

Sif takes Final Investment Decision to Construct the World's Largest Monopile Foundation Manufacturing Plant

Strong Commitment from Customers and Cornerstone Shareholder to Strengthen Sif's Position as the Leading Supplier of Foundations for the Energy Transition

Capital Markets Day to be held on 17 March 2023

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- Sif Holding N.V. ("Sif" or the "Company") today announces its €328 million Final Investment Decision ("FID") to construct the world's largest monopile foundation manufacturing plant in Rotterdam, the Netherlands. Construction is expected to start in April 2023;
- The upgraded manufacturing plant will significantly increase the total combined capacity of Sif to 500 kilotons a year and upgrade Sif's capabilities to manufacture the equivalent of 200 XXXL, 11 meter diameter, 2,500 tons reference monopile foundations a year;
- Once the expanded manufacturing plant is fully ramped-up, which is expected in the first half of 2025, the Company projects EBITDA of €135 million in 2025 and of at least €160 million per annum from 2026 onwards. This results in a payback period of 3-4 years;
- Two launching customers, one of them being Ecowende (a joint venture of Shell and Eneco), together have committed to 348 kilotons of production (booked or in exclusive negotiation) bringing the present total orderbook to 662 kilotons;
- A long-term capacity reservation framework agreement with Equinor is in place while a second long-term capacity reservation framework agreement is currently being negotiated, which signifies strong commitment from both our customers and the market;
- These launching orders and long-term capacity reservation framework agreements result in strong visibility of future projects and provide significant support to the long-term financial position of the Company;

- A solid financing plan for the expansion facility has been committed through a combination of €100 million advanced factory payments from the launching customers, €50 million preferred equity from Equinor, €50 million common equity to be raised through a rights offering, which is fully underwritten by the Company's largest shareholder Egeria (through Grachtenheer 10 B.V.) (the "Cornerstone Shareholder") at €11.50 per share, €40 million in operational leases and €81 million of term loans to be provided by Invest-NL and a consortium of commercial banks, with the remainder being funded through cash and cash equivalents;
- The Cornerstone Shareholder is fully supportive of the expansion plan and has committed to participate in and underwrite the rights offering and vote in favour of the relevant EGM resolutions;
- FID is subject to various customary conditions and to the granting of an irrevocable building permit ('Omgevingsvergunning voor de activiteit bouwen'). All relevant procedures are on schedule for the start of the construction activities.

Fred van Beers, CEO of Sif:

"By constructing the world's largest monopile foundation manufacturing plant and by implementing next level integrated manufacturing technology with second to none process and quality controls, Sif will live up to its vision and take a pivotal step in securing its next phase of growth. As a result of this investment, we will strengthen our absolute global leadership position as monopile foundations solutions provider, enhance our innovative skills and create long term value for all our stakeholders with a clear growth path in an accelerating global offshore wind market. An important basis for the plan is the responsibility taken for safety and sustainability in building the facility as well as the design and operation of the production process.

I am thankful for the insights and constructive discussions we have had with our business partners including equipment and material supply partners, customers, management and employees, the works council, investors, supervisory board, industry experts, central and local governments, funding partners and our Cornerstone Shareholder, Egeria. I especially want to thank Equinor for its substantial contribution to long-term funding through preferred equity and our launching customers, among whom Ecowende, for their confidence in Sif to support a state-of-the-art facility that can deliver the monopile foundations for their respective projects and for their advanced factory payments."

About the upgraded production plant:

- The plant will be built at the 62 hectare Maasvlakte 2 site in Rotterdam, the Netherlands, as an extension of the existing facilities. Construction is set to start in April 2023, first manufacturing operations are scheduled to start in the second half of 2024;

- Monopiles with diameters up to 11.5 meters can be produced. Maximum output will be approximately 200 XXXL monopile foundations per year, assuming a 11 meter diameter, 2,500-ton reference monopile;
- The lay-out is such that upgrades to facilitate even larger diameters can be made;
- Sif's CO2 footprint per kiloton produced will decrease, as the new factory will consume less gas per kiloton and will only use green electricity, generated by the on-site wind turbine;
- Nitrogen emission and deposition levels will be lower compared to today's operational levels thanks to higher electrification of production and transport equipment and processes;
- The factory lay-out and set up is based on an optimised production process whereby state-of-the-art safety, quality and process control conditions will be met; and
- The Roermond plant will fully focus on the manufacturing of monopile foundation top sections, primary steel for transition pieces and pin-piles/jacket legs.



Artist impression and visualization of the Maasvlakte 2 Rotterdam site after completion of the expansion plans (expansion highlighted in orange).

Capital Markets Day

On Friday 17 March 2023, Sif will host a Capital Markets Day during which further details of the investment and anticipated market developments will be shared by members of the executive board.

Foundation Market

Underpinned by increasing political and societal support for the energy transition, the offshore wind market is growing at an ever-increasing pace. Extensive market studies have shown that monopile foundations will remain the foundation of choice for offshore wind turbines from a reliability, manufacturing volume and cost perspective. As confirmed by tenders in the market and discussions with our customers and engineering firms, most wind farms will require monopile foundations with diameters ranging between 9 – 11.5 meters from 2025 onwards. With a track record of more than 2,500 monopile foundations manufactured and installed over the past two decades, supporting almost 12GW of operational offshore wind, Sif is a critical supplier in the offshore wind value chain with an undisputed reputation. Based on this experience and knowledge, Sif is well positioned to assess the potential as well as the operational challenges related to the fast-growing product dimensions and the dynamic market environment.

Pål Eitrheim, executive vice president for Renewables in Equinor:

"With this agreement, we are securing strategic capacity in a key supplier market for our renewables business. Large monopile structures will be needed to develop future offshore wind projects, contributing to Equinor's corporate strategy. We have an ambition to be a leader in the energy transition, and with this investment we are helping to establish additional supplier capacity in the green economy, while gaining access to an important sourcing option."

The Investment

The total investment for the extension of the manufacturing plant is €328 million (including appropriate contingencies), which includes the implementation of state-of-the-art proven production technology and optimised manufacturing processes. The investment is based on a detailed, substantiated factory design that has been verified by external experts and advisors, supported by commitments from reputable construction partners and equipment suppliers, all with a proven track record of safety, quality, on-time delivery and know-how.

The investment in buildings, infrastructure, equipment and people-capabilities enables the Company to manufacture monopile foundations with diameters ranging between 9 – 11.5 meters and the optionality to further expand the diameter of monopile foundations at a later stage.

The set-up is such that – based on the reference monopile of 2,500 metric tons – an average output of 200 XXXL monopile foundations a year can be realised. This is a major commercial advantage and has been valued on its merits by the commitments from our launching customers. The investment will allow Sif to optimise its manufacturing footprint, production efficiency and effectiveness between its two plants.

The design of the new production facility is based on proven next generation automated manufacturing technology and will be fully compliant with the highest industry safety and environmental standards. Overall, an additional work force of around 200 FTEs is estimated for the Rotterdam site on top of the

current average Rotterdam work force for which a detailed recruitment strategy is in place. The Rotterdam set-up allows for the execution of the entire manufacturing process including plate preparations, rolling, welding, assembly, coating and logistics.

Strong focus is given to the implementation of environmental improvement initiatives reducing the Company's nitrogen and CO2 emissions even further than today's already low numbers. A new permit pursuant to Environmental Law (in Dutch: *Wet algemene bepalingen omgevingsrecht (Wabo); vergunning voor de activiteit milieu*) is in place.

For the Nature Conservation Act permit ("**Nature Permit**"), relating to nitrogen deposition in protected areas, Sif is participating in the process it is legally obliged to pursue. The expanded facilities will result in less nitrogen deposition than the activities previously notified. Sif is preparing measures to further decrease the nitrogen depositions. Based on this, Sif has a clear process in place for conferment of a Nature Permit for both the existing activities as well as the expanded activities which will be covered by the same Nature Permit.

With our roll-on-roll-off quay and our 650-meter deep sea quayside with direct sea-access we are strategically positioned to accommodate all next generation installation vessels required for the largest and heaviest monopile foundations on a 24/7 basis. These facilities make our site at Rotterdam an attractive load out and marshalling location for offshore wind.

The plant in Roermond will manufacture primary steel for transition pieces and top sections of monopile foundations up to a maximum diameter of 9 meters. The top sections manufactured in the Roermond facility will be combined with bottom sections in Rotterdam. In Roermond, due to the foreseen stable production demand, the present payroll workforce will be able to cover 80% of the workload with the remaining 20% being executed by a flexible workforce.

Hugo Buijs (Shell) and Cees de Haan (Eneco), on behalf of Ecowende:

"There are major ambitions for offshore wind in the Netherlands. Acceleration is needed in a way that contributes to nature both above and below the water. With the expansion of Sif as the monopile foundations solutions provider, we can take another big step in accelerating the large-scale roll out of offshore wind in the Netherlands and beyond. Shell and Eneco already have a long-standing relationship with Sif through the windfarms Borssele III/IV and Hollandse Kust Noord. We are thrilled to be one of the launching customers and to be contributing in this way to the expansion of Sif's manufacturing plant. Sif will also be important in enabling offshore windfarms with a net positive impact on nature in the future. They will accommodate and contribute to the implementation of some of the ecology measures we've put forward in our bid. We are looking forward to building the windfarm at Hollandse Kust (West) lot VI with Sif, as well as to future collaborations."

Financial arrangements

Fully committed and robust funding of the expansion plan is in place. The investment will be funded through a combination of advanced factory payments, issuance of preferred equity, fully underwritten issuance of common equity, operational leases and term loans with the remainder being funded through cash and cash equivalents:

- €100 million of advanced factory payments from two launching customers amongst whom Ecowende, illustrating a strong commitment for our investment plan, manufacturing capabilities and strategic direction from some of the largest offshore wind asset owners in the world;
- €50 million commitment from Equinor to an investment in newly created convertible cumulative preferred equity that gives the right to a 5% coupon with a gradual step-up as of July 2025 to an 8% coupon as of July 2028, a preferred long-term capacity reservation arrangement and an option for Equinor to convert its preference shares to ordinary shares from 1 July 2028 at a conversion price of €12 per ordinary share. The holder of the preferred equity has 1/20th of the voting rights compared to ordinary equity. The Company has an option and the firm intention to redeem the preferred equity between January 2025 and July 2028 at par value plus accumulated dividend, i.e. before the preferred shares may be converted into ordinary shares;
- €50 million of common equity, to be issued through a rights offering, fully underwritten by the Cornerstone Shareholder for a price of EUR 11.50 per share;
- €40 million operational lease facility provided by Rabobank for new rolling, cutting and milling machinery and logistics equipment; and
- €81 million 6-year amortising term-loans with €64.8 million provided by Invest-NL and €16.2 million provided by a consortium of banks consisting of ABN AMRO, AKA Bank, DNB (UK) Ltd (“**DNB**”), ING and Rabobank (together “**Term Loan Consortium**”), a €50 million Revolving Credit Facility from a consortium of banks consisting of ABN AMRO, ING and Rabobank, alongside a €350 million guarantee facility from a consortium of banks and guarantee providers consisting of ABN AMRO, DNB, Allianz-Trade, ING, Rabobank and Tokio-Marine. The margin on term-loans will be the same across the participants: EURIBOR+200bps and common upfront and commitment fees. A new set of terms and conditions will apply to the financing arrangements, including but not limited to adjusted financial covenants, limitations on dividend until the completion of the expansion plans and other conditions customary for this type of financing.

The Company has signed a committed term sheet for the financing arrangement and committed offer document for the operational lease facility. In the coming weeks, the Company will execute all the relevant and required (long-form) documentation. The Company expects to reach Financial Close by 15 March 2023 subject to the fulfilment of all relevant conditions.

Rinke Zonneveld, CEO at Invest-NL:

“Sif is a prime example of the new green industry, the kind of company that paves the road to a carbon neutral economy. Given its track record and ambition, it plays a vital role in the energy transition that is needed to help us build The Netherlands of tomorrow, especially when it comes to offshore wind. We are truly excited to be part of the financial consortium that enables Sif to realize its ambitions with its new manufacturing plant in Rotterdam. With the support of the Ministry of Economic Affairs and Climate, Invest-NL will provide a €64.8 million term-loan, by far our largest funding to date.”

Governance

The issuance of the preferred and common equity will be subject to approval of the Company’s shareholders, to be obtained in an extraordinary general meeting (see below under “Extraordinary general meeting of shareholders”). The Cornerstone Shareholder is supportive of the Company’s investment plan and strategic direction and has therefore committed to vote in favour of such resolutions.

Senior management has committed to purchase (additional) shares in the capital of the Company to further align the interests with the shareholders.

Egbert Prenger, CEO at Egeria:

“Since 2005, Egeria has been a shareholder in Sif backing the development to the leading offshore wind foundation manufacturer Sif is today. We are excited to continue to support Sif in entering the next growth phase and are confident that the Company is able to realize its ambitions. We see favourable market fundamentals as well as substantial commitments from all stakeholders involved as a strong foundation to this expansion plan”.

Outlook

Based on developments in the market, discussions with customers for longer term offshore wind projects and the orderbook, the Company projects EBITDA of €135 million in 2025 and of at least €160 million per annum from 2026 onwards, barring unforeseen circumstances. This is driven by:

- Strong market conditions for the offshore wind market for XXXL monopiles;
- Increased capacity to 500 kilotons per year compared to 220 kilotons today;
- Continuation of the operation of pin-piles/jacket legs production lines in Roermond;
- Higher contribution margins per ton due to manufacturing more complex monopile foundations, which is confirmed by the secured orders of the launching customers and ongoing tender discussions with other potential customers;

- Direct labour savings per ton due to increased automation and process optimization of the operations; and
- Improved operational leverage.

Based on the expected EBITDA and cash-flow outlook, the executive board and supervisory board are confident that the investment in the world's largest monopile foundation manufacturing plant, with a pay-back period of 3-4 years, will result in solid returns, creating long term shareholder value.

Finally, as a result of the envisaged design and construction process, the impact of the integration of the new production lines into the existing production lines will be limited. The Roermond and Rotterdam facilities will continue to be operational during the construction period and will execute the order book that presently stands at approximately 662 kilotons after the most recent addition of jacket legs and pin piles for Aker. This orderbook number does include the launching projects as reflected above.

Extraordinary general meeting of shareholders

In connection with the proposed introduction of preferred equity in its share capital and the issuance of ordinary shares, the Company will invite shareholders to an extraordinary general meeting that is to be held on Tuesday 28 March 2023. The notice and agenda for that general meeting, as well as the draft amended Articles of Association, can be found on the Company's website shortly. Such documents contain additional details regarding the preference shares that will be introduced in the Company's capital and the issuance of ordinary shares, as well as the other authorisations that are sought from shareholders in connection with the expansion plan and financing thereof.

Financial calendar for 2023

- 15 March 2023: Financial Close
- 17 March 2023: Capital Markets Day
- 17 March 2023: Full Year 2022 results and 2022 Annual Report
- 28 March 2023: Extraordinary General Meeting of Shareholders
- 12 May 2023: Q1 2023 trading update
- 12 May 2023: Annual General Meeting of Shareholders

Advisors

Nomura Financial Products Europe is acting as financial advisor to the Company. Rabobank is acting as debt advisor to the Company. Allen & Overy LLP is acting as legal advisor to the Company. ABN AMRO will be appointed as Subscription and Listing Agent for the rights offering. ABN AMRO, ING and Rabobank (in cooperation with Kepler Cheuvreux) will provide corporate broking services to the Company.

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Disclaimer

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