

Press release

Date 20 August 2021

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Heijmans: Excellent operational first half

Highlights:

- Revenue higher than last year thanks to Infra and Property development
- Rising profit margin in all sectors, good project results
- Property development & Residential building profit from current housing market
- Cash position has developed positively, H1 net cash € 44 million
- As a precaution, Heijmans sets aside a provision of € 34 million following negative ruling in Wintrack II case, appeal in preparation
- Gavin van Boekel to start as new CFO on 1 September 2021

Key figures

(x € 1 million)

	H1 2021	H1 2020	2020
Revenues	881	839	1.746
Underlying EBITDA*	35	41	85
Underlying EBITDA* excluding Wintrack II	69	41	85
Result after tax	10	15	40
Earnings per share (in €)	0,43	0,71	1,85
Order book	2.039	1.972	1.946
Net debt (cash)	-44	43	-37
Solvency	27%	27%	29%
Number of FTEs	4.639	4.665	4.707

* Underlying EBITDA is the operating result before depreciation including EBITDA joint ventures, excluding write downs on property assets, restructuring costs, book result on sale of subsidiaries, release indexation pensions and any other non-operational results, if applicable, that are designated by the Group as special.

Ton Hillen, CEO Heijmans:

“From an operational point of view, Heijmans can look back on an excellent first half of the year. I am proud that we managed to either equal or improve on last year’s results in all sectors. Heijmans’ earning capacity has improved steadily in recent years and is now at a robust level with a balanced risk profile. Focusing on the ratio of risk appetite to earning capacity remains our top priority.

It is precisely because of our excellent operational performance and our strong focus on risk management that I am deeply disappointed with the ruling in the Wintrack II case and the verdict of the judges thus far. The ruling of last May ensures that we prepare an appeal and we have decided to set aside a provision of € 34 million.

With respect to the outlook for the market as a whole, I remain optimistic. Although there are sub-segments that are affected by the nitrogen issue and Covid-19, I still see a lot of growth potential in the housing market, the energy transition and other segments. At portfolio level, we are in an excellent position to respond to the dynamics of the market and we will continue to seize these opportunities.”

Developments per segment

Property development

Property development made an excellent start to the year, with higher sales, rising revenue and result. For the second half of the year, we still are dependent on whether permits are issued for several larger projects.

Property development

<i>x € 1 million</i>	H1 2021	H1 2020	2020	Δ % 2021-2020
Revenues	288	224	482	29%
Underlying EBITDA	19	14	30	
<i>Underlying EBITDA margin</i>	6,6%	6,3%	6,2%	
Order book	571	492	540	

Property development benefits from the pressure on the housing market. In H1, we sold 1,209 homes (compared with 1,075 in H1 2020), with the biggest rise in the number of homes sold to private buyers (873 in 2021 compared with 610 in 2020). In addition to its role as an integrated area developer of projects such as Den Haag Zuidwest, Utrecht-Overvecht and the Van Deyssebuurt in Amsterdam. Heijmans is also investing in land holdings for its own land bank, to make sure our portfolio continues to remain at a healthy level in the future.

Noteworthy projects in H1 2021 included Nieuw Kralingen (permit received), Greenville (high-quality project delivered), Vlaardingen Vijfsluizen (start of development and part of our Smart City strategy) and Zutphen Noorderhaven (110 apartments under construction). In H1, we also closed a number of agreements for new projects in Utrecht's Leidsche Rijn neighbourhood (250 apartments) and the municipality of Hellevoetsluis (116 homes).

As a sustainable and climate-resilient response to the housing shortage, Heijmans teamed with a number of other market players to offer the Eemvallei Stad plan to the caretaker Minister of the Interior and Kingdom Relations. This unsolicited proposal foresees in the

rapid development of a new town of 50,000 homes with new high-grade public transport links in combination with large-scale nature development, innovative agrarian businesses and the generation of sustainable solar and wind energy. Heijmans wants to use this project to help solve challenges such as the housing shortage, the energy transition, biodiversity, climate change and sustainable agriculture.

Building & Technology

Although Building & Technology saw its revenue drop by around 20% due to a decline in non-residential projects, profit remained at a comparable level. Like Property development, Residential building profits from the continued strong demand for homes. This translated into sharp price rises, which were visible in both house prices and cost prices. The Netherlands is proving unable to meet the ever-rising shortage of homes. This is due to a lack of planned areas and slow issuance of building permits. In addition to this, many workers have left the construction sector over the past few decades. We therefore expect the pressure on residential building to continue in the years ahead. And it is unavoidable that rising cost prices will be charged on to clients. The industrialisation of the building process will eventually offer a solution to providing affordable homes, but this will not happen in the near future.

Building & Technology

<i>x € 1 million</i>	H1 2021	H1 2020	2020	Δ % 2021-2020
Revenues	383	470	920	-19%
Underlying EBITDA	16	14	25	
<i>Underlying EBITDA margin</i>	4,2%	3,0%	2,7%	
Order book	1.181	1.172	1.101	

We are cautious about taking on non-residential projects. We have noted that clients are somewhat hesitant about new investments as a result of the Covid-19 crisis and the 'new way of working'. In addition to the pressure on the market for raw materials and other materials, we are faced with shortage of skilled workers. As we have often said, we have a selective acquisition strategy and believe projects require a good balance between risk appetite and earning capacity.

We have now fully delivered the New Amsterdam Court House (NACH), to the satisfaction of the client, and this project has now entered the operational phase. We have signed an agreement with the University of Leiden for the next phase of the Science Campus, with building due to start in September 2021. We also successfully delivered the Equinix Data Center in Amsterdam.

Heijmans Services continued to perform at a good level. Now that people are gradually returning to their offices, we are seeing the first signs that our service activities are on the

increase. We note a rise in the number of requests for renovations and demand for our service activities is increasing.

Infra

The Infra business delivered a strong performance and we saw an improvement in project results during execution. That helped us to increase revenue with more than 20%, also doubling the result.

Infra

<i>x € 1 million</i>	H1 2021	H1 2020	2020	Δ % 2021-2020
Revenues	375	310	662	21%
Underlying EBITDA (<i>excluding Wintrack II</i>)	37	17	36	
Underlying EBITDA margin	9,9%	5,5%	5,4%	
Underlying EBITDA (<i>including Wintrack II</i>)	3	17	36	
Order book	750	704	731	

In 2021, we expect Infra to outperform in terms of revenue and margin. In 2022, we expect the performance to be more in line with 2020, due to the absence of a solution to the nitrogen emissions issue and the resultant delays to tenders for larger projects. It should also be noted that, over the past few years, the focus in our order book has steadily shifted towards more asset management and maintenance work, making us less dependent on larger tenders. On the safety front, we are pleased to report that Infra is now certified for level 4 on the Safety Ladder, according to the model that assesses the degree to which the safety culture has been developed within an organisation.

Special projects in H1 included the widening of the A1 motorway at Azelo (almost completed) and the soil remediation in the Buiksloterham area in Amsterdam. Another noteworthy project was the large-scale renovation of the Polderbaan runway at Schiphol. On the waterways maintenance front, Heijmans won three great asset management contracts from the Ministry of Public Works and Waterways (Rijkswaterstaat), with the Vaarwegen Oost-Nederland, Zee and Delta Zuid and Zee and Delta Noord projects. Infra also received a permit for the Public Lighting and Digital Traffic Systems framework agreement. Heijmans is now responsible for maintenance of these systems in the Central and Southern regions of the Netherlands.

Financial results

Revenue

Revenue came in at € 881 million in H1 2021, compared with € 839 million in the same period of last year, which amounts to growth of 5%. Property development recorded the strongest growth, as both the number of homes sold and the rise in the house prices

contributed to revenue growth. Infra also recorded solid revenue growth. Building & Technology recorded lower revenue, largely due to a decline in revenue from non-residential projects, which in turn was partly due to the completion of a number of large projects, including the New Amsterdam Court House (NACH) project.

<i>x € 1 million</i>	H1 2021	H1 2020	2020
Revenues	881	839	1.746
Property development	19	14	30
Building & Technology	16	14	25
Infra (excluding Wintrack II)	37	17	36
Wintrack II	-34		
Corporate	-3	-4	-6
Underlying EBITDA	35	41	85
Correction EBITDA joint ventures	-4	5	10
Write down on property assets	-1	0	-2
Restructuring costs	-1	-1	-3
EBITDA	29	45	90
Depreciation/amortisation	-17	-17	-34
Operating result	12	28	56
Financial results	-3	-3	-5
Share of profit of associates and joint ventures	3	-3	-11
Result before tax	12	22	40
Income tax	-2	-7	0
Result after tax	10	15	40

Underlying EBITDA

The underlying EBITDA declined to € 35 million in H1, from € 41 million a year earlier. Excluding the provision set aside for the Wintrack II project, which is explained below, EBITDA increased to € 69 million. Infra in particular delivered a strong operational performance in the first half, driven by both higher revenue and very strong project results. We saw positive adjustments at a number of projects as they approached completion. The higher underlying result at Property development was primarily driven by the strong volume growth, but the margin also increased to 6.6% this year, from 6.3% last year. Building & Technology also recorded a rise in underlying EBITDA. Revenue may have been considerably lower, but the lower revenue was primarily in non-residential projects, and last year's result was negatively impact by the major NACH project.

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Wintrack II

Arbitrators have ruled that our client TenneT's out-of-court dissolution on 6 September 2018 of the two agreements with Heijmans Eurocoles BV dating back to February 2017 was lawful.

The combination does not agree with this ruling. An appeal may result in the dismissal of this ruling. Although we are confident of a positive outcome to this case, out of prudence, Heijmans has included a provision of € 34 million in its 2021 first half results.

As stated in section 6.29 of our 2020 financial statements, this case is still subject to a raised level of estimation uncertainty. The contracts were for the design and construction of new high-voltage pylons for two transmission lines and involved a contract amount of around € 250 million. If it is found on appeal that TenneT's out-of-court dissolution of the agreements was lawful, a subsequent damages procedure could result in a considerable outflow of resources, over and above the € 34 million we have set aside. To avoid interfering in the proceedings, Heijmans will make no further statements pending the arbitration.

Net result

The H1 net result fell to € 10 million in 2021 from € 15 million in 2020. The exceptional expenses were € 1 million higher than last year due to the depreciation of a land holding. The decline in the result was otherwise primarily due to the lower underlying EBITDA. For or a more detailed explanation of the tax position, please see section 7.5 of the selected notes.

Order book

The development of the total order book has been very stable in 2021, and it stood at a healthy € 2.0 billion at the end of the period. On balance, the order book increased by € 93 million in H1 and we noted a slight increase in all sectors.

Outlook

Driven by the strong operational performance in the first half of 2021, and even despite the above-mentioned provision of € 34 million for the Wintrack II case, for the full year 2021 we are on track to record a comparable underlying EBITDA to last year. Primarily at Infra and Property development, we expect to record an excellent operational result. As a result of the phasing of projects, and the fact that a number of projects have been completed, we expect revenue in the second half of this year to be slightly lower than in the same period last year. This means that total annual revenue will remain at a comparable level as in 2020. The net result will come in slightly lower than last year.

The outlook for Property development and Residential building remains strong for next year. We expect the volume of large Infra projects to decline slightly in the coming year, but we

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also expect to maintain the scale of our company by responding flexibly to opportunities in the market on the energy, sustainability, maintenance and water protection fronts.

About Heijmans

Everyone wants clean air, to live in a nice neighbourhood, to work in a good workplace and to be able to travel safely from A to B. By making things better, more sustainable and smarter, Heijmans is creating that healthy living environment. Jan Heijmans started as a road builder in 1923. Today, Heijmans is a stock exchange-listed company that combines activities in property development, building & technology and infrastructure. In addition to this, we work safely and we add value to the places where we are active. This is how we build the spatial contours of tomorrow together with our clients: www.heijmans.nl/en/

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Addenda to the Heijmans N.V. 2020 first half press release

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- 2a. Consolidated statement of comprehensive income
- 2b. Consolidated statement of changes in equity
3. Condensed consolidated statement of financial position
4. Condensed consolidated statement of cash flows
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1. Condensed consolidated statement of profit or loss

x € 1 million

	YTD June 2021	YTD June 2020	FY 2020
Revenues	881	839	1.746
Gross profit	124	100	199
Operating result	12	28	56
Financial result	-3	-3	-5
Share of profit of joint ventures and associates	3	-3	-11
Result before tax	12	22	40
Income tax	-2	-7	0
Result after tax	10	15	40
<i>Earnings per share (in €):</i>			
Basic earnings per share	0,43	0,71	1,85
Diluted earnings per share	0,43	0,71	1,85

The result after tax is entirely attributable to shareholders.

The operational result for the first half of 2021 includes the provision of € 34 million for Wintrack II (see selected notes 7.4).

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2a. Consolidated statement of comprehensive income

x € 1 million

	YTD June 2021	YTD June 2020	FY 2020
Result after tax	10	15	40
<i>Other comprehensive income that is never reclassified to the statement of profit or loss</i>			
Changes in actuarial results on defined benefit plans	-4	5	2
Tax-effect of other comprehensive income that is never reclassified to the statement of profit or loss	1	-1	3
Other comprehensive income after tax	-3	4	5
Total comprehensive income	7	19	45

The total comprehensive income is entirely attributable to the shareholders.

2 b. Consolidated statement of changes in equity

2021	Paid up and called-up share	Share premium reserve	Reserve for actuarial results	Retained earnings	Result for the year after tax	Total equity
Balance at 31 December 2020	6	246	-56	-10	40	226
Result after tax					10	10
Other comprehensive income			-3			-3
Comprehensive income for the reporting period	0	0	-3	0	10	7
Dividend payment		0		-8		-8
Share issue	1	3				4
Result appropriation 2020				40	-40	0
Balance at 30 June 2021	7	249	-59	22	10	229
2020	Paid up and called-up share	Share premium reserve	Reserve for actuarial results	Retained earnings	Result for the year after tax	Total equity
Balance at 31 December 2019	6	243	-60	-41	30	178
Result after tax					15	15
Other comprehensive income			4			4
Comprehensive income for the reporting period	0	0	4	0	15	19
Result appropriation 2019		3				3
Transferred to the retained earnings				30	-30	0
Balance at 30 June 2020	6	246	-56	-11	15	200

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3. Condensed consolidated statement of financial position

x € 1 million

ASSETS	30 June 2021	31 December 2020	30 June 2020
Non-current assets			
Property, plant and equipment	46	45	44
Right-of-use assets	75	82	81
Intangible assets	74	75	75
Joint ventures and associates	84	73	66
Other fixed assets	59	58	58
	338	333	324
Current assets			
Strategic land portfolio	111	127	118
Residential properties in preparation or under construction	75	72	78
Other inventory	11	17	11
Construction work in progress	86	66	91
Trade and other receivables	158	141	185
Cash and cash equivalents	165	175	89
	606	598	572
Total assets	944	931	896
EQUITY AND LIABILITIES			
Equity	229	226	200
Non-current liabilities			
Interest-bearing ¹	43	54	46
Lease liabilities	56	61	62
Non-interest-bearing ²	87	42	37
	186	157	145
Current liabilities			
Interest-bearing loans and other current financing liabilities	3	3	3
Lease liabilities	19	20	21
Trade and other payables	294	327	343
Construction work in progress ³	192	170	152
Provisions	21	27	29
Other	0	1	3
	529	548	551
Total equity and liabilities	944	931	896
Solvency rate based on guarantee capital ⁴	27%	29%	27%

1. The interest-bearing liabilities include € 31 million in cumulative preference financing shares (€ 42 million as per 31 December 2020 and 30 June 2020).

2. The non-current non-interest-bearing liabilities as per 30 June 2021 is including the provision Wintrack II amounting to € 34 million (Note 7.4)

3. As per 30 June 2020 a proportion of the guarantee obligations amounting € 18 million were included as part of 'Construction work in progress liabilities' in the statement of financial position. The June 30 2020 figure has been restated for comparative purposes.

4. Guarantee capital is defined as equity plus cumulative preference financing shares.

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4. Condensed consolidated statement of cash flow

x € 1 million

	YTD June 2021	YTD June 2020	FY 2020
Operating result	12	28	56
<i>Adjusted for:</i>			
Depreciation of property, plant and equipment	4	4	9
Depreciation of right-of-use assets	12	12	24
Amortisation of intangible assets	1	1	1
Adj. valuation of property investments and land portfolio's excl. JV's	1	0	2
Change in working capital	9	-40	39
Cash flow from operating activities before interest and tax	39	5	131
Interest paid/received	-2	-2	-3
Tax expenses paid	0	0	0
Cash flow from operating activities	37	3	128
Cash flow from investment activities	-16	-8	-33
Cash flow from financing activities	-31	-15	-29
Net cash flow in the period	-10	-20	66
Cash and cash equivalents at January 1	175	109	109
Cash and cash equivalents at the end of the period	165	89	175

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5. Information by segment

Condensed statement of profit or loss by segment

<i>x € 1 million</i>	Property development	Building & Technology	Infra	Other/ eliminations	Total
1st half 2021					
Third parties	288	228	365	0	881
Intercompany	0	155	10	-165	0
Total revenues	288	383	375	-165	881
Operating result	16	11	-8	-7	12
Net financing costs					-3
Result of joint ventures and associates					3
Result before tax					12
Tax result					-2
Result after tax					10
Operating results as percentage of revenues	5,6%	2,9%	-2,1%		1,4%

<i>x € 1 million</i>	Property development	Building & Technology	Infra	Others/ eliminations	Total
1st half 2020					
Third parties	224	316	299	0	839
Intercompany	0	154	11	-165	0
Total revenues	224	470	310	-165	839
Operating result	10	16	8	-6	28
Net financing costs					-3
Result of joint ventures and associates					-3
Result before tax					22
Tax result					-7
Result after tax					15
Operating result as percentage of revenues	4,5%	3,4%	2,6%		3,3%

Underlying EBITDA by segment

<i>x € 1 million</i>	Property development	Building & Technology	Infra	Others/ eliminations	Total
1st half 2021					
Underlying EBITDA	19	16	3	-3	35
Adjustment operating result joint ventures	-1	1	-2	0	-2
Restructuring costs	-1	-1	0	-1	-3
Total exceptional items	-2	0	-2	-1	-5
Depreciation/amortisation	-1	-5	-9	-3	-18
Operating result	16	11	-8	-7	12

<i>x € 1 million</i>	Property development	Building & Technology	Infra	Others/ eliminations	Total
1st half 2020					
Underlying EBITDA	14	14	17	-4	41
Adjustment operating result joint ventures	-3	7	1	0	5
Restructuring costs	0	0	-1	0	-1
Total exceptional items	-3	7	0	0	4
Depreciation and amortisation	-1	-5	-9	-2	-17
Operating result	10	16	8	-6	28

Underlying EBITDA is the operating result before depreciation and amortisation, including EBITDA joint ventures, excluding write downs on property assets, restructuring costs, book result of subsidiaries and any other non-operational results, if applicable, that are designated by the Group as special.

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Condensed statement of financial position by segment

<i>x € 1 million</i>	Property development	Building & Technology	Infra	Others/ eliminations	Total
30 June 2021					
Assets	320	331	339	-80	910
Not allocated					34
Total assets	320	362	339	-80	944
Liabilities	224	293	304	-188	633
Not allocated					82
Total liabilities	224	293	304	-188	715
Equity					229
Total equity and liabilities					944

<i>x € 1 million</i>	Property development	Building & Technology	Infra	Others/ eliminations	Total
30 December 2020					
Assets	362	348	311	-125	896
Not allocated					35
Total assets	362	349	311	-125	931
Liabilities	276	306	258	-239	601
Not allocated					104
Total liabilities	276	306	258	-239	705
Equity					226
Total equity and liabilities					931

6. Financial covenants

Amounts in € millions	2021 H1	2020 FY	2020 H1
Reported Net debt	-43,6	-37,2	43,3
<i>Adjustments:</i>			
Net debt Joint Ventures (IFRS 11 impact)	24,1	33,6	57,0
Net debt non recourse project financings	-38,3	-40,3	-74,1
Cumulative preference shares B	-30,7	-41,8	-41,8
Other	0,9	1,9	1,3
Net debt covenants (A)	-87,7	-83,8	-97,6
Reported EBITDA	74,1	89,8	74,5
Extraordinary items	5,9	5,3	9,4
EBITDA JV's (IFRS 11 impact)	-0,4	-9,8	-0,9
Underlying EBITDA	79,7	85,2	83,0
<i>Adjustments:</i>			
Capitalised interest	1,5	1,6	1,3
EBITDA non recourse projects	-0,8	-1,4	-0,9
Other	0,4	0,1	-1,0
EBITDA covenants (B) - Interest Cover	80,9	85,6	82,4
EBITDA from disposed subsidiaries		0,0	
EBITDA covenants (C) - Leverage Ratio	80,9	85,6	82,4
Net interest	5,6	4,9	4,6
<i>Adjustments:</i>			
Capitalised interest	1,5	1,6	1,3
Net interest joint ventures (IFRS 11 impact)	0,4	0,6	0,6
Interest expense non recourse project financings	-1,5	-2,3	-2,5
Interest / dividend cumulative preference shares B	-2,9	-3,1	-3,2
Other	-0,4	-0,3	-0,3
Net interest covenants (D)	2,7	1,3	0,6
Guaranteed capital for solvency ratio (E)	258,9	268,3	241,3
Balance sheet total for solvency ratio (F)	944,1	930,6	896,4
Leverage ratio (A/C) <3*	-1,1	-1,0	-0,2
Interest cover ratio (B/D) >5*	29,7	63,6	144,2
Solvency ratio (E/F) > 21%	N/A	28,8%	N/A

* A negative outcome in combination with a positive rolling EBITDA is permitted

NB. The financial covenants were revised with the refinancing of April 2021 and the calculations apply as of Q2 2021. The historical figures have been restated for comparative purposes on the basis of the same new methodology.

7. Selected notes

7.1 Reporting entity

Heijmans N.V. (the Company) has its registered office in the Netherlands. The Company's interim consolidated financial statements for the first six months of 2021 include the Company and its subsidiaries (collectively referred to as the Group) and the Group's interest in associates and joint arrangements.

7.2 Accounting principles

7.2.1 Statement of compliance

The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial reporting as adopted by the European Union (IAS 34). The interim consolidated financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with Heijmans' consolidated financial statements for the full year 2020.

The Executive Board prepared the interim consolidated financial statements on 19 August 2021.

7.2.2 Use of estimates and judgements

The preparation of the interim report requires the management to form judgements and make estimates and assumptions that may have an impact on the reported value of assets and liabilities and of income and expenses. The management makes the estimates and the assumptions upon which these are based on the basis of experience and other factors that are considered reasonable. The outcome of the estimates forms the basis for the carrying amount of assets and liabilities that are not readily apparent from other sources. The actual outcomes may differ from these estimates.

The critical judgements that the management has formed in the application of the Group's accounting principles for financial reporting, together with the significant sources of any estimate-related uncertainties, are the same as those applied in Heijmans' consolidated financial statements for 2020, in view of the fact that there were no special circumstances that required any change in same. For a more detailed explanation of the limited impact of Covid-19 and the nitrogen issue, see sections 7.11 and 7.12.

7.3 Main accounting principles for financial reporting

The accounting principles applied in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the financial year 2020.

7.4 Wintrack II

As also explained in section 6.29 of our 2020 financial statements, the Wintrack II project is subject to a higher estimation uncertainty. The contracts were for the construction of new high-voltage pylons for two transmission lines - Eemshaven-Vierverlaten and Borssele-Rilland, to be carried out by the consortium Heijmans Eurocoles BV, and involved a contract amount of around € 250 million. In early September 2018, the client TenneT dissolved or alternatively terminated the contract.

The parties have filed considerable claims and counterclaims with regard to the agreed contract price.

Arbitrators have ruled that TenneT's out-of-court dissolution of the contract was lawful. On the basis of this ruling, Heijmans charged a provision of € 34 million to the results for the first half of 2021, largely due to remedial costs claimed by TenneT. We have not recognised any claims for compensation from TenneT due to the lack of sufficient reliable estimates. The combination, supported by its (external) lawyers, is preparing an appeal and remains confident in a positive outcome.

Due to the pending arbitration case/appeal, the combination will make no further statements, as this could have a negative impact on the outcome of the case/appeal.

If the combination were to ultimately lose this case, this could result in a considerable outflow of resources (over and above the above-mentioned provision of € 34 million).

7.5 Tax rate

The effective tax rate was 22% in the first half of 2021 (H1 2020: 30%). The effective tax rate was impacted by two factors. New legislation with regard to tax loss carry-forward rules led to a higher effective tax rate which was more or less offset by the recognition in H1 2021 of previously unrecognised losses.

New legislation with regard to tax loss carry forward

In H1 2021, new tax legislation was adopted, on the basis of which the deductibility of historical losses in the future will be amended with effect from the 2022 financial year. As a result, tax loss carry-forwards can only be partly offset against taxable profits, but at the same time there is now no limit on the maximum period for tax loss carry-forwards.

This means that in the event of taxable profit, companies will always have to pay a certain amount of tax from 2022 onwards, but also that the remaining tax loss carry-forwards can be used for longer than the current maximum of nine years. Due to the fact that the accounting policies are based on the same time horizon as the principles for last year, the measurement of the tax assets declined.

7.6 Issue of shares and redemption of class B cumulative preference financing shares

In May 2021, the Group issued 222,984 depositary receipts for shares at a price of € 13.88. The shares were used to pay the € 3 million dividend coupon due on the outstanding capital on class B cumulative preference financing shares. The cash saving was used to reduce the capital outstanding on class B cumulative preference financing shares.

In addition, Heijmans redeemed € 8 million on the class B cumulative preference financing shares. This was half of the dividend allocated to ordinary shares, in accordance with the agreements reached with the holders of class B cumulative preference financing shares. Together with the above-mentioned redemption, the outstanding equity on class B cumulative preference financing shares stood at € 31 million at end-June 2021 (at year-end 2020: € 42 million).

7.7 Paid out (stock) dividends

The cash dividend paid out on ordinary shares in May 2021 for 2020 amounted to € 7.6 million. In May 2021, Heijmans issued 604,019 new shares and paid these out as stock dividend.

7.8 Share Matching Plan

In April 2018, Mr. Hillen used 12% of his 2017 short-term bonus to purchase 5,000 depositary receipts for Heijmans shares. In line with the Share Matching Plan, the Group awarded one conditional share for each purchased share. After three years, these shares became unconditional. In April 2021, the Group purchased 5,000 shares and awarded these to Mr. Hillen; these shares are subject to a mandatory lock-up period of two years.

In April 2021, Mr. Hillen used 23% of his 2020 short-term bonus to purchase 5,500 depositary receipts for Heijmans shares. In line with the Share Matching Plan, the Group awarded one conditional share for each purchased share. After three years, these shares will become unconditional.

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7.9 Fair values

The table below lists the book value and the fair value of the Group's financial instruments:

x€ 1 million	30 June 2021	
	Book value	Fair value
<i>Loans and receivables</i>		
Loans granted to joint ventures	24	25
Trade and other receivables	158	158
Cash and cash equivalents	165	165
Cumulative financing preference shares	-31	-32
Syndicated bank financing	0	0
Project financing	-13	-12
Other non-current liabilities	-3	-3
Trade and other payables	-294	-294
Total	6	7

The Group has no financial assets or financial liabilities measured at fair value.

7.10 Refinancing

On 29 April 2021, the syndicated loan held by ABN Amro, ING and Rabobank was amended and extended. The main arrangements in the new financing agreement are as follows:

- The agreement that originally ran to mid-2023 has been extended to 31 December 2025
- The total commitment of the facility has been marginally reduced from € 121 million to € 117.5 million, with € 20 million of this in the form of an overdraft facility;
- From now on, the interest rate margin is linked to the outcome of the leverage ratio. This is accompanied by an immediate improvement in the interest rate to 1.70% from 2.25%. Heijmans and its banks also agreed a number of sustainability criteria, on the basis of which the margin can be adjusted by five basis points using a bonus malus system;
- The financial covenants have been amended. The average leverage ratio is no longer applicable and from now on the leverage ratio will be tested 4x per year (was 2x). The calculation method has also been changed, removing the need to make adjustments for IFRS 15 and IFRS 16. As a result of this, the assessment level has gone from >4 to >5 for the Interest Cover Ratio and from 22.5% to 21.0% for the Solvency Ratio. The Leverage Ratio remains unchanged at <3;
- Some securities have been released. For instance, there is no longer a lien on Heijmans' intellectual property rights or on machinery/equipment.

7.11 Covid-19 virus

The impact of the Covid-19 pandemic on the Group's financial results was relatively limited in the first half of 2021. This is primarily due to the fact that the Group is only active in the Netherlands, which did not see a complete shutdown of all building projects. The main problem the Group encountered was the reduced availability of materials and labour from outside the Netherlands, which put pressure on our closely aligned logistics processes. The results for the coming years will depend partly on the economic consequences of the Covid-19 pandemic. At the moment it is unclear what impact the pandemic will have on the spending patterns of public and private sector clients and on consumer confidence. The Executive Board is continuously monitoring the consequences. The Group's outlook for the coming period is good, given, among other things, the orders in our portfolio and the available room in the financing facilities.

7.12 Nitrogen emissions issue (PAS)

The impact of the nitrogen emissions issue on the Group's financial results has been relatively limited in 2021. This issue has led to delays in tenders for major infrastructure projects. The delays in the execution of our projects have so far been fairly limited. The Group's outlook for the coming years is good, given, among other things, the orders in our portfolio and the available room in the financing facilities.

8. Statement from the Executive Board

The Executive Board hereby states, taking into consideration what is stated in this report, that to the best of its knowledge the interim financial information related to the companies included in the consolidation, drawn up in accordance with IAS 34 'Interim Financial Reporting', as accepted within the European Union, gives a true and fair view of the assets, liabilities, financial position and the result for the first half of 2021 and that the interim report gives a true and fair summary of the most important events of the first half of the year and the impact of those events on the interim financial statements, a true and fair description of the main risks and uncertainties for the remaining periods of the year, as well as a true and fair view of the most important related party transactions.

's-Hertogenbosch, 19 August 2021

Ton Hillen, Chairman Executive Board