



Press release Royal Heijmans N.V.

2023

100 JAAR **DE HAND VAN HEIJMANS**

Table of contents

Royal Heijmans: good result in 2023; strong foundation for the future	3
Ton Hillen, Heijmans CEO	4
Safety	4
Sustainability	4
Outlook 2024	5
Results and developments per segment	5
Financial results	9
Revenue and underlying EBITDA	9
Eliminations and the holding company	10
Operating result	11
Financial income and expenses	12
Result from associates	12
Taxes	12
Net profit and proposed dividend	12
Cash flow	13
Capital and funding	13
Invested capital: fixed assets	14
Invested capital: working capital	14
Inventory position property development	15
Financing: equity	16
Financing: net interest-bearing debt	17
Order book	18
Financial calendar 2024	18
About Heijmans	18
Appendices	20
1. Consolidated statement of profit or loss	21
2. Consolidated statement of financial position	22
3. Consolidated statement of cash flows	23
4. Order book	24

5. Acquisition Van Wanrooij	24
Glossary	29

Royal Heijmans: good result in 2023; strong foundation for the future

Highlights

- Revenue rises to € 2.1 billion, including four months of Van Wanrooij (2022: € 1.8 billion, organic growth: 10.0%)
- Underlying EBITDA increases from € 126 million to € 147 million (margin 6.9%, including Van Wanrooij)
- Net result comes in at € 60 million in 2023; dividend proposal € 0.89 per share (40% pay-out)
- Order book rises to € 2.8 billion (2022: € 2.4 billion)
- Solvency remains at robust level of 29% after Van Wanrooij acquisition (2022: 29%)
- Net debt € 137 million, on track to regain positive net cash position by 2026
- Sales of homes improves as of Q4 2024; Heijmans Vastgoed 1,803 homes sold throughout 2023 (2022: 1,811)
- Outlook 2024: revenue € 2.5 billion in sight with underlying EBITDA margin of minimum 6.5%

Key figures

	2023	2022	H2 2023	H2 2022
Revenues	2.117	1.812	1.305	949
Underlying EBITDA before release fair value step up Van Wanrooij¹	158	0	109	0
Underlying EBITDA²	147	126	98	60
Result after tax	60	60	41	30
Earnings per share (in €)	2,40	2,56	1,65	1,25
Order book	2.757	2.358	2.757	2.358
Net cash (debt)	-137	151	-137	151
Solvency	29%	29%	29%	29%
Number of FTEs	5.316	4.924	5.316	4.924

¹ Underlying EBITDA refers to the Group's profit before tax, interest, depreciation and amortisation, including EBITDA joint ventures and adjusted for fair value adjustments of property and / or goodwill, restructuring costs, acquisition costs including retention bonuses, and book results on the sale of entities.

² Following the acquisition of Van Wanrooij all property development positions are revalued at fair value according to IFRS 3. This has resulted in a fair value step as per acquisition date of € 142 million, that will result in increased costs of goods sold in the future of the respective property development positions. The increased costs of goods sold decreases the future reported EBITDA of Van Wanrooij, compared to the reporting standards applied before the acquisition. The increase of costs of goods sold, that will not have any future cash out impact, will be taken into consideration in the underlying EBITDA presented going forward. The impact of the increase in costs of goods sold for Van Wanrooij was € 11 million in H2 2023. See Appendix 5 for further explanation.

Disclaimer: All reported data are unaudited

Ton Hillen, Heijmans CEO

"The past year was momentous for Heijmans in many ways. The grand celebration of our centenary was a wonderful milestone. It was with pride and gratitude that we were able to add the Royal predicate to our company name. This is a crowning achievement for us and for so many generations before us. We have worked with passion and conviction to make Heijmans' mark visible right across the country in those 100 years. As creators of the healthy living environment, we are now determined to continue to do so. In addition, the acquisition of Van Wanrooij's development and construction business was a significant milestone for Heijmans in 2023. The market conditions in which we announced this acquisition were quite challenging. But with the further increasing scarcity on the housing market, we explicitly made this transaction with a view to the medium term. We already see the first signs of recovery in the housing market since the fourth quarter of 2023. At Heijmans Property Development, this resulted in total homes sales of 1,803 homes for the full year 2023, which was at a similar level to 2022. Together with Van Wanrooij, we sold 2,579 homes. This was a clear indication of the growing demand for houses in suburban locations.

We also enjoyed good and predictable financial results in 2023, despite a dip in the housing market that was felt the most at Property Development. However, Building & Technology and our Infra business more than offset for this decline in revenue. We are positive about the future, with a rising order book, which brings annual revenue of € 2.5 billion in sight in 2024. The outlook for Building & Technology and Infra remains strong. We also expect to see a recovery in the housing market, putting us in an excellent position for continued result growth with Heijmans Property Development and Van Wanrooij, with a total land bank of approximately 30,000 homes, it is ideally positioned for further growth in results."

Safety

At Heijmans we have long been committed to permanently improving safety in the construction industry. Broad awareness of this and a shared sense of urgency are our top priority. On the so-called Safety Culture Ladder (SCL), we have now reached level 4 (of 5 in total) for the whole of Heijmans, excluding recently acquired companies. Naturally, we are proud of this, but there is still work to do. We were deeply affected by a traffic accident with one fatality on the Gorinchem - Waardenburg (dyke reinforcement) consortium project in 2023, and this reminded us once again of the absolute necessity for us to continue to improve safety. We are therefore putting all our focus on preventing dangerous situations, with the emphasis on behaviour and the tightening and compliance of the procedures is central.

Sustainability

We take our social responsibility extremely seriously. Improving sustainability plays a leading role on this front and has now been an integral part of our strategy for several years. This is visible in every aspect of our work. In 2023, we also managed to make progress on the crucial themes of climate, circularity, biodiversity and nature-inclusive construction. We want to remain at the forefront of the ongoing green transition. This is why last year we invested € 12 million in electrical infra related equipment. We welcome the increasing focus on sustainability in tender principles according to the Most Economically Advantageous Tender (Dutch: EMVI). This is essential if we are to make the required investments in sustainable construction economically viable too. In addition, we are seeing an increase in the generation of data throughout the chain and that certainly includes data on every aspect of sustainability. We also find this development encouraging and helps us achieve our sustainability ambitions.

Our ambition is to work entirely emission-free by 2030, i.e. without emitting CO₂ as referred to in scope 1 & 2. That is quite a task, and not something we can achieve alone. For instance, the availability of electrified construction equipment is still inadequate, with grid congestion also an inhibiting factor for further investment. However, we are at the front of the queue as soon as deliveries are available again, and we are looking for creative solutions to convert our own equipment, improve sustainability and also supply construction sites with charging capacity for our electric equipment. A growing number of clients rightly set sustainability requirements when commissioning their projects.

We are directly affected by global climate change in our operational areas. We are seeing periods of extreme water surplus alternate with increasing drought and rising temperatures. This obviously has a major impact on the built environment and the way we build. For example, we are increasingly looking at ways to capture and store water, as in our project Hart van Zuid in Rotterdam. This results in a transformation from a fossilized to an adaptive city. In this crucial area, we prefer to look for cooperation, as we did for instance in our recent affiliation with the WaterBank platform.

Outlook 2024

Heijmans is confident about the future. As a centrally organised player, Heijmans is in an excellent position to provide solutions for the infrastructure, construction and property development challenges of today and tomorrow. Thanks to this strong positioning, combined with sound risk management and a diversified portfolio, we expect to outperform the outlook for the market as a whole. Our recalibrated strategic course puts an even stronger focus on looking to connect with clients when shaping solutions for complex building assignments, taking into account the impact of various major societal themes. We started 2024 with a well-filled order book, which, as in previous years, continued to grow and in qualitative terms gives us a solid basis to meet our return targets. Building & Technology and Infra have both seen an increase in the share of recurring business in management and maintenance. This gives us a much clearer picture of revenue and result development for 2024 and we expect further growth in both business areas this year. We are also positive about Heijmans Property Development and Van Wanrooij, as we are confident about the housing market. This confidence is backed up by the increasing home sales over the past five months, especially in suburban areas. Partly thanks to the acquisition of Van Wanrooij, Heijmans is in a good position in the housing market. The pick-up in home sales in particular is expected to result in healthy growth in revenue and profit after 2024.

Sales growth will continue in 2024, partly because Van Wanrooij will be included in the figures for the full year, bringing the € 2.5 billion mark in sight. We are targeting an underlying EBITDA margin of minimum 6.5% for 2024, partly driven by Van Wanrooij, where we expect an underlying EBITDA contribution of € 30 to € 50 million in 2024, after taking into account the purchase price allocation of approximately € 20 million has been allocated. At the time of the Van Wanrooij acquisition, we stated that we wanted to return to a net cash position by the end of 2026. We expect to take a good step in that direction this year thanks to a clearly positive cash flow. In addition, for 2024 we are targeting a solvency ratio higher than 30% and a leverage ratio (net debt/underlying EBITDA) that remains well below 1.0.

Results and developments per segment

Heijmans is targeting underlying EBITDA margins of 4% - 6% for all its production activities and 6% - 8% for its property development activities and managed to meet these target margins in all business areas in 2023, as it did in 2022. Infra recorded even higher margins in 2023. Van Wanrooij historically operates with higher margins and has also recorded a very healthy margin since 5 September of last year.

Property Development

Property development	2023	2022	H2 2023	H2 2022
Revenues	412	570	212	275
Underlying EBITDA	27	42	14	22
Underlying EBITDA margin	6,6%	7,4%	6,6%	8,0%
Order book	452	596	452	596

In line with the declining volumes in the market, Property Development saw its overall revenue decline to € 412 million (2022: € 570 million). Underlying EBITDA fell to € 27 million from € 42 million. Projects delivered a similar level of profitability as in the previous year, but the lower volume resulted in an underrecovery of fixed indirect costs, reducing the overall EBITDA margin to 6.6% from 7.4%. There were two primary reasons for the lower revenue. Firstly, it took longer to achieve the desired pre-sales percentages needed to trigger a decision to start construction, especially for large-scale, inner-city apartment complexes. Secondly, projects are slowing down due to increasingly lengthy spatial planning procedures, with objection procedures costing time.

Housing sales pick up again from the fourth quarter 2023. This was particularly pronounced in the suburban house segment. Inner-city projects are larger and more difficult to phase, so the recovery has been somewhat slower to take off in that segment. In 2023, Heijmans sold a total of 1,803 homes, with 680 of these sold to private buyers and 1,123 sold to housing corporations and investors. This means the total number of homes sold remained practically the same as in 2022 (1,811 homes sold). Housing construction picked up again in the fourth quarter. Projects involving the construction of houses, such as Blent in Nijmegen, Hulakker in Lunteren and Borg and Buiten in Culemborg contributed to this development.

The scarcity in the housing market remains, the result of years of government policy that focused on inner-city construction, primarily of apartment complexes. This government policy has resulted in a one-sided supply of mostly large-scale, inner-city projects with long construction times and difficult business cases. Increasing suburban town planning capacity and shortening spatial planning procedures are essential to arrive at a structural solution to the scarcity in the housing market. There is certainly a demand for affordable housing, but we should not lose sight of the need to increase the supply of homes to boost housing market mobility. In say seven to ten years' time, today's first-time buyers will need to move on in their housing careers. This is why our plea is to build in a way that will improve mobility in the housing market in the near future.

Van Wanrooij

Van Wanrooij (as from 5 September)	2023	H2 2023
Revenues	125	125
Underlying EBITDA before release fair value step up	31	31
Underlying EBITDA	20	20
Underlying EBITDA margin	16,0%	16,0%
Order book	149	149

From 5 September (acquisition date) to year-end, Van Wanrooij posted revenue of € 125 million. Underlying EBITDA in this period was € 20 million, after taking into account the release of the fair value step up of € 11 million, which occurred related to the purchase price allocation. See for further information appendix 5.

Project Development saw 431 homes transferred to buyers in the final months of the year. Due to the high number of transferred properties in the final months of the year – accounting for more than half of the full-year figure - the underlying EBITDA was relatively high compared with the whole year. Van Wanrooij uses separate sale and purchase agreements, resulting in a lower revenue base and correspondingly higher margin than at Heijmans Property Development. The high level of standardisation, resulting in higher productivity per employee, also contributes to this higher margin.

In 2023, Van Wanrooij sold 1,009 homes, compared with 1,025 in the previous year, almost all in the private buyer segment. In a year in which home sales lagged considerably behind previous years, particularly in the first three quarters of the year (see NVM and CBS reports, among others), in terms of sales Van Wanrooij therefore remained within the set bandwidth of 1,000 to 1,500 homes (gross). On a 'net' basis, i.e. after deducting the proportional part realised by cooperation partners, Van Wanrooij sold 776 homes. As this is the definition used by Heijmans Property Development for residential sales, we will report on this basis in the future. In that case, the target range will be between 750 and 1,250 homes per year.

Van Wanrooij's primary sales channel is the consumer market, and sales remained at a stable level in that market in 2023. Although Van Wanrooij also suffered from an unfavourable sales climate, due to rising costs and pressure on affordability, houses of Van Wanrooij remain highly sought-after in suburban locations. This is because the mainly ground-level suburban development areas are easier to phase than inner-city projects, which often involve high-rise buildings. Over 90% of the houses in 2023 were build based on the Optio-concept. Good examples of projects in which the Optio concept shows its value include Landgoed Coudewater ('s-Hertogenbosch) and Huurlingsedam (Wijchen). Both projects are characterised by a lot of variation in housing types and price categories. From affordable starter homes, rental homes, spacious terraced and end-of-terrace houses to luxury semi-detached houses. In this way, Van Wanrooij continues to innovate the Optio housing concept, while keeping homes affordable and guaranteeing diversity in the plans.

With a total working inventory of land holdings that increased to over 14,000 homes (net), Van Wanrooij is in an excellent position to accelerate as the housing market continues to recover and residential sales pick up. The first signs of this were already visible in the fourth quarter of 2023, supported by declining medium-term interest rates and a rising wage trend that increased borrowing capacity for consumers. Both of these developments increased affordability for (prospective) buyers.

Building & Technology

Building & Technology	2023	2022	H2 2023	H2 2022
Revenues	1.076	933	566	504
Underlying EBITDA	46	38	25	21
Underlying EBITDA margin	4,3%	4,1%	4,4%	4,2%
Order book	1.481	1.227	1.481	1.227

Revenue at Building & Technology rose to € 1,076 million from € 933 million. Driven by higher volume, underlying EBITDA at Building & Technology rose to € 46 million from € 38 million. The margin was slightly higher at 4.3% when compared with 2022. This margin includes the start-up costs for the timber-frame housing production plant in Heerenveen, which opened in October. The basic premise in the development of these homes is sustainability and affordability through industrial and modular production. The Heijmans Horizon concept offers choice and variety. At the same time, we build and develop in a nature-inclusive and climate-adaptive way. In this way, we contribute to a healthy living environment for both people and nature. After the opening of the timber-frame housing production plant, the first houses were placed by a housing corporation in Eindhoven in late 2023 and the first owner-occupied houses have now been sold in Culemborg.

The increase in revenue at Building & Technology was largely realised in Services. Heijmans was particularly pleased with the share of recurring business, arising from existing, long-term relationships. Royal FloraHolland (RFH) is the most recent partner that enters a longer term contract in this context.

In addition, there was strong growth at Non-residential Projects. Heijmans was also awarded a contract for the renovation and expansion of a listed building into a new government office in the Arnhem railway station area. This involves a former post office that will house the Tax Authority, the Government's Central Real Estate Agency and the Education Executive Agency. The building contract, including maintenance, have a total contract value of over € 55 million. Heijmans also received the definitive award for the development of the technical design for the new building for the Faculty of Applied Sciences at TU Delft, and construction will start after that. The design phase started last year, after which demolition of the current plot will start in the course of 2024. The total project has a revenue value of around € 65 million for Heijmans.

Despite a lower share of construction projects from Heijmans Property Development, the revenue share for the construction/renovation of homes remained at the same level. This was due to more renovation contracts from housing corporations, which last year resumed their investments in new-build projects and making existing homes more sustainable due to the end of the so-called landlord levy. This involved a total of around 2,000 homes that have been or are now being made more sustainable.

In 2023, plans were drawn up for the construction of 264 rental apartments (156 social and 108 mid-rental homes, plus around 1,500 m² of social business spaces and workplaces) in Utrecht's Leidsche Rijn Centrum district. The construction phase of the Bloei030 project have recently commenced. The revenue value for the project is € 55 million. Last year, Heijmans signed an agreement with housing corporation Woonkracht10 for the construction of 137 new-build houses and apartments in the Kraaihoek district in the centre of Papendrecht. The contract value of this order is more than € 26 million.

Infra

Infra	2023	2022	H2 2023	H2 2022
Revenues	800	661	419	353
Underlying EBITDA (including Wintrack II)	66	55	43	21
Underlying EBITDA (excluding Wintrack II)	53	36	29	21
Underlying EBITDA margin (excluding Wintrack II)	6,6%	5,4%	6,9%	5,9%
Order book	1.011	1.007	1.011	1.007

Infra's order book remains above € 1 billion. Revenue rose 21% to € 800 million from € 661 million the previous year. This strong increase was primarily driven by higher volume in energy infrastructure, asset management and the Dutch government's flood protection programme (HWBP). Following the final ruling by the Board of Arbitration on appeal with regard to the Wintrack II project, the case ended in Heijmans' favour. This meant Heijmans could release the remaining provision, which had a positive impact of € 14 million on underlying EBITDA. Infra's underlying EBITDA rose to € 66 million from € 55 million, taking it (net of the impact of the release of the Wintrack II provision) to an excellent margin of 6.6%.

Infra is well set for the energy transition, as shown by, among other things, its partnership with TenneT in the EU 303 tender for the modification of high-voltage substations in the Netherlands. Last year, Infra delivered the modification of the Krimpen high-voltage substation with the maximum achievable customer satisfaction. Other projects related to this partnership are still in progress.

In late 2023, Heijmans was awarded the contract for the maintenance of South Holland's motorways. Heijmans also won the contract for the Variable Maintenance on the motorways in the eastern part of the Netherlands. This is a four-year framework agreement with a value of approximately € 125 million. Earlier in the year, Heijmans won contracts for other maintenance works, such as sections of the A2 and A12 in the central part of the Netherlands. In cooperation with Yunex Traffic B.V., Heijmans has started work on the replacement and renovation of two bridges, the Spijkenisserbrug and the Brug over de Noord, also known as the Alblasserdamsebrug. In early 2023, Heijmans and GMB, working as the Waddenkwartier construction consortium, started work on the reinforcement of the Groningen section of the Lauwersmeerdijk. The realisation phase represents a value of just over € 90 million, with Heijmans' share amounting to 75% of this.

The theme of water will also become increasingly important for Infra in the future. With projects like the Médooclaan in Maastricht, which involves the storage of rainwater, and a project in Rotterdam South involving the reuse of rainwater for buildings and fountains, Infra is already showing that it is responding to this issue.

Financial results

Total incl. Van Wanrooij	2023	Van Wanrooij	Heijmans	2022
Revenues	2.117	125	1.992	1.812
Underlying EBITDA before release fair value step up	158	31	127	126
Underlying EBITDA	147	20	127	126
Underlying EBITDA margin	6,9%	16,0%	6,4%	7,0%
Home transfers (net)	2.579	776	1.803	1.811

Revenue and underlying EBITDA

In 2023, Heijmans saw its revenue increase by almost 17% to € 2,117 million from € 1,812 million. Organic growth, excluding the impact of the Van Wanrooij acquisition, came in at 10%. There was significant growth in Building & Technology and Infra. The decrease in Heijmans Property Development related to the nationwide decline in home sales, visible from mid-2022, driven by a steep rise in (mortgage) interest rates. However, home sales have picked up since the end of 2023, prompted by a slight fall in interest rates combined with wage increases. Van Wanrooij's revenue from 5 September developed well and came in at € 125 million, driven by 431 net home transfers.

The Infra business area managed to respond to the central government's greater emphasis on replacing and renovating the existing road network, as well as the flood protection programme and the energy transition. At Building & Technology, both Services and Non-residential Projects posted solid volume growth. Despite the lower volume coming from Heijmans Property Development, Residential Building was able to maintain its overall volume by executing numerous assignments for housing corporations and investors. Residential Building saw a particularly sharp increase in revenue from housing corporations, for new-build, maintenance and renovation projects.

Heijmans is targeting underlying EBITDA margins of 4% - 6% for all its construction activities and 6% - 8% for its property development activities, and managed to meet these target margins at all business areas in 2023, as it did in 2022. Infra came in even higher due to a combination of volume growth and strong project performance, even if the release of the Wintrack II provision is excluded. The Wintrack II case ended for Heijmans with the final ruling of the Board of Arbitration on appeal. The ruling on the case was positive for Heijmans, which meant we could release the provision taken for reasons of prudence.

In 2023, underlying EBITDA increased to € 147 million from € 126 million. Building & Technology and Infra recorded a rise in underlying EBITDA, while at Property Development underlying EBITDA fell in line with lower revenue to € 27 million from € 42 million. Van Wanrooij contributed EBITDA of € 20 million from 5 September. The purchase price allocation resulted in the revaluation of all development positions to market value. Under IFRS, this revaluation results in higher cost of sales for the land under development. The impact of this non-cash fair value adjustment (upward revaluation) of land amounted to € 11 million from 5 September to year-end. For a more detailed explanation of the impact of the purchase price allocation, see Appendix 5.

Eliminations and the holding company

Intercompany eliminations are adjusted at holding company level. This primarily relates to homes sold by Heijmans Property Development and built by Residential Building, which now also applies to Van Wanrooij. At holding company level, each year this results in a balance consisting of non-recharged costs to the sectors. The balance of these costs increased to -/- € 12 million in 2023 from -/- € 9 million the previous year. This increase includes the higher energy costs of the Heijmans' company buildings and one-off additional personnel costs as compensation paid to staff to offset the higher cost of living. This item also includes the non-recurring costs related to the festivities related to Heijmans' 100th anniversary.

	2023	2022	H2 2023	H2 2022
Revenues	2.117	1.812	1.305	949
Property development	27	42	14	22
Building & Technology	46	38	25	21
Infra (excluding Wintrack II)	53	36	29	21
Wintrack II	14	19	14	0
Van Wanrooij	31	0	31	0
Van Wanrooij release fair value step up	-11	0	-11	0
Corporate	-12	-9	-4	-4
Underlying EBITDA	147	126	98	60
Underlying EBITDA (excluding Van Wanrooij)	127		78	
Correction EBITDA joint ventures	-5	-9	-3	-7
Write down on property assets	0	-4	0	0
Acquisition costs	-9	0	-6	0
Long term incentive bonuses	-3	0	-3	0
Restructuring costs	-3	-3	-2	-2
EBITDA	127	110	84	51
EBITDA (excluding Van Wanrooij)	110		67	
Depreciation/amortisation	-46	-39	-26	-21
Operating result (EBIT)	81	71	58	30
Operating result (EBIT) (excluding Van Wanrooij)	67		43	
Financial results	-3	-4	-3	-2
Share of profit of associates and joint ventures	3	7	1	6
Result before tax	81	74	56	34
Income tax	-21	-14	-15	-4
Result after tax	60	60	41	30
Result after tax (excluding Van Wanrooij)	50		32	

Operating result

The operating result (EBIT) for 2023 came in at € 81 million (2022: € 71 million). In 2023 the company recognised € 12 million in transaction costs related to the Van Wanrooij acquisition, consisting of advisory costs, other transaction costs including transfer tax, a one-off retention bonus for the acquired company's staff and costs related to the purchase price allocation in the financial statements. The operating result was also partly impacted by € 3 million in restructuring costs resulting in particular from qualitative adjustments to the organisation (2022: € 3 million).

Depreciation increased to € 46 million last year, from € 39 million in 2022. Around half of the higher depreciation was related to increased investments in electrical equipment and the timber-frame housing production plant, while the other half was related to the acquisition of Van Wanrooij. At Van Wanrooij, depreciation was primarily related to leases (offices and cars) and to the amortisation of the Construction order book, which was valued as a result of the Purchase Price Allocation (see Appendix 5).

Financial income and expenses

The balance of financial income and expenses in 2023 was a negative € 3 million (2022: negative € 4 million). Compared with the previous year, there were three main movements. Firstly, prior to the acquisition of Van Wanrooij, Heijmans was in net cash position. In the first eight months of the year, Heijmans deposited € 100 million in a deposit account. Given that short-term interest rates rose sharply from the summer of 2022, this led to interest income of a rounded 3% on an annual basis, increasing interest income compared with the previous year. Secondly, as a direct consequence of the Van Wanrooij acquisition, Heijmans once again drew on its syndicated bank facility from 5 September. This also increased interest expenses. The syndicated bank facility consists of a Term Loan and a revolving loan that are both subject to a floating rate of interest (three-month Euribor and one-month Euribor respectively). The applicable interest rate on the drawn amounts, including interest margin, was over 6%. Finally, interest expenses were no longer payable on the cumulative preference shares, as these were fully redeemed and cancelled in 2022.

The interest expenses also consist of (a limited number of) project financings, capitalised fees related to refinancing costs, costs for keeping credit available (preparation costs) and the interest expense for lease obligations resulting from the application of IFRS 16 Leases. In addition to receipts in the deposit account as described above, interest income relates to loans granted and capitalised interest from land holdings.

Result from associates

The result from joint ventures came in at € 3 million in 2023, which was lower than in the previous year. There were no exceptional items in this item; the decline was mainly due to lower volume in joint ventures that are not proportionally consolidated. A number of joint ventures were added with the acquisition of Van Wanrooij. The profit contribution of these joint ventures was adjusted downwards due to the fact that part of the fair value step-up of the inventory position is in joint ventures.

Taxes

Pre-tax profit came in at € 81 million in 2023, which was higher than in the previous year (2022: € 74 million). The tax rate in 2023 was 26.4%, which was higher than a year earlier (2022: 18.5%) and also slightly higher than the nominal rate of 25.8%. The increase was mainly due to two factors. Firstly, compared with the previous year, there were only limited unrecognised tax loss carry-forwards that could still be capitalised. In 2022, this had a net impact of € 5 million. Secondly, part of the transaction costs incurred as part of the Van Wanrooij acquisition were not deductible for corporate income tax purposes. The effective tax rate is expected to be in line with the nominal rate in the coming year.

Net profit and proposed dividend

Net profit for the whole of 2023 came in at € 60 million, the same as in 2022. Heijmans proposes to make € 0.89 dividend per share available for the 2023 reporting year in the form of an optional dividend. This dividend proposal is in line with Heijmans' dividend policy, which envisages an annual pay-out ratio of 40% of net profit.

Cash flow

In 2023, cash flow was heavily influenced by investments. Both in the form of property, plant and equipment (see the investments in electrification and the timber-frame housing production plant), and in particular the acquisition of Van Wanrooij. Total investment cash flow (investments including acquisitions less depreciation) was a negative € 296 million. However, operating cash flow was strong, driven by an excellent net result development adjusted for the cash dividend and a slight improvement in working capital. Working capital (excluding Van Wanrooij for comparison's sake) remained at similar levels to the previous year. Higher inventories at Property Development and lower accounts payable were offset by substantially better pre-financing (work in progress position credit).

The combination of investment cash flow and operating cash flow led to a movement in net debt of € 288 million to a total net debt of € 137 million. In addition to limited movements in project financing and leases, the main factor was a € 197-million drop in cash and cash equivalents and the fact that Heijmans drew on € 75 million of its Term Loan. At the end of the year, Heijmans had not drawn on its revolving credit facility.

Capital and funding

The condensed balance sheet as at 31 December based on invested capital can be specified as follows:

Condensed Balance Sheet		
x € 1 million	2023	2022
Fixed assets	538	338
Working capital (excl. cash and cash equivalents)	80	-116
Capital invested	618	222
Equity	384	317
Non interest bearing liabilities	97	56
Net debt	137	-151
Financing	618	222

Solvency remained at a stable level of 29% at year-end 2023 (2022: 29%), despite the substantial impact of the acquisition of Van Wanrooij on the balance sheet. Heijmans' balance sheet total increased by a lower amount than the acquisition price, as Heijmans was able to pay around half of the acquisition price from freely available cash. Furthermore, the balance sheet lengthened slightly as property, plant and equipment increased as a result of the investments in the timber-frame housing production plant and the electrification of equipment. The higher revenue led to slightly higher working capital line items. As the inventory of development positions in real estate (Heijmans Property Development and Van Wanrooij) is part of working capital and the inventory of development positions increased substantially as a result of the Van Wanrooij acquisition, total working capital (assets and liabilities side netted) was positive rather than negative. Adjusted for the inventory position, working capital remained negative, as most of the activities in the construction sector were pre-financed.

In addition, equity increased due to a combination of profit retention (net profit less cash dividend for the 2022 reporting year) and the fact that part of the acquisition (€ 23.5 million) was paid by issuing 2.3 million shares to the seller at an issue price of € 10.214 per share.

Invested capital: fixed assets

The composition of fixed assets can generally be specified as follows:

x € 1 million	2023	2022
Property, plant and equipment	115	73
Right of use for leased assets	90	72
Intangible assets	176	82
Other non-current assets	157	111
Carrying amount of fixed assets	538	338

Within fixed assets, last year saw a € 42 million increase in property, plant and equipment. This increase was primarily driven by Infra and the holding company. At Infra, there was a higher level of investment (compared with the level of depreciation/disinvestment) in heavy equipment. At holding company level, this was related to investments in the timber-frame housing production plant in Heerenveen, the assets of which have been transferred to Heijmans' facilities business and where Building & Technology produces the homes. The Van Wanrooij acquisition had an impact of € 13 million on fixed assets. The other business areas saw only limited changes in property, plant and equipment.

The increase in the rights of use of leased assets was mainly due to the electrification of the fleet combined with a higher number of lease cars, as well as the acquisition of Van Wanrooij. The total leased assets item at Van Wanrooij is € 9 million and consists primarily of head office rental and staff lease cars.

The increase in intangible assets is primarily the result of the goodwill associated with the acquisition of Van Wanrooij. See appendix 5 for an explanation.

Other fixed assets increased to € 157 million from € 111 million. This item consists primarily of company buildings and land, machinery, installations, large equipment and other fixed operating assets. In the year under review, investments amounted to € 44 million (2022: € 26 million). These investments were mainly in the electrification of equipment. Within other fixed assets, we also saw a slight increase in associates. This was largely due to an increase in the net asset value of AsfaltNu.

Invested capital: working capital

The working capital amounted to €80 million at the end of 2023 (2022: -/ - €116 million). The change was primarily explained by the acquisition of Van Wanrooij, which significantly expanded the land bank. The position has been valued at market value in the context of the Purchase Price Allocation, which has led to an increase. As of December 31, 2023, the total inventory position on Van Wanrooij's balance sheet is €207 million. Within Heijmans Property Development, the land bank remained at a comparable level to last year.

If the increasing land bank is not taken into account, working capital decreased by € 20 million. On the liabilities side, there was a substantial improvement in pre-financing (work in progress debit and credit netted), which was partly offset by a lower creditor position. On balance, Heijmans remains pre-financed. The increase in the absolute level of pre-financing was largely related to the increasing volume in the larger projects in Building & Technology and Infra.

The composition of working capital can generally be specified as follows:

x € 1 million	2023	2022
Strategic land holdings	159	79
Residential properties in preparation and under construction	208	80
Other inventory	22	14
Work in progress	-165	-126
Accounts receivable	229	239
Accounts payable (incl. short term lease obligations)	-373	-402
Working capital	80	-116

Although working capital shows considerable fluctuations in any given year, in recent years Heijmans has managed to make its activities and the related impact on working capital less seasonally dependent. Working capital requirements are largely project-specific and related to clients' payment schedules. Seasonality in the construction sector is generally explained by higher levels of activity in the second and fourth quarters (especially due to lower production during the winter and summer months), as well as an increased level of notarial transfers and the settlement of additional work prior to balance sheet dates. Higher working capital requirements during the year lead to a higher capital requirement which, if necessary, Heijmans will meet by using a Revolving Credit Facility. However, due to the size of the current net cash position, Heijmans did not need to draw on this financing facility in 2023.

Inventory position property development

Within the Property Development activities, the working capital requirement is largely determined by the land bank, including the land under development (homes in preparation and under construction). This item increased substantially in 2023 due to the acquisition of Van Wanrooij.

The consolidated inventory position increased from € 159 million to € 367 million. On balance, an increase of € 208 million, of which € 207 million is attributable to Van Wanrooij. Van Wanrooij's positions were valued at market value as of September 5 and were subject to limited changes towards the end of December.

x € 1 mln	2023	2022
Strategic land holdings	159	79
Properties in preparation and under construction	208	80
Inventory position property development in balance sheet (exc. work in progress)	367	159
Unconditional obligations Heijmans	34	30
Contingent liabilities Heijmans (incl. joint ventures)	247	61
Development claims and rights Heijmans	131	140
Total off-balance sheet rights and obligations	412	231
Total inventory incl. off-balance sheet rights and obligations	779	390

Within the strategic land positions of Property Development, there has been an increase of €80 million to €159 million, of which €68 million is explained by Van Wanrooij. The increase within Heijmans Property Development is related to several new positions that have been acquired. The homes in preparation and under construction increased by € 128 million to € 208 million, of which € 139 million is explained by Van Wanrooij. On balance, there was a decline at Heijmans Property Development, which related to the lower construction volume. The inventory 'completed and unsold' amounted to nine homes and three commercial units at the end of 2023 (2022: twelve apartments).

In addition to owned land positions, Heijmans Property Development total land bank also consists of development rights, which qualify as 'off balance obligations'. Within this category, the unconditional liabilities increased by €4 million to €34 million in 2023, mainly as a result of a single position at Van Wanrooij. Van Wanrooij has plenty conditional obligations - often linked to zoning procedures - as a result of which the conditional obligations increased substantially from € 61 million to € 247 million. Heijmans Property Developments conditional obligations are usually linked to certain pre-sale percentages being achieved. In addition to the conditional and unconditional obligations, Heijmans also has development rights and claims. This position decreased from €140 million to €131 million in 2023. These are positions where Heijmans has the development right without having the land positions on its balance sheet. There are also construction claims within Van Wanrooij, but in the context of the purchase price allocation, these have already been valued as part of the strategic land positions and homes in preparation and under construction. A different approach therefore applies to Heijmans Property Development, because these positions may not be revalued.

Financing: equity

In the year under review, equity increased by € 67 million to € 384 million, from € 317 million a year earlier. As in 2022, net profit remained stable at € 60 million. In addition, equity declined by € 12 million due to the payment of dividend (gross) in the form of cash dividend for the 2022 reporting year. The remaining part of the dividend payment, amounting to € 11 million, was paid in the form of stock dividend via the issue of 972,934 (depository receipts for) ordinary shares. The increase in equity was also due to the fact that on 5 September 2023 equity increased by € 23.5 million in connection with the issuance of 2,300,000 (depository receipts for) ordinary shares as part of the payment of the purchase price relating to the acquisition of Van Wanrooij at the issue price of € 10.214 per share as set out in the purchase agreement. Last year also saw a change in pension valuations amounting to -/- € 5 million, which was recognised directly in equity. This change arises from the annual recalculation of actuarial liabilities and relates to a changed actuarial interest rate and the size and demographic expectations of the participant base.

The composition of the changes in equity can generally be specified as follows:

Changes in equity	31 December	31 December
(x € 1 million)	2023	2022
Balance at 31 December in the previous year	317	268
Result after tax	60	60
Other comprehensive income	-5	0
Tax effect booked via other comprehensive income	1	0
Dividend payments	-23	-21
Share issuance	34	10
In consolidation Van Wanrooij	0	0
Balance at 31 December	384	317

Financing: net interest-bearing debt

As a result of the acquisition of Van Wanrooij, Heijmans' net cash position changed from € 151 million at year-end 2022 to a net debt position of € 137 million at year-end 2023. Heijmans anticipated this higher level of debt in good time by extending and renewing its syndicated bank financing facilities in view of and immediately prior to the acquisition of Van Wanrooij. The original financing facility of € 117.5 million was committed until the end of 2025. The new financing facility has been extended by € 140 million to € 257.5 million and runs until 1 September 2028 and consists of the following components:

- Term Loan in the amount of € 80 million repayable on a straight-line basis over four years, of which € 75 million is outstanding at the end of 2023.
- Revolving credit facility in the amount of € 177.5 million, € 30 million of which is in the form of a current account facility.

When Heijmans refinanced its debt in 2023, no changes were agreed to the package of securities provided to financiers. These securities are laid down in pledges, with an intercreditor agreement regulating in what situations and how securities can be redeemed. As long as Heijmans continues to comply with the banking covenants, including the financial covenants, these situations do not arise.

The securities package consists of the pledged receivables, bank accounts and any insurance proceeds. This criterion only applies insofar as Heijmans is 100% owner of the companies concerned and, measured by revenue, at least 95% of the revenue must be represented by the subsidiaries that co-sign the financing agreement (the so-called guarantor cover). Finally, the financiers have secured mortgages on a number of historical land holdings with a carrying value of € 42 million at year-end 2023. These securities will be released as the land holdings are developed.

With the exception of a number of project financing arrangements and leases, Heijmans had not drawn on the revolving credit facility at year-end 2023 and the outstanding sum on the Term Loan was € 75 million. At year-end 2023, leases had an impact of € 90 million on the net cash position and of € 12 million on the project financing (partly in Heijmans Property Development and partly in Van Wanrooij).

Order book

The order book for Heijmans as a whole increased by € 400 million in 2023, to € 2.8 billion from € 2.4 billion at year-end 2022. At Infra, the order book remained stable at a strong level of more than € 1 billion. Property Development's order book declined due to the fact that the start of construction was delayed at several projects. This was due to the failure to achieve minimum pre-sales percentages in some inner-city projects, as well as the structural national shortage of planning capacity and progress in spatial planning procedures. At Building and Technology, the order book increased by 25% to € 1.5 billion from € 1.2 billion. The Residential Building business, which traditionally generates the majority of its revenue through Property Development, had a high order intake from third parties (primarily housing associations), which kept the overall order book at a good level. The increase was particularly visible in Non-Residential Projects and Services. The acquisition of Van Wanrooij will increase the order book by € 149 million by the end of the year. Van Wanrooij generally has somewhat smaller, short-term cyclical works with separate purchase and construction contracts in progress compared with Heijmans Property Development and Residential Building. Based on the progress in home sales, there is a substantially larger work inventory, which is not included in the order book until 70% pre-sales have been achieved.

Given the current state of the order book, all business areas have plenty of work for 2024 and there is a good spread of execution capacity and types of projects. This means it is likely that Heijmans will see higher revenue in 2024. All business areas added numerous medium-sized (€ 10 million to € 40 million) projects to the order book, which contributed to a good spread. In 2023, Heijmans acquired five larger new works in the range up to € 70 million. These include three projects at Property Development / Residential Building, one Non-residential renovation project and one dyke reinforcement project at Infra.

Financial calendar 2024

Date	Event	Time
1 March 2024	Publication 2023 full-year results	pre-trading
30 April 2024	General Meeting of Shareholders	14:00 hrs
3 May 2024	Ex-dividend	pre-trading
7 May 2024	Q1 trading update	pre-trading
22 May 2024	Capital Markets Day	
26 July 2024	Publication 2024 interim results	pre-trading
31 October 2024	Q3 trading update	pre-trading

About Heijmans

Royal Heijmans (AEX:HEIJM.NL) is a leading Dutch listed construction company with activities in Property Development, Building & Technology and Infrastructure. Jan Heijmans started the company in 1923 as a paving contractor. In the intervening hundred years, Heijmans has grown into an area developer and construction company with more than 5,000 employees. They ensure that people can enjoy living, working and connecting. Every single day, Heijmans works on complex construction projects and social challenges that have an impact on the future of the Netherlands. As a sustainable leader, Heijmans is taking a step forward on this front by dedicating itself to the creation of a healthy living environment. So people can live good lives and we take into account both animals and nature.

The Heijmans Executive Board will explain the published results for 2023 at a press conference and analysts' meeting today, 1 March 2024. The agenda for the General Meeting of Shareholders on 30 April next can be found on the website from 19 March. Heijmans will publish its 2023 annual report and financial statements latest on 8 March. This press release is also published in Dutch. In the event of any discrepancy between the original Dutch press release and the English language version of this press release, the Dutch language version shall prevail. The financial statements included in this press release have not been audited.

This press release contains information that can be considered inside information within the meaning of article 7(1) of the EU Market Abuse Regulation.

Appendices

1. Consolidated statement of profit or loss

Disclaimer: All reported data are unaudited

	2023	2022
Revenues	2.117	1.812
Cost of sales	-1.828	-1.578
Gross profit	289	234
Other operating income	2	2
Selling expenses	-40	-39
Administrative expenses	-179	-140
Other operating expenses	9	14
Winst verkoop deelnemingen		
Operating result	81	71
Financial income	6	2
Financial expenses	-9	-6
Share of profit of joint ventures and associates	3	7
Result before tax	81	74
Income tax	-21	-14
Result after tax	60	60

2. Consolidated statement of financial position

ASSETS	31 December 2023	31 December 2022
Non-current assets		
Property, plant and equipment	115	73
Right-of-use assets	90	72
Intangible assets	176	82
Joint ventures and associates	101	73
Other fixed assets	56	38
	538	338
Current assets		
Strategic land portfolio	159	79
Residential properties in preparation or under construction	208	80
Other inventory	22	14
Construction work in progress	139	96
Trade and other receivables	229	239
Cash and cash equivalents	40	237
	797	745
Total assets	1.336	1.083
EQUITY AND LIABILITIES	31 December 2023	30 June 2022
Equity	384	317
Non-current liabilities		
Interest-bearing	65	12
Lease liabilities	62	51
Non-interest-bearing liabilities	97	56
	225	119
Current liabilities		
Interest-bearing loans and other current financing liabilities	22	2
Lease liabilities	27	22
Trade and other payables	347	365
Construction work in progress	305	221
Provisions	20	38
Other current liabilities	6	0
	727	648
Total equity and liabilities	1.336	1.083
Solvency rate	29%	29%

3. Consolidated statement of cash flows

	2023	2022
Operating result	81	71
Loss on sale of assets held for sale	0	0
Gain on sale of non-current assets and property investments	0	-1
Gain on sale of stake in joint ventures	0	0
Depreciation and impairment of property, plant and equipment	12	12
Depreciation of leased assets	29	24
Amortisation of intangible assets	5	5
Adjustment of valuation of property and land bank excluding joint ventures	0	0
Changes in working capital and non-current provisions	-29	13
Operating result after adjustments	98	124
Interest paid	-9	-7
Interest received	6	1
Income tax paid	-9	-8
Cash flow from operating activities	86	110
Investment in property, plant and equipment	-44	-22
Investment in intangible assets	-1	-2
Proceeds from sale of property, plant and equipment	2	1
Proceeds from sale of intangible assets	0	0
Business combinations	-262	-16
Capital contributions/repayments and dividend receipts from joint ventures and associates	-8	11
Loans granted to and repaid by joint ventures and associates	-1	12
Cash flow from investment activities	-314	-16
Lease payments	-29	-24
Interest-bearing loans drawn down	191	3
Interest-bearing loans repaid	-118	-35
Cash dividend	-13	-10
Cash flow from financing activities	31	-66
Net cash flow in the period	-197	27
Cash and cash equivalents at 1 January	237	210
Cash and cash equivalents at 31 December	40	237

4. Order book

in € mln.	31 December 2023	30 June 2023	31 December 2022
Property development	452	523	596
Building & Technology	1.481	1.515	1.227
Infra	1.011	1.010	1.007
Van Wanrooij	149	0	0
Eliminations	-336	-407	-472
Total	2.757	2.641	2.358

5. Acquisition Van Wanrooij

On 5 September 2023, the Group acquired 100% of the share capital in the company established for the purpose of the transaction, Van Wanrooij Bouwontwikkeling B.V. This company directly holds 100% of the shares in Van Wanrooij Projectontwikkeling B.V., Van Wanrooij Commandiet B.V., Van Wanrooij Grondbank B.V., Van Wanrooij Bouwbedrijf B.V., Bouwmaterialenhandel Bevers B.V. and Van Wanrooij Timmerfabriek B.V. (hereinafter: Van Wanrooij). Van Wanrooij is a successful family business active in the development and construction of houses. With this transaction, the Group strengthens its market position in construction and property development in the Netherlands. The strategic rationale behind the transaction is a direct improvement of the mix of homes (more houses) and the size of the working inventory (the acquisition increases the number of homes to be developed in the future by approximately 14,000 homes).

As part of the acquisition, a purchase price allocation (PPA) must be carried out, in which the total transaction sum must be allocated to the acquired assets and liabilities. In this PPA, these are recognised on the basis of market value (fair value accounting). The difference between the price paid and the net asset value of the assets and liabilities based on market value is recognised as goodwill. The transaction sum for 100% of the shares totals € 296.8 million, which Heijmans paid in the form of 2.3 million shares, which together have a transaction price of € 23.5 million, and a cash consideration of € 273.4 million. As permitted under IFRS 3 Business Combinations, the fair value of the identifiable assets and liabilities acquired is presented on a provisional basis. An independent professional expert performed the provisional fair value measurements.

Details of the purchase price, net assets acquired and goodwill are as follows:

x € mio	Carrying value before acquisition	Fair value adjustments	Value recognised on acquisition
Fixed assets	13	0	13
Right-of-use assets	9	0	9
Intangible assets	0	6	6
Deposits	25	0	25
Inventories	94	122	216
Deferred taxes	3	0	3
Net work in progress	1	0	1
Joint ventures and associates	7	14	21
Trade and other receivables	21	0	21
Cash and cash equivalents	9	0	9
Provisions	-5	-11	-16
Use of rights obligations	-9	0	-9
Deferred tax liabilities	-2	-33	-35
Winstbelastungsschulden	-3	0	-3
Trade and other payables	-56	0	-56
Net identifiable assets and liabilities	107	98	205
Goodwill			91
Purchase price			296
Purchase price payable on achieving earn out			0
Paid in stock certificates			-25
Total cash purchase price			271
Acquired cash			-9
Net cash out			262

The fair value adjustment of provisions pertains to certain risks related to development positions obtained in the period prior to the transaction date. For a more detailed explanation, see note 6.24 other provisions.

Approximately 200 individual positions were valued to determine the market value of the total inventory of development positions. A position may consist of expenses and income booked under inventories, deposits (if payments have been made for land holdings for which ownership has not yet been obtained), work in progress, and possibly other liabilities (if properties have been transferred but Projectontwikkeling will still incur costs in the future). These balance sheet items combined, with a book value of € 117 million as of 5 September 2023, resulted in a market value of the positions of € 259 million. Consequently, the inventory position has been subjected to a total upward revaluation (fair value step-up) of € 142 million, divided between co-consolidated positions and non-consolidated positions (joint ventures). The table below specifies how this amount is made up of both on-balance sheet and off-balance sheet items. The fair value adjustment of the joint ventures of € 14 million, presented at net asset value, is after allocation of the deferred tax liability in the joint ventures (€ 5 million). The gross amount plus the fair value adjustment of inventory adds up to € 142 million.

Details of the purchase price, net assets acquired and goodwill are as follows:

Explanation of property development	Carrying value to fair value per 5-9			Δ 5-9 to 31-12		Balance sheet		
	Carrying value before acquisition	Fair value adjustment	Value at 5-9-2023	Net investment land bank	Fair value release	Book value 31-12-2023	Explanation	
Deposits	25	0	25	-1	0	24	6.14	
Inventories	94	123	216	1	-10	207	6.16	
Net work in progress / Other debt	-7	0	-7					
Gross value property development portfolio (on-balance)	(a)	111	123	234				
Inventories / deposits in Joint Ventures (off-balance)		6	19	25	-6	-2	18	6.13
Gross value property development portfolio (on- & off-balance)	(b)	117	142	259				
Order book Construction	(c)		6	6	0	-2	4	6.2
Total fair value adjustments PPA balance sheet	(a+c)		129	129				
Deferred taxes			33	33				6.15

The accounting for the Van Wanrooij acquisition and the detailed allocation of the acquisition price to the individual assets and liabilities are based on an assessment of their fair value based on the assumptions in place as at 5 September 2023 (acquisition date). The market values assigned to the assets and liabilities are provisional. This is due to the limited time between the acquisition date and the date the financial statements were prepared. In this case, IFRS offers the option of subjecting the assumptions used to a more detailed review within a year of the acquisition date and possibly adjusting them. A potential revision may affect the balance sheet and statement of profit or loss and will be finalised in the 2024 reporting year.

Fair value adjustments have been made as part of the PPA process. Firstly, Van Wanrooij Bouw's order book has been valued based on the replacement cost method. The assigned value of € 6.4 million will be amortised on a straight-line basis in one year from the acquisition date. No other intangible assets have been identified, other than the order book and goodwill. In addition, the inventory position has been subjected to a fair value step-up. As part of the PPA, all positions have been valued separately, partly on the basis of external appraisals. Van Wanrooij has land holdings on which approximately 14,000 homes can potentially be built. Measured by the total number of homes per year that Van Wanrooij develops, this gives the company a development inventory of approximately 15 years. The inventory position

therefore includes positions in various stages: land under construction, land for sale, building developments and more strategic land (often still with a current use as agricultural land). Positions may include ownership, building claims and development rights. As is customary in property development, in many cases Van Wanrooij works with down payments and subsequent payments. These subsequent payments are off-balance sheet liabilities and are in most cases conditionally linked to a definitive zoning change.

The inventory position was acquired over a longer period (partly in times when house prices were considerably lower than at the time of the acquisition) and Van Wanrooij makes an above-average return per home within the sector. In the measurement of the market value, this resulted in a significant fair value step-up from the carrying value of the inventory amounting to € 142 million (some of which is in non-consolidated joint ventures) to a total value of € 259 million. The consequence of this fair value step-up is that a higher acquisition price of the land must be taken into account from the acquisition date for accounting purposes. In other words, there is a cost price increase as a result of the fair value step-up that will reduce future gross profit (EBITDA) by € 142 million. The impact of this on Van Wanrooij's future profitability is high in the early years and decreases over time. There are several reasons for this. 1) In the first years after the acquisition, (almost) all residential transfers to buyers (which is the basis for revenue capture in property development) will come from the acquired inventory position. 2) Permits have been granted for (almost) all the positions that will result in land transfers in the first few years and some have already been sold. The cash flow profile is therefore already largely fixed. Because of this lower risk profile, these positions have been assigned a lower discount factor for valuation purposes. 3) The combination of a higher discount factor and a longer lead time results in a lower net present value for positions to be developed further into the future.

Van Wanrooij's total development inventory of approximately 14,000 homes consists of approximately 200 (sub) projects, which have been valued separately. In accordance with IFRS, the fair value step-up should be performed at position level and will be reflected in the statement of profit or loss in the future as properties in the projects are transferred to buyers. While the total carrying value of the property portfolio has more than doubled as a result of the fair value step-up to market value, there are large deviations at individual position level, ranging from limited write-downs to significant upward revaluations. As a result, the final fair value step-up can vary significantly from one project to another, depending on when which projects are transferred. The 431 homes that were transferred between 5 September 2023 and 31 December 2023 together led to a release of the fair value step-up of € 11.3 million, or over € 26,000 per home. This includes the proportional consolidation of non-consolidated joint ventures, as over € 2 million of the fair value step-up release is attributable to joint ventures. This € 11.3 million is charged to the underlying EBITDA of € 31 million that Van Wanrooij would have reported before the application of the PPA. The release of the fair value step-up therefore results in the erosion of over one-third of the original (pre PPA) EBITDA. Due to its accounting nature with no future cash impact, the release of the fair value step-up will be added for the calculation of financial covenants for the calculation of Consolidated EBITDA.

For 2024, the fair value step-up is expected to be € 20,000 to € 26,000 per transferred home. This amount will gradually decline to zero in subsequent years, as explained above, after the last home from the existing inventory position has been transferred to a buyer. Depending on the number of homes to be transferred, the total downward impact on (underlying) EBITDA will therefore be between € 15 million and € 25 million in 2024.

In the first year after the acquisition (including four months in 2023 and eight months in 2024), the impact of the write-down of the Bouw order book (€ 6.4 million), as well as the attribution of a one-off retention arrangement with staff amounting to a maximum of € 7 million, will be added as exceptional expenses.

As the fair value step-up of the inventory position, as well as the identification of Bouw's order book in the balance sheet does not take place for tax purposes, a deferred tax liability appears in Van Wanrooij's opening balance sheet. The total deferred tax is € 38 million, which is the nominal rate of 25.8% multiplied by the value of the Bouw order book and the total fair value step-up of the inventory position. €5 million of this amount is formed at the level of joint ventures valued at net asset value, so this part is not visible in the balance sheet.

The goodwill of € 90.8 million is ultimately the difference between the acquisition price and the fair value of the identifiable assets and liabilities acquired at the time of the acquisition. Goodwill will not be amortised in the future. However, Heijmans will have to perform an annual test to determine whether there is still sufficient earning potential for the goodwill. This test is performed at the level of Van Wanrooij (the cash-generating unit), which will be continued independently within Heijmans. The goodwill is explained by the fact that with this acquisition, the Group expects a stable profit potential from both the construction-related activities (Bouw, Bevers and Timmerfabriek) and project development activities (Projectontwikkeling). Goodwill is not deductible for tax purposes.

Glossary

Average capital employed

The Average Capital Employed is the average investment a company uses over a period to generate revenue. It's calculated by averaging the capital at the start and end of the period, often determined by subtracting current liabilities from total assets or adding equity to non-current liabilities. This measure is essential for analyzing how effectively a company uses its capital to produce returns.

	2023	2022
Fixed assets	339	343
Working capital	-116	-77
Capital employed start of period	223	266
Fixed assets	538	339
Working capital	80	-116
Capital employed at the end of the period	618	223

Climate adaptation

Climate adaptation combats the effects of climate change and could help the Netherlands become resistant to climate change. Adaptation is made possible by setting climate buffers.

CO₂-emissions

CO₂ (carbon dioxide) emissions measured over a period of time.

Energy transition

This is the transition from fossil fuels (natural gas, coal, oil) to sustainable energy (wind, solar, biomass and hydrogen). Targets and the measures to achieve these targets are laid down in the Climate agreement.

Heijmans Horizon

Timber-framed homes that Heijmans builds in its own factory in Heerenveen.

Nature-inclusive construction

Nature-inclusive construction is an approach – tailored to the area due to be developed - that combines the design of the construction project with the strengthening of the natural green areas. The aim is to create a healthy, future-proof living environment for both people and animals.

Net Debt / Net Cash

Net Debt / Net Cash is a financial metric used to assess financial strength of a company. It is calculated by subtracting total amount of debt by all liquid assets. If the total amount of liquid assets is bigger than the total amount of debt, it is referred to as Net Cash. If the total amount of debt is larger than the liquid assets it is referred to as Net Debt.

		2023	2022
Non-Current Liabilities	+/+	65,484	12,136
Current Liabilities	+/+	21,823	1,824
Liquid assets	-/-	40,384	237,012
Operating leases /rents term (current)	+/+	27,458	21,557
Operating leases /rents term (non-current)	+/+	62,435	50,633
Net debt / Net cash		136,816	-150,862

Orderbook

The orderbook consists of the total of the part of the work in progress that has not yet been completed and the projects still to be started as of the balance sheet date. The orderbook as stated in the annual accounts amounts to € 2.6 billion and is lower due to the exclusion of the Joint Ventures.

Solvency

Solvency is a financial metric that measures the extend to which a company is able to meet its (financial) obligations.

		2023	2022
Equity		383,657	317,019
Total Assets		1,335,598	1,083,390
Solvency ratio		28.7%	29.3%

Underlying EBITDA

Underlying EBITDA refers to Earnings Before Taxes, Interest, Depreciation and Amortization (this is same operational result before depreciation/amortization) and adjusting for (1) EBITDA joint ventures, (2) excluding impairment on Land holding and Goodwill, (3) acquisition expenditures including retention bonuses and (4) book results on the sale of underlying entities

		2023	2022
EBITDA		126,938	109,714
EBITDA joint ventures	-/-	-5,368	-8,672
Impairment on Real Estate / land holdings	-/-	0	-4,100
Restructuring expenditures	-/-	-2,986	-1,555
Acquisition costs/ book results on investments	-/-	-9,410	-2,411
retention bonuses Van Wanrooij	-/-	-2,400	0
Underlying EBITDA		147,102	126,452

Underlying EBITDA Margin

Underlying EBITDA margin is calculated as underlying EBITDA (as described in section 'underlying EBITDA'). Underlying EBITDA divided by revenue.

	2023	2022
Underlying EBITDA	147,102	126,452
Revenu	2,117,317	1,812,208
Underlying EBITDA Marigin	7%	7%

For more information / not for publication:

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