitivity analysis (for all CGUs)

If the gross WACC is 1% point higher than set out above, the cash value of the total cash flows will decrease by approximately EUR 28.1 million. If the gross WACC is 1% point lower than set out above, the cash value of the total cash flows will increase by approximately EUR 25.7 million. Without factoring in a growth rate, the cash value of the total cash flows will decrease by approximately EUR 13.4 million.

Strukton Rail AB (Sweden) and Strukton Rail Västerås AB (Sweden)

The projects, assets and personnel of Strukton Rail Västerås AB were transferred to and merged with Strukton Rail AB after the acquisition on 8 January 2014. The impairment test was therefore based on the consolidated financial figures of Sweden. The test was performed on the future cash flows within Sweden.

The outcome of the calculation of the realisable value is above the Company's book value by EUR 156.0 million including the goodwill recognised. If the adjustment in the key variables is improbably high, the realisable value will still not drop below the Company's book value. Strukton has not recorded any impairment to Strukton Rail AB and Strukton Rail Västerås AB's goodwill in this financial year.

Terracon Molhoek Beheer B.V.

The test was performed on the future cash flows in the Netherlands. The outcome of the calculation of the realisable value is EUR 3.0 million higher than the Company's book value. No impairment is needed Terracon Molhoek's goodwill for this financial year.

Costruzioni Linee Ferroviarie S.p.A.

The test was performed on the future cash flows in Italy. The outcome of the calculation of the realisable value is above the share in the Company's book value by EUR 209.9 million including the goodwill recognised. If the adjustment in the key variables is improbably high, the realisable value will still not drop below the Company's book value. Strukton therefore has not recorded any impairment to Costruzioni Linee Ferroviarie S.p.A.'s goodwill in this financial year.

Other intangible assets

The other intangible assets consist of order books, intellectual property, patents, customer bases and software.

The amortisation terms are based on expected economic life:

• Order books	6 months to 6 years
• Intellectual Property	7 years
• Patents	5 years
• Customer bases	4 to 12 years
• Software	2 to 5 years

4. Investments in associates and joint ventures

For a full overview of all associates and joint ventures, reference is made to [Note 35 C](#).

	Current assets	Fixed assets	Current liabilities	Non-current liabilities	Net assets (100%)	Net assets (Share Strukton)	Revenue	Result after taxes	Result after taxes (Share Strukton)
2021									
Eurailscout (joint venture)	17,076	24,401	8,094	11,071	22,312	11,156	26,961	2,094	1,047
Aduco Holding B.V. (joint venture)	5,757	2,119	1,205	466	6,205	1,551	9,844	1,449	362
APA B.V. (associate)	6,588	5,154	3,651	464	7,627	1,906	25,901	2,064	515
APRR B.V. (associate)	7,766	2,813	2,326	495	7,758	1,940	19,061	2,039	510
Lareco Holding B.V. (joint venture)	-	-	-	-	-	-	17,779	798	266
Tubex B.V. (joint venture)	2,872	1,418	1,099	329	2,862	1,431	6,987	(56)	(28)
Bituned B.V. (joint venture)	5,524	61	2,341	56	3,188	1,593	47,194	1,311	656
Exploitiemaatschappij A-lanes A15 (joint venture)	25,916	95	10,320	9,951	5,740	2,870	18,877	1,280	640
GBN Artificial Grass Recycling B.V. (joint venture)	2,060	12,809	5,956	7,017	1,896	1,043	4,656	523	(288)
Other associates						441			25
Other joint ventures						555			209
Total						24,486			3,914

	Current assets	Fixed assets	Current liabilities	Non- current liabilities	Net assets (100%)	Net assets (Share Strukton)	Revenue	Result after taxes	Result after taxes (Share Strukton)
2022									
Eurailscout (joint venture)	15,181	22,819	6,888	10,125	20,987	10,494	27,565	(825)	(413)
Aduco Holding B.V. (joint venture)	4,959	2,942	1,290	598	6,013	1,503	9,230	(191)	(48)
APA B.V. (associate)	8,200	5,234	4,647	323	8,464	2,116	24,924	2,551	638
APRR B.V. (associate)	8,742	5,568	2,698	1,712	9,900	2,475	27,573	2,446	612
Bituned B.V. (joint venture)	7,079	74	3,586	83	3,484	1,742	52,761	1,097	549
GBN Artificial Grass Recycling B.V. (joint venture)	1,765	12,730	5,223	7,371	1,901	1,046	6,566	5	3
Other associates					-	362			(59)
Other joint ventures					-	785			176
Total						20,522			1,458

The line items 'Other associates' and 'Other joint ventures' in 2021 and 2022 consist of several, relatively small, associates and joint ventures

The movement in the value of associates and joint ventures was as follows:

	2022	2021
As at 1 January	24,486	23,684
Foreign currency exchange differences	-	-
Increase due to increase of share	-	-
Decrease due to decrease of share	(46)	(867)
Result on current year	1,458	3,914
Dividends distributed by associates and joint ventures	(1,050)	(2,945)
Impairments	-	(412)
(De)consolidation	(1,431)	-
Other movements	(2,895)	1,112
As at 31 December	<u>20,522</u>	<u>24,486</u>

Actual and unrealised gains and losses of the associates and joint ventures:

	2022	2021
Actual result	1,458	3,914
Unrealised result	-	-
Total result	<u>1,458</u>	<u>3,914</u>

Dividends were mainly paid out by Bituned B.V. (EUR 0.4 million) and APA B.V. (EUR 0.5 million) in 2022.

5. Other financial non-current assets

	Non-current receivables	PPP receivables	Investments in equity instruments	Total
2021				
As at 1 January 2021	8,393	72,342	1,810	82,545
Impairments	-	-	9	9
Loans granted	9,603	-	-	9,603
Repayment of loans	(4,437)	(15,100)	-	(19,537)
Foreign currency exchange differences	8	-	-	8
Additions	-	63,191	-	63,191
Revaluations	-	(24,242)	-	(24,242)
Accrued interest	-	6,334	-	6,334
Reclassified to held for sale	(397)	-	-	(397)
Other movements	25	-	-	25
Subtotal as at 31 December 2021	13,195	102,525	1,819	117,539
Offsetting contract liabilities PPP-projects	-	(91,273)	-	(91,273)
Carrying amount as at 31 December 2021	13,195	11,252	1,819	26,266
2022				
Carrying amount as at 1 January 2022	13,195	11,252	1,819	26,266
Impairments	-	-	-	-
Loans granted	2,542	-	-	2,542
Repayment of loans	(2,969)	(1,838)	-	(4,807)
Foreign currency exchange differences	13	-	-	13
Additions	-	5,987	-	5,987
Revaluations	-	1,913	-	1,913
Accrued interest	-	6,959	-	6,959
Liquidity funding	-	(23,588)	-	(23,588)
Other movements	(5,323)	-	308	(5,015)
Carrying amount as at 31 December 2022	7,458	685	2,127	10,270

The PPP receivables consists of fees to be received pursuant to concession agreements in the Netherlands. The term of the various PPP receivables is approximately 25 years. Most of the amount of such receivables has a term longer than five years. Given the character of the contract parties, the credit risk is estimated at nil (See also [note 24](#)). The PPP-receivables and the contract liabilities related to the MEET RIVM project. These positions have been offset as they relate to the same external party.

6. Deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Balance	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Property, plant and equipment	6,965	6,939	5,978	3,778	987	3,161
Intangible assets	-	-	1,401	1,625	(1,401)	(1,625)
Projects under construction / trade receivables	6,077	6,514	1,864	1,866	4,213	4,648
Financial non-current assets	8,074	9,845	-	-	8,074	9,845
Recognised tax losses carried forward	4,447	4,229	-	-	4,447	4,229
Service anniversary commitments	52	50	-	-	52	50
Pension commitments	7,165	8,207	-	-	7,165	8,207
Other	-	220	88	-	(88)	220
Carrying amount as per balance sheet date	32,780	36,004	9,331	7,269	23,449	28,735

Movements 2022 relating to the net deferred tax position:

	Balance as at 01-01-2022	Recognised in tax expense 2022	Recognised in unrealised results	Reclassified to held for sale	Balance as at 31-12-2022
Property, plant and equipment	3,161	(2,174)	-	-	987
Intangible assets	(1,625)	224	-	-	(1,401)
Projects under construction / trade receivables	4,648	(435)	-	-	4,213
Financial non-current assets	9,845	(1,771)	-	-	8,074
Service anniversary commitments	50	2	-	-	52
Pension provisions	8,207	2,496	(3,538)	-	7,165
Other	220	(308)	-	-	(88)
	24,506	(1,966)	(3,538)	-	19,002
Recognised tax losses carried forward	4,229	218	-	-	4,447
Total	28,735	(1,748)	(3,538)	-	23,449

Movements 2021 relating to the net deferred tax position:

	Balance as at 01-01-2021	Recognised in tax expense 2021	Recognised in unrealised results	Reclassified to held for sale	Balance as at 31-12-2021
Property, plant and equipment	5,111	(1,950)	-	-	3,161
Intangible assets	(1,710)	85	-	-	(1,625)
Projects under construction / trade receivables	3,166	1,482	-	-	4,648
Financial non-current assets	-	9,845	-	-	9,845
Service anniversary commitments	50	-	-	-	50
Pension provisions	8,589	(32)	(350)	-	8,207
Other	214	6	-	-	220
	15,420	9,436	(350)	-	24,506
Recognised tax losses carried forward	26,015	(17,118)	-	(4,668)	4,229
Total	41,435	(7,682)	(350)	(4,668)	28,735

The recognised tax losses carried forward in 2022 amounted to EUR 4.4 million (2021: EUR 4.1 million). An amount of EUR 3.3 million (2021: EUR 3.3 million) from this concerns the recognition of negative pre-tax loss for the Dutch fiscal unity in the financial years 2013, 2014, 2015, 2019, 2020 and 2021. Based on a management estimate of the future taxable results, the receivable of the Dutch fiscal unity was not written down in 2022 (2021: EUR 14.1 million). The losses carried forward are expected to be fully offset against future profits. This has been substantiated by means of business plans and realistic estimates by management, which serve as convincing evidence. The losses are expected to be realised over a period of 6 years and therefore most of the tax asset has been classified as long-term. The recognised tax losses carried forward are based on the forecast for the period 2023-2028. The losses have no expiration date.

At the end of 2022, the Dutch fiscal unity had a total amount of EUR 384.3 million (2021: EUR 301.9 million) of unconfirmed tax losses carried forward, whereof EUR 4.4 million has been recognised as deferred tax asset. Various foreign participating interests have a total tax loss carry-forward of EUR 93.1 million (2021: EUR 93.1 million). For this amount, no deferred tax receivable was recognised as the expected future fiscal profit is too uncertain.

The short-term amount of the value for tax purposes of the recognised tax loss carried forward as of 31 December 2022 amounts to nil (2021: EUR nil).

7. Inventories

	31-12-2022	31-12-2021
Raw materials and consumables	11,627	12,708
Finished product	547	1,163
Goods for resale	11,489	8,494
Property development (unsold)	525	535
	<u>24,188</u>	<u>22,900</u>

The unsold property development items concern land positions and expenses incurred for property development projects in progress. The write-down on inventories in 2022 was EUR 0.1 million, which mainly related to the category Goods for resale (2021: EUR 0.3 million). The write-down on inventories is included in the line item other operating expenses in the statement of income.

8. Trade and other receivables

	31-12-2022	31-12-2021
Trade receivables - net	228,881	188,125
Receivables from related parties	7,636	183
Taxes and social security contributions receivable	13,698	13,698
Loans to related parties (ST)	2,492	-
Other receivables and accrued income	60,238	52,356
	<u>312,944</u>	<u>252,594</u>

The other receivables and accrued income mostly concern instalments of work in progress for projects already completed and this line item also consists of receivables from combinations, prepaid taxes and social insurance, and various other types of prepaid amounts.

For risk management please refer to the accounting policies and for default risk please refer to [note 24](#).

9. Contract assets and liabilities

	31-12-2022	31-12-2021
Performance obligations fulfilled and transferred to clients (in practical terms, this item comprises realised revenue based on percentage of completion)	4,133,002	3,770,223
Less: Invoiced installments	(4,013,416)	(3,666,189)
	<u>119,586</u>	<u>104,034</u>
	31-12-2022	31-12-2021
Contract assets	189,544	181,538
Contract liabilities	(69,958)	(77,504)
	<u>119,586</u>	<u>104,034</u>

The contract assets primarily relate to Strukton's rights to consideration for work completed but not billed at the reporting date. Strukton receives payments from customers in line with a series of performance-related milestones and will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. The contract assets are classified as current assets. The contract assets remains stable, the increase is divided among the various segments. The contract liabilities primarily arise if a particular milestones payment exceeds the revenue recognised to date under the input method. The contract liabilities are classified as current liabilities. The decrease in contract liabilities is mainly attributable to Rail Infrastructure division.

Projects under construction split by segments is as follows:

	31-12-2022	31-12-2021
Rail systems	124,678	75,357
Civil infrastructure	(19,861)	(67,930)
Technology and buildings	14,769	96,607
	<u>119,586</u>	<u>104,034</u>

Major long-term projects are generally financed with loan capital. This means the billed instalments on such projects exceed the costs incurred.

10. Cash and cash equivalents

	31-12-2022	31-12-2021
Balance of cash and cash equivalents	347,247	187,898
	31-12-2022	31-12-2021
Committed cash and cash equivalents	153,412	51,388
Cash and cash equivalents outside cash pool	153,501	112,799
Cash and cash equivalents within cash pool	40,334	23,711
	<u>347,247</u>	<u>187,898</u>

Cash and cash equivalents comprise bank balances and cash balances. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management system are recognised in cash and cash equivalents. Bank overdrafts are subject to market interest rates.

The committed cash and cash equivalents include cash and cash equivalents of construction combinations amounting to EUR 153.4 million (2021: EUR 51.4 million). The funds recognised in construction combinations concern funds in partnerships that are subject to contractual provisions governing restrictions on the liquid assets. Furthermore it includes, funds received in restricted accounts. These funds mainly concern deposits pursuant to the Chain Liability Act (G-accounts). Bank balances on frozen accounts amount to nil (2021: nil).

An amount of EUR 26.0 million (2021: 26.0 million) is collateralised for banks related to the activities on the Riyadh metro project. Also refer to [note 12](#) for the required repayment of a subordinated loan if certain conditions are met.

All other cash and cash equivalents are fully at the Company's free disposal.

11. Group equity

	Share Capital	Share Premium	Foreign currency translation reserve	Hedging reserve	Actuarial reserves	Retained earnings	Result for the year	Shareholders' equity	Non-controlling interest	Total equity
Balance 1 January 2021	2,269	69,000	834	(247)	(25,597)	161,186	(198,709)	8,736	172	8,908
Acquisition of subsidiaries	-	-	-	-	-	1,580	-	1,580	(172)	1,408
Cash flow hedges	-	-	-	247	-	-	-	247	-	247
Appropriation of result 2020	-	-	-	-	-	(198,709)	198,709	-	-	-
Result for the reporting period	-	-	-	-	-	-	(181,646)	(181,646)	-	(181,646)
Unrealised results	-	-	(850)	-	1,759	-	-	909	-	909
Balance 31 December 2021	2,269	69,000	(16)	-	(23,838)	(35,943)	(181,646)	(170,174)	-	(170,174)
Balance 1 January 2022	2,269	69,000	(16)	-	(23,838)	(35,943)	(181,646)	(170,174)	-	(170,174)
Acquisition of subsidiaries	-	-	-	-	-	2,996	-	2,996	93	3,090
Appropriation of result 2021	-	-	-	-	-	(181,646)	181,646	-	-	-
Result for the reporting period	-	-	-	-	-	-	178,177	178,177	173	178,350
Other comprehensive income for the reporting period	-	-	(1,527)	-	13,288	-	-	11,761	-	11,761
Balance 31 December 2022	2,269	69,000	(1,543)	-	(10,550)	(214,593)	178,177	22,761	266	23,027

Issued and paid-up capital

Strukton's authorised share capital in 2022 consisted of 500 ordinary shares with a nominal value of EUR 4,538 per share (2021: EUR 4,538). Strukton's issued share capital in 2022 consisted of 500 ordinary shares with a nominal value of EUR 4,538 per share (2021: EUR 4,538). All shares were issued and paid up.

Share premium reserve

No additional capital contribution in 2022 (2021: nil).

Foreign currency translation reserve

The foreign currency translation reserve covers all the gains and losses from the translation of Strukton's net investments in foreign subsidiaries.

Actuarial reserve

The actuarial reserve consists of the accumulated movement of the net present value of pension liabilities due to changes to the actuarial assumptions. In 2022, the actuarial reserve increased by EUR 13.3 million (2021: increased by EUR 1.8 million).

Retained earnings

No dividends were distributed in 2022 (2021: nil).

12. Subordinated loans

In 2022, the subordinated loans from Oranjewoud N.V., Centric Holding B.V., MAFO Holding B.V. and Sanderink Holding B.V. decreased with EUR 1.0 million, resulting in a total value of EUR 37.1 million of the subordinated loans. This decrease is a result of the repayment of the subordinated loans from MAFO Holding B.V. of EUR 2.1 million that has been fully repaid. The subordinated loans have a 5% interest rate and a term of 55 years. The interest for one of the subordinated loans (principal amount of EUR 11 million from Oranjewoud N.V.) is only due if a positive result is achieved in the year in question. A portion of the subordinated loan (EUR 26.0 million) is required to be repaid to Oranjewoud N.V., Centric Holding B.V., MAFO Holding B.V. and Sanderink Holding B.V. as soon as Strukton's activities in Riyadh have been terminated and the cash collaterals (EUR 26.0 million) related to these activities have been released by the banks.

13. Non-current liabilities

	31-12-2022	31-12-2021
Bank loans	62,746	69,956
Non-recourse PPP financing	119,978	125,852
	182,724	195,808
Non-current part	160,941	183,135
Current part	21,783	12,673
	182,724	195,808

Movements for the year within non-current liabilities can be split as follows:

	Bank loans	Non-recourse PPP financing	Total
As at 1 January 2022	69,956	125,852	195,808
Acquisition of subsidiaries	-	-	-
Non-current borrowings additions	-	-	-
Non-current loan repayments	(7,211)	(6,264)	(13,475)
Exchange rate differences	-	-	-
Other movements	-	391	391
As at 31 December 2022	62,745	119,979	182,724

The decrease in the non-current liabilities mainly relates to the MEET Strukton project. The decrease in Bank loans relates to Strukton Rail Italy.

The repayment schedule for the non-current liabilities is as follows:

	< 1 year	1 - 5 years	> 5 years	Total
2021				
Bank loans	6,799	60,553	2,605	69,957
Non-recourse PPP financing	5,874	20,339	99,638	125,851
	12,673	80,892	102,243	195,808
2022				
Bank loans	15,898	46,848	-	62,746
Non-recourse PPP financing	5,885	19,007	95,085	119,977
	21,783	65,855	95,085	182,724

For the bank loans an interest rate of 1.9% is applicable and the maturity date of the bank loans is between 2025 and 2027.

For the non-recourse PPP financing an interest rate between 3.70% and 3.72% is applicable and the maturity date of the financing is between 2023 and 2043.

For more information relating to the interest rate risk, please refer to [note 24 Financial instruments](#) and section 'Financial risk management' in the Accounting Policies. The current part of the non-current liabilities is also included in [note 16](#).

14. Lease liabilities

The movement in the value of lease liabilities during 2022 and 2021 was as follows:

	2022	2021
As at 1 January	76,897	97,591
Accrued interest	1,338	1,357
Lease payments	(31,544)	(32,487)
Foreign currency exchange differences	(1,101)	(339)
Reclassified to held for sale	-	(23,183)
Remeasurements due to contract modifications	2,019	5,012
New lease contracts	16,235	31,619
Other movements	174	(2,673)
As at 31 December	64,018	76,897
Long-term component of lease liabilities	39,588	48,503
Short-term component of lease liabilities	24,430	28,394
	64,018	76,897

	Carrying amount	Contractual cash flows	Up to 1 year	1 - 2 years	2 - 5 years	> 5 years
Lease commitments 2022	64,018	64,488	26,169	27,903	7,741	2,676
Lease commitments 2021	76,897	79,421	28,038	21,231	26,168	3,984

Remeasurements due to contract modifications

This concerns remeasurements of the lease liabilities due to modifications of the contract within the context of IFRS 16. These remeasurements are mainly due to changes in the lease term and processing indexations during the year.

Amounts recognised in the statement of income

Payments made relating to short-term lease contracts and leases for low-value assets are recognised as an expense in the statement of income on a straight-line basis. This also applies to variable interest expenses that are not index-linked. Short-term lease contracts are lease contracts with a lease term of 12 months or shorter and mainly concern the lease of equipment and cars. Low value assets mainly include the lease of printers and small mechanical tools.

The following amounts are recognised in the statement of income:

	2022	2021
Depreciation on right of use assets	31,313	30,916
Interest on lease contracts	1,338	1,104
Expenses relating to short-term lease contracts	14,936	32,439
Expenses relating to variable lease payments not recognised when determining lease liabilities	6,548	13,332
Income from sub-leasing right of use assets	-	322

The expenses relating to short-term lease contracts and variable lease payments not recognised when determining the lease liabilities are recorded in the other operating expenses in the statement of income.

The total cash outflow for lease contracts in 2022 was EUR 31.5 million (2021: EUR 32.5 million). A total amount of EUR 2.7 million (2021: EUR 2.7 million) was prepaid on lease contracts for subsequent years.

15. Provisions

	Restructuring provision	Pension provisions	Service anniversary obligations	Guarantee commitments	Provision for onerous contracts	Tax provision	Other provision	Total
As at 1 January 2021	3,397	71,172	4,721	8,926	80,263	10,817	9,737	189,033
Consolidation/Deconsolidation	40	-	-	-	-	-	-	40
Foreign currency exchange differences	-	(1,253)	1	-	(90)	-	299	(1,043)
Additions	3,507	1,171	-	54	107,256	266	3,255	115,509
Utilisation of the provision	(4,990)	-	(4)	(107)	(106)	-	(706)	(5,913)
Release of the provision	(807)	(2,905)	-	(60)	(10,106)	-	(3,852)	(17,730)
Reclassified to held for sale	(243)	-	(1,199)	(1,269)	(13,200)	-	(900)	(16,811)
Other movements	-	(300)	(82)	253	-	-	300	171
As at 31 December 2021	904	67,885	3,437	7,797	164,017	11,083	8,133	263,256
Long-term portion	-	67,885	3,437	7,674	153,805	11,083	7,277	251,161
Short-term portion	904	-	-	123	10,212	-	856	12,095
	904	67,885	3,437	7,797	164,017	11,083	8,133	263,256
As at 1 January 2022	904	67,885	3,437	7,797	164,017	11,083	8,133	263,256
Consolidation/Deconsolidation	-	-	-	-	-	-	-	-
Foreign currency exchange differences	-	(3,679)	2	1	(98)	-	358	(3,416)
Additions	-	8,674	-	-	55,734	-	6,486	70,894
Utilisation of the provision	(657)	(25,611)	(511)	(4,915)	(74,955)	-	(1,379)	(108,028)
Release of the provision	-	-	-	-	-	-	-	-
Other movements	179	(169)	-	6	-	(2,165)	329	(1,819)
As at 31 December 2022	426	47,100	2,928	2,889	144,698	8,918	13,927	220,887
Long-term portion	212	46,939	2,796	2,889	142,692	8,918	13,920	218,367
Short-term portion	214	161	132	-	2,006	-	7	2,520
	426	47,100	2,928	2,889	144,698	8,918	13,927	220,887

Pension commitments

The pension plans of the pension funds of Strukton's operating companies as of 31 December 2022 are:

- Sector Pension Fund Construction
- Sector Pension Fund Concrete Product Industry
- Sector Pension Fund Metal and Engineering
- Railroad Pension Fund
- Alecta pension insurance plan, Sweden, ITP scheme
- Alecta pension insurance plan Sweden SAF-LO scheme
- Axa pension insurance for Strukton Railinfra N.V., Belgium
- Fondo TFR Pension Fund - Italy

The pension plans in the Netherlands are subject to the provisions of the Pension Act. As set out in the Pension Act, the pension plans must be fully funded and operate independently from the Company based on a separate legal entity. Various sector-wide pension funds and insurers manage the different pension plans. Strukton has no additional responsibilities for the administration of these plans.

Defined contribution plans

The above-mentioned first four pension plans concern sector-wide pension fund plans. The basic pension of the participants of these funds is covered by group schemes, with several employers participating in a fund pursuant to mandatory participation. These are based on an indexed career average plan and are therefore classed as a defined benefit plan. As these funds are not equipped to provide the statutory information regarding the proportional share of Strukton in the pension liabilities and fund investments, the defined benefit plans are recognised as defined contribution plans. Strukton is subject to mandatory contribution of the pre-agreed premiums for these plans. Strukton is not permitted to claim refund of excess premiums and is not liable for extra deposits to cover any deficits, excepting that adjustment of future premium levels is allowed. The portion of the basic pension exceeding group plans (the top-up portion) is administered by external parties, which concerns defined contribution plans.

The funding ratio of the sector pension funds is as follows:

	31-12-2022	31-12-2021
Bedrijfstakpensioenfonds Bouw	122.0%	125.1%
Bedrijfstakpensioenfonds Betonproductenindustrie	108.5%	108.8%
Bedrijfstakpensioenfonds Metaal en Techniek	106.7%	100.8%
Spoorwegpensioenfonds	126.1%	124.1%
Alecta pension insurer (Sweden)	172.0%	172.0%

Defined benefit plans

A provision was created for five pension plans that can be qualified as a defined benefit plan.

	31-12-2022	31-12-2021
Strukton Rail AB (Sweden)	36,366	56,083
Strukton Railinfra N.V. (Belgium)	1,017	1,580
Strukton Civiel Noord & Oost B.V. (The Netherlands)	4,055	4,146
Strukton Civiel Zuid B.V. (The Netherlands)	3,453	3,568
Costruzioni Linee Ferroviarie S.p.A. (Italy)	2,209	2,508
	47,100	67,885

The decrease in the 2022 pension provision is mainly due to foreign exchange movements in Sweden and actuarial losses.

Strukton Rail AB (Sweden)

The pension scheme for the Strukton Rail AB (Sweden) employees born before 1978 concerns a defined benefit plan. All active participants to this plan are participating in the Sweden Pension Plan ITP2. The other two current plans concern the Sweden pension Plan Balfour Beatty and Sweden Pension Plan KPA. These two plans have only inactive participants of the former Balfour Beatty and the former Svensk Banproduktion. The three plans are administered by PRI, a pension insurer. The total liabilities at year-end 2022 amounted to EUR 36.4 million (2021: EUR 56.1 million). For this purpose, the pension commitments were stated at present value based on IAS 19. The calculation is performed by a qualified actuary. The liability must be financed by the Company. The pension payment is carried out by the organisation Alecta. The risk of the Company's bankruptcy is insured with PRI. In the context of this insurance, guarantees were issued to PRI amounting to SEK 110 million (EUR 10.5 million). Alecta applies different principles for the calculation of the liability than PRI. Therefore, Alecta's calculated provision is higher. Strukton annually pays a premium to PRI for this so-called 'estimated redemption cost'. The liability of Strukton Rail Sweden's in-house pension scheme (ITP2) has been frozen as of 31 December 2021. As of 1 January 2022 pension premiums are insured with PRI and as a result the related liability will reduce over time as pensions are paid out.

Strukton Rail N.V. (Belgium)

The pension insurance for the employees of Strukton Rail N.V. in Belgium is a defined benefit plan. The pension provision is funded with an insurance contract with quoted market prices.

Strukton Civiel Noord & Oost B.V. (Netherlands)

An indexation commitment for the pension scheme was recognised for Strukton Civiel Noord & Oost B.V. The indexation provision is funded with an insurance contract administered by Nationale Nederlanden. No new rights are accrued in this pension scheme.

Strukton Civiel Zuid B.V. (Netherlands)

An indexation commitment for the pension scheme was recognised for Strukton Civiel Zuid B.V. The indexation provision is funded with an insurance contract which is administered by Delta Lloyd.

Costruzioni Linee Ferroviarie S.p.A. (Italy)

Costruzioni Linee Ferroviarie S.p.A. provides its employees with a defined benefit plan, Fondo TFR – Pension Fund, for which an amount of EUR 2.2 million (2021: EUR 2.5 million) was reserved in the Company balance sheet. The pension provision in Italy is not financed externally and must be financed by the Company.

Assumptions

The identified material principles for the calculation of the pension provisions are inflation, the discount rate and the mortality tables. Inflation is an indirect principle.

Salary growth and pension growth are direct principles derived from this inflation rate.

	31-12-2022	31-12-2021
Discount rate	3.70% - 3.80%	0.70% - 1.70%
Inflation	2.00% - 2.50%	2.00%

The following mortality tables were applied:

Belgium	MR/FR (1993 Belgium mortality table)
Italy	ISTAT 2018 M/F
Sweden	DUS 21
The Netherlands	Prognosetafel AG2022

Breakdown

The pension liabilities and pension assets are based on actuarial calculations as of 31 December. The composition and movements in the pension liabilities and pension assets for the defined benefit plans for Strukton Rail AB (Sweden), Strukton Railinfra N.V. (Belgium), Strukton Civiel Noord & Oost B.V. (Netherlands), Strukton Civiel Zuid B.V. (Netherlands), and Costruzioni Linee Ferroviarie S.p.A. (Italy) are set out in the next table.

	31-12-2022	31-12-2021
Defined benefit assets (fair value)	14,717	22,000
Defined benefit obligation (cash value)	(61,817)	(89,885)
Net defined benefit liability	(47,100)	(67,885)
<i>Movements:</i>		
Fair value of plan assets as at 1 January	22,000	3,483
Acquisition/Divestment	-	-
Interest income on plan assets	241	164
Employer contributions	1,178	1,096
Disbursements	(1,548)	(1,437)
Return on plan assets greater / (less) than discount rate	(7,154)	(1,484)
Other	-	20,178
Fair value of plan assets as at 31 December	14,717	22,000
Defined benefit obligation at 1 January	89,885	74,655
Acquisition/Divestment	-	-
Past service cost - curtailments	-	-
Current service cost	519	448
Interest cost on the DBO	1,266	887
Administration costs and taxes	(1,070)	-
Disbursements from plan assets	(638)	(1,437)
Disbursements paid by employer	(910)	-
Net actuarial (gain) / loss - Experience	(24,038)	(3,593)
Currency (gain) / loss	(3,621)	(1,253)
Other movements	424	20,178
Defined benefit obligation at 31 December	61,817	89,885
Actuarial results recognised through OCI at 1 January	29,346	32,479
Acquisition/Divestment	-	-
Actuarial (gain)/loss due to non-financial assumption changes	3,134	280
Actuarial (gain)/loss due to financial assumption changes	(26,443)	(3,873)
Return on plan assets greater/less than discount rate	7,154	1,484
Return on plan assets	-	-
Foreign currency (gains)/losses	(671)	(531)
Other movements	-	(493)
Actuarial results recognised through OCI at 31 December	12,520	29,346

	2022	2021
Pension expense components pursuant to defined benefit plans		
Current service cost	519	448
Interest cost on the defined benefit obligation	1,266	887
Return on plan assets	(241)	(164)
Other	1,070	-
Pension cost recognised in the income statement	2,614	1,171

The expected contribution to the pension plans in 2023 amounts to EUR 2.1 million (2022: EUR 1.3 million). The costs of the pension plans will be paid in full by Strukton.

The main categories of fund investments as a percentage of the fair value of the total fund investments are as follows:

	31-12-2022	31-12-2021
Bonds	0%	0%
Cash and cash equivalents	0%	0%
Other fund investments	100%	100%

As virtually all pension plans are financed based on an insurance contract, the assets consist of the insurer's guarantee that certain pensions will be paid out in the future. The value of these assets is the current present value of these guaranteed pay-outs. An allocation to different asset classes is not applicable. Therefore, these assets are presented under Other fund investments.

Sensitivity analysis

If the discount rate were to increase by 1 percentage point while all other assumptions remained constant, the present value of the pension commitments would fall by EUR 10.1 million. In the event of a fall of 1 percentage point in the discount rate and constant conditions in all other respects, the present value of the pension commitments would rise by EUR 7.5 million. For the two plans in Sweden, these effects are equivalent to a decrease by EUR 6.3 million or an increase by EUR 3.7 million respectively.

If the inflation rate were to further increase by 0.25 percentage point, while all other assumptions remained constant, the present value of the pension commitments would increase by EUR 2.2 million. In the event of a decrease in the inflation rate by 0.25 percentage point, without any other factors changing, the cash value of the pension liabilities would decrease by EUR 2.9 million. For the two plans in Sweden, these effects are equivalent to an increase by EUR 1.8 million or a decrease by EUR 1.7 million respectively.

If the participants to the two Swedish plans would be assumed to live one year longer than assumed, the liabilities would increase by approximately 6.31 % and with an amount of EUR 3.0 million.

Future cash flows

The forecasted cash flows for the two Swedish pension schemes are indicated below. The duration of the ITP2 scheme is equal to 19.4 years (2021: 22.1 years; for the closed KPA schemes, a duration of 22.1 years applies (2021: 19.6 years)).

(* million EUR)	< 1 year	1 - 5 years	> 5 years
2022	0.78	3.94	6.57
2021	0.81	4.09	6.81

Service anniversary obligations

The provision for service anniversaries relates to a bonus paid out upon completing a certain number of service years. The amount and date of paying out this bonus depends on the entity employing the employee, as different companies apply different schemes. The main risk that Strukton incurs on this provision is the interest rate risk.

The actuarial calculation of the service anniversary commitment is based on an annual discount rate of 3.80% (2021: 0.70%). The discount rate is based on the current effective market yield of high-grade corporate bonds.

Guarantee commitments

The guarantee commitments mainly relate to Strukton Rail Italy and are calculated based on historical data in order to estimate the expenses to be made.

Provision for onerous contracts with customers

The onerous contracts provision with customers amounts to EUR 144.7 million (2021: EUR 164.0 million). This provision represents the amount of the onerous contract result to be realised based on the progress of the project. This provision mainly is related to projects in the Civil division (EUR 88.0 million), the MEET Project (EUR 29.4 million) and the Rail division (EUR 27.3 million). Please also refer to the paragraph 'Accounting considerations on key projects' which describes the largest projects with the highest uncertainty.

The releases of the provision mostly relate to projects in the Civil division.

Of the full onerous contracts with customers provision, a total of EUR 2.0 million has a current character (2021: EUR 10.2 million).

The additions of EUR 55.7 million have been recorded in the line item 'Costs of raw materials, consumables, subcontracted work and other external costs' in the statement of income.

Tax provision

The tax provision addition consists of withholding tax related mainly to the outcome of an investigation on the Riyadh Metro Project for paid withholding taxes for the years 2015 to 2020 and a correction for previous periods for the Riyadh Metro Project. The addition to this provision has been recorded in the line item 'Income tax' in the statement of income.

16. Trade and other payables

	31-12-2022	31-12-2021
Trade payables	248,924	222,184
Amounts due to related parties	74,087	2,271
Taxes and social insurance contribution	74,039	76,656
Pension contributions	1,180	1,064
Short term portion of non-current liability	21,783	12,673
Other liabilities and accruals	141,485	139,447
	561,499	454,295
Invoices to receive	27,413	29,535
Holiday allowance / bonus payable	5,661	5,617
Leave provision	23,189	23,097
Deferred liabilities	64,016	36,168
Other liabilities	21,206	45,030
Total other liabilities and accruals	141,485	139,447

The non-current part of the non-current liabilities is included in [note 13](#).

17. Revenue

	2022	2021
Projects for third parties	1,045,737	1,097,979
Service maintenance and concessions	306,352	284,595
Revenue of sale of finished goods	19,654	1,496
Other revenue	6,440	55,524
	<u>1,378,183</u>	<u>1,439,594</u>

Projects for third parties

Projects for third parties consist of the following activities:

- Renewal and new construction of rail systems
- Design, realisation and management of infrastructure projects
- Design, development and realisation of technical systems and buildings in the Netherlands

The performance obligation is proportionately based on the progress of the project. Invoicing is based on instalment schedules related to the progress of the project. Applying instalment schedules means that fulfilment of the performance obligation is not synchronised with payments. If production is higher than invoiced amounts, a contract asset is recognised. If invoiced amounts are higher than production, a contract liability is recognised. In the case of works under direct management, the works are invoiced upon completion of the works. Invoices are generally paid between 30 and 60 days of sending the invoice. Some contracts include prepayment clauses.

Service maintenance and concessions

Service maintenance and concessions consists of the following activities:

- Maintenance and management of rail networks and rail systems
- Maintenance of infrastructure projects
- Maintenance and operation of technical systems and buildings in the Netherlands

The performance obligation is fulfilled in proportion to progress in production. Service maintenance and the concessions are invoiced on a monthly basis in accordance with the contractual agreements. Maintenance contracts are invoiced at the end of the month. Invoicing at the end of the month means that fulfilment of the performance obligation is not synchronised with payments. With invoicing in arrears, a contract asset is recognised. If variable considerations are part of the contract, these are periodically measured, and these are part of the transaction price. Some contracts include prepayment clauses ensuring an amount is paid before delivering the maintenance service.

Supplementary information regarding the revenue from contracts with customers recognised in the reporting year is given below.

	2022	2021
Revenue integrated in the credit balance of projects at the start of the period:		
Projects for third parties	37,927	22,907
Service maintenance and concessions	1,990	5,320
	<u>39,917</u>	<u>28,227</u>
Recognised revenue from performance obligations fulfilled fully or partly in previous periods:		
Projects for third parties	-	-
Service maintenance and concessions	-	7,268
	<u>-</u>	<u>7,268</u>

Projects within the construction sector may take longer than one year or may be carried from one calendar year to the next. The forecast revenue from contracts with customers regarding unfulfilled performance obligations (ongoing projects or projects awarded) are as follows as of 31 December:

	2022	2021
Within one year	998,000	1,023,894
After one year	1,777,000	1,380,041
	<u>2,775,000</u>	<u>2,403,935</u>

Other revenue

The other revenue consists of revenue streams related to asphalt services, concrete solutions, environmental services, rail services and leasing of owned machinery to third parties.

For a further explanation to the Revenue (from contracts with customers), please refer to [note 24. Financial instruments](#) and [note 33. Information per segment](#).

18. Costs of raw materials, consumables, subcontracted work and other external costs

Costs of raw materials and consumables used, subcontracted work and other external costs relate to external expenses directly allocated to the production process.

19. Personnel expenses

	2022	2021
Wages and salaries	268,109	266,607
Social security contributions	51,438	53,493
Defined contribution plans	27,174	28,485
Net defined benefit plans	227	1,171
	<u>346,948</u>	<u>349,756</u>

Several group companies have defined benefit plans (refer to [note 15](#)).

20. Other operating expenses

In 2022, government grants with a total amount of EUR 1.5 million were received. The amount of EUR 1.5 million is taken into the result in 2022 (2021: EUR 18.3 million). The government grants have decreased as a result of the Covid-19 wage support received in 2021, which were not applicable to 2022.

21. Finance income and expenses

	2022	2021
Finance income		
Third party interest income	5,642	349
Interest on financial non-current assets	6,914	6,334
Result on investments in equity instruments	210	235
Other financial income	652	-
Foreign currency exchange gains	876	1,045
	<u>14,294</u>	<u>7,963</u>
Finance expense		
Third party interest expenses	(10,817)	(6,423)
Lease liabilities interest expenses	(1,338)	(1,105)
Non-recourse PPP financing interest expenses	(1,237)	(26,479)
Hedging results	-	(247)
Other financial expenses	(1,334)	-
Foreign currency exchange losses	(1,842)	(1,890)
	<u>(16,568)</u>	<u>(36,144)</u>
Net finance result	<u><u>(2,274)</u></u>	<u><u>(28,181)</u></u>

The interest expenses of non-recourse PPP financing mainly refers to the RIVM building project.

22. Corporate income tax

	2022	2021
Current income tax expense	13,914	4,920
Deferred income tax	1,748	7,682
	<u>15,662</u>	<u>12,602</u>

The corporate income tax is different from the amount theoretically due when applying the weighted average tax rate (25.8%) that is applicable to the results of the consolidated group companies. The difference can be specified as follows:

	2022	2021
Taxable profit	(8,010)	(181,172)
Income tax using company's domestic tax rate	(2,067)	(45,293)
Effect of tax rates in foreign jurisdictions	(1,208)	(58)
Exemption of participation results	(4,104)	(3,017)
Tax provision addition	-	266
Impairment of deferred tax asset	-	13,793
Other movements in deferred tax positions	5,286	5,761
Goodwill impairment	-	334
Movement in tax losses carried forward not recognised	13,048	40,700
Other including non-deductible costs	4,706	116
Effective tax	<u>15,662</u>	<u>12,602</u>
Effective tax rate (%)	-195.5%	-7.0%

In 2022, the corporate income tax charge amounts to EUR 15.7 million (2021: tax charge of EUR 12.6 million).

23. Workforce

2022	Rail infrastructure	Civil infrastructure	Technology and buildings	Other	Total
The Netherlands	1,184	575	228	383	2,370
Belgium	166	-	-	-	166
Sweden	905	-	-	-	905
Denmark	113	-	-	-	113
Italy	634	-	-	-	634
Other	21	21	1	-	43
	3,023	596	229	383	4,231

2021	Rail infrastructure	Civil infrastructure	Technology and buildings	Total
The Netherlands	1,391	1,013	1,910	4,314
Belgium	165	-	-	165
Sweden	958	-	-	958
Denmark	107	-	-	107
Italy	536	-	-	536
Other	12	47	-	59
	3,169	1,060	1,910	6,139

* Shift is attributed to the restructuring that occurred within Civil in 2022 and the decline is attributed to the sale of Strukton Workspere

During 2022, Strukton employed an average of 4,231 (2021: 6,139) FTEs, of which 1,861 (2021: 1,825) worked outside the Netherlands. At year-end 2022, the number of FTEs amounts to 4,129 (2021: 6,023). The average number of FTE's decreased by 1,909 during 2022. This decrease is mainly due to the sale of Workspere.

24. Financial instruments

	31-12-2022	31-12-2021
Other non-current receivables excluding deferred tax assets	8,143	115,720
Trade receivables	236,517	188,308
Other receivables excluding corporate income tax receivable	265,970	237,611
Cash and cash equivalents	347,247	187,898
	<u>857,877</u>	<u>729,537</u>
Current receivables + cash in %	99.1%	84.1%

The majority (99.1%) of the maximum credit risk consists of various current receivables (accounts receivable and other receivables) and cash and cash equivalents (2021: 84.1%).

	31-12-2022	31-12-2021
The Netherlands	112,180	56,532
Euro zone	82,081	73,985
Rest of Europe	31,970	45,517
Other	10,286	12,274
	<u>236,517</u>	<u>188,308</u>
Total Euro zone in %	82,1%	69,3%

The majority (82.1%) of the trade receivables outstanding are in the Euro zone (2021: 69.3%). We applied ECL under IFRS 9, and included the below aging analysis with buckets containing due dates to provide insight in the aging of trade receivables.

	31-12-2022		31-12-2021	
	Gross	Provision	Gross	Provision
Not yet due	179,763	7,397	133,651	6,862
Due within 1 - 30 days	13,903	1,343	25,887	1,246
Due within 31 - 60 days	4,713	47	4,510	44
Due within 61 - 180 days	6,846	878	4,951	814
Due within 181 - 365 days	3,178	2,908	5,002	2,698
Due over one year	43,787	3,099	28,846	2,875
Total	252,190	15,673	202,847	14,539
Trade receivables due (%)		28.7%		34.1%
Net position trade receivables		236,517		188,308

In 2022, the share of overdue trade receivables within the total trade receivables amounts to 28.7% (2021: 34.1%).

The movement in provision for bad debts is as follows:

	2022	2021
Amount as at 1 January	14,539	12,657
Additions	6,388	7,927
Usage of provision	(4,666)	(4,725)
Release	(790)	(1,421)
Foreign currency exchange differences	250	256
Other	(48)	(155)
Amount as at 31 December	15,673	14,539

Liquidity risks

			31-12-2022		31-12-2021	
	Nominal Interest rate	Maturity date	Nominal value	Carrying amount	Nominal value	Carrying amount
Non-current liabilities (in EUR)						
Subordinated loans	5.00%	2075	13,058	13,058	38,125	38,125
Bank loans	1.90%	2025-2027	62,746	62,746	69,956	69,956
Non-recourse PPP financing (current and non-current)	3.30%-3.72%	2023-2043	166,443	119,977	162,039	125,852
Other non-current liabilities			245,459	245,459	283,882	283,882
Sub total			487,706	441,240	554,002	517,815
Current liabilities (in EUR)						
Subordinated loans	4.00%	2075	24,000	24,000	-	-
Bank overdrafts	Various	2023	2,123	2,123	24,751	24,751
Other current liabilities		2023	572,019	572,019	548,791	548,791
Sub total			598,142	598,142	573,542	573,542
Total			1,085,848	1,039,382	1,127,544	1,091,357

The majority (55.1%) of the liabilities is current, consisting of various trade payables and amounts owed to banks and financial institutions (2021: 52.6%).

In the context of the bank loans, collateral was provided to banks. This entails the pledge of 100% of the shares of Costruzioni Linee Ferroviarie S.p.A. and property, plant and equipment of multiple entities up to a maximum amount of EUR 0.8 million (2021: EUR 2.3 million).

The non-recourse PPP-financing is secured by pledges on the shares in MEET Strukton B.V., all bank accounts of MEET Strukton B.V., all MEET Strukton B.V.'s present and future rights under or in connection with insurances, existing and moveable assets and all and any existing and future rights, interests, claims or receivables of MEET Strukton B.V. under the agreement entered into.

2022	Carrying amount	Contractual cash flows	< 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Non-derivative financial liabilities							
Subordinated loans	37,058	39,978	-	24,000	-	-	15,978
Bank loans	62,746	63,954	7,109	8,660	35,034	13,151	-
Non-recourse PPP financing (current and non-current)	119,977	166,443	2,938	2,939	5,635	15,051	139,881
Trade and other payables	817,478	817,478	408,739	326,991	81,748	-	-
Bank overdrafts	2,123	2,123	2,123	-	-	-	-
	1,039,383	1,089,976	420,909	362,590	122,417	28,202	155,859

2021	Carrying amount	Contractual cash flows	< 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Non-derivative financial liabilities							
Subordinated loans	38,125	40,031	-	-	-	-	40,031
Bank loans	69,956	72,210	3,438	3,993	33,199	28,669	2,911
Non-recourse PPP financing (current and non-current)	125,852	162,071	2,940	2,941	5,888	16,010	134,292
Trade and other payables	832,673	832,672	416,336	333,069	83,267	-	-
Bank overdrafts	24,751	24,751	24,751	-	-	-	-
	1,091,357	1,131,735	447,465	340,003	122,354	44,679	177,234

The subordinated loan relates to loans granted by Oranjewoud N.V., Centric Holding B.V. and Sanderink Holding B.V. in 2017 and 2020 at a 5% interest rate and a term of 55 years. The interest for one of the loans (the EUR 11 million loan from 2017 granted by Oranjewoud N.V.) is only due if a positive result is achieved in the year in question. A portion of the subordinated loans (EUR 26.0 million) is required to be repaid to the lenders as soon as Strukton's activities in Riyadh have been terminated and the cash collaterals related to these activities (EUR 26.0 million) have been released by the banks.

Foreign currency risks

Most of Strukton's activities are carried out within the Euro zone. The activities of subsidiaries outside the Euro zone are mostly carried out within the currency zone of the relevant country. Strukton's currency risk mostly relates to its foreign subsidiaries in Scandinavia and in Riyadh (Saudi Arabia).

The total equity of these foreign subsidiaries amounted to EUR 18.8 million negative at year-end 2021 (2021: EUR 30.1 million negative).

	Average exchange rate		Spot rate at reporting date	
	2022	2021	2022	2021
DKK	0.134	0.134	0.134	0.134
NOK	0.099	0.098	0.087	0.099
SEK	0.094	0.099	0.089	0.097
USD	0.951	0.846	0.916	0.885
AUD	0.660	0.635	0.613	0.633
SAR	0.253	0.225	0.244	0.236
QAR	0.232	0.232	0.252	0.243

A 10% increase of the euro compared with these exchange rates at year-end would have decreased the equity capital by EUR 2.0 million during the reporting year (2021: EUR 2.7 million). A 10% increase of the euro compared with these exchange rates at year-end would have increased the negative result by EUR 0.3 million during the reporting year (2021: EUR 0.3 million). A 10% decrease of the euro compared with these exchange rates at year-end would have had a similar reverse effect.

Interest rate

	31-12-2022	31-12-2021
	<i>Carrying amount</i>	<i>Carrying amount</i>
Fixed-interest instruments		
Financial assets	685	11,252
Financial liabilities	(246,742)	(272,705)
	(246,057)	(261,453)
Variable interest instruments		
Financial assets	347,247	187,898
Financial liabilities	(2,123)	(24,751)
	345,124	163,147

An increase by 100 base points in the interest rate would have decreased the equity and the profit on the reporting period by EUR 1.6 million (2021: EUR 0.7 million decrease). This is subject to presuming that all other variables would have remained constant. A decrease in the interest rate by 100 base points would have had a similar reverse effect. This interest rate risk does not include the effect of derivatives.

	Carrying amount		Fair value	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Financial assets				
Non-current receivables	7,458	13,195	7,458	13,195
PPP receivables	685	11,252	56,554	70,903
Investments in equity instruments	2,127	1,819	2,127	1,819
Trade and other receivables	312,944	252,594	312,944	252,594
	323,214	278,860	379,083	338,511
Financial liabilities				
Bank loans	46,848	63,157	46,848	63,157
Non-recourse PPP financing (non-current part)	114,093	119,978	161,313	194,244
Lease liabilities	64,018	76,897	64,018	76,897
Trade and other payables	561,499	454,295	561,499	454,295
Debts to financial institutions	2,123	24,751	2,123	24,751
	788,582	739,078	835,801	813,344

The difference between the fair value of the PPP receivables and Non-recourse PPP financing compared to their carrying amount can be explained by the long maturity of these assets and liabilities.

For the PPP receivables an average discount factor of 1.51% was applied as a key assumption in order to determine the fair value. If the discount factor would be increased or decreased by 1% this would have an impact on the fair value of EUR 13.6 million.

For the PPP payables an average discount factor of 1.12% was applied as a key assumption in order to determine the fair value. If the discount factor would be increased or decreased by 1% this would have an impact on the fair value of EUR 17.3 million.

Hierarchy in fair values

Strukton applies the following hierarchy in determining and stating financial instruments, to be discerned into different valuation methods:

- Level 1: listed (non-adjusted) share prices in active markets for identical assets or liabilities
- Level 2: other methods in which all variables have a significant impact on the recognised fair value and are detectable directly or indirectly
- Level 3: methods in which variables are applied that have a significant impact on the recognised fair value, but are not based on detectable market data

2022

	Total	Level 1	Level 2	Level 3
Financial assets if these would be valued at fair value:				
PPP receivables	56,554	-	-	56,554
	56,554	-	-	56,554
Financial liabilities if these would be valued at fair value:				
Non-recourse PPP financing	161,313	-	-	161,313
	161,313	-	-	161,313

2021

	Total	Level 1	Level 2	Level 3
Financial assets if these would be valued at fair value:				
PPP receivables	70,903	-	-	70,903
	70,903	-	-	70,903
Financial liabilities if these would be valued at fair value:				
Non-recourse PPP financing	194,244	-	-	194,244
	194,244	-	-	194,244

25. Cash and cash equivalents in cash flow statement

The cash and cash equivalents balance in the cash flow statement can be specified as follows:

	2022	2021
Cash and cash equivalents	347,247	187,898
Debt to financial institutions	(2,123)	(24,751)
Total net cash position	345,124	163,147

26. Off-balance sheet commitments and securities provided

FIOD

The Group makes and has made limited use of agents in the past. There was one agent contract that could be considered as particularly relevant. This concerns the contract with the local agent for the metro project in Riyadh, Saudi Arabia. This project was started in the course of 2013. The contract with the local agent was concluded in the first quarter of 2013 and is subject to an investigation of the Dutch Fiscal Information and Investigation Service (FIOD).

In February 2019, Strukton was surprised by a raid of the FIOD (Fiscal Information and Investigation Service) based on a suspicion of corruption and forgery in being awarded an order for the Riyadh metro project. We started an internal investigation immediately after the raid. We have assessed the list of information confiscated by the FIOD for any indications of irregularities. From this investigation, we have not found anything that could indicate any non-compliance with the applicable legislation and regulations. An independent expert concluded that the internal investigation was conducted adequately and with due care.

At the time of publication of this report, the investigation is still ongoing and consequently, no prosecution decision has been made. No new developments can be reported as to the FIOD investigation. During 2019, the FIOD digitally provided their report based on which they initiated the raid. At the beginning of 2020, they also digitally provided us with the information they took during the raid. We have established that this information does not impart new insights nor calls for further investigation as to the reason for the raid.

Guarantees and liabilities

Strukton and/or its subsidiaries are severally liable for all debts of V.O.F. firms (general partnerships, construction combinations) in which they hold direct participations. No liabilities are recognised in the financial statements in this respect.

As of 31 December 2022, bankers had issued guarantees and letters of intent up to a total amount of EUR 286.0 million (2021: EUR 320.2 million). These guarantees mainly concern commitments pursuant to projects in progress, maintenance commitments relating to delivered work and investment commitments. The largest guarantees relate to the Riyadh metro project and the MEET RIVM project.

The maturity of the issued guarantees for loans is as follows:

2022					
(x EUR 1,000)		Total	< 1 year	1 - 5 years	> 5 years
		286,024	210,869	74,086	1,069
2021					
(x EUR 1,000)		Total	< 1 year	1 - 5 years	> 5 years
		320,229	117,988	199,614	2,627

The key facilities in Italy, Sweden and Denmark are specified separately below:

The facilities in Italy can be specified as follows:

- Current account facility of EUR 46.3 million (2021: EUR 58.7 million). Nothing was withdrawn (2021: EUR 2.6 million).
- Loan facility EUR 62.1 million (2021: EUR 68.8 million). This was fully withdrawn.
- Bank guarantee facility EUR 105.9 million (2021: EUR 105.6 million), EUR 87.8 million is in use (2021: EUR 86.2 million).
- Factoring contracts EUR 71.9 million (2021: EUR 50.5 million), EUR 69.4 million (2021: EUR 49.5 million) is in use.

In Sweden and Denmark, Strukton has the following facilities:

- Multi-purpose credit facility SEK 259.0 million (2021: SEK 259.0 million). An amount of SEK 189.0 million was withdrawn (2021: SEK 189.0 million).
- Bank guarantee facilities SEK 11.3 million (2021: SEK 10.0 million). An amount of SEK 11.3 million was withdrawn (2021: SEK 10.0 million).

Corporate income tax

The Dutch Tax Authorities are performing an audit of the Riyadh metro project to check the transfer prices applied and the profit distribution between the Netherlands and Saudi Arabia. This audit focuses on old years, but the outcome will also apply to future years. Based on this audit, the Tax Authorities have taken the preliminary view that similar commercial parties operating under the same circumstances would have agreed a different distribution of profits. However, the Tax Authorities have expressed their wish to come to a solution acceptable to both parties, determining the transfer prices to be applied for the project. In order to arrive at an acceptable solution, the tax authorities and Strukton entered into further consultations, with Strukton seeking the support of an external tax consultant. We have not created a provision for this issue in our consolidated financial statements. Based on the double taxation treaty between the governments of the Kingdom of the Netherlands and the Kingdom of Saudi Arabia, which includes a provision regarding corresponding corrections and a provision regarding a mutual consultation procedure, we assume that the countries involved will come to an extrajudicial agreement without any detrimental effects for Strukton.

Strukton constitutes a fiscal unity in the Netherlands for corporate income tax and VAT together with most of its 100% domestic subsidiaries. Please refer for a total overview of the applicable entities to [note 35](#).

Contingent liabilities

Line 7 and Line E59

As per October 2022 and May 2023, Costruzioni Linee Ferroviarie S.p.A., subsidiary of Strukton Rail Italy, is involved in two legal proceedings regarding the Line 7 and Line E59 projects in Poland. As per date of the financial statements there remains a high degree of uncertainty regarding the ultimate outcome of these proceedings, as well of the potential effect on the amount and timing of the outflow of resources. Therefore, these proceedings are disclosed as a contingent liability and no provision is recorded in the financial statements.

27. Transactions with related parties

Identification

On 29 October 2010, Strukton Groep N.V. became part of Oranjewoud N.V. Oranjewoud N.V. holds all shares in Strukton Groep N.V. As at year-end 2022, 99.09% of the shares in Oranjewoud N.V. are held by Sanderink Investments B.V. Sanderink Investments B.V. is fully owned by Stichting Administratiekantoor Sanderink Investments of Gerard Sanderink. The shares in Oranjewoud N.V. were listed at the official Market of Euronext N.V. in Amsterdam until 7 February 2022.

The following entities and/or persons can be classified as related parties:

Key management personnel:

- The Executive Board of Strukton Groep N.V. - G.P. Sanderink (suspended since 17 March 2023 for an indefinite period), M.A.J. de Haas (resigned 31 August 2022) and A.E.P. Vlaanderen (starting 1 September 2022 as CFO, not as statutory director). W. Wieland (15 July 2023, as CLO, not as statutory director) and R.P. van Wingerden (15 July 2023, as interim-CEO) were appointed after the end of the period and therefore they are not considered a related party for the financial statements of 2022;
- The Supervisory Board members of Strukton Groep N.V. - H.G.B. Spenkelink (resigned 22 March 2022), W.G.B. te Kamp (resigned 22 March 2022), J.M. Kuling, A. Schoots, B.C. Fortuyn and J.J.A. van Leeuwen;
- The Executive Board of Sanderink Investments B.V – G.P. Sanderink;
- The Executive Board of Oranjewoud N.V.– G.P. Sanderink; and
- The Supervisory Board members of Oranjewoud N.V. - H.G.B. Spenkelink (resigned 22 March 2022), W.G.B. te Kamp (resigned 22 March 2022), J.M. Kuling, A. Schoots, B.C. Fortuyn and J.J.A. van Leeuwen.

Subsidiaries, Joint ventures and Associates:

- For an overview of all related Subsidiaries, Joint Ventures and Associates of Strukton Groep N.V., reference is made to [Note 35](#) of these financial statements.

(In)direct Parent companies:

- Stichting Administratiekantoor Sanderink Investments B.V. and its subsidiaries and interests in other entities;
- Sanderink Investments B.V. and its subsidiaries and interests in other entities; and
- Oranjewoud N.V. and its subsidiaries and interests in other entities.

Transactions with executives and managers in key positions

Managers in key positions include all persons authorised and responsible for directly or indirectly planning, managing and exercising influence on the activities of the entity. Refer for the managers in key positions for the reporting year 2022 to the key management personnel of Strukton as included above in this note.

The remuneration of managers in key positions can be specified as follows:

	2022	2021
Short-term employee benefits	671	1,085
Other long-term employee benefits	-	-
	<u>671</u>	<u>1,085</u>

Strukton Groep N.V. pays a management fee to Sanderink Investments B.V. for one of the Directors which is included in the above table.

Transactions with Supervisory Board members

On 20 December 2017, a Supervisory Board was appointed at Strukton Groep N.V. level. During 2022, the Supervisory Board members of Strukton were also the Supervisory Board members of Oranjewoud N.V. The Supervisory Board members were remunerated by Oranjewoud N.V.

Other transactions with related parties

The total amount of purchases from Oranjewoud N.V. in 2022 amounted to nil (2021: EUR 0.8 million).

Deliveries totalling EUR 0.5 million were made to Antea B.V. in the financial year 2022 (2021: EUR 1.6 million). The total amount of purchases from Antea B.V. in 2022 amounted to EUR 4.5 million (2021: EUR 6.8 million). The total amount of deliveries that were made to Centric Holding B.V. in the financial year 2021 amounted to nil (2021: EUR 0.9 million). The total amount of purchases from Centric Holding B.V. in 2022 amounted to EUR 2.5 million (2021: EUR 3.8 million).

At year-end, the following receivables and liabilities exist due to transactions with related parties:

2022	Oranjewoud N.V.	Centric Holding B.V.	MAFO Holding B.V.	Sanderink Holding B.V.	Antea B.V.	Other related parties	Total
Current receivables	-	63	-	-	988	3,358	4,409
Current payables	-	581	-	-	1,668	786	3,035
Subordinated loans	28,372	7,057	-	1,629	-	-	37,058
2021	Oranjewoud N.V.	Centric Holding B.V.	MAFO Holding B.V.	Sanderink Holding B.V.	Antea B.V.	Other related parties	Total
Current receivables	5	74	-	-	125	-	204
Current payables	158	1,000	-	-	1,722	-	2,880
Subordinated loans	27,280	7,193	2,087	1,565	-	-	38,125

No impairments were considered necessary regarding the related party receivables.

28. Subsequent events

COVID-19 facilities

Strukton Groep N.V. has used the COVID-19 facilities as provided by the Dutch government. This includes the special postponement of payment due to the corona crisis related to VAT and wage tax over the period February until June 2021. Payment of this VAT and wage tax of in total EUR 57.2 million started in October 2022 and this amount will be repaid in 60 months according to the facility. A portion of EUR 11.4 million relates to the division WorkspHERE, which was divested during 2022.

Developments in projects

Given the filing of our financial statements 2022 in 2024, a number of subsequent events occurred which (may) gave rise to an adjustment of the valuation of our projects in 2022. Please refer to the Key Projects section.

Agreement with consortium members Riyadh Metro Project

We have reached an agreement on a process with the other consortium members in January 2023. This agreement aimed to regulate a process pursuant to which Strukton transfers the bank guarantees and its participation in the various consortia, joint ventures and entities of the Riyadh metro project to the other members. The agreement handed over responsibilities with regards to the project to the consortium and was effected during June 2023. This also resulted in the release of the cash collaterals related to this project for an amount of EUR 26 million. Considering the finalisation of the agreement, no further negative financial impact is expected relating to the Riyadh Metro Project.

JPL Rail A/S bankruptcy

Strukton Rail AB, the shareholder of the company JPL Rail A/S, which was owned for 100% per year-end 2022, has submitted a bankruptcy petition to court in Norway as of 15 May 2023 and the bankruptcy is expected to become effective during 2024. No significant financial impact is expected from a potential bankruptcy.

Change in management

On 17 March 2023 the Supervisory Board suspended Mr. Sanderink as CEO of the Group Executive Board with immediate effect for a period of three months. The members of the Supervisory Board took over management of Strukton Groep N.V. as per that date. As of 15 July 2023 Mr. Rob van Wingerden was appointed as interim CEO and Mr. Mark de Haas was appointed as interim CTO (Chief Transition Officer). As of that date, they form the Group Executive Board (as statutory directors) together with Mr. Arthur Vlaanderen as CFO (non-statutory director) and Mr. Willem-Jan Wieland as CLO (non-statutory director).

Change in supervisory board

Mr. A. Schoots resigned as a member of the Supervisory Board on 8 July 2023. Ms M. Bremer was appointed a member as of 21 March 2024.

Conversion of subordinated and other loans to share premium

As of 18 December 2023 Strukton Groep N.V. had subordinated and other loans outstanding with its parent company Oranjewoud N.V. Of these subordinated and other loans, an amount of EUR 69.8 million has been converted to share premium through a capital contribution, significantly increasing the shareholder's equity of Strukton Groep N.V. and its solvability.

Sale of Grid Solutions activities

On 16 November 2023 Strukton Group and SPIE reached an agreement regarding the sale of the Grid Solutions Activities of Strukton Systems (part of Strukton Power). This transaction entails the sale of projects including personnel to be transferred to SPIE. The sale was finalised by the end of December 2023. The sale of the Grid Solutions activities has no impact on the financial position of 2022 as this is considered to be a non-adjusting event.

Hive off Strukton Immersion Projects B.V.

On 15 December 2023, Strukton Groep N.V. and Strukton Immersion Projects B.V. have reached agreement regarding the hiving off of Strukton Immersion Projects B.V. As per that date Strukton Immersion Projects B.V. continues independently as Immontec B.V. The hive off has no impact on the financial position of 2022 as this is considered to be a non-adjusting event.

Sale of A1 Electronics

As per 27 March 2024, A1 Electronics (subsidiary of Strukton Power) has been taken over by Gimv B.V. The sale of the A1 Electronics has no impact on the financial position of 2022 as this is considered to be a non-adjusting event.

Sale of Strukton Integrale Projecten

With effect from 1 April 2024, Strukton Integrale Projecten has been sold to Aiber Services B.V.. The sale of the Strukton Integrale Projecten has no impact on the financial position of 2022 as this is considered to be a non-adjusting event.

29. Services pursuant to concessions and PPP

Strukton's group companies participated in special purpose companies for PPP concession projects during 2022. These companies have entered into a concession agreement for providing services. All agreements are based on a public-private partnership (PPP). These are referred to as DBFM(O) contracts - Design, Build, Finance, Maintain and Operate contracts. Companies over which Strukton can jointly exercise control are recognised as joint ventures or joint operations. If Strukton cannot exercise joint control, the company is recognised as an associate or an investment in equity instruments.

The following applies to all concession agreements:

- The concession payments depend on the availability of infrastructure or accommodation.
- Insofar as the fees concern the provision of support and other services, they are recognised in proportion to the delivery of the services.
- The concession agreements contain provisions for indexation, and certain elements of the agreements can be amended with reference to a benchmark.
- Strukton itself does not own the infrastructure or accommodation.
- The volatility of revenues is limited.
- The concession agreements do not allow for renewal.

School buildings

Strukton has a 20% stake (2021: 20%) in Talentgroep Montaigne B.V. through Strukton Finance Holding B.V. The concession agreement is a DBFM contract for the construction, maintenance and operation of a school building for the Montaigne Lyceum in The Hague. The concession commenced in 2004 and runs until 2034.

Public buildings

Strukton has a 6% stake (2021: 6%) in DUO2 B.V. through Strukton Finance Holding B.V. The concession agreement is a DBFMO contract for the construction, maintenance and operation of the shared accommodation for the Education Executive Agency (DUO) and the regional office in Groningen of the Dutch Tax and Customs Administration. The concession commenced in 2008 and runs until 2031.

During 2018, Strukton has acquired the remaining 50% of its share in MEET Strukton Holding B.V. (formerly Strukton Hurks Heijmans Holding B.V.) from Hurks and Heijmans. This means that Strukton is the full owner of MEET Strukton Holding B.V. since 8 June 2018. The concession agreement concerns a DBFMO contract for the construction, maintenance and operation of the new housing of RIVM (National Institute for Public Health and the Environment) and CBG (the Dutch Medicines Evaluation Board) at Utrecht Science Park. The concession commenced in 2014 and runs until 2049.

The respective special purpose companies received non-recourse financing. No repayment or interest guarantees have been issued by Strukton.

30. Non-controlling interests

During 2022 the non-controlling interests only consisted of the non-controlling interest of the Swedish railroad equipment manufacturing company, Tri Stockholm AB where Strukton Rail AB has acquired 60% of the shares. This non-controlling interest is not considered to be material to the group.

31. Acquisitions

Acquisitions of non-controlling interests

In 2022, Strukton Rail AB acquired 60% of the shares of Tri Stockholm AB, a railroad equipment manufacturing company.

Acquisitions of controlling interests

In June 2022 Terracon Beheer B.V. acquired the additional 50% of the shares in Tubex B.V. and holds 100% of the shares as per 31 December 2022. As per signing date the acquisition was finalised.

32. Joint operations

Some of Strukton's activities are carried out in either temporary or permanent joint operations. Joint operations are joint arrangements whereby Strukton and other parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the joint operation. Strukton recognises its share in the joint operations' individual revenues and expenses, assets and liabilities and includes it on a line-by-line basis with corresponding items in Strukton's financial statements.

	31-12-2022	31-12-2021
Assets		
Non-current assets	36	180
Current assets	35,771	73,719
	35,807	73,899
Liabilities		
Non-current liabilities	(7,040)	(3,510)
Current liabilities	(39,133)	(159,136)
	(46,173)	(162,646)
Balance assets and liabilities	(10,366)	(88,747)
	2022	2021
Revenues	52,297	137,738
Costs	(47,958)	(140,706)
	4,339	(2,968)

The lower position of the balance of assets and liabilities of the joint operations compared with the financial year 2021 is mainly due to the sale of Worksphere and its joint operations.

33. Information per segment

Operating segments are reported in accordance with the internal reports to the Strukton Board of Directors. The Strukton Board of Directors assesses the operating activities from a combination of sectors and geographical zones, defining the operational segments Rail Infrastructure, Civil Infrastructure and Technology and Buildings. Aggregation was applied on the International operating segment. This is integrated in the Civil Infrastructure operating segment due to the similar economic characteristics of both segments. The sale of Strukton Worksphere impacted the current as well as the comparative figures. The basis of accounting is consistent with the basis of accounting of the financial statements

The Rail Infrastructure segment has realised a better operational result than in 2021 (with an increase in EBIT of EUR 15.8 million) due to an excellent performance of Strukton Rail Italy.

The Civil Infrastructure segment had a difficult year similar to 2021 (increase in EBIT of EUR 22.3 million) due to losses on, among others, the Hoofdstation Groningen project.

The Technology and buildings segment has realised a better result than in 2021 (increase in EBIT of EUR 110.4 million). This is mainly due to the loss on the RIVM project which is mostly taken in 2021 and the gain on the sale of Worksphere in 2022.

About EUR 463.2 million of revenue of the Rail Infrastructure segment was received from four single external customers. Another EUR 22.4 million of the revenue received from a single external customer is attributed to the Other segment.

Breakdown by segment

2021 (*)	Rail Infrastructure	Civil Infrastructure	Technology and Buildings	Other and Intercompany eliminations	Total
Revenue from projects	581,774	317,089	60,375	138,742	1,097,979
Revenue from maintenance	283,716	879	-	-	284,595
Revenue from selling inventories	-	22,709	-	(21,213)	1,496
Other revenues	19,215	24,911	(163)	11,561	55,524
Total revenue from customers	884,705	365,588	60,212	129,090	1,439,594
<i>Intercompany revenue</i>	<i>17,031</i>	<i>2,471</i>	<i>8,220</i>	<i>(27,722)</i>	-
Operational result (EBITDA)	89,594	(77,297)	(120,567)	8,100	(100,170)
Depreciation and impairment (**)	(36,976)	(8,897)	(708)	(4,093)	(50,674)
Amortisation and impairment of intangible fixed assets	(2,520)	(686)	(230)	(127)	(3,563)
Operating result (EBIT)	50,097	(86,879)	(121,505)	3,880	(154,407)
Financial (income) and expenses	(2,758)	(2,737)	(20,820)	(1,866)	(28,181)
Income tax	(5,731)	4,457	2,072	(13,400)	(12,602)
Result for the year from discontinued operations	-	-	12,128	-	12,128
Net result	41,608	(85,159)	(128,125)	(11,386)	(183,062)
Total assets	785,799	94,565	274,530	7,702	1,162,596
Total financial assets	43,589	(6,704)	22,450	(8,582)	50,753
Total liabilities	569,972	260,591	394,292	107,917	1,332,771
Total investments in (in)tangible fixed assets	20,480	3,242	544	-	24,266
Average number of FTE	3,161	784	1,910	284	6,139

2022	Rail Infrastructure	Civil Infrastructure	Technology and Buildings	Other and Intercompany eliminations	Total
Revenue from projects	642,163	199,690	44,658	159,225	1,045,737
Revenue from maintenance	306,352	-	-	-	306,352
Revenue from selling inventories	-	-	-	19,654	19,654
Other revenues	5,574	3	-	863	6,440
Total revenue from customers	954,089	199,693	44,658	179,742	1,378,183
Operational result (EBITDA)	103,358	(59,154)	(10,417)	11,400	45,187
Depreciation and impairment (**)	(36,547)	(4,734)	(674)	(6,897)	(48,851)
Amortisation and impairment of intangible fixed assets	(896)	(662)	(34)	(481)	(2,073)
Operating result (EBIT)	65,916	(64,550)	(11,125)	4,022	(5,737)
Financial (income) and expenses	(3,807)	(2,436)	3,135	833	(2,275)
Income tax	(15,252)	194	(179)	(426)	(15,662)
Result for the year from discontinued operations	-	-	202,022	-	202,022
Net result	46,857	(66,791)	193,853	4,429	178,349
Total assets	932,989	176,258	49,503	567	1,159,316
Total financial assets	50,686	159	11,970	(52,545)	10,270
Total liabilities	609,424	398,302	192,997	(64,434)	1,136,289
Total investments in (in)tangible fixed assets	25,507	1,401	41	5,135	32,084
Average number of FTE	3,023	596	229	383	4,231

** Depreciation and impairment of (investment) property, plant and equipment, right of use assets and financial fixed assets.

Geographical breakdown:

2021	The Netherlands	Italy	Sweden	Other Europe	Middle East	Other Non-Europe	Total
Revenue from projects	629,261	244,470	67,305	93,875	61,043	2,025	1,097,979
Revenue from maintenance	118,487	-	166,108	-	-	-	284,595
Revenue from selling inventories	1,496	-	-	-	-	-	1,496
Other revenues	36,918	9,441	9,165	-	-	-	55,524
Total revenue from customers	786,162	253,911	242,578	93,875	61,043	2,025	1,439,594
Total assets	606,324	340,650	126,694	75,848	12,328	753	1,162,597
Total financial assets	78,597	(29,997)	1,654	458	-	40	50,752
Total liabilities	939,139	205,460	77,447	59,338	46,694	4,693	1,332,771
Total investments in (in)tangible fixed assets	17,352	1,786	3,419	1,709	-	-	24,266
2022	The Netherlands	Italy	Sweden	Other Europe	Middle East	Other Non-Europe	Total
Revenue from projects	579,394	284,545	61,004	102,107	6,159	12,528	1,045,737
Revenue from maintenance	117,944	31	188,376	-	-	-	306,352
Revenue from selling inventories	19,654	-	-	-	-	-	19,654
Other revenues	866	5,574	-	-	-	-	6,440
Total revenue from customers	717,858	290,151	249,380	102,107	6,159	12,528	1,378,183
Total assets	223,283	676,020	168,186	75,719	12,774	3,335	1,159,317
Total financial assets	(13,916)	23,652	-	534	-	-	10,270
Total liabilities	572,114	321,121	115,215	53,903	65,752	8,183	1,136,289
Total investments in (in)tangible fixed assets	7,303	11,297	12,044	1,439	-	2	32,084

Breakdown per country:**2021**

	Rail Infrastructure	Civil Infrastructure	Technology and Buildings	Other and Intercompany eliminations	Total
Total revenue from customers based on geographical locations					
The Netherlands	296.725	355.181	60.212	74.043	786.161
Italy	253.911	-	-	-	253.911
Sweden	242.578	-	-	-	242.578
Denmark	51.299	43	-	-	51.342
Other within Europe	42.534	-	-	-	42.534
Middle East	-	61.043	-	-	61.043
Other outside of Europe	2.025	-	-	-	2.025
	889.072	416.267	60.212	74.043	1.439.594

2022

	Rail Infrastructure	Civil Infrastructure	Technology and Buildings	Other and Intercompany eliminations	Total
Total revenue from customers based on geographical locations					
The Netherlands	311,736	193,538	44,658	167,945	717,877
Italy	290,151	-	-	-	290,151
Sweden	249,380	-	-	-	249,380
Other within Europe (*)	102,111	(4)	-	-	102,107
Middle East	-	6,159	-	-	6,159
Other outside of Europe	712	-	-	11,797	12,509
	954,090	199,693	44,658	179,742	1,378,183

* For 2022, Denmark is included in the category Other within Europe

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34. Assets and liabilities held for sale and discontinued operations

Strukton Groep N.V. and SPIE Nederland B.V. entered into exclusive negotiations in November 2021 to prepare the sale of Strukton Services B.V. to SPIE Nederland B.V. On 27 January 2022, the agreements between Strukton Groep N.V. and SPIE Nederland B.V. were legally effectuated and the shares were transferred. The gain recognised on the sale of Strukton Services B.V. amounts to EUR 199.2 million. Strukton Services B.V. was included in the Technology and buildings segment as presented in [note 33 Information per segment](#).

Impact on statement of financial position

Assets and liabilities held for sale

(x EUR 1,000)

	2022	2021
Property, plant and equipment	-	1,481
Right-of-use assets	-	26,359
Intangible assets	-	22,701
Other non-current assets	-	5,112
Deferred tax assets	-	4,668
Inventories	-	265
Contract assets	-	53,625
Other receivables	-	55,482
Cash and cash equivalents	-	26,928
Assets held for sale	-	196,621
Non-current liabilities	-	33,478
Current liabilities	-	169,164
Liabilities held for sale	-	202,642

Impact on statement of income

Discontinued operations

(x EUR 1,000)

	2022	2021
Revenue	30,019	401,058
Expenses	(29,815)	(388,930)
Result for the period before tax	204	12,128
Income tax	-	-
Result for the period after tax	204	12,128
Gain on the sale of the WorkspHERE business	198,693	-
Gain on the sale of others	3,125	-
Total result for the year from discontinued operations	202,022	12,128

	2022	2021
Attributable to:		
Shareholders of the Company	202,022	12,128
Non-controlling interest	-	-
Total result for the year from discontinued operations	202,022	12,128

Impact on statement of cash flows

Cash flows from discontinued operations

(x EUR 1,000)

	2022 (*)	2021
Net cash (used in)/generated by operating activities	(15,571)	10,457
Net cash (used in)/generated by investing activities	239,846	(58)
Net cash (used in)/generated by financing activities	23,192	12,524
Cash flows from discontinued operations	247,467	22,923

* Net cash (used in)/generated by investing activities is including the cash inflow from the sale of the Workspere business of EUR 221.8 million.

35. Overview of Group companies and interests in other entities

A. Group companies

The following companies are fully consolidated:

Name	Statutory office	% Share in the issued capital 2022	% Share in the issued capital 2021
Strukton Rail B.V. ^{*12}	Utrecht (NLD)	100.00	100.00
Strukton Rail Nederland B.V. ^{*12}	Utrecht (NLD)	100.00	100.00
Strukton Rail Short Line B.V. ^{*12}	Utrecht (NLD)	100.00	100.00
IWORKX B.V. ¹²	Utrecht (NLD)	100.00	100.00
Strukton Rolling Stock B.V. ^{*12}	Utrecht (NLD)	100.00	100.00
Strukton M&E B.V. ¹²	Maarssen (NLD)	100.00	100.00
Strukton Embedded Solutions ¹²	Utrecht (NLD)	100.00	100.00
Strukton Systems B.V. ^{*12}	Utrecht (NLD)	100.00	100.00
Strukton Rail Equipment B.V. ^{*12}	Utrecht (NLD)	100.00	100.00
Strukton Rail Asset Management B.V. ¹²	Utrecht (NLD)	100.00	100.00
Strukton Railinfra Projecten B.V. ^{*12}	Utrecht (NLD)	100.00	100.00
Strukton Rail Italy S.r.l.	Bologna (ITA)	100.00	100.00
Uniferr S.r.l.	Reggio Emilia (ITA)	100.00	100.00
Promofer S.r.l.	Rome (ITA)	100.00	100.00
FER RENT S.r.l.	Milano (ITA)	100.00	100.00
Costruzioni Linee Ferroviarie S.p.A.	Bologna (ITA)	100.00	100.00
Costruzioni Linee Ferroviarie CLF C.A.	Caracas (VEN)	100.00	100.00
S.I.F.EL S.p.A.	Spigno Monferrato (ITA)	100.00	100.00

Name	Statutory office	% Share in the issued capital 2022	% Share in the issued capital 2021
Société d'Installations Ferroviaires et Electriques Maroc	Rabat (MAR)	100.00	100.00
AR.FER S.r.l.	Alessandria (ITA)	100.00	100.00
Strukton Construction Trading WLL	Doha (QAT)	49.00	49.00
Strukton Rail Australia PTY Ltd.	Perth (AUS)	100.00	100.00
Strukton Rail International B.V. *12	Utrecht (NLD)	100.00	100.00
Nova Gleisbau AG	Baar (CHE)	-	100.00
Strukton Rail N.V.	Merelbeke (BEL)	100.00	100.00
Siebens Spoorbouw B.V.B.A.	Wilrijk (BEL)	100.00	100.00
Certus Rail Solutions N.V.	Merelbeke (BEL)	100.00	100.00
Strukton Railinfra AB	Stockholm (SWE)	100.00	100.00
Strukton Rail AB	Stockholm (SWE)	100.00	100.00
Strukton Rail A/S	Kopenhagen (DNK)	100.00	100.00
Strukton Rail Västerås AB	Stockholm (SWE)	100.00	100.00
SR Kraft AS	Oslo (NOR)	100.00	100.00
Strukton Rail Holding A/S (DK)	Taastrup (DNK)	100.00	100.00
Strukton Rail S-Bane A/S	Taastrup (DNK)	100.00	100.00
JPL Rail A/S	Ørje (NOR)	100.00	100.00
Strukton Power Inc. (2020: Strukton Rail North America Inc).	Wilmington, Delaware (USA)	100.00	100.00
Strukton Rail North America Power & Rolling Stock LLC	Bethesda, Maryland (USA)	-	100.00
THV Noordzuidlijn	Merelbeke (BEL)	-	100.00
Strukton Civiel B.V. 12	Utrecht (NLD)	100.00	100.00
Strukton Civiel Projecten B.V. 12	Utrecht (NLD)	100.00	100.00
Strukton Roads & Concrete B.V. (2021: Strukton Civiel Regio Zuid B.V.) ²	Utrecht (NLD)	100.00	100.00
Strukton Infrastructure Specialties B.V. 12	Utrecht (NLD)	100.00	100.00
Portfolio Investments Holding B.V. 12	Utrecht (NLD)	100.00	100.00
GBN Holding B.V. 12	Utrecht (NLD)	100.00	100.00
GBN Groep B.V. 12	Utrecht (NLD)	100.00	100.00
GBN Immobilisatie B.V. 2	Utrecht (NLD)	100.00	100.00
Grondbank Stadskanaal B.V. 2	Utrecht (NLD)	100.00	100.00
Grind & Ballast Recycling Nederland B.V. 12	Utrecht (NLD)	100.00	100.00
A-Lanes Asset Management B.V. 12	Utrecht (NLD)	100.00	100.00
A1 Electronics Netherlands B.V. 12	Almelo (NLD)	100.00	100.00
Buca Electronics B.V. 1	Almelo (NLD)	100.00	100.00
Terracon Beheer B.V. (2021: Terracon Molhoek Beheer B.V.) *12	Werkendam (NLD)	100.00	100.00
Terracon Funderingstechniek B.V. * 12	Nieuwendijk (NLD)	100.00	100.00
Terracon International B.V. 12	Nieuwendijk (NLD)	100.00	100.00
Terracon Speziatiefbau GmbH	Berlin (DEU)	100.00	100.00
Terracompact B.V. (2021: Tubex B.V.)	Utrecht (NLD)	100.00	50.00
Molhoek Aannemingsbedrijf B.V. 12	Nieuwendijk (NLD)	100.00	100.00
Strukton Engineering B.V. 12	Utrecht (NLD)	100.00	100.00
Strukton Prefab Beton B.V. 12	Utrecht (NLD)	100.00	100.00
Strukton Civiel Regio Noord & Oost B.V.	Oldenzaal (NLD)	-	100.00
Strukton Civiel Noord & Oost B.V.	Oldenzaal (NLD)	-	100.00
Strukton Civiel Regio West B.V.	Scharwoude (NLD)	-	100.00
Strukton Civiel West B.V.	Scharwoude (NLD)	-	100.00

Name	Statutory office	% Share in the issued capital 2022	% Share in the issued capital 2021
Strukton Civiel Equipment B.V. (2021: Strukton Civiel West Materieel B.V.) ¹²	Scharwoude (NLD)	100.00	100.00
Strukton Civiel West Transport B.V.	Scharwoude (NLD)	-	100.00
Ooms Producten B.V. ^{*12}	Scharwoude (NLD)	100.00	100.00
Unihorn B.V. ¹²	Avenhorn (NLD)	100.00	100.00
Unihorn Astana Ltd. i.l. ^{**}	Astana (KAZ)	100.00	100.00
Strukton Milieutechniek B.V. ^{*12}	Utrecht (NLD)	100.00	100.00
Strukton Civiel Zuid B.V.	Breda (NLD)	-	100.00
Strukton Betonrenovaties & Voegovergangen B.V. (2021: Tensa B.V.) ¹²	Nieuwendijk (NLD)	100.00	100.00
Reanco B.V.	Breda (NLD)	100.00	100.00
Rasenbergh Verkeer & Mobiliteit B.V.	Breda (NLD)	-	100.00
Recycling & Overslag Breda B.V. ²	Breda (NLD)	100.00	100.00
Van Rens B.V. ¹²	Horst (NLD)	100.00	100.00
Colijn Beton- en Waterbouw ¹²	Breda (NLD)	-	100.00
Strukton Civiel Startup & Innovation Centre B.V.	Utrecht (NLD)	100.00	100.00
Strukton Immersion Projects B.V. ¹²	Utrecht (NLD)	100.00	100.00
Strukton Immersion Projects Inc.	Vancouver (CAN)	100.00	100.00
Onderwatertechniek Nederland B.V. ¹²	Utrecht (NLD)	100.00	100.00
Ooms PMB B.V. ¹²	Scharwoude (NLD)	100.00	100.00
Ooms PMB HK Ltd.	Hong Kong (CHN)	100.00	100.00
Comb. Strukton Infratechnieken - Colijn - Reef V.O.F. ²	Utrecht (NLD)	100.00	100.00
Avenue2 Infra V.O.F.	Nieuwegein (NLD)	100.00	100.00
Strukton Bouw B.V. ²³	Utrecht (NLD)	-	100.00
Strukton Revitalisatie en Ontwikkeling B.V. ²³	Utrecht (NLD)	-	100.00
Strukton Gamma B.V. ²³	Utrecht (NLD)	-	100.00
Strukton Delta B.V. ²³	Utrecht (NLD)	-	100.00
C.V. Voorstadslaan ²³	Utrecht (NLD)	-	100.00
La Mondiale N.V.	Etterbeek (BEL)	100.00	100.00
Strukton Services B.V. ²³	Utrecht (NLD)	-	100.00
Strukton Worksphere B.V. ²³	Utrecht (NLD)	-	100.00
Strukton Worksphere Bouw B.V. ³	Utrecht (NLD)	-	100.00
Strukton Worksphere België B.V.B.A ³	Tongeren (BEL)	-	100.00
MEET RIVM CBG B.V.	Utrecht (NLD)	100.00	100.00
Strukton Integrale Projecten B.V. ^{*12}	Utrecht (NLD)	100.00	100.00
SPC Management Services B.V. ¹²	Utrecht (NLD)	100.00	100.00
Strukton Finance ESCo's Holding B.V. ¹²	Utrecht (NLD)	100.00	100.00
RGG cluster zwembaden ESCo Invest B.V. ¹²	Utrecht (NLD)	100.00	100.00
RGG KPP ESCo Invest B.V. ¹²	Utrecht (NLD)	100.00	100.00
Strukton Assets B.V. ¹²	Utrecht (NLD)	100.00	100.00
MEET Strukton Holding B.V. ¹	Utrecht (NLD)	100.00	100.00
MEET Strukton B.V.	Utrecht (NLD)	100.00	100.00
Strukton Management B.V. ^{*12}	Utrecht (NLD)	100.00	100.00
Strukton Vastgoedbeheer en Facility Management B.V.	Utrecht (NLD)	100.00	100.00
Servica B.V. ¹²	Utrecht (NLD)	100.00	100.00
BAG B.V. ^{**}	Maastricht (NLD)	100.00	100.00
Strukton Power B.V. (2020: Servica Advies B.V.) ¹²	De Meern (NLD)	100.00	100.00
Strukton Materieel B.V. [*]	Utrecht (NLD)	100.00	100.00

Name	Statutory office	% Share in the issued capital 2022	% Share in the issued capital 2021
Strukton Vuka B.V. ²	Utrecht (NLD)	100.00	100.00
Strukton Elshot B.V. ¹²	Utrecht (NLD)	100.00	100.00
Molhoek-CCT B.V. ¹²	Utrecht (NLD)	100.00	100.00
Strukton Infratechnieken B.V. ¹²	Utrecht (NLD)	100.00	100.00
Strukton Microtunneling B.V. ¹²	Maarsssen (NLD)	100.00	100.00
Canor Benelux B.V. ¹²	Utrecht (NLD)	100.00	100.00
Reanco Benelux B.V. ¹²	Utrecht (NLD)	100.00	100.00
Bouwcombinatie DUO2 V.O.F. ²³	Maarsssen (NLD)	-	99.90
Strukton combinatie Rijswijk Delft-Zuid V.O.F.	Utrecht (NLD)	100.00	100.00
Strukton International B.V. ¹²	Utrecht (NLD)	100.00	100.00
Strukton International Denmark A/S	Kopenhagen (DNK)	100.00	100.00
Strukton Specialistische Technieken B.V. ¹²	Utrecht (NLD)	100.00	100.00
Strukton International Rail B.V. ¹²	Utrecht (NLD)	100.00	100.00
Strukton International Belgium N.V.	Merelbeke (BEL)	100.00	100.00
Strukton International Deutschland GMBH	Kleve (DEU)	100.00	100.00
Strukton Internacional Argentina SA	Buenos Aires (ARG)	-	100.00

The following companies are fully included in the consolidation with a non-controlling interest:

Name	Statutory office	% Share in the issued capital 2022	% Share in the issued capital 2021
TRI Stockholm AB	Hägersten (SWE)	60.00	-

B. The following companies are partially accounted for (joint operations):

Name	Statutory office	% Share in the issued capital 2022	% Share in the issued capital 2021
Tribase Datasystems & Network Services V.O.F.	Utrecht (NLD)	33.30	33.30
Combinatie Hollandia – Strukton Systems V.O.F.	Utrecht (NLD)	50.00	50.00
Strukton-Aarsleff JV I/S	Aarhus (DNK)	45.00	45.00
SITEC Consorzio Stabile ferr.	Bologna (ITA)	47.50	47.50
A-Lanes Civil V.O.F.	Nieuwegein (NLD)	50.00	45.00
Avenue 2 V.O.F.	Nieuwegein (NLD)	25.00	50.00
Combinatie Versterken Bruggen V.O.F.	Capelle a/d IJssel (NLD)	50.00	50.00
BPL Wegen V.O.F.	Rotterdam (NLD)	50.00	50.00
Combinatie Buitenring V.O.F.	Rotterdam (NLD)	33.33	33.33
Combinatie Spanstaal – Tensa V.O.F.	Werkendam (NLD)	-	50.00
A-Lanes A15 Mobility V.O.F.	Nieuwegein (NLD)	45.00	45.00
A-Lanes Roads V.O.F.	Nieuwegein (NLD)	50.00	45.00
DUOS V.O.F.	Oldenzaal (NLD)	50.00	50.00
A9V1 V.O.F.	Utrecht (NLD)	50.00	50.00
Combinatie Natuurontwikkeling Maasplassen V.O.F.	Vinkel (NLD)	50.00	50.00
Combinatie Rions – Strukton Civiel Zuid V.O.F.	Sittard (NLD)	50.00	50.00
Hydraphalt V.O.F.	Scharwoude (NLD)	50.00	50.00
CE-Asfaltonderzoek V.O.F.	Scharwoude (NLD)	50.00	50.00
Zandexploitatie Westfriesland V.O.F.	Scharwoude (NLD)	50.00	50.00
Combinatie Dinteloord V.O.F.	Middelharnis (NLD)	50.00	50.00
Combinatie Zijkanaal D V.O.F.	Sliedrecht (NLD)	50.00	50.00

Name	Statutory office	% Share in the issued capital 2022	% Share in the issued capital 2021
Combinatie Colijn/Rasenberg/van den Herik V.O.F.	Sliedrecht (NLD)	50.00	50.00
Combinatie Gladheidsbestrijding Ballast Nedam – Strukton V.O.F.	Leerdam (NLD)	50.00	50.00
Grondstoffen Recycling Burgum V.O.F.	Utrecht (NLD)	50.00	50.00
Grondstoffen Recycling Sappemeer V.O.F.	Utrecht (NLD)	50.00	50.00
Combinatie Tussen de Westfriezen V.O.F.	Alkmaar (NLD)	16.67	16.67
Combinatie BNOC V.O.F.	Leerdam (NLD)	50.00	50.00
Combinatie Strukton Civiel / Oosterhof Holman V.O.F.	Oldenzaal (NLD)	50.00	50.00
Combinatie OP Beneden-LEK V.O.F.	Scharwoude (NLD)	50.00	50.00
A-team V.O.F.	Utrecht (NLD)	50.00	50.00
Combinatie Strukton Arcadis Delft Interlocking V.O.F.	Utrecht (NLD)	75.00	75.00
Combinatie Strukton-Den Ouden V.O.F.	Breda (NLD)	50.00	50.00
Combinatie Strukton Civiel Zuid / Van den Herik V.O.F.	Breda (NLD)	50.00	50.00
Combinatie Sluis 0 Den Bosch V.O.F.	Sliedrecht (NLD)	50.00	50.00
Combinatie Van den Herik – Strukton Civiel West V.O.F.	Sliedrecht (NLD)	50.00	50.00
Grondbank Noord Oost Brabant V.O.F.	Oss (NLD)	50.00	50.00
Grondbank West Brabant V.O.F.	Utrecht (NLD)	50.00	50.00
Combinatie K. Dekker – Ooms Construction Muiden V.O.F.	Warmenhuizen (NLD)	50.00	50.00
GBB Grondbank Budel V.O.F.	Zeeland (NLD)	50.00	50.00
Switch - Realisatie NW-2 V.O.F.	Utrecht (NLD)	50.00	50.00
Switch V.O.F.	Utrecht (NLD)	50.00	50.00
4AMS V.O.F. ³	Utrecht (NLD)	-	33.33
Arge Instandsetzung Reinbrucke Maxau	Karlsruhe (DEU)	50.00	50.00
Arge A9 Guntersdorf Instands BW 68	Langen (DEU)	50.00	50.00
Grondontwikkeling Beilen B.V.	Amsterdam (NLD)	50.00	50.00
Safire Services V.O.F. ³	Eindhoven (NLD)	-	33.30
Bouwcombinatie Komfort V.O.F. ³	Utrecht (NLD)	-	50.00
La Linea Leiden C.V. ³	Rotterdam (NLD)	-	50.00
RGG cluster Zwembaden ESCo Exploitatie V.O.F. ³	Utrecht (NLD)	-	50.00
SPARK V.O.F. ³	Utrecht (NLD)	-	50.00
R Creators DBMO V.O.F. ³	Nieuwegein (NLD)	-	45.00
Exploitatie maatschappij DC16 B.V. ³	Nieuwegein (NLD)	-	50.00
Exploitatie maatschappij Komfort B.V. ³	Nieuwegein (NLD)	-	50.00
ProCUS V.O.F. ³	Utrecht (NLD)	-	50.00
Bouwcombinatie de Jonkvrouw V.O.F. ³	Utrecht (NLD)	-	50.00
Bouwcombinatie SVS V.O.F.	Vianen (NLD)	50.00	50.00
Strukton & Van den Herik V.O.F.	Breda (NLD)	50.00	50.00
Combinatie Strukton Civiel West – Jaro V.O.F.	Scharwoude (NLD)	50.00	50.00
Brücke A43 Rhein-Herne-Kanal Instands		50.00	-
Combinatie Piet-Heinplein V.O.F.	Den Haag (NLD)	50.00	-

C. Associates and joint ventures:

Name	Statutory office	Share in the issued capital 2022	Share in the issued capital 2021
Exploitatie Maatschappij A-Lanes A15 B.V.	Nieuwegein (NLD)	50.00	50.00
Shandong SRCC Rail Transit Technology Co.Ltd.	Jinan (CHN)	-	45.00
Eurailscout Inspection & Analysis B.V.	Utrecht (NLD)	50.00	50.00
New Sorema Ferroviaria S.p.A.	Brescia (ITA)	50.00	50.00
Frejus s.c.r.l.	Bologna (ITA)	-	27.99
C2CA Technology B.V.	Utrecht (NLD)	27.37	50.00
WeCity B.V.	Harderwijk (NLD)	50.00	-
GBN Artificial Grass Recycling B.V.	Utrecht (NLD)	55.00	55.00
Grondstoffen Recycling Weert B.V.	Weert (NLD)	50.00	50.00
Combinatie Verkeersmaatregelen A-Lanes V.O.F.	Rotterdam (NLD)	50.00	50.00
Combinatie Ballast Nedam Infra Spec./Van Rens V.O.F.	Leerdam (NLD)	30.00	30.00
Nederlands Wegen Markeerbedrijf B.V.	Oosterwolde (NLD)	25.00	25.00
Aduco Holding B.V.	Ede (NLD)	25.00	25.00
Hoka Noord-West V.O.F.	's-Hertogenbosch (NLD)	50.00	50.00
Asfalt Productie Amsterdam (APA) B.V.	Amsterdam (NLD)	25.00	25.00
Asfalt Productie Rotterdam Rijnmond (APRR) B.V.	Rotterdam (NLD)	25.00	25.00
BituNed B.V.	Reeuwijk (NLD)	50.00	50.00
SolaRoad B.V.	Delft (NLD)	20.00	20.00
DMI Nederland B.V.	Weert (NLD)	50.00	50.00
Strukton LLC	Riyadh (SAU)	49.00	49.00
Petroserv Ltd./Strukton Construction and Trading WLL	Doha (QAT)	50.00	50.00
La Linea Leiden Beheer B.V. ³	Rotterdam (NLD)	-	50.00
Venturium Beheer B.V. ³	Capelle a/d IJssel (NLD)	-	25.00
ISE Exploitatie B.V. ³	Eindhoven (NLD)	-	34.00
A-Lanes Management Services B.V.	Nieuwegein (NLD)	25.00	25.00
Aendless Energy B.V.	Den Ham (NLD)	50.00	50.00
Rebru V.O.F.	Utrecht (NLD)	50.00	50.00
Pavement Information Modelling V.O.F.	Nieuwegein (NLD)	12.50	12.50

The following companies are accounted for as investments in equity instruments:

Name	Statutory office	% Share in the issued capital 2022	% Share in the issued capital 2021
Voestalpine Railpro B.V.	Hilversum (NLD)	10.00	10.00
Strukton Finance Holding B.V. ***	Utrecht (NLD)	7.89	7.89

* For companies marked with *, Strukton Groep N.V. issued liability statements in accordance with Section 403 of Title 9 Book 2 of the Dutch Civil Code.

** In liquidation

*** The share capital of Strukton Finance Holding B.V. consists of different types of shares linked to the various investments in PPP projects. For all participations, the ratio is 80/20 (DIF/Strukton) except for ISE Holding B.V., which has a 90/10 ratio (DIF/Strukton), and Strukton Finance B.V. (Delfluent) and Komfort Holding B.V., where all tracker shares are held by DIF.

¹ These entities belong to the Dutch fiscal unity for corporate income tax.

² These entities belong to the Dutch fiscal unity for value added tax.

³ These entities have been classified as held for sale per year-end 2021.

Company financial statements

Company balance sheet before proposed result appropriation

(x EUR 1,000)

	31 December 2022	31 December 2021
Non-current assets		
1. Property, plant and equipment	6,141	6,743
2. Intangible assets	524	307
3. Right-of-use assets	23	93
4. Financial non-current assets	350,570	272,427
Total non-current assets	357,258	279,570
Current assets		
5. Trade and other receivables	17,180	21,173
6. Cash and cash equivalents	110,572	35,650
Total current assets	127,752	56,823
Total assets	485,009	336,393
Equity		
Issued share capital	2,269	2,269
Share premium reserve	69,000	69,000
Other reserves	(23,076)	(5,205)
Undistributed result for the year	205,721	(32,628)
7. Total equity	253,915	33,436
8. Subordinated loans	37,058	38,125
9. Provisions	6,392	10,111
10. Non-current liabilities	25,027	72,741
11. Current liabilities	162,617	181,980
Total equity and liabilities	485,009	336,393

Company statement of income

(x EUR 1,000)

	2022	2021
Results from subsidiaries after income taxes	49,142	49,611
12. Corporate result after income taxes	156,580	(82,239)
Net result for the year	205,721	(32,628)

Notes to the Company financial statements

On 29 October 2010, Strukton Groep N.V. became part of Oranjewoud N.V. Oranjewoud N.V. holds all shares in Strukton Groep N.V. As at year-end 2022, 99.09% of the shares in Oranjewoud N.V. are held by Sanderink Investments B.V. Where reference is made in the Company financial statements to transactions with group companies, this means both relations between Strukton Groep N.V. and its subsidiaries and the relations with other group companies that are part of Strukton Groep N.V. and Sanderink Investments B.V., and their related companies. Strukton Groep N.V. is registered in the Dutch Trade Register under number 30004006.

General principles for the preparation of the Company financial statements

Strukton's company financial statements are included in the consolidated financial statements. The company financial statements of Strukton are prepared in accordance with the legal provisions set out in Title 9, Book 2 of the Dutch Civil Code. Within this context, the Company utilises the option provided by Section 2:362 sub 8 of the Dutch Civil Code to apply the same accounting policies to the company financial statements as those applied to the consolidated financial statements. Strukton companies included in the consolidation are stated at net equity value in accordance with the accounting policies applicable to the consolidated financial statements of Strukton. Joint ventures and associates in which significant control is held are valued according to the equity method. The accounting policies as applied to the consolidated financial statements are also applied as the accounting policies of the company financial statements for the determination of the result.

Furthermore, the Company financial statements contain only an abridged statement of income, through the application of Section 402 of Book 2 of the Dutch Civil Code.

Subsidiaries with a negative net asset value

Subsidiaries with negative net asset value are valued at nil. Other long-term interests in these subsidiaries that are in substance part of the net investment (such as long-term receivables) are taken into account in this valuation.

If the Company fully or partly guarantees the liabilities of the subsidiaries concerned, or has the effective obligation to enable the subsidiaries to pay its (share of the) liabilities, a provision is formed.

Accounting policies for the measurement and determination of results

If not stated otherwise, the accounting policies applied are the same as those in the 2022 Consolidated Financial Statements. For a correct interpretation of Strukton's company financial statements, please refer to Strukton's consolidated financial statements.

1. Property, plant and equipment

	Land	Buildings	Total
As at 1 January 2021			
Cost	2,250	27,129	29,379
Cumulative depreciation and impairment	(454)	(20,911)	(21,365)
Carrying amount	1,796	6,218	8,014
Investments	-	-	-
Disposals	(466)	(103)	(569)
Depreciation	(1)	(701)	(702)
Other movements	-	-	-
Carrying amount as at 31 December 2021	1,329	5,414	6,743
As at 1 January 2022			
Cost	1,784	26,265	28,049
Cumulative depreciation and impairment	(455)	(20,851)	(21,306)
Carrying amount	1,329	5,414	6,743
Investments	-	-	-
Disposals	-	-	-
Depreciation	(1)	(602)	(603)
Other movements	-	1	1
Carrying amount as at 31 December 2022	1,328	4,813	6,141
As at 31 December 2021			
Cost	1,784	26,265	28,049
Cumulative depreciation and impairment	(456)	(21,452)	(21,908)
Carrying amount	1,328	4,813	6,141

Strukton leases most of its industrial buildings to its subsidiaries.

Lease income recognised by Strukton in 2022 was EUR 1.8 million (2021: EUR 2.3 million). These leases are subject to 12 months' notice.

The depreciation terms are based on expected economic life.

- Land No depreciation (only paved areas are subject to depreciation, 8 to 20 years)
- Buildings 10 to 50 years

2. Intangible assets

	Software	Assets under construction	Total
2021			
Carrying amount as at 1 January 2021	-	-	-
Investments	-	307	307
Amortisation	-	-	-
Other movements	-	-	-
Carrying amount as at 31 December 2021	-	307	307
Cost	-	307	307
Accumulated amortisation and impairments	-	-	-
Carrying amount as at 31 December 2021	-	307	307
2022			
Carrying amount as at 1 January 2022	-	307	307
Investments	348	-	348
Amortisation	(131)	-	(131)
Assets under construction put in use	307	(307)	-
Other movements	-	-	-
Carrying amount as at 31 December 2022	524	-	524
Cost	655	-	655
Accumulated amortisation and impairments	(131)	-	(131)
Carrying amount as at 31 December 2022	524	-	524

3. Right-of-use assets

	Property	Cars	Total
2021			
Carrying amount as at 1 January 2021	214	142	356
Additions	-	-	-
Contract modifications	-	-	-
Depreciation	(214)	(48)	(262)
Other movements	-	(1)	(1)
Carrying amount as at 31 December 2021	-	93	93
2022			
Carrying amount as at 1 January 2022	-	93	93
Additions	-	-	-
Contract modifications	-	-	-
Depreciation	-	(71)	(71)
Other movements	-	1	1
Carrying amount as at 31 December 2022	-	23	23

The payment obligations corresponding with the lease contracts are recognised in current liabilities and non-current liabilities. For more information relating to these lease liabilities, please refer to notes 10. [Non-current liabilities](#) and 11. [Current liabilities](#).

4. Financial non-current assets

	31-12-2022	31-12-2021
Subsidiaries	301,309	254,269
Receivables from group companies	31,520	-
Subordinated loans	10,000	10,000
Third-party receivables	497	497
Deferred tax receivables	5,425	5,842
	348,750	270,608
Investments in equity instruments	1,820	1,819
	350,570	272,427

An interest rate of 3.0% is charged on receivables from group companies during the year. As per year-end 2022, the non-current receivables from group companies have increased due to new loans that were granted. The receivable on MEET Strukton B.V. was fully impaired for an amount of EUR 25.3 million (2021: nil).

The subordinated loans have a 3.0% interest rate and a term of 55 years and have been provided to group companies. This interest is only due if the group companies have a positive result during the applicable year.

Movements in financial non-current assets were as follows:

	Subsidiaries	Receivables from group companies	Subordinated loans	Third-party receivables	Deferred tax receivables	Investments in equity instruments	Total
As at 1 January 2021	181,351	43,512	10,000	497	18,887	1,810	256,057
Disposals	-	-	-	-	-	-	-
Capital contributions	32,806	-	-	-	-	9	32,815
Share in results	49,611	-	-	-	-	-	49,611
Movement to provision for subsidiaries	(214)	-	-	-	-	-	(214)
Dividends	-	-	-	-	-	-	-
Fx conversion result	(324)	-	-	-	-	-	(324)
Repayments	-	(15,559)	-	-	-	-	(15,559)
Revaluations	-	(27,953)	-	-	(13,045)	-	(40,998)
Other movements	(8,961)	-	-	-	-	-	(8,961)
As at 31 December 2021	254,269	-	10,000	497	5,842	1,819	272,427
Additions	503	56,806	-	-	-	-	57,309
Disposals	(18,749)	-	-	-	-	-	(18,749)
Capital contributions	1,363	-	-	-	-	-	1,363
Share in results	49,141	-	-	-	-	-	49,141
Movement to provision for subsidiaries	(3,712)	-	-	-	-	-	(3,712)
Dividends	-	-	-	-	-	-	-
Fx conversion result	(2,560)	-	-	-	-	-	(2,560)
Repayments	-	(3,722)	-	-	-	-	(3,722)
Reversal of impairment	-	3,721	-	-	-	-	3,721
Revaluations	-	(25,285)	-	-	(417)	-	(25,702)
Other movements	21,055	-	-	-	-	1	21,056
As at 31 December 2021	301,309	31,520	10,000	497	5,425	1,820	350,570

5. Trade and other receivables

	31-12-2022	31-12-2021
Trade receivables	178	-
Receivables from group companies	17,002	20,511
Other receivables and accrued income	-	662
	<u>17,180</u>	<u>21,173</u>

The majority of the receivables from group companies is related to the VAT positions of the Dutch fiscal unity which are still to be received from group companies. Please refer for an overview of the entities in the Dutch fiscal unity for VAT to [note 35](#) of the consolidated financial statements. The receivables from group companies have a total gross amount of EUR 76.5 million, of which EUR 59.5 million is provided for, related to Strukton Civiel B.V. and Strukton International B.V.

6. Cash and cash equivalents

An amount of EUR 26.0 million (2021: EUR 26.0 million) is collateralised for banks related to the activities on the Riyadh metro project. Also refer to [note 12](#) in the consolidated financial statements for the required repayment of the subordinated loans if certain conditions are met.

All other cash and cash equivalents are fully at the Company's free disposal.

7. Equity

	Share Capital	Share Premium	Foreign currency translation (legal) reserve	Hedging (legal) reserve	Actuarial reserves	Other legal reserves	Retained earnings	Unappropriated result	Total equity
Balance 1 January 2021	2,269	69,000	(348)	(247)	(25,597)	8,097	153,089	(143,461)	62,802
Acquisition of subsidiaries	-	-	-	-	-	-	1,580	-	1,580
Cash flow hedges	-	-	-	247	-	-	-	-	247
Appropriation of result 2020	-	-	-	-	-	-	(143,461)	143,461	-
Result for the reporting period	-	-	-	-	-	-	-	(32,628)	(32,628)
Unrealised results	-	-	(324)	-	1,759	-	-	-	1,435
Total recognised result for the reporting period	-	-	(324)	247	1,759	-	(141,881)	110,833	(29,366)
Change in legal reserve	-	-	-	-	-	2,020	(2,020)	-	-
Dividend paid to shareholders	-	-	-	-	-	-	-	-	-
Share premium contribution	-	-	-	-	-	-	-	-	-
Balance 31 December 2021	2,269	69,000	(672)	-	(23,838)	10,117	9,188	(32,628)	33,436
Balance 1 January 2022	2,269	69,000	(672)	-	(23,838)	10,117	9,188	(32,628)	33,436
Acquisition of subsidiaries	-	-	-	-	-	-	2,996	-	2,996
Cash flow hedges	-	-	-	-	-	-	-	-	-
Appropriation of result 2021	-	-	-	-	-	-	(32,628)	32,628	-
Result for the reporting period	-	-	-	-	-	-	-	205,721	205,721
Unrealised results	-	-	(1,527)	-	13,288	-	-	-	11,761
Total recognised result for the reporting period	-	-	(1,527)	-	13,288	-	(29,632)	238,349	220,479
Change in legal reserve	-	-	-	-	-	1,224	(1,224)	-	-
Dividend paid to shareholders	-	-	-	-	-	-	-	-	-
Share premium contribution	-	-	-	-	-	-	-	-	-
Balance 31 December 2022	2,269	69,000	(2,199)	-	(10,550)	11,341	(21,668)	205,721	253,915

The other legal reserves include reserves relating to earnings retained by subsidiaries, associates and joint ventures to the extent that there are limitations to arrange profit distributions and reserves of investments that are not at the Company's disposal for allocation.

The legal reserve also includes reserves related to capitalised development costs of nil (2021: nil). The remaining share capital is specified in the consolidated financial statements.

The difference between the company only equity and the shareholder's equity in the consolidated financial statements consists of the following:

Provision for receivables from group companies	(108,985)
Adjustment negative equity subsidiaries	<u>340,140</u>
Total	<u><u>231,155</u></u>

The difference between the company unappropriated result and the unappropriated result in the consolidated financial statements consists of the following:

Provision for receivables from group companies	(42,542)
Adjustment negative result subsidiaries	<u>70,086</u>
Total	<u><u>27,544</u></u>

There were multiple subsidiaries for which the negative result was adjusted in the company only result. This is applicable for Strukton Civiel B.V., Strukton Assets B.V. and Strukton International B.V. as no declaration of liability in accordance with article 403 of Book 2 of the Dutch Civil Code was issued for these entities. This causes the differences with the consolidated financial statements as stated above.

8. Subordinated loans

Please refer for further information regarding the subordinated loans to [note 12](#) in the consolidated financial statements.

9. Provisions

	Provision for subsidiaries	Tax provisions	Other provisions	Total
As at 1 January 2021	8,973	1,336	27	10,336
Additions	-	-	-	-
Withdrawals	-	-	-	-
Release of provision	(214)	-	(11)	(225)
Other movements	-	-	-	-
As at 31 December 2021	8,759	1,336	16	10,111
Additions	-	-	5	5
Withdrawals	-	-	-	-
Release of provision	(3,712)	(12)	-	(3,724)
Other movements	-	-	-	-
As at 31 December 2022	5,047	1,324	21	6,392

The decrease in the provision for subsidiaries is related to the negative equity of subsidiaries for which Strukton Groep N.V. has issued liability statements in accordance with Section 403 of Title 9 Book 2 of the Dutch Civil Code.

10. Non-current liabilities

	31-12-2022	31-12-2021
Lease liabilities	27	58
Debts to group companies	25,000	72,683
	25,027	72,741

The debts to group companies had an applicable interest rate of 3% during 2022 (2021: 1%-3%). This interest rate is reassessed on an annual basis. Repayment of the debts to group companies will take place in full or in parts, in mutual consultation between the parties, with Strukton Groep N.V. being entitled to fully or partially repay the balances without owing any penalty (interest) and/or costs. The debts to group companies in 2022 are fully related to Strukton Rail B.V. (EUR 25.0 million) (2021: EUR 57.8 million). An amount of EUR 32.8 million of the debts to Strukton Rail B.V. has to be repaid on 1 April 2023 and is therefore reclassified to the current liabilities. The loan to Strukton Integrale Projecten of EUR 14.9 million has been fully repaid in 2022.

11. Current liabilities

	31-12-2022	31-12-2021
Debt to financial institutions	1,369	21,011
Trade payables	797	610
Lease liabilities	-	41
Debts to group companies	122,440	104,186
Tax payables	20,960	41,715
Other liabilities and accruals	17,052	14,417
	162,617	181,980

The debts to group companies mainly consists of the current account payable to Strukton Rail B.V. of EUR 102.3 million (2021: EUR 69.7 million).

The tax payables mainly relate to VAT payables for the Dutch fiscal unity. Refer for all entities included in the Dutch fiscal unity to [note 35](#) of the consolidated financial statements.

12. Corporate result after income taxes

	2022	2021
Corporate result after income taxes	156,580	(82,239)

In 2022, the tax expense of the tax group amounts to EUR 0.4 million (2021: EUR 13.4 million). Additionally, the Other results consist of financial income and expenses, overheads and the provision for receivables from group companies. Furthermore it includes the gain on sale of Worksphere in 2022. For further elaboration, please refer to [note 34](#) of the consolidated financial statements.

Strukton formed an independent tax group with most of its domestic subsidiaries in 2022. Strukton does not charge proportionate corporate income tax to its individual subsidiaries.

At year-end 2022, Strukton Groep N.V. had 23.0 employees in FTE (2021: 16.0). The average number of employees in FTE amounted to 19.5 (2021: 14.0). There are no employees in other countries than the Netherlands.

13. Off-balance-sheet commitments and securities provided

As of 31 December 2022, bankers had issued guarantees and letters of intent up to a total amount of EUR 18.0 million (2021: EUR 2.5 million). The largest guarantee relates to the sale of the Worksphere business.

Remuneration Supervisory Board and Board of Directors members

For an overview of the remuneration of Supervisory Board and Board of Directors members, please refer to the consolidated financial statements.

Auditor's fees

The total fees for the audit of the consolidated financial statements are listed below. The fees stated below for the audit of the financial statements are based on the total fees for the audit of the financial statements, regardless of whether the procedures were already performed in the financial year.

Expenses for services provided by the Company's current independent auditor, Mazars Accountants N.V., and other audit firms to Strukton and its subsidiaries are specified as follows:

2022	Mazars Accountants N.V.	Total
Audit fees	1,700	1,700
Audit-related fees	-	-
Tax fees	-	-
Other non-audit fees	-	-
	1,700	1,700

2021	Mazars Accountants N.V.	Total
Audit fees	2,200	2,200
Audit-related fees	867	867
Tax fees	-	-
Other non-audit fees	-	-
	3,067	3,067

14. Dividend proposal

The proposal is for the General Meeting of Shareholders to refrain from paying out dividends and to adding the full result to the general reserves (2021: result deducted from the general reserve).

15. Subsequent events

For events after balance sheet date, please refer to [note 28](#) of the consolidated financial statements.

Utrecht,

Board of Directors

Mr. R.P. van Wingerden

Mr. M.A.J. de Haas

Mr. B.C. Fortuyn

The Supervisory Board

Mr. J.M. Kuling (Chairman)

Mr. J.J.A. van Leeuwen

Ms. M.L. Bremer

16. Other information

Statutory result distribution

The provisions relating to result appropriation are set out in Article 23 of the Articles of Association. The provisions set out that the result is at the disposal of the General Meeting of Shareholders.

Independent auditor's report

for the period ended 31 December 2022

To the Management Board and Supervisory Board of
Strukton Groep N.V.

Report on the audit of the financial statements for the year ended 31 December 2022 included in the annual report

Our unqualified opinion

We have audited the financial statements 2022 (hereafter “financial statements”) of Strukton Groep N.V. (hereafter “Company” refers to the legal entity, and “Group” refers to the consolidated level), based in Utrecht, the Netherlands. The Company is at the head of a group of entities (“components”). The financial information of this Group is included in the 2022 Consolidated Financial Statements of the Group. The financial statements include the 2022 Consolidated Financial Statements and the 2022 Company Financial Statements.

In our opinion:

- the accompanying Consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and its cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying 2022 Company Financial Statements give a true and fair view of the financial position of the Company as at 31 December 2022 and of its results and its cash flows for the year ended 31 December 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The Consolidated Financial Statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the following statements for the year ended 31 December 2022: the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of movements in equity and the consolidated statement of cash flows; and
- the notes comprising a summary of the key accounting policies and other explanatory information.

The Company Financial Statements comprise:

- the company statement of financial position as at 31 December 2022;
- the company statement of income for the year ended 31 December 2022; and
- the notes comprising a summary of the key accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the group and the Company in accordance the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 for Professional Accountants).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit response to the risks of fraud and non-compliance with laws and regulations

We refer to the management report of Strukton Groep N.V. for the risks and risk management procedures (especially paragraph 6.5.1 on page 12).

As part of our process for identifying risks of material misstatement in the financial statements resulting from fraud, we have considered fraud risk factors related to fraudulent financial reporting, improper appropriation of assets, and corruption. We evaluated whether these factors indicated the presence of a risk of material misstatement due to fraud.

In terms of the ongoing investigation with regard to the FIOD, we refer to the Emphasis of Matter below for further information. We have analysed legal costs and inspected lawyers letters to obtain the current status of the investigation.

We identified the following fraud risks and performed the following specific procedures:

Fraud risk: management override of controls	Our specific audit response
<p>Management is ordinarily in an unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>In this context, we paid attention to:</p> <ul style="list-style-type: none"> ● the appropriateness of journal entries and other adjustments made in the preparation of the financial statements including manual journal entries related to operational cycles; ● potential biases in accounting areas with high level of estimation that are based on management judgments and assumptions, such as the valuation of the contract assets and the recognition of revenue; ● significant transactions, if any, outside the normal course of business. 	<p>Amongst others we have performed the following audit procedures:</p> <ul style="list-style-type: none"> ● an evaluation of the design and implementation of relevant internal controls in the financial statement and consolidation process, such as segregation of duties and systems of authorisations; ● a selection of journal entries and other adjustments made in the preparation of the financial statements, such as manual journal entries, consolidating adjustments and reclassifications; and other adjustments during the course of preparing the financial statements.; ● test the appropriateness for these journal entries and other adjustments with the underlying audit documentation. ● an evaluation of judgements and decisions for bias by management for key accounting estimates with respect to the cost-to-complete, the progress and loss provisions on the significant projects of the Group, see also the fraud risk Cut-off of Revenue and valuation of contract assets.

Fraud risk: Cut-off of Revenue and valuation of contract assets	Our specific audit response
<p>We refer to the accounting principles for revenue recognition as included in “Summary of significant accounting policies” under “Revenue” in the Notes to the consolidated financial statements.</p> <p>The valuation and revenue recognition of the contract assets is largely influenced by subjective elements, such as the estimate of costs yet to be incurred, expected increases and decreases in revenue, technical progress, (potential) claims and penalties, as well as project-related liabilities and provisions.</p>	<p>We evaluated the design and implementation of internal controls. Based on pre-defined risk criteria, we have selected and tested the costs incurred, invoiced instalments, trade debtors and revenue of completed projects by means of total reconciliations and samples.</p> <p>For the valuation and revenue recognition of the contract assets, we selected and tested different contracts on the following risk criteria: size, complexity, fluxes against prior years and the overall risk profile.</p>

Fraud risk: Cut-off of Revenue and valuation of contract assets	Our specific audit response
<p data-bbox="225 472 825 539">This is partly driven by the nature of the activities, which may involve large and complex projects.</p> <p data-bbox="225 600 825 741">In addition, we note that management has created expectations towards the market by publishing budgeted revenue and profit-before-tax benchmarks.</p> <p data-bbox="225 801 825 1055">As a result of the above, we identified a fraud risk that management recognizes revenue in the incorrect financial period and misstates the valuation of the contract assets by making incorrect assumptions of the percentage of completion and the estimation of the costs to complete for the significant projects.</p>	<p data-bbox="847 472 1455 725">We paid specific attention to the key-projects as identified by the Management Board. These projects concern MEET RIVM project, Hoofdstation Groningen, Wintrack, A-Pier and A15 as key-projects, as further disclosed in the “Accounting consideration on key projects” paragraph.</p> <p data-bbox="847 786 1455 887">For the key projects and the selected contract assets based on the risk criteria, we performed, amongst others, the following procedures:</p> <ul data-bbox="847 902 1455 1682" style="list-style-type: none"> <li data-bbox="847 902 1455 1043">● enquiries with management and project controllers on the judgements and assumptions underlying the estimation of the completion of projects; <li data-bbox="847 1059 1455 1272">● an assessment and reconciliation of the key-data of the projects with underlying documentation, such as contracts, change orders, calculations, quotations in order to test the assumptions made in determining the forecasted project result; <li data-bbox="847 1288 1455 1355">● a verification of the cost-to-complete and revenue recognition; <li data-bbox="847 1370 1455 1438">● detailed testing on recognized project expenses; <li data-bbox="847 1453 1455 1594">● an analysis of the forecasted project results, identifying the different performance obligations of the projects, to confirm consistency of valuations; <li data-bbox="847 1610 1455 1682">● a retrospective review of project results estimated in the previous year.

Fraud risk: Laws and regulations (Corruption, bribery and non-compliance with laws and regulations)	Our specific audit response
<p>Due to the nature of the business activities (construction company) and the characteristics of the related transactions, we identified an increased risk of non-compliance with legal and regulatory requirements regarding project acquisition.</p> <p>This was mainly identified due to the risk of bribes to potential clients (government and non-government).</p> <p>Failure to comply with legal tendering procedures and/or corruption may harm the company, for example through fines and/or exclusion from tender procedures. Such bribery could take place or be concealed in various ways, e.g., through subcontractors, (consultancy) services or sponsorship without sufficient identifiable quid pro quo.</p>	<p>We obtained insights in the applicable laws and regulations with regard to the tender procedures and have performed an analysis of contracts, based on risk factors such as size, margin and the type of tender. We have assessed whether there are any transactions in relation to these tender procedures and performed the following audit procedures:</p> <ul style="list-style-type: none"> ● evaluation of the design and implementation of internal controls surrounding the corruption, bribery and non-compliance with laws and regulation risks. ● evaluation of the internal control measures to ensure compliance. ● investigation of the manner in which supplier selection took place and whether any applicable (legal or internal) procurement regulations and/or quotation procedures were adhered to. ● analysis of a selection (based on risk factors such as size, margin, type of tender, and client) of tenders won or initiated in the fiscal year. As part of this analysis, we assessed, for example, whether a business rationale was identified for the award, the business nature of (tender) costs, the performance and background of consultants or subcontractors used (if any), or a deviating forecasted margin compared to regular margins. ● detailed testing on specific types of costs following risk identification, including travel and accommodation expenses, representation expenses, and sponsorship. ● data analysis to flag journal entries with an increased risk based on specific search terms related to fraud risk, thereby identifying and investigating unusual transactions.

In addition, we also performed the following more general procedures in relation to the fraud risk:

- we evaluated whether transactions, both usual and unusual, with related parties have been identified and appropriately disclosed;
- we have obtained written and oral confirmations of the management board, supervisory board and legal council within the company on the fraud risks and any potential fraud cases that have occurred during and after the financial year;
- we have reviewed the minutes of the management board and supervisory board with specific attention to fraud.
- we have incorporated an element of unpredictability in the selection of the nature, timing and extent of our audit procedures by extensively testing balances that were below our performance materiality and also by interviewing multiple individuals within the company not directly associated with the financial closing processes.
- We evaluated whether the selection and application of accounting principles could potentially indicate fraudulent financial reporting. If such indications were present, we re-evaluated our assessment of the risk of fraud and its implications for our audit procedures. We also assessed the outcomes of other audit procedures, considering whether there are findings that could suggest fraud or non-compliance with laws and regulations.

Non-compliance with laws and regulations

In section Operational risks and compliance risks and section Compliance in the Management Report, the Management Board describes the procedures regarding the risks of non-compliance with laws and regulations.

We have obtained an understanding of the relevant laws and regulations. We have identified that the regulatory framework with regard to tenders may have an indirect effect on the financial statements.

We held enquiries with, amongst others, Management and the Supervisory board if the entity is compliant with laws and regulations which directly or indirectly have a material impact on the financial statements. Our work also included assessing the Company's code of conduct, whistle blower procedure, general compliance guidelines and procedures. We also inspected lawyers' letters and remained alert to indications of (suspected) non-compliance throughout the audit, held enquiries with legal counsel, and obtained a written representation from management that all known instances of (suspected) non-compliance with laws and regulations were disclosed to us.

Our observations

The aforementioned audit procedures have been performed in the context of the audit of the financial statements. Consequently they are not planned and performed as a specific investigation regarding fraud and non-compliance with laws and regulations. Our audit procedures have not led to any findings.

Emphasis of matters

Going concern assessment

We draw your attention to the “Going concern assumption” section in the 2022 Consolidated Financial Statements as included on page 34 and 35, where it is confirmed that these financial statements are based on the going concern assumption. As described, the going concern assessment involved complex and subjective judgements.

In determining the appropriate basis of preparation of the financial statements, the Group Executive Board is required to consider whether the Group and the Company can continue in operational existence for the foreseeable future. In doing so, the Group Executive Board took into account the uncertainties surrounding the projects and all available information about the future, such as result forecasts and cash flow projections – taking into consideration the uncertainties and mitigating measures, and has assessed the impact of the financing requirements on the going concern position. Regarding the uncertainties surrounding the projects, including the allocation of losses to the financial year as a result of subsequent events, we draw your attention to the section ‘Accounting considerations on key projects’ as included on page 52 to 55 of the financial statements. This section is part of the ‘Significant estimates and assumptions in the consolidated financial statements’ and contains the uncertainties included in the best estimate made by the Group Executive Board on the expected result of key projects, for example MEET RIVM and Hoofdstation Groningen.

Furthermore, mitigating measures have been assessed by management and are considered to be realistic and feasible. Management’s current evaluation indicates that additional funding after all these measures taken by Strukton may be required in the future. Oranjewoud N.V. (the parent of the Company) has provided the Company with a letter of support until 31 December 2025 up to a maximum of EUR 140 million minus the total cash amount resulting from measures taken and to be taken by Strukton and Oranjewoud N.V.

Our audit opinion is not modified in respect to this matter.

Our audit of the financial statements requires us to determine that the going concern assumption used by management is acceptable. In doing so, based on the audit evidence obtained, we must determine whether there are any events or circumstances that might cast reasonable doubt on whether the company can continue as a going concern.

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional scepticism. We considered whether the going concern assessment made by the management board, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company’s ability to continue as a going concern.

As part of our audit procedures, we analysed the current financial position and assessed the reasonableness of the assumptions in respect of projected future cashflow forecasts including expected future cash flows from operating, financing and investing activities as prepared by management and the company's ability to safeguard the financing of the company's operational activities.

Based on our procedures performed, we identified an initial material uncertainty on the going concern. The liquidity forecast prepared by management, indicated that if no measures would be instated a funding gap would exist in the foreseeable future. As such the main focus of our further audit procedures related to obtaining sufficient audit information on the fact whether the mitigating measures as identified by management were feasible in terms of both timing and quantum.

The mitigating measures by management have been assessed and are considered to be realistic and feasible. Management's current evaluation indicates that additional funding after all these measures taken by Strukton may be required in the future. Oranjewoud N.V. (the parent of the Company) has provided the Company with a letter of support until 31 December 2025 up to a maximum of EUR 140 million minus the total cash amount resulting from measures taken and to be taken by Strukton and Oranjewoud N.V.

Our observations

The Group Executive Board, in its judgement, has concluded that given the outcome of the going concern assessment, the material uncertainties that may cast significant doubt on the company's ability to continue as a going concern have been mitigated sufficiently. Therefore, it is appropriate to prepare the financial statements based on going concern. Based on the performed procedures we conclude that the mitigating measures as instated by management are sufficient to cover the funding gap that has been identified. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

FIOD Investigation

We draw your attention to note 26 of the Consolidated Financial Statements which describes the uncertainty regarding the outcome of the investigation by FIOD. The investigation is based on the suspicion that specific companies of the Group and some of its (former) employees were involved in corruption and forgery in being awarded an order for the Riyadh metro project. Management has made the judgment that no circumstances were present or business was done within Strukton to justify a suspicion of irregularities or illegal acts around obtaining and winning the contract of the Riyadh metro project.

Our audit opinion is not modified in respect to this matter.

Report on the other information included in the Annual Report 2022

In addition to the financial statements and our auditor's report thereon, the Annual Report 2022 contains other information that consists of:

- the Management report including:
 - Message from the Executive Board;
 - Timeline of Key Events;
 - Profile;
 - Safety & Health;
 - Corporate Social Responsibility;
 - Risk and Risk Management;
 - Corporate Governance;
 - Financial Results 2022
 - Message from the Supervisory Board.
- the Other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management report and the other information as required by Part 9 Book 2 of the Dutch Civil Code.

We were engaged to read the other information and, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, to consider whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the Report of the Group Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Group Executive Board and the Supervisory Board for the financial statements

The Group Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS-EU and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Group Executive Board is responsible for such internal controls as management determines are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Group Executive Board should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Group Executive Board should disclose events and circumstances that may impact the Group's and the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Rotterdam, 31 May 2024

Mazars Accountants N.V.

Original has been signed by: O. Opzitter RA

Glossary

24Safe	The safety policy within Strukton is set out in a programme entitled 24Safe. Its mission is: Focusing on safety together.
CBG	College ter Beoordeling van Geneesmiddelen (Medicines Evaluation Board)
Compliance	Fulfilling the minimum requirements of the applicable legislation and regulations; observing or implementing the standards.
D&C	Design & Construct
Dbmo	Design, Build, Maintain & Operate
Dbfmo	Design, Build, Finance, Maintain & Operate
EBIT (operating result)	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation (operational result)
ERTMS	The train safety system developed by the European Union (European Rail Traffic Management System), with the aim of simplifying trains running between different countries without changing to different safety systems.
Esco	Energy service company, a company that guarantees certain energy savings for a building owner based on applying various measures, usually based on a performance contract.
EUR	Euros
IF	Injury Frequency index. The number of accidents resulting in sick leave divided by the number of contractual working hours.
IFRS	International Financial Reporting Standards, the standard international accounting principles for preparing financial statements for all listed companies within the European Union.
Lmra	Last Minute Risk Analysis, a quick risk assessment completed just before starting the work. This serves to check if all risks are recognised and if the control measures in place will be sufficient.
Order book	Works awarded but not yet completed
Pmb	Polymer Modified Bitumen
PPP (Pps)	Public-Private Partnership
PPP concession project	Public-private partnership, where a government body awards a long-term contract to a private consortium for the design, realisation, financing, management and maintenance and often also facilities services for a project.
RIVM	Rijksinstituut voor Volksgezondheid en Milieu (National Institute for Public Health and the Environment)
Strukton All Right	Strukton All Right is the title of Strukton's policy of acting with integrity.
SPC	Special Purpose Company, a special purpose vehicle specifically incorporated for the management of a PPP project.
Working capital	Current assets excluding available cash and cash equivalents, minus non-interest bearing current liabilities.

Colophon

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