

# FORWARD



**ANNUAL REPORT 2020**



**DURAVERMEER**

Waarmaken van ambities

# ANNUAL REPORT 2020

## **FORWARD**

'Forward' is the theme of the 2020 Annual Report. Long-term continuity is the essence of our DNA as a family business. It calls for a view that is constantly focused on the future, a view that looks ahead and forward. Moving forward in a world in which change the only constant factor is, requires agility, flexibility and innovative capacity from an organisation and its people. For Dura Vermeer, this is the basis of its entrepreneurship, and has been for more than 165 years!

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The original financial statements and notes to the consolidated financial statements were drafted in Dutch. This document is an English translation of the original. In the case of any discrepancies between the English and the Dutch text, the latter shall prevail.

# FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

In 2020, after five years of growth, the construction sector showed a slight contraction in building production. Contrary to expectations, the impact of the coronavirus pandemic remained limited. Construction was able to continue during the lockdown periods, with observance of so-called work-through protocols. The PFAS and nitrogen problems in particular caused this contraction. Both residential and non-residential construction and infrastructure were affected by these problems. These developments also impacted Dura Vermeer. Operating income came to just over € 1.4 billion in 2020 compared to € 1.5 billion in 2019. Despite the significant challenges, the scheduled work, was just slightly lower (5.9%) at € 2.5 billion than at the end of 2019. Our net profit, on the other hand, again showed a positive development.

From a business perspective, we can look back on a good year. Dura Vermeer managed to improve and innovate in numerous areas. Continuous improvement of the safety culture is a clear priority, resulting in a further decrease of our accident index to 0.73. This despite the fact that working safely gained an extra dimension in 2020 due to the coronavirus pandemic. As a result of the coronavirus developments, our employees were faced with having to work one and a half metres apart, complying with additional hygiene rules and working from home. Thanks to the good work-through protocols of, among others, Bouwend Nederland and the government, and the resilience of our people, this went well and the coronavirus had only a limited impact on the continuity of our projects. We also implemented and delivered a variety of projects that are characteristic of our craftsmanship. Examples abound, but to name just a few: the new construction of the AFAS Experience Center and the office and research facility for DuPont Industrial Biosciences, the widening of the A16 for Rijkswaterstaat and the substructure for the Theemsweg route for the Port of Rotterdam.

And last but not least, we again improved our results by consciously choosing profitable projects that match our expertise with a clear focus on operational excellence, digitalisation and sustainability. I also look back with pride on reaching a place in the finals of the Koning Willem I Award, considered by many to be the most important business award in our country.

The celebration of our 165th anniversary in 2020 with both our people and our customers and partners unfortunately had to take a different form than expected. A number of activities had to be postponed or even cancelled. But I am very satisfied that within the limited possibilities we had, we were nonetheless able to devote a good deal of attention to our employees and to our anniversary.

I am proud of where we as Dura Vermeer stand today. In our 165 years of existence, we have built a fine company in an industry that faces new challenges every year. We have moved with the times in a modern and constructive manner. Most of the work for 2021 has already been acquired. It remains to be seen whether we will be able to bring the scheduled work up to standard after 2021.

I greatly appreciate the dedication, knowledge and craftsmanship of our people and their contribution to the realisation of our projects and our strategic objectives. I am also grateful for the trust that our clients and partners place in us and the collaboration with them.

Rotterdam, 15 March 2021

Job Dura  
Chairman of the Management Board of  
Dura Vermeer Groep N.V.

# DURA VERMEER GROEP

## DURA VERMEER DIVISIE BOUW EN VASTGOED

Dura Vermeer Bouw Heyma  
Dura Vermeer Bouw Hengelo  
Dura Vermeer Bouw Midden West  
Dura Vermeer Bouw Zuid  
Dura Vermeer Bouw Zuid West  
Dura Vermeer Renovatie Midden West  
Dura Vermeer Vastgoed  
Dura Vermeer Bouw en Vastgoed Participaties  
Showroom THUIS

## DURA VERMEER DIVISIE INFRA

**Dura Vermeer Infra Regionale Projecten**  
Dura Vermeer Infra Assetmanagement  
Dura Vermeer Haven & Industrie  
Dura Vermeer Infra Regio Noord Oost  
Dura Vermeer Infra Regio Noord West  
Dura Vermeer Infra Regio Zuid Oost  
Dura Vermeer Infra Regio Zuid West

**Dura Vermeer Infra Landelijke Projecten**

**Dura Vermeer Railinfra**  
ASSET Rail  
Saferail

**Dura Vermeer Infra Participaties**  
Dura Vermeer Gebiedsontwikkeling Infra  
Dura Vermeer Infra Milieu  
Dura Vermeer Reststoffen

## DURA VERMEER TECHNIEK & INNOVATIE

Minderheidsdeelnemingen

## DURA VERMEER FACILITAIRE BEDRIJVEN

Dura Vermeer Autobehoor  
Dura Vermeer Materieel  
Dura Vermeer Onroerend Goed

## KEY FIGURES

	2020	2019	2018	2017	2016
(amounts x € 1 million)					
<b>Operating income and scheduled work</b>					
Operating income	1,437	1,504	1,337	1,183	1,145
Scheduled work *	2,527	2,686	2,205	1,846	1,631
<b>Earnings and assets</b>					
Operating profit, including profit from equity interests, before depreciation (EBITDA)	68.4	59.3	44.6	33.7	25.1
Profit, including profit from equity interests, before interest and taxes (EBIT)	55.6	47.7	35.1	23.1	14.7
Net profit (loss)	41.5	36.1	26.1	17.1	9.1
Depreciation of fixed assets	12.8	11.7	9.5	10.6	10.3
Net financing position **	260.0	108.4	80.9	45.9	40.1
Equity	203.4	177.9	149.9	128.9	114.5
Total assets	615.7	513.8	481.2	409.9	406.3
<b>Ratios</b>					
Net return ***	2.9%	2.4%	2.0%	1.4%	1.0%
Net profit (loss) as a percentage of average equity	21.8%	22.0%	18.7%	14.1%	8.3%
Current ratio	1.31	1.26	1.23	1.16	1.10
Solvency ****	33.0%	34.6%	31.1%	31.4%	28.2%
<b>Number of employees</b>					
Average number of employees expressed in FTEs	2,608	2,511	2,465	2,448	2,423

\* Scheduled work is the sum of (1) the unfinished part of the engagement values of the projects, which, as at the balance sheet date are still in progress, plus (2) new projects of which the implementation is certain to a large extent.

\*\* The net financing position is the sum of cash at bank and in hand, less interest-bearing debt.

\*\*\* The net return is the net result as a percentage of the operating income.

\*\*\*\* Solvency is calculated by dividing the equity by the total assets, (= equity, short-term loan capital and long-term loan capital), multiplied by 100 per cent,

## MANAGEMENT AND SUPERVISORY BOARD OF DURA VERMEER GROEP NV

### Supervisory Board

B. Vree, Chairman  
 ing. D. van Well, Vice-Chairman  
 Ir. M.E. van Lier Lels  
 J.M.A. van der Lof MBA  
 drs. P.S. Overmars

### Management Board

drs. J. Dura MRE, Chairman  
 L.H. Barg RA, CFO  
 ir. R.P.C. Dielwart  
 ir. T. Winter

### Group Staff Directors

drs. A.A. Boot, Human Resources  
 drs. J. den Heijer, ICT  
 G.B. Metselaar, Corporate Communication  
 mr. T. Wilmink, Legal Affairs  
 drs. H.G. Wisman RA, Finance & Control

### Construction and Property Division Directors

ir. R.P.C. Dielwart BSc, Chairman  
 M.A. ter Hark RA  
 ing. R.B. Steijn  
 drs. P.C.M. Krop MRE MRICS

### Infra Division Directors

ir. T. Winter, Chairman  
 mr. drs. R.B. Kalma RC  
 ir. J.W. Ligterink

### Technology & Innovation Division Director

drs. H.G. Wisman RA

### Facility Companies Director

L.H. Barg RA

(situation as at 15 March 2021)

# REPORT OF THE MANAGEMENT BOARD

We are pleased to present the annual report and accounts of Dura Vermeer Groep NV for the 2020 financial year, which includes the financial statements for that financial year.

## General

Founded in 1855, Dura Vermeer is an independent family business focusing on the Dutch construction market with activities in residential construction, non-residential construction and infrastructure. With over € 1.4 billion in turnover and more than 2,800 employees, Dura Vermeer occupies a position among the top ten companies in the Dutch construction industry. With more than twenty independent operating companies across two divisions, we combine strong regional roots with the knowledge, strength and resources of a company that operates nationwide. Our core activities are the design, development and delivery of construction and infrastructure projects, transformation, maintenance and renovation. These are often complex assignments, in which safety, quality and project management are crucial. Our activities are built on a solid financial foundation and an open and dependable style of doing business. That is our standard and what our customers identify with.

We are a family business with strong core values. With 165 years of history, continuity is our main driving force. As a family business, we focus on lasting relationships with our customers, employees and partners and the creation of long-term value. But also on society as a whole. This crucially requires that we listen to our customers, be flexible and respond promptly to new developments. In doing so, we always act on the basis of our core values: safety, quality and reliability. With safety as our top priority.

### Strategic direction

We aspire to a position among the top innovative construction companies in the Netherlands. We have identified four strategic priorities for the 2019-2021 strategy period, specifically:

1. Increasing customer and market focus;
2. Investing in sustainability, digitalisation and innovation;
3. Strengthening the organisation; and
4. Further improving the financial result.

We aim for a leading role in sustainability, digitalisation and innovation in the construction industry,

further growth in our operating result and further strengthening of our position as an attractive employer.

## The year 2020

In 2020, after five years of growth, the construction sector showed a slight contraction in building production. Contrary to expectations, the impact of the coronavirus pandemic remained limited. Construction was able to continue during the lockdown periods, with observance of so-called work-through protocols. The PFAS and nitrogen problems in particular caused this contraction. Both residential and non-residential construction and infrastructure were affected by these problems. Although the order books for the construction sector were well filled in 2020, residential production in 2020 was at a lower level than in 2019. The aforementioned developments also impacted Dura Vermeer. Operating income came to just over € 1.4 billion in 2020 compared to € 1.5 billion in 2019.

Despite the significant challenges, the scheduled work was just slightly lower (5.9%) at € 2.5 billion than at the end of 2019. By not managing primarily on the basis of turnover, but instead opting for profitable projects that match our expertise with increased focus on operational excellence, digitalisation and sustainability, the net result increased by 15% compared to 2019, to € 41.5 million.

### Construction and Property

The Construction and Property Division again showed a positive development in its result in 2020, despite lower revenues, € 810 million in 2020 as opposed to € 928 million in 2019. Showing resilience in the switch to working from home digitally and realising coronavirus-proof construction sites played an important role in this. Without exception, all business units contributed positively to the result.

#### Residential construction

The persistent housing shortage offers opportunities. However, the shortage of new (city centre) building locations, the delay in the issuing of permits due to the nitrogen measures and the (economic) consequences of the coronavirus pandemic also entail challenges. Such as the increase in land prices and rising construction costs.

The Construction and Property Division completed 2,777 homes in 2020, compared to 3,950 in 2019. The decrease in the number of homes is primarily due to the volume of renovation projects. These were larger in size than before, which meant longer lead times. This will result in an increase in the number of homes completed in 2021.

Despite delays in permit issuing, the number of homes sold (ground-level and stacked) from Dura Vermeer's own development grew from 1,268 in 2019 to 1,345 in 2020. The average price (purchasing costs payable by the vendor) of a ground-level home developed and built by Dura Vermeer was € 411,000 in 2020, 5% lower than in 2019 (€ 433,000). The acquisition of new development sites and project preparation was more difficult. Nevertheless, the Construction and Property Division succeeded in acquiring a number of new development sites that will be put into production in the coming years. The start of projects was complicated by further delays in permit issuing.

Housing associations opted for a more realistic and affordable approach to their sustainability task. This benefited the lead time and feasibility of renovation projects. The transformation market, whereby offices or industrial buildings are converted into homes, now appears to be taking off in earnest, influenced in part by great need for housing. Investors and owners see opportunities to put their vacant properties to new use, whether or not as the result of social pressure.

#### Non-residential construction

In addition to the nitrogen problem, the coronavirus pandemic was yet another spoilsport for the market for non-residential buildings. Investments in new construction and the renovation of existing commercial and office buildings almost came to a standstill during 2020. Many businesses are considering new office concepts, with fewer work spaces and more spaces for meeting and inspiration.

Construction and Property completed a number of high-profile new construction projects in 2020, including the self-developed office building for Dupont at the Bio Science Park in Leiden, the AFAS Experience Center in Leusden and the De Verbindend divisional office including Thuis Showroom in Utrecht. A number of major renovation projects were also completed, including the ING Plaza, Rotterdam District Court and the office buildings De Walvis for Maarsen Group and Oceans for Dopper.

New construction projects taken into execution include the expansion of the Lely Campus in Maassluis, the Isala Hospital in Meppel and the Hornbach DIY store in

Apeldoorn. In terms of renovation projects, we started on the Herman Gorter complex in Utrecht, the Palace of Justice in Den Bosch, the temporary accommodation of the Upper House of Parliament in The Hague and the transformation of the Fenix warehouse in Rotterdam.

The Construction and Property division intensified its efforts in the healthcare, education and laboratory markets. In doing so, it relied on the many appealing reference projects obtained in recent years. In order to run successful tenders and convince clients to choose Dura Vermeer, a great deal of time and energy was recently put into acquiring (additional) knowledge about building engineering, ecology, contract management and risk and process management.

Dura Vermeer sees continued confidence in the market to invest in new, high-quality accommodation. The course taken to serve clients with a Design & Build concept has proven to be a good strategic choice. With this approach, design and execution are offered at an agreed price, whether or not combined with a rental offer. Dura Vermeer sees demand from clients increasing due to the predictability that this concept brings (in terms of time and money, for example).

### Infrastructure

The nitrogen and PFAS issues initially caused concern at the Infra Division about the year 2020. Nevertheless, with turnover of € 623 million during 2020, the Infra Division performed above expectations. Even the outbreak of the coronavirus pandemic did not change this - thanks to the great adaptability of our people. All business units contributed positively to the result.

The Nationwide Infra Projects business unit worked steadily on widening the A16 motorway, constructing wind farms, carrying out flood protection projects and the Vechtdal connection. Major projects such as the Theemsweg route and the Ooijen-Wanssum flood protection programme neared their final phase in 2020. The Regional Infra Projects business unit also saw activity continue nicely, although some regions faced more difficulties than others.

On a regional level, the Fokkerweg, Prins Claus bridge, Losser construction team and the many smaller projects that form the backbone of the Infra Division are worth mentioning. At the Rail Infra business unit, the upward trend of 2019 was successfully continued. The Naarden-Bussum project, PBM maintenance by Asset Rail and various Light Rail projects contributed to this success. Good results were also achieved at the Infra Participations business unit (specialised companies and equity interests), with (more sustainable)

asphalt production, (expansion of the circular use of) construction materials and raw materials and the further development and roll-out of (new) innovations. Participations produced almost 1 million tonnes of asphalt, which was well acquired and processed by the regions, resulting in positive operations. The low level of sickness absence, high level of employee involvement, the low IF rate and the steps taken towards a zero-emission building site are all sources of pride. Progress was also made in digitalisation, especially where parametric design is concerned. Adhering long term to a consistent course focused on the strategic priorities, based on the principle of “work safely or not at all” alongside “everyone happy”, works.

#### *Nationwide projects*

At the Nationwide Infra Projects business unit, a great deal of management attention was devoted to the negative effects of the nitrogen issue on the supply of projects in the mobility, energy and water markets. The Infrastructure Taskforce (Ministry of Infrastructure and Water Management, Rijkswaterstaat, Bouwend Nederland, market parties and industry associations) investigated how, within the current legal frameworks, as much of Rijkswaterstaat's work as possible could be brought forward. In 2020, Nationwide Projects acquired the Heinoord Tunnel renovation project, the construction of the Blauw wind farm, and the construction of the Zeewolde wind farm could go ahead after the private initiators managed to secure financing.

Early 2021 brought less positive news in relation to the ViA15 project involving the extension of the A12 and A15 between Ressen and Oudbroeken. The Council of State handed down an interlocutory decision. The Minister of Infrastructure and Water Management must further substantiate its calculations of the nitrogen precipitation in protected nature conservation areas. The project will not be fully implemented for the time being, therefore.

#### *Regional projects*

The Regional Infra Projects business unit managed to step up construction output last year compared to the previous year, despite nitrogen, PFAS and coronavirus. The strategy of complete focus on carefully selected market segments, focus areas and integrated contract forms paid off during 2020. The Infra Asset Management business unit for the maintenance and replacement market, which was started last year, also underwent suitable growth.

Regional governments initially found it difficult to put projects on the market because of home working and this caused delays, lower volumes and price

pressure at the beginning of the coronavirus crisis. As the year progressed, this situation recovered reasonably well, but there were significant differences between the regions. In some regions, municipalities shifted the infrastructure budgets to education and healthcare, while other regions suffered more from nitrogen and PFAS. The type of project and type of contract also differ from region to region: from traditional to innovative and sustainable.

Unfortunately, the current lockdown is giving rise to the same effects as the first, resulting in extra vigilance and sharper focus with regard to landing the remaining turnover for 2021 in market segments unaffected by nitrogen.

#### *Rail Infra*

The Rail Infra business unit is continuing the upward trend of good results and turnover growth of recent years and can look back on 2020 with satisfaction. Rail maintenance contractor ASSET Rail, of which Dura Vermeer is the majority shareholder, can also look back on a good year. Not only was a new PBM contract acquired (Performance Based Maintenance Contract for Neerlands Midden), but the cooperation with Dura Vermeer Rail Infra was also further optimised. Workplace security company SafeRail also contributed positively to the results and is moving more towards rail-independent work domains. A start was also made on setting up our own design office.

#### *Participations*

The Infra Participations business unit can look back on a successful year. The specialist companies focused on the environment, asphalt production and construction and raw materials again showed higher results than anticipated. The same applies to Van Doorn, a company specialised in long-term maintenance and emergency and incident services, in which we acquired a stake during the previous financial year. This company also performed above expectations.

## **Strategic ambitions for innovation**

### **Innovation**

We show initiative by bringing innovative concepts, processes and products to the market. We focus on further industrialisation and standardisation of the construction process and on the application of new technology. We work strategically with start-ups and scale-ups and forge innovative partnerships. In 2020, Dura Vermeer continued to flesh out its ambition to rank among the top innovative construction companies. The strategic focus in this context was and is on

sustainability and digitalisation. Various new initiatives were developed and a great deal of energy was put into taking existing innovations further.

### **Sustainability**

Various new initiatives were developed during 2020 and a great deal of energy was put into taking existing innovations further. A new initiative was added to the product portfolio of circular and reuse, for instance. This concerns the preparations for opening a construction hub aimed at closing the raw materials cycle for both the construction and the infrastructure activities of Dura Vermeer. Roof2Road, a company that extracts bitumen from roof coverings for use as a reusable raw material in asphalt, also represented a novel enterprise worldwide. This involved the circular conversion of bitumen roofing from Schiphol into high-quality asphalt at Rotterdam The Hague Airport. New construction-related innovations include circular residential construction concepts (including PCS Circularair) and the use of timber-frame construction (e.g. in the Blokje Om renovation concept). New infrastructure-related innovations added to the product portfolio included high-quality fire-resistant coatings for tunnels, a traffic app (to prevent irritation in road traffic) and technical modifications (oscillating finishing beam) for the asphalt-processing machine.

### **Digitalisation**

Dura Vermeer focuses daily on further digitalisation of the construction process in order to create more added value and offer convenience, service and comfort to its clients. It not only helps us serve our clients better, it also helps us improve our core activities, structure processes more efficiently and work together more effectively. It also makes our work more interesting. Many initiatives were again taken this year to realise our digitalisation ambition.

Innovations such as Virtual Reality goggles, Artificial Intelligence, drones and Building Robots have become indispensable on our construction sites. Drones and Scaled Robotics are used to measure projects. Scaled Robotics is a way of collecting data in which an autonomous mobile robot navigates over a project and builds a 3D model of the environment to compare this against the model in BIM. Scaled Robotics was used both at the Unilever Global Foods Innovation Centre in Wageningen and at the new school building at Avignonlaan in Eindhoven.

#### *BIM (Building Information Model)*

BIM is now an integral part of our work processes. The entire construction process takes place in one digital model, BIM. This makes it possible already build the entire structure digitally even before the project

has started. Errors and imperfections can thus be identified and resolved at an early stage. BIM makes execution more predictable and safer. Furthermore, within BIM we use the data-driven design solution Generative Design. This is an intelligent design method in which software generates countless design possibilities from which we can choose the most optimal solution for the client. For the new head office of AFAS in Leusden, Generative Design provided the solution in the design of the glass dome.

## **Corporate social responsibility**

Corporate social responsibility is an integral part of our activities. We are aware that any construction activity has an impact on people, the environment and the local area. Our CSR policy includes objectives that focus on working conditions (with safety being the main precondition), sustainability and quality.

### **Safety**

Dura Vermeer has the mission of becoming the safest construction company in the Netherlands. As evidenced by the low accident index for 2020 of 0.73, good steps were taken in 2020 to prevent unsafe situations and incidents. Are we there yet? No! It is important to us to involve the entire construction chain in the safety culture that we as Dura Vermeer advocate: safety at #1, we work safely or not at all. The tragic fatal accident involving a subcontractor on the Velsler Tunnel renovation project in early 2020 shows that our constant attention and efforts are, and will continue to be, necessary.

Dura Vermeer's safety programme consists of four pillars: safety culture, occupational safety, structural safety and environmental safety. Employees, principals, suppliers, subcontractors, passers-by and local residents all benefit from a safe construction site and a culture that prevents unsafe situations and incidents.

The emphasis is on raising safety awareness and increasing the knowledge and skills of all parties involved in the construction process. From principal through to contractor. From supplier through to subcontractor. The objective: an accident-free construction site and a safe and healthy return home every day.

In terms of occupational safety, Dura Vermeer complies with laws and regulations and standard certificates. With our own standardised safe working method from design to through to realisation, we work safely and healthily on construction sites. Safety is ensured

by strict access requirements for contractors and employees, with continuous investment in health and safety training, external supervision, standardisation and the continued application of ten life-saving rules. There was also attention to the top three typical accidents (taking a misstep, tripping and slipping), as these have shown a slight upward trend over the past two years. We are trying to break this trend with a campaign to move from an 'effe snel' mentality ['doing something quickly'] to an 'effe nadenken' mentality ['taking a moment to think about it'].

In terms of structural safety, we ensure and monitor structural safety during the design, realisation and management phases of all projects, for example through controlled phase transitions. In terms of environmental safety, we monitor public safety in the immediate vicinity of our projects and limit nuisance as much as possible. In response to the observation that incidents involving cyclists were still occurring too frequently near construction sites, we carried out an investigation last year. We shared the results with the industry and they can also be found on the website of the Governance Code for Safety in Construction.

Finally, the safety culture is promoted on our construction sites in accordance with the 'Seeing, Acting, Learning' principle and is assessed on the basis of the Safety Culture Ladder standard. The rail company within Dura Vermeer successfully renewed the highest Tread 5 this year. The Infra Division retained its Tread 4. The Construction and Property Division is still at Tread 3 but has prospects for Tread 4, with four of the six aspects already scoring at Tread 4. Many new campaigns are also planned for the coming year to further strengthen the safety culture.

All the efforts mentioned are aimed at ensuring an accident-free construction site and a safe and healthy return home every day for everyone.

#### *Coronavirus and safety*

Working safely took on an added dimension in 2020. As a result of the coronavirus developments, our employees were suddenly faced with having to work one and a half metres apart, complying with additional hygiene rules and working from home. For office workers, the transition to digital working went almost without a hitch. For the construction site workers, a greater adjustment was needed in order to work according to the rules stipulated by the National Institute for Public Health and the Environment (RIVM) and the government. Thanks to the good work-through protocols of, among others, Bouwend Nederland, this went well and the coronavirus had only a limited impact on the continuity of our projects.

## **Sustainability**

As an innovative family business, building a world in which future generations will have a place to live and work and have a good life is in our DNA. Dura Vermeer endorses the Sustainable Development Goals (SDGs) adopted by the United Nations as part of the new global sustainable development agenda for 2030.

As a construction and infrastructure company, we focus in particular on the development goals where we can generate the biggest impact. In the area of sustainability, those are:

- SDG 7 Affordable and clean energy
- SDG 8 Decent work and economic growth
- SDG 9 Industry, innovation, and Infrastructure
- SDG 11 Sustainable cities and communities
- SDG 12 Responsible consumption and production
- SDG 15 Life on land

In the Netherlands, the construction industry accounts for 50% of the consumption of raw materials, 40% of the energy consumption and 35% of CO<sub>2</sub> emissions. That means there are major opportunities for improvement. In order to seize on these opportunities for improvement, Dura Vermeer concretely fleshed out its sustainability ambitions in 2020: reduce our emissions (CO<sub>2</sub>, nitrogen and other harmful gases) to zero, reuse materials as often as possible and take nature into account wherever we build.

#### *Reduce emissions to zero*

Dura Vermeer is committed to working and building with clean, green energy, with the ambition of reducing emissions to zero. In our own construction processes, offices and equipment, we look for ways to reduce CO<sub>2</sub> by using less fossil energy.

In doing so, we focus on the use of sustainably generated energy and electric cars and equipment. Dura Vermeer, for example, was one of the first construction companies to use an electric delivery truck. Because we have an impact on the energy consumption of infrastructure, homes and buildings, we continue to develop energy-neutral homes, smart lighting along roads that automatically dims when there is little traffic (e.g. along the N279) and solar farms that serve as a power supply for the electrical installations on a road (such as for the A6 near Almere).

#### *Reuse material as often as possible*

We build with an eye to the future; what we put in can also be taken out again for reuse. Construction materials get a second, third or even fourth life. The less waste, the better. Ultimately, we strive for a way of working in which materials can remain within the cycle without any loss of value. That is the only

way to prevent raw materials from becoming depleted. Various circular initiatives have arisen from this idea, including our circular residential construction concept (PCS Circulair), The Circular Road (De Circulaire Weg) and a 100% circular asphalt mixture. In addition, for each project it is considered whether building elements (steel skeleton, window frames, etc.) and engineering structures (tunnels, viaducts, railway bridges) can be fully or partially reused to a high degree of quality, and new engineering structures are built in a modular way so that they can be disassembled at the end of their service life.

#### *We take nature into account*

We take nature into account wherever we build. Our ambition is to leave the environment just as green or even greener than before. This is better for the climate, people and also for the diversity of animal and plant species that live there. New construction projects follow the path of sustainable, circular and energy-neutral. By signing the Covenant on Climate Adaptive Building in 2020, we joined like-minded parties that share a common goal.

## **Quality and reliability**

Dura Vermeer aims to deliver high-quality and sustainable products as efficiently as possible in order to optimally implement customer requirements, resulting in a high customer satisfaction rating that boosts our unique brand proposition. Our expertise and certifications ensure that we meet the process and quality standards that apply in the building sector.

The main certifications applicable to the entire Dura Vermeer organisation are: ISO 9001, ISO 14001 and SCC. We have also made the necessary preparations to obtain accreditation for ISO 27001 (Information security) in 2021. In addition, numerous sector-specific and materials-specific certifications apply.

## **Personnel and organisation**

Throughout the construction sector, demand for personnel is high and supply is under pressure. This applies to both young talented people and experienced professionals. With the labour market under persistent pressure, attracting new people proves to be a major challenge. The positive image of Dura Vermeer as an employer creates appeal in the market, however. Our new labour market campaign was launched in September 2020 in order to attract the right people, suitable for the Dura Vermeer of today and tomorrow. 'Heart for construction, eye for you'. Our own employees take the lead in the campaign, in which the authenticity and credibility of the message are

paramount. The message is: a person who feels comfortable automatically performs well. And Dura Vermeer creates the conditions for this. Our 'ask-a-friend' scheme, in which we ask our employees to personally approach people from their private networks with the aim of motivating them to apply for a job at Dura Vermeer, has led to a new influx.

An open and honest culture and transparency is supported from the bottom up in the Dura Vermeer organisation. We have an integrity code and an (anonymous) reporting procedure. We also organise periodic training courses and meetings with the aim of further promoting and reinforcing the Dura Vermeer standards and values. In 2020, we did not receive any (justified) reports of fraudulent conduct.

The remuneration of the Management Board comprises a fixed annual salary plus variable remuneration, which is dependent on the company's overall performance and the achievement of individual targets. The remuneration of the Supervisory Board is fixed and independent of the company's performance and is determined in advance by the General Meeting of Shareholders.

We had an average of 2,608 employees (FTEs) in 2020, compared to 2,511 in 2019.

## **Diversity**

In this rapidly changing world, it is more important than ever to obtain insight into what society is facing and what our client is looking for. We therefore aim to ensure that our organisation is a reflection of society. An organisation where employees feel at home regardless of their gender or sexual orientation, their cultural background, education or age. Whether they are on the construction site or in the boardroom.

An important (first) step in the development of a more diverse company is to increase the share of female (senior) professionals and as such, train more women for management positions in our company. In 2019, the gender diversity strategy was formalised and quantitative targets aimed at more women in the (sub)top were defined. This has resulted in us welcoming more women in 2020. Dura Vermeer's women's network, EVA, plays an important role in (permanently) connecting these women. Under the leadership of the EVA board, various meetings were organised in 2020 to connect, inspire and coach EVA women.

Dura Vermeer strives for a complementary composition of both the Management Board and the Supervisory Board with a sufficient degree of diversity.



In this context, diversity refers to aspects such as gender, knowledge, experience, skills and personality. In the Management and Supervision (Public and Private Companies) Act, a balanced distribution is defined as: 'at least 30 percent of the seats on management boards and supervisory boards are occupied by women'. We did not achieve this target percentage in 2020. Dura Vermeer's policy for (future) appointments of members of the Management Board and Supervisory Board is to specifically also look for female candidates, and to base the ultimate selection of candidates on the added value of persons in relation to each other.

## Risk management

Dura Vermeer faces risks and uncertainties caused by both external and internal developments. In terms of external developments, the outbreak of the coronavirus or another pandemic would be the most conspicuous, but these developments could also include increasing (and sometimes conflicting) regulations, including those relating to nitrogen and PFAS, the sector's role in the construction ecosystem versus the goals of the Bouwagenda (national innovation programme for construction), and the sector's transition, with an increasing focus on technology and digitalisation. In terms of internal developments, these include the new initiatives that Dura Vermeer is developing and the investments being made to keep pace with the dynamics and rapid developments in the construction industry, as well as management's increasing need for data-driven management information.

All of these developments entail risks, and therefore have an impact on Dura Vermeer's risk profile and risk appetite. We have divided these risks into four categories:

- Strategy
- Operational
- Reporting
- Compliance

### Risk profile and risk appetite

Dura Vermeer wants to retain its position at the top of the Dutch construction sector. That is why we invest heavily in sustainability, digitalisation and innovation. These topics determine an important part of our strategic agenda. These aspects - together with the complexity and integrated nature of our projects - are what distinguish Dura Vermeer from the competition. The interplay between these elements and the means of procurement (tender, construction team, in-house development or public-private partnership) and the

availability of knowledge and materials in the individual projects determine the risk profile and choice.

Dura Vermeer continuously assesses its risks, risk profile and risk appetite.

### Strategic

Strategic risks have an impact in the medium or long term. As a rule, they manifest gradually over time. The risk for Dura Vermeer is that it might not respond adequately to the need to create distinctive capacity, operate sustainably and be innovative. An example of this is that our efforts in the areas of energy transition, circular economy, climate adaptation and restoration of biodiversity could be insufficient to maintain our market share. In addition, there is always the question of whether the scale in a particular market segment is appropriate and offers sufficient prospects.

### Operational

From the selection of a contract through to the aftercare, our control and monitoring systems are aimed at realising the right balance between entrepreneurship and the envisaged risk profile. The market for residential and non-residential construction, property development and infrastructure is diverse and challenging and we carry out projects ranging from simple and small to large and complex. Therefore, Dura Vermeer constantly makes choices, based on the general principle that the projects selected should have a good balance between risk and return. In our view, a good balance between risk and return means that:

- The nature and size of the project should match the company's objectives and the required experience, capacity and expertise available;
- The principal finances the project to be acquired. If Dura Vermeer must finance the project independently, as in the case of property development activities, the extent to which the project can be financed is assessed. Aspects considered in this assessment include the method of financing, the lead time and the result to be achieved, taking into account this higher risk profile;
- There should be no unlimited liability at project level, and risks should be insured where possible and appropriate;
- The project is profitable with an appropriate surcharge for profit and risk in accordance with the associated risks and contract form; whereby projects with sales risk should generate an above-average profit margin, taking into account the contribution of equity and the higher risk profile;
- In the case of projects carried out at Dura Vermeer's

own risk and for its own account, the company needs to be able to sell the project within six months of its completion, except if a decision was made beforehand to remain involved with the project, such as with PPP contracts or projects for the company's own use;

- If a project is carried out through a building consortium, the resources contributed by each consortium partner should be proportionate to its financial contribution, and each partner should be proportionally exposed to risk.

We strive for a healthy financial position, both in the short term (liquidity position) and in the long term (solvency). Short-term financial risks relate to the working capital requirement and thus the liquidity position. The long-term nature concerns the capital requirements of the projects and thus the solvency. Aspects that play a role in this are: (1) the (remaining) financial scope for acquiring new projects and (2) the ability to provide sufficient security in the form of bank guarantees or otherwise.

Dura Vermeer is strongly committed to ensuring safety. We apply the principle that there may be no conscious exposure to safety risks whatsoever and that everyone must follow the safety instructions, even if that is detrimental to the progress and/or profit margin of the project.

### Reporting

The decisions we have made on the strategic risks and controlling the operational risks also impact the nature and level of the reporting risks. Reporting must be geared to the needs of the user. The reliability of information and the right level of aggregation are important here.

### Compliance

Complying with laws and regulations is of essential importance to Dura Vermeer and part of the way we work. The risk appetite on this issue is zero. These are risks that could damage our reputation, including risks relating to personal data (GDPR), cybersecurity and financial reporting (estimate of projects in progress).

For the rest, the above risks identified by Dura Vermeer are no different to those faced by our peers.

### Control measures

In order to identify and manage all possible risks in a timely manner (but also to be able to take advantage of opportunities), procedures and measures have been determined and implemented at all layers of the organisation. The basis for this is the COSO ERM

framework, in which risk management in relation to projects forms the common thread.



This risk management process contributes integrally to the realisation of our strategic ambitions and goals and largely determines our company's success. The key control measures taken in this context are outlined below.

### Strategy

To control the risks arising from the decisions we have made, Dura Vermeer applies a mix of measures, based on which the impact of these decisions is monitored and adjustments can be made where necessary:

- In consultation with the Supervisory Board and the shareholders, the Management Board regularly evaluates the long-term strategy to determine if adjustments are needed. Based on this evaluation, a strategic plan is drawn up that sets the direction for the divisions and operating companies and sets the criteria for the selection of projects;
- Each year, the operating companies and divisions each draw up their own operational plan, which should be based on the Management Board's strategic plan and, where possible, comprise a healthy mix of projects in terms of nature, size and risk profile;
- Based on the principles formulated by the Management Board, the divisions and operating companies draw up an annual budget based on uniform measurement bases that adequately reflects the objectives, the uncertainties and the risks incurred.

### Operational

Project control is the common thread in our risk approach. Project risks are determined on the basis of the (annual) turnover of a project, the contract form, the client, how the project ties in with our expertise and the risk profile of the strategy selected. The higher the risk profile, the higher the authorisation in the organisation, the higher the return requirements and the more frequent the project monitoring. In concrete terms, the following measures and procedures apply to the acceptance of projects:

- The use of a tender form or investment application that includes a clear description of the project in

- terms of its nature and size, profitability, required financing and specific risks. Depending on the nature, size and risk profile of the project, these documents are submitted to the directors of the division or the Management Board or Supervisory Board for prior approval;
- Standard procedures apply to the selection and assessment of partners involved in the execution of the project, risk-bearing partners and other parties involved with the project;
  - A detailed analysis is made of the identified risks (organisational, contractual, technical execution, financial, legal and/or underwriting risks) and the measures that must be taken to control these risks or reflect them in the bid price;
  - Using detailed calculations based on fixed schedules and regularly reviewed standards, market soundings and offers from suppliers and subcontractors, tender budgets and working budgets are drawn up to further detail the project.
  - A project team is put together that includes all the necessary disciplines and fields of expertise.

In addition, the following measures have been taken to mitigate project risks:

- The acceptance of projects with a financing requirement that differs from the customary instalment arrangements is subject to the prior approval of the Management Board;
- If Dura Vermeer bears the risk in the development of residential and non-residential construction projects, at least 70% of the project must be sold or let before construction starts, the financing is secured and the project generates a positive cash flow upon completion;
- Dura Vermeer has guarantee facilities with banks and mutual insurance associations for providing guarantees. The guarantees usually take the form of completion bonds and are more than sufficient to provide the required cover.

The mix of measures to control operational risk is part of Dura Vermeer's quality system. This quality system includes the guidelines, work instructions, procedures and checklists with respect to contract management, local area management, purchasing, safety, health and the environment, liability and insurance and the security of IT systems. The enforcement of procedures and instructions is monitored through regular toolbox meetings, progress/evaluation meetings and internal and external audits.

#### Reporting

In order to control the reporting risks, in addition to periodic project reports containing a forecast of the expected final result, the following periodic reports are drawn up:

- Every four weeks, an updated, brief forecast of the profit for the year is drawn up, which includes an explanation of the changes compared to the budget and/or previous forecast;
- Every four weeks, a report is drawn up on the changes in the company's own cash flow and changes in cash flows at building consortiums, the age of receivables and the actual turnover;
- Non-financial key figures are reported by the operating companies every four weeks (including IF rate, absenteeism, customer satisfaction and hit rate);
- Each quarter, a comprehensive report is drawn up. In addition to the profit forecast, this report provides a description of current developments, insight into the status of the projects in progress, and an update on the uncertainties (formal and informal elements) included in the budget;
- Periodically, a forecast is drawn up of the balance sheet and financing requirement for the current year and the coming three years in order to assess whether there is sufficient financial scope to start with new projects.

#### Compliance

Dura Vermeer has a wide range of measures in place to continuously comply with the legislation and regulations that are relevant for Dura Vermeer:

- Dura Vermeer has set up a broad set of corporate guidelines ('the Group Guidelines'). This set of guidelines includes not only powers and authorities, but also the sanctions policy in case of non-compliance and the whistleblower procedure. The Group Guidelines also include the General IT Control Framework, the Tax Control Framework and the financial reporting principles.
- Dura Vermeer has committed itself to industry-related codes of conduct, such as the SBIB, NE-PROM and Bouwend Nederland codes of conduct. Dura Vermeer also has its own corporate code.
- Key personnel who fulfil the role of compliance officer in different areas of expertise (including a confidential adviser, a Data Privacy Officer and a Security Officer).
- Providing or commissioning training courses aimed at safety, integrity, information security and compliance with other group guidelines, among other things.
- Directors under the articles of association are required to issue an annual compliance statement in which they confirm that they have worked within legal frameworks and in accordance with Dura Vermeer's group guidelines.

#### Risk manifestation 2020

The main risks Dura Vermeer faced in 2020 were the risks resulting from the outbreak of the coronavirus and the risks arising from the nitrogen issue.

Thanks to the work-through protocols of Bouwend Nederland, including modified health and safety regulations, and the enormous agility of our people, work could continue as planned on virtually all our projects in progress.

On the other hand, the starting of projects was complicated by the fact that principals were sometimes unavailable or difficult to reach. At the beginning of the coronavirus crisis, this caused (further) delays (e.g. in permit issuing) and lower volumes, which resulted in pressure on prices. The nitrogen problem demanded more attention, especially from the Infra Division. Whereby the combination of coronavirus and nitrogen resulted in an even greater challenge for the regional infrastructure, where funding is being shifted to education and healthcare with the possible consequence that necessary infrastructure projects are cancelled, postponed or delayed.

In 2020, Dura Vermeer urged the acceleration of infrastructure projects by, among other things, taking part in a government taskforce aimed at bringing forward short-cyclical maintenance work and a number of larger tenders from the multi-year MIRT programme.

#### Financial results

Despite the nitrogen problem and the coronavirus pandemic, Dura Vermeer had a good year financially in 2020. All the operating companies contributed positively to the results and, despite the significant challenges, the scheduled work was only slightly lower than at the end of 2019.

Key points:

- Operating income amounted to € 1.44 billion, a decrease of 4.5% compared to 2019;
- Net result increased by 15% to € 41.5 million;
- The scheduled work remained at € 2.5 billion;
- Solvency was 33.0% (2019: 34.6%).

#### Operating income

At € 1,436 million, the operating income for 2020 was 4.5% below the operating income realised in 2019. The decrease was due to residential construction activities.

The operating income can be presented by activity as follows:

Operating income	2020	2019
<i>(amounts x € 1 million)</i>		
Residential construction	480	608
Non-residential construction	330	320
Infrastructure	626	574
Other	1	2
<b>Total operating income</b>	<b>1,437</b>	<b>1,504</b>

#### Operating profit (loss)

The operating result (including profit from equity interest) before interest and taxes increased from € 47.7 million in 2019 to € 55.6 million in 2020.

The profit after taxes for 2020 came to € 41.5 million and can be broken down as follows:

Operating profit (loss)	2020	2019
<i>(amounts x € 1 million)</i>		
EBITDA *	68.4	59.3
Depreciation	12.8	-11.6
<b>EBIT</b>	<b>55.6</b>	<b>47.7</b>
Net interest income	-1.3	-0.2
Taxes	-12.8	-11.4
<b>Profit (loss) after taxes</b>	<b>41.5</b>	<b>36.1</b>

\* (including from equity interests)

#### Balance sheet, investments, net cash flow and equity

The balance sheet total increased by € 101.9 million to € 615.7 million at the end of 2020 (2019: € 513.8 million). Cash and cash equivalents increased by € 149.6 million to € 269.0 million, while the total interest-bearing debt decreased from € 10.8 million to € 9.0 million, which led to an improvement of the net financing position from € 151.3 million to € 260.0 million. The higher balance of cash and cash equivalents, in addition to the result achieved in 2020, are mainly the result of a (net) pre-financing of our projects at year-end 2020 instead of a financing of our projects at year-end 2019 (positive € 69.5 million).

The cash flow from operating activities came to positive € 180.1 million in 2020, compared to € 64.0 million in 2019. The cash flow from investing activities amounted to negative € 13.0 million (2019: negative € 28.5 million). The cash flow from financing activities amounted to negative € 17.5 million, compared to negative € 6.6 million in 2019.

The net cash flow for 2021 will largely depend on the degree to which temporary use is made of the available funds to develop and sell property projects;

it is expected that no use will be made of the overdraft facility.

The balance of equity at year-end 2020 increased to € 203.4 million, which means the solvency ratio for 2020 came to 33.0%.

Dura Vermeer has agreed on solvency, leverage and interest coverage ratios with banks. Dura Vermeer complied with all these ratios in and at year-end 2020.

### Financial instruments

As part of its ordinary activities, Dura Vermeer makes use of a range of financial instruments that expose the company to various market and credit risks. Dura Vermeer holds no forward exchange contracts or currency options based does trade in these financial derivatives.

#### *Credit risk*

The company is exposed to credit risks on loans and other receivables recognised under financial fixed assets, trade and other receivables and cash and cash equivalents. The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The trade receivables include no significant concentration of receivables in particular market sectors.

#### *Interest rate risk and cash flow risk*

The company is exposed to interest rate risk on interest-bearing receivables and debts. The company is exposed to interest rate risk associated with future cash flows in respect of receivables and debts with floating interest rates, and to fair value risk in respect of fixed-interest loans. In view of the size of the interest-bearing receivables and debts, these receivables and debts are not very sensitive to interest rate fluctuations.

#### *Liquidity risk*

The company monitors its liquidity position with weekly liquidity forecasts. The management ensures that the company at all times has sufficient liquidity to meet its payment obligations.

#### *Market risk*

Market risk is the risk that the company's revenue is adversely affected by fluctuations in market prices. It concerns the change in the period between the quotation process and the execution phase. This risk is mostly mitigated by: (1) an indexation arrangement into the agreement for long-term projects and/or (2) agreeing to prices and conditions with suppliers and subcontractors at an early stage.

## Outlook

The nitrogen problem and the coronavirus crisis led to uncertainty about projects coming onto the market, the availability of government budgets and spending patterns of private principals. Although the growth of the construction sector has come to a standstill and some sub-sectors are shrinking, Dura Vermeer is in a good position with scheduled work worth more than € 2.5 billion. Most of the work for 2021 has already been acquired. The demand for new-build homes is as high as ever, and a change in approach has also given a boost to making housing associations more sustainable. It remains to be seen whether we will be able to bring the scheduled work up to standard after 2021.

The outlook for Infra is twofold. On the one hand, there is the promise of a large replacement task, the energy transition, and the Flood Protection Programme; on the other hand, we see the negative impact of the nitrogen problem on the supply of new infrastructure works and the very limited budgets of local authorities due to the coronavirus crisis.

Dura Vermeer has high ambitions. We aim for a leading role in sustainability, digitalisation and innovation in the construction industry, further growth in our operating result and further strengthening of our position as an attractive employer. In terms of sustainability, we are focused on a future-proof world. We work and build with green energy whenever possible. In terms of digitalisation, we focus primarily on the construction process in order to create more added value and offer clients convenience, service and comfort. Finally, we show initiative in relation to innovation by bringing innovative concepts, processes and products to the market. We focus on further industrialisation and standardisation of the construction process and on the application of new technology. We work strategically with start-ups and scale-ups and forge innovative partnerships.

Alongside our strategic ambitions for renewal (sustainability, digitalisation and innovation), our focus remains on operational excellence: project management and cost optimisation with the aim of improving work results.

Based on current insights, we expect to achieve at least the 2020 level of turnover in 2021. The expected profitability differs per division and per type of activity. For the time being, given the price pressure experienced in short-cyclical projects, we expect the net margin to be below that of 2020.

Investments in tangible fixed assets, outside of property development positions, are expected to be limited to replacement investments in the coming year.

Our liquidity position is expected to remain good. Where necessary and appropriate, we will draw from the facility with the banks totalling € 80 million to finance (or co-finance) our own property development projects.

We expect that the number of employees will increase slightly.

As a final point, we owe our directors and employees a lot of gratitude and appreciation for their effort and involvement over the past year.

Rotterdam, 15 March 2021

### Management Board

J. Dura, CEO  
L.H. Barg, CFO  
R.P.C. Dielwart  
T. Winter

# REPORT OF THE SUPERVISORY BOARD

**We have discussed the financial statements and the annual report for the 2020 financial year with the external auditor in the presence of the Management Board and the CFO. The financial statements were audited by KPMG Accountants NV, who issued an unqualified audit opinion on 15 March 2021, which can be found on page 65 of this report.**

We advise the General Meeting of Shareholders to adopt the financial statements for 2020 and to grant discharge from liability to the members of the Management Board.

## *Role and authorities of the Supervisory Board*

The Supervisory Board oversees the Management Board's policy-making and the general state of affairs at Dura Vermeer Groep and its affiliated companies and advises the Management Board. In doing so, the Supervisory Board also focused on the effectiveness of risk management and control systems of Dura Vermeer Groep and the integrity and quality of its financial reporting. In the performance of its duties, the Supervisory Board focuses on the interests of Dura Vermeer Groep and its affiliated companies. As part of its efforts, the Supervisory Board also considers the social aspects of entrepreneurship that are relevant to the company. The Articles of Association of Dura Vermeer Groep N.V. contain rules with regard to conducting meetings and the decision-making process.

The supervision of management by the Supervisory Board includes:

- the way in which the Management Board executes the strategy aimed at continuity and value creation;
- the (interim) realisation of objectives;
- the risks associated with (new) business activities and investments;
- the design and operation of internal risk management and control systems;
- the financial reporting process;
- compliance with laws and regulations;
- the relationship with shareholders;
- the activities of the Management Board with regard to the culture within the company, the operation of the reporting procedure for malpractices and irregularities; and
- the social aspects of entrepreneurship relevant to the company.

## *Meeting frequency*

In 2020, the Supervisory Board had six regular meetings with the Management Board. The vast majority of meetings took place digitally - via Teams - due to the outbreak of the coronavirus pandemic. In addition, the Supervisory Board also conducted separate consultations. During the meeting in February, the Supervisory Board visited the equipment department in Haaften and in June 2020 the new construction project for AFAS in Leusden. In Haaften, the director explained the activities of the equipment department and gave an extensive tour of the site. In Leusden, the project management gave an extensive presentation on the new AFAS building, which led to a good discussion on the risk/return ratio on a large and complex project and the challenges in project management.

The Supervisory Board was also represented several times a year during the consultative meetings of the Works Council.

Depending on the specific areas of responsibility of supervisory directors, regular consultations are held with members of the Management Board. This applies in particular to the Chairman and the Vice-Chairman of the Supervisory Board, who, in addition to the formal meetings, also had regular interim consultations with the Chairman of the Management Board and the CFO on both strategic and operational matters.

## *Topics 2020*

During the past year, the impact of the nitrogen and PFAS problems on the sector in general and on Dura Vermeer in particular was on the agenda of every meeting. As was the coronavirus pandemic, logically. The consequences for liquidity, operating income, the result and the development of the order book in 2021 and beyond (and thus the continuity of the company) were all discussed extensively as well.

The matters discussed during the meetings with the Supervisory Board also included the operational and financial control of the operating activities, the tenders for and progress of large and/or complex projects and own property development projects. There was also extensive discussion about safe working in general and the Dura Vermeer safety programme in particular. Finally, we discussed with

the Management Board the availability of personnel and the filling of senior management positions.

## *Decision making*

In addition to the decision making on regular business activities, in 2020 we approved the annual report for 2019 and also approved the dividend proposal for 2019. The budget for the 2021 financial year was also discussed with and approved by the Supervisory Board.

## *Composition of the Supervisory Board*

The Supervisory Board currently has five members. In 2020, Mr Overmars was reappointed for a period of four years. In 2021, we will be appointing a successor to Mr van der Lof, whose term was extended by one year.

We congratulate Dura Vermeer on its 165th anniversary and thank the Management Board, the divisional directors and all the employees for their dedication and contributions during 2020.

Rotterdam, 15 March 2021

B. Vree, Chairman  
D. van Well, Vice-Chairman  
M.E. van Lier Lels  
J.M.A. van der Lof  
P.S. Overmars

# **FINANCIAL STATEMENTS 2020**

## CONSOLIDATED BALANCE SHEET

	Note	31-12-2020	31-12-2019
(before profit appropriation, amounts x € 1,000)			
<b>Fixed assets</b>			
Intangible fixed assets	[1]	4,985	5,761
Tangible fixed assets	[2]	95,300	90,345
Financial fixed assets	[3]	25,116	26,919
		<b>125,401</b>	<b>123,025</b>
<b>Current assets</b>			
Inventories	[4]	48,293	78,671
Work in progress	[8]	-	21,579
Receivables	[5]	173,004	171,082
Cash and cash equivalents	[6]	269,039	119,469
		<b>490,336</b>	<b>390,801</b>
<b>Current liabilities</b>	[7]	<b>373,432</b>	<b>302,511</b>
<b>Current assets less current liabilities</b>		<b>116,904</b>	<b>88,290</b>
<b>Assets less current liabilities</b>		<b>242,305</b>	<b>211,315</b>
<b>Long-term liabilities</b>	[9]	<b>6,289</b>	<b>8,128</b>
<b>Provisions</b>	[10]	<b>32,650</b>	<b>25,328</b>
<b>Equity</b>	[11]	<b>203,366</b>	<b>177,859</b>
<b>Liabilities less current liabilities</b>		<b>242,305</b>	<b>211,315</b>

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	2020	2019
(amounts x € 1,000)			
<b>Net revenue</b>		1,529,141	1,261,391
Change in inventory of finished goods and work in progress		-92,386	242,854
<b>Total operating income</b>	[14]	<b>1,436,755</b>	<b>1,504,245</b>
Cost of raw materials and consumables, outsourced work and other external costs		1,128,165	1,233,808
Wages and salaries		195,347	170,280
Social insurance and pension costs	[15]	48,075	42,357
Depreciation of fixed assets		12,825	11,655
Other operating expenses	[16]	1,350	1,159
<b>Total operating expenses</b>		<b>1,385,762</b>	<b>1,459,259</b>
<b>Operating profit (loss)</b>		<b>50,993</b>	<b>44,986</b>
Interest receivable and similar income		382	450
Interest payable and similar expenses		-1,649	-606
<b>Profit (loss) before taxes</b>		<b>49,726</b>	<b>44,830</b>
Taxes	[17]	-12,796	-11,438
Profit (loss) from equity interests		4,577	2,706
<b>Profit (loss) after taxes</b>		<b>41,507</b>	<b>36,098</b>
<b>Total profit (loss)</b>		<b>41,507</b>	<b>36,098</b>

# CONSOLIDATED CASH FLOW STATEMENT

	Note	2020	2019
(amounts x € 1,000)			
<b>Operating profit (loss)</b>		<b>50,993</b>	<b>44,986</b>
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	[1,2]	12,825	11,655
Gain (loss) on sale of property, plant and equipment		-	-1,359
Changes in provisions		12,194	3,652
		<b>25,019</b>	<b>13,948</b>
Changes in working capital:			
Receivables		-2,158	57,918
Inventories	[4]	30,378	-19,524
Work in progress		65,297	-67,878
Liabilities		27,190	42,716
		<b>120,707</b>	<b>13,232</b>
<b>Cash flow from business activities</b>		<b>196,719</b>	<b>72,166</b>
Interest received			
Dividend received from equity interests	[3]	1,739	1,419
Interest paid		-1,650	-615
Corporation tax paid		-17,134	-9,447
		<b>-16,665</b>	<b>-8,195</b>
<b>Cash flow from operating activities</b>		<b>180,054</b>	<b>63,971</b>
Investments in:			
Property, plant and equipment and intangible fixed assets	[2]	-25,081	-23,412
Non-consolidated equity interests	[3]	-347	-10,643
Loans granted	[3]	-559	-700
		<b>-25,987</b>	<b>-34,755</b>
Disposals:			
Property, plant and equipment	[2]	8,077	4,765
Non-consolidated equity interests	[3]	2,936	50
Repayments on long-term receivables	[3]	1,972	1,428
		<b>12,985</b>	<b>6,243</b>
<b>Cash flow from investing activities</b>		<b>-13,002</b>	<b>-28,512</b>
<b>Cash flow before financing</b>		<b>167,052</b>	<b>35,459</b>
Repayments on long-term liabilities			
Borrowings	[9]	-1,482	-1,064
Dividend paid	[26]	-	2,495
		-16,000	-8,000
<b>Cash flow from financing activities</b>		<b>-17,482</b>	<b>-6,569</b>
<b>Net cash flow</b>		<b>149,570</b>	<b>28,890</b>
Net cash at start of financial year	[4]	119,469	90,498
Net cash of disposed equity interests		-	-156
Net cash of acquired equity interests		-	237
Net cash at end of financial year	[4]	269,039	119,469
<b>Change in cash</b>		<b>149,570</b>	<b>28,890</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## General

### General

Dura Vermeer Groep NV ('the company') is a nationally operating construction and infra group active in the construction and infrastructure sectors. The company's core activities are the development, design and realisation of construction and infrastructure projects, transformation and renovation. The company is a public limited company with its registered office in Rotterdam. The head office is located at Rotterdam Airportplein 21, 3045 AP in Rotterdam. The company is registered in the Dutch Commercial Register under number 24289036.

These financial statements contain the financial information of both the company and the company's consolidated companies.

### Reporting period

These financial statements relate to the financial year 2020, which ended on the balance sheet date of 31 December.

### Basis of preparation

The company's consolidated financial statements are part of the company's financial statements under the articles of association and have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Netherlands Civil Code on a going-concern basis. Unless stated otherwise in the principles set out below, the accounting principles applied for the valuation of assets and liabilities and the determination of the result are based on the historical cost convention.

### Application of Section 402, Book 2, of the Netherlands Civil Code

The company's financial information is included in the consolidated financial statements. Therefore, in accordance with Section 2:402 of the Netherlands Civil Code, the company profit and loss account states only the company's share of the profit (or loss) after taxes of entities in which it has an equity interest and its other income (or losses) after taxes.

## Principles for the valuation of assets and liabilities

### General

Assets and liabilities are recognised at historical cost, unless otherwise stated in the principles below.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits will flow to the company and the asset has a cost price or value of which can be measured reliably. Assets that do not meet these criteria for recognition are not recognised in the balance sheet and are instead accounted for as off-balance sheet assets.

A liability is recognised in the balance sheet when it is probable that the settlement of the liability will result in an outflow of funds and the amount at which the settlement will take place can be measured reliably. Liabilities also include provisions. Liabilities that do not meet these criteria for recognition are not recognised in the balance sheet, and are instead accounted for as off-balance sheet liabilities.

An asset or liability recognised in the balance sheet remains on the balance sheet if a transaction does not result in a significant change in the economic reality with respect to the asset or liability. Nor do such transactions give rise to the recognition of results. The assessment of whether there is a significant change in the economic reality is based on the economic benefits and risks that are likely to occur in practice and not on benefits and risks that cannot reasonably be expected to occur.

An asset or liability is no longer recognised in the balance sheet if a transaction results in virtually all or all rights to economic benefits and all or virtually all risks relating to an asset or liability being transferred to a third party. The results of the transaction are in that case recognised directly in the profit and loss account, taking into account any provisions that need to be made in connection with the transaction.

If the representation of the economic reality results in the inclusion of assets which are not legally owned by the legal entity, then this fact shall be stated.

Income is recognised in the profit and loss account when an increase in future economic benefits related

to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. Expenses are recognised when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Revenue and expenses are allocated to the period to which they relate. Revenue is recognised when all significant risks and rewards of ownership have been transferred to the buyer.

### Presentation and functional currency

The financial statements are presented in Euros, the company's functional currency. All financial information in Euros has been rounded to the nearest thousand.

### Use of estimates

The preparation of the financial statements requires that management make judgements, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised.

In the opinion of the company's management, the valuation of work in progress is the most critical for the presentation of the financial position and requires estimates and assumptions.

### Basis for consolidation

#### Scope of consolidation

The consolidated financial statements include the financial information of the company and its subsidiaries in the group, other group companies and other legal entities over which the company can exercise control or which are under its centralised management. Subsidiaries are equity interests in which the company (and/or one or more of its subsidiaries) can exercise more than half of the voting rights in the general meeting, or can appoint or dismiss more than half of the management board members or supervisory board members. Group companies are equity interests in which the company holds a controlling interest, or on which decisive influence can be exercised in some other way. In determining whether decisive influence can be exercised, financial instruments are taken into account if they contain potential voting rights which can be exercised such that they consequently afford the company more or less influence.

Newly acquired equity interests are consolidated from the moment significant influence can be exercised over policy matters. When equity interests are sold, they are consolidated until the moment this influence ends.

For a comprehensive overview of the consolidated and non-consolidated equity interests, building consortia and other collaborations of Dura Vermeer Groep N.V., see the list filed with the Chamber of Commerce.

#### Consolidation method

The items in the consolidated financial statements are drawn up in accordance with uniform accounting policies of the group.

In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. The results of transactions between group companies have also been eliminated insofar as the results were not realised through transactions with third parties outside the group and insofar as there is no impairment.

Legal entities in which the company holds half of the voting rights are consolidated proportionally.

## Accounting policies for the consolidated balance sheet

### Financial instruments

Financial instruments comprise investments in shares and bonds, trade and other receivables, cash, loans and borrowings, derivative financial instruments (derivatives) and trade and other payables. The company's financial statements include these categories of financial instruments with the exception of shares and bonds and derivative financial instruments.

Financial assets and financial liabilities are recognised in the balance sheet at the moment that contractual rights or obligations with respect to these assets and liabilities arise.

A financial instrument is no longer recognised in the balance sheet if a transaction results in all or virtually all rights to economic benefits and all or virtually all risks relating to a position being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the consolidated financial statements in accordance with the economic substance of the contractual terms. Presentation takes place on the basis of individual components of financial

instruments as financial asset, financial liability or equity.

Embedded derivatives which are not separated from the host contract are recognised in accordance with the host contract.

Financial instruments are initially recognised at fair value, which includes the share premium or discount and directly attributable transaction costs. If financial instruments are subsequently measured at fair value with changes in fair value recognised through profit or loss, then any directly attributable transaction costs are recognised immediately in the profit and loss account.

Subsequent to initial recognition, financial instruments are measured in the manner described below.

#### Loans and other receivables

Subsequent to initial recognition, loans and other receivables are measured at amortised cost using the effective interest method and less any repayments and, if applicable, impairment losses. The effective interest and any impairment losses are recognised directly in the profit and loss account. Purchases and sales of financial assets belonging to the category loans and other receivables are recognised at the transaction date.

#### Long-term and current liabilities and other financial obligations

Subsequent to initial recognition, long-term and current liabilities and other financial obligations are measured at amortised cost using the effective interest method. The effective interest is recognised directly in the profit and loss account.

The repayment obligations of the long-term liabilities for the coming year are included in current liabilities.

#### Impairment of financial assets

A financial asset that is not measured at (1) fair value with value changes reflected in the profit or loss account, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes the failure to meet payment obligations and/or arrears in interest or principal payments, restructuring of an amount due to the company under

conditions that the company would not otherwise have considered, indications that a debtor will enter bankruptcy or probable financial reorganisation, and the disappearance of an active market for a particular security.

The company considers evidence of impairment for financial assets measured at amortised cost both individually and on a portfolio basis. All individual significant assets are assessed individually for impairment. The individually significant assets that are not found to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets receivables with similar risk characteristics.

When assessing whether there is a collective reduction in value, the company uses historical trends regarding the likelihood of default of a debtor, the timeframe within which receivables are collected and the impairments already taken into account.

The outcomes are adjusted if the management believes that the current economic and credit conditions suggest that it is likely that the actual reduction in value will be higher or lower than suggested by historical trends.

An impairment loss on a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the profit and loss account.

If in a subsequent period the value of an asset subject to an impairment increases and the recovery can be objectively related to an event occurring after the impairment loss was recognised, the increase of the asset's carrying amount (up to maximum the original cost) is recognised in the profit and loss account.

#### Netting of derivative financial instruments

A financial asset and a financial liability are offset if the company has a valid legal instrument to offset the financial asset and financial liability and the company has the firm intention either to settle the liability on a net basis or to realise the asset and settle the liability simultaneously.

### Intangible fixed assets

#### Goodwill

Goodwill represents the excess of the cost of acquisition of the equity interests (including transaction costs directly related to the acquisition) and the group's share of the net fair value of the acquired identifiable



assets and liabilities of the acquired equity interest, less cumulative depreciation and amortisation and cumulative impairment losses. Goodwill generated internally is not capitalised.

Capitalised goodwill is amortised on a straight-line basis over its estimated useful life.

### Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Land and buildings, plant and equipment, other fixed operating assets and items of property, plant and equipment that are not used in the production process are measured at cost, less cumulative depreciation and, if applicable, impairment losses. The cost of these assets comprises the cost of acquisition or cost of manufacture and other costs incurred in bringing the assets to their location and in the condition required for their intended use.

Depreciation is calculated as a percentage of the purchase price according to the straight-line method on the basis of the useful life, taking into account any residual value of the individual assets. The recognition of depreciation charges starts when an asset is available for its intended use and ends upon its decommissioning or disposal.

The company buildings and locations presented as 'not used in the production process', are depreciated based on their useful life of 20 to 30 years. Land is not depreciated. Plant and equipment are depreciated on the basis of the useful life of 8 to 10 years of the relevant assets, excluding the assets that are used for rental purposes. For this category, the annual depreciation charge is calculated as a percentage of the asset's carrying amount, based on an estimated useful life of 8 years. Other fixed operating assets are depreciated based on a useful life of 3 to 10 years.

The company applies the component approach for property, plant and equipment if significant individual components of an item of property, plant and equipment can be distinguished from each other. Taking into account differences in useful life or expected usage patterns, these components are depreciated separately.

Decommissioned assets are measured at the lower of their carrying amount and net realisable value.

### Financial fixed assets

#### *Equity interests with significant influence*

Equity interests in entities where the company can exercise significant influence on the business and financial policy are measured on the basis of their net asset value. If an equity interest cannot be measured at net asset value because the required information cannot be obtained, it is measured at its visible equity value. In assessing whether the company exercises significant influence on the business and financial policy of an entity in which it has an equity interest, the company takes into consideration the totality of the facts and circumstances and contractual relationships (including any potential voting rights). The net asset value is determined on the basis of the company's accounting policies.

Equity interests with a negative net asset value are stated at nil. This valuation also includes long-term receivables from the equity interests that should actually be considered part of the net investment. In particular this concerns loans whose settlement is neither planned nor likely in the near future.

A share of the profit of an equity interest is only recognised in later years if and insofar as the cumulative portion of the non-recognised share of the loss has been made good. However, if the company furnishes full or partial surety for the debts of an entity in which it has an equity interest, or has the constructive obligation to enable the equity interest (in respect of its share) to enable the entity to repay its debts, a provision is recognised equal to the repayments expected to be made by the company on behalf of the entity.

#### *Equity interests without significant influence*

Equity interests in which no significant influence is exercised are valued at the lower of the cost of acquisition or realisable value. If there is a definite intention to dispose of the interest, valuation takes place at the lower expected sales value, if applicable. If the company transfers an asset or a liability to an equity interest measured at cost of acquisition, the gain or loss arising from this transfer is recognised directly and fully in the consolidated profit and loss account, unless the gain on the transfer is substantially unrealised.

#### *Joint ventures*

Equity interests in which the company has joint control with other participants (joint ventures) are measured according to the equity method based on their net asset value. In the case of joint ventures that involve jointly performing activities but where each participant retains exclusive control of its assets, the company

recognises the assets it controls, as well as the obligations it enters into, the costs it incurs and its share of the profit (loss) on the sales and/or services rendered by the joint venture.

In the case of a joint venture where the activities are performed jointly using assets over which the participants have joint control, the company recognises the joint assets, liabilities, costs and revenues proportionally.

On contribution or sale of assets by the company to a joint venture, the company recognises in the profit and loss account that portion of the profit (loss) that corresponds to the relative interest of the other participants in the joint venture. No profit (loss) is recognised if the non-monetary assets contributed by the participants are approximately equal in nature, use (in the same business activity) and fair value. Any profit (loss) not reported is deducted from the net asset value of the joint venture. Any losses on current assets or impairments of fixed assets, on the other hand, are recognised by the company directly and fully.

When the joint venture sells assets to the company, the company does not recognise the joint venture's share of the gain or loss on that sale in the profit and loss account until the asset concerned is sold or re-sold to a third party. However, if there is a loss on current assets or an impairment of fixed assets, the company recognises its share in this loss immediately.

#### *Other financial fixed assets*

Receivables from non-consolidated equity interests are initially measured at fair value plus directly attributable transaction costs. These receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

The accounting policies for other financial fixed assets are included under the chapter 'Financial instruments'.

Dividends are recognised in the period in which they become payable. Dividends from equity interests valued at cost of acquisition are recognised as income from equity interests (under the financial income).

### Impairments of fixed assets

For property, plant and equipment and equity interests in which significant influence can be exercised, an assessment is made at each balance sheet date as to whether there are indications that these assets are subject to impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of its value in use or net realisable value. If the recoverable amount of an individual asset cannot be estimated, the recoverable

amount is determined based on the cash-generating unit to which the asset belongs.

When the carrying amount of an asset (or cash-generating unit) exceeds the recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. In the event of an impairment loss of a cash-generating unit, the loss is first allocated to the goodwill that is allocated to the cash-generating unit. Any remaining loss is attributed to the unit's other assets prorated to their carrying amounts.

Impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. If any such indication exists, the recoverable amount of the particular asset or cash-generating unit is estimated.

An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset (or cash-generating unit) is increased to its estimated recoverable amount, but not in excess of the carrying amount that would have been determined (net of depreciation or amortisation) if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years.

An impairment loss for goodwill is not reversed in a subsequent period.

### Disposal of fixed assets

Assets available for sale are measured at the lower of their carrying amount and net realisable value.

### Inventories

Inventories of land, raw materials and consumables are stated at the lower of acquisition price and net realisable value. The cost consists of the price of acquisition plus other costs of bringing the inventories to their present location and condition. The net realisable value is based on the most reliable estimate of the maximum amount that the inventories will yield, with deduction of costs still to be incurred. The inventory of land concerns land positions acquired for development as construction sites in the near future.

Stocks of finished products are valued at the cost of manufacture, consisting of the purchase costs of used raw materials and consumables and other costs directly attributable to manufacture. No interest is allocated to the cost of manufacture.

Trade discounts, rebates and similar payments (to be received in connection with the purchase of inventories) are deducted from the cost of acquisition.

### Work in progress

Work in progress comprises the balance of realised project costs, attributed profit, recognised losses and progress billings. The valuation of projects in progress includes the direct project costs (such as personnel costs for employees directly involved in the project, costs of materials, costs of land and sites and depreciation charges for plant and machinery used in the execution of the project), costs that are attributable to project activities in general and can be allocated to the project, and other costs that are contractually chargeable to the client.

Revenues, costs and profits in respect of work in progress are recognised prorated to the completion of the work (percentage-of-completion method). The percentage of completion of a project in progress is measured by reference to the contract costs incurred up to the balance sheet date as a proportion of the estimated total project costs or by reference to the progress billings, if this is a good indication of the progress of the project in progress. Recognition takes place as soon as a reliable estimate can be made of the result of the work in progress. Interest expenses are not allocated to projects in progress.

The result of a fixed price contract can be reliably estimated if the total project revenues, the project costs required to complete the project and the percentage of the completion of the project in progress can be reliably determined, it is probable that the economic benefits will flow to the company and the project costs attributable to the work in progress can be clearly identified and reliably determined.

The result of a cost-plus contract can be reliably estimated if it is probable that the economic benefits will flow to the company and the project costs attributable to the project in progress can be clearly identified and reliably determined.

If the result of a project in progress cannot be estimated reliably, project revenues are only recognised in profit and loss up to the amount of the project costs incurred that is likely to be recovered. Project costs are recognised in profit and loss in the period in which they are incurred.

Project revenues comprise the contractually agreed revenues plus any revenues related to additional work, claims and payments, provided that it is probable that the revenues will be realised and they can be reliably

determined. Project revenues are measured at the fair value of the consideration received or receivable.

Expenditures relating to project costs that will lead to required deliverables after the balance sheet date are recognised under work in progress or prepayments and accrued income if it is probable that they will lead to revenues in the following period. Project costs are recognised in profit and loss if the deliverables in the project are delivered and have been realised.

Expected losses on work in progress are taken directly to profit and loss. The amount of the loss is determined irrespective of whether the project has already been started, the stage of completion of the project, or the amount of profit expected to arise on other, unrelated projects.

If on balance, the amount in progress billings exceeds the value of the completed work, the work in progress item is recognised under current liabilities.

Projects originating from own development are measured at cost of manufacture including a prorated share of the expected profit if the projects have been sold to third parties, less any amounts charged to provisions for expected losses and development risks.

### Receivables

The accounting policy for receivables is described under the chapter 'Financial instruments'.

### Cash and cash equivalents

Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Cash and cash equivalents that are not readily available to the company within 12 months are presented under financial fixed assets.

### Current and long-term liabilities

The accounting policies for current and long-term liabilities are described under the chapter 'Financial instruments'.

### Provisions

#### General

A provision is included in the balance sheet if:

- as a result of a past event, the company has a present legal or constructive obligation;
- that can be estimated reliably; and
- it is probable that an outflow of funds will be required to settle the obligation.

Rights and obligations arising from the same agreement are not recognised in the balance sheet if and to the extent that neither the company nor the counterparty has performed. Recognition in the balance sheet takes place if the performance still to be received or delivered and the consideration are not in balance or are no longer in balance with each other and this has an adverse effect for the company.

If it is probable that any of the expenses expected to be incurred to settle the provision will be reimbursed by a third party, the reimbursement is presented as a separate asset.

#### Warranty provision

The provision for warranty obligations relates to the estimated costs of both legally enforceable obligations (products or services supplied do not satisfy the agreed qualities) and constructive obligations (by way of service/leniency, to the extent generally known and customary).

These estimated costs are based on historical warranty data and the average of all possible outcomes multiplied by the probability that the outcome will occur.

#### Provision for deferred tax liabilities

The accounting policy for the provision for deferred tax liabilities is described in chapter 'Taxes'.

#### Provision for long-service awards

The provision for long-service awards is a provision for future payments for long service. The provision reflects the present value of the estimated payments to employees for long service and other related costs. In calculating the provision, account is taken of future increases in salaries, ages and the probability that employees may not complete the necessary period of service.

### Equity

Financial instruments that qualify as equity instruments on the basis of their economic substance are presented under equity. Payments to holders of these instruments are deducted from equity after having first deducted any related income tax gain.

Financial instruments that qualify as financial liabilities on the basis of their economic substance are presented under liabilities. Interest, dividends, gains and losses associated with these financial instruments are recognised in the profit and loss account as expenses or revenue.

#### Share premium

Amounts contributed by shareholders in excess of the nominal share capital are recognised as share premium. This also includes additional capital contributions by current shareholders without the issue of shares or the issue of rights to take or acquire shares in the company.

## Principles for the determination of profit or loss

### General

Income and expenditure are accounted for in the period to which they relate.

### Operating income

The operating income is the income from works completed and delivered to third parties during the financial year. For this, see the accounting policies under the chapter 'Work in progress'.

### Cost of outsourced work and other external costs

This includes the costs incurred for the purpose of operating income, insofar as these costs were charged by third parties and do not qualify as costs of raw materials or consumables.

### Employee benefits

Employee benefits are charged to the profit and loss account in the period in which the employees render the related services and, insofar as they have not yet been paid out, are recognised as a liability in the balance sheet. If the amounts paid in employee benefits exceed the amounts payable at balance sheet date, this surplus is recognised as an asset under prepayments and accrued income to the extent that it concerns amounts that will be repaid by relevant employees or offset against future payments by the company.

For benefits with accrued rights, sabbatical leave, profit sharing and bonuses, the expected charges during the period of employment are taken into account. Any expected profit-sharing and bonus payments are recognised if the obligation to make such payments originated on or before the balance sheet date and a reliable estimate of the obligation can be made. Contributions received from life-course savings schemes are taken into account in the period in which these contributions are owed. Additions to and releases from liabilities are charged or credited to the profit and loss account, respectively.

If a benefit is paid whereby no rights are accrued (e.g. continued payment in the event of illness or disability),

the expected costs are recognised in the period over which this remuneration is owed. A provision is recognised for obligations existing on the balance sheet date to continue to pay benefits (including severance payments) to employees who, on the balance sheet date, are expected to be wholly or partly unable to perform their work due to illness or disability.

The liability recognised is the best estimate of the amounts necessary to settle the particular liability as of the balance sheet date. The best estimate is based on contractual agreements with employees (collective labour agreement and individual employment contracts). Additions to and releases from liabilities are charged or credited to the profit and loss account, respectively.

For disability risks that are insured, a provision is made for the part of the insurance premium payable in the future that is directly attributable to the company's individual claims history. If no reliable estimate can be made of the amount of the part of the insurance premium payable in the future that is directly attributable to the company's individual claims history, no provision is included.

#### *Pensions*

As a rule, the pension charge to be recognised for 2020 is equal to the pension contributions payable to the pension fund for that period. A liability is recognised if the pension contributions payable have not been paid yet by the end of the reporting period. If the pension contributions paid as at the balance sheet date exceed the pension contributions payable, an asset is recognised under prepayments and accrued income if the fund will refund this amount or offset it against future payable pension contributions.

Most of the employees have a pension under a scheme administered by the industry-wide pension fund for the construction sector (BPF Bouw). This is a career average pension scheme that qualifies as a defined contribution scheme.

In the event that the above-mentioned industry-wide pension fund has a deficit, the company has no obligation to make additional payments other than future pension contribution increases. On 31 December 2020, the pension fund had a coverage ratio (market value of plan assets as a percentage of the provision for pension obligations according to the accounting policies of the Dutch central bank) of 111.1% (31 December 2019: 114.1%).

#### *Severance payments*

Severance payments are payments granted in exchange for the termination of employment. A severance payment is recognised as a liability and an expense if the company has demonstrably committed unconditionally to paying a severance payment.

#### **Leasing**

The company may enter into finance and operating leases. A lease is classified as a finance lease if it transfers all or substantially all the risks and rewards incidental to ownership to the lessee. All other leases classify as operating leases. The classification of leases depends on the economic reality of the transaction rather than the legal form. Lease classification is made at the time the relevant lease agreement is entered into.

#### *Operating lease*

If the company is the lessee in an operating lease, the leased asset is not recognised. Fees received as an incentive to enter into an agreement are recognised as a reduction of the lease cost over the lease period. Lease payments and payments relating to operating leases are charged to the profit and loss account on a straight-line basis over the lease period, unless a different allocation system is more representative of the pattern of benefits to be obtained from the lease object.

#### **Interest receivable and similar income and interest payable and similar expenses**

Interest income is recognised in the period to which it relates, based on the effective interest rate for the relevant asset. Interest payable and similar expenses are recognised in the period to which they relate.

#### **Taxes**

Income tax expense comprises current tax payable and receivable and deferred tax. Current and deferred taxes are recognised in the profit and loss account, except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable (recoverable) in respect of the taxable income (tax loss) for the year, calculated on the basis of tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable for prior years.

If the carrying amounts of assets and liabilities for financial reporting purposes differ from their carrying amounts for tax purposes, there are temporary differences.

A provision for deferred tax liabilities is created for taxable temporary differences.

A deferred tax asset is recognised for deductible temporary differences, available carry-forward losses and unused tax deduction possibilities, but only to the extent that it is likely that tax profits will be available in the future for set-off or compensation. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised for taxable temporary differences relating to group companies, equity interests and joint ventures, unless the company is able to control the timing of the reversal of the temporary difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are presented in the balance sheet on a net basis if the company has an adequate legal instrument to set off deferred tax assets against deferred tax liabilities, to the extent they relate to the same financial year and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable legal entity, or the same tax group.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences of the manner in which the company intends to realise or settle its assets, provisions, liabilities and accruals on the balance sheet date. Deferred tax assets and liabilities are stated at nominal value.

Corporation tax is calculated on the operating result, taking into account tax facilities and non-deductible costs.

#### **Profit (loss) from equity interests**

The share in the profit (loss) from equity interests concerns the company's share of the profit (loss) of entities in which it has an equity interest, determined on the basis of the accounting policies of the group. Gains and losses on transactions that involved the transfer of assets and liabilities between the group and the non-consolidated equity interests, or between its equity interests themselves, are not recognised if they can be deemed unrealised. Profits or losses from equity interests acquired or disposed of during the financial year are accounted for in the group's profit or loss from the date of the acquisition or until the date of disposal of the relevant equity interest.

#### **Cash flow statement**

The cash flow statement is prepared using the indirect method. The cash and cash equivalents in the cash

flow statement can be converted into cash without restrictions and without material risk of impairment as a result of the transaction.

Interest receipts and expenditure, dividends received and taxes on profits are included under the cash flow from operational activities. Dividends paid are included under the cash flow from financing activities.

The cost of acquisition of a group company acquired is included under the cash flow from investment activities, insofar as payment was made in cash. The cash present in a group company acquired is deducted from the purchase price.

#### **Fair value measurement**

The fair value of a financial instrument is the amount for which an asset could be traded or a liability settled between knowledgeable and willing parties in an arm's-length transaction.

The fair value of non-listed financial instruments is measured based on their expected future cash flows, calculated using a discount rate that reflects the risk-free market interest rate applicable to the residual term of the instrument plus credit and liquidity premiums.

#### **Related parties**

Transactions with related parties are disclosed insofar as they have not been entered into under normal market conditions. The nature and the size of these transactions as well as any other information that is needed to provide understanding of the transaction concerned is disclosed.

#### **Subsequent events**

Events that provide further information about the actual situation at the balance sheet date and that have occurred up to the date of preparation of the financial statements are included in the financial statements.

Events that do not provide further information about the actual situation at the balance sheet date are not included in the financial statements. If such events are significant for the opinion-forming of the users of the financial statements, the nature and estimated financial impact of these are disclosed in the financial statements.

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## (1) Intangible fixed assets

(amounts x € 1,000)

	Goodwill
Acquisition value	6,859
Cumulative amortisation	-1,098
<b>Carrying amount 1 January 2020</b>	<b>5,761</b>
<b>Changes in carrying amount:</b>	
Amortisation	-776
<b>Total changes 2020</b>	<b>-776</b>
Acquisition value	6,859
Cumulative amortisation	-1,874
<b>Carrying amount 31 December 2020</b>	<b>4,985</b>

The goodwill relates to the acquisition of additional shares in Asset Rail BV (2016) and the acquisition of a minority interest in Road Maintenance Support B.V. (2018) and the acquisition of a minority interest in Leeuwenstein Groep (2019).

The goodwill in respect of Asset Rail BV is amortised over a period of 5 years. The goodwill relating to Road Maintenance Support BV and the Leeuwenstein Groep is, in view of the long-term nature of the (maintenance) contracts of these entities, amortised over a period of 10 years.

## (2) Tangible fixed assets

(amounts x € 1,000)

	Land and buildings	Plant and equipment	Other fixed operating assets	Not used in the production process	Total
Acquisition value	42,674	64,580	53,109	40,267	200,630
Cumulative depreciation	-17,163	-50,349	-36,847	-5,926	-110,285
<b>Carrying amount 1 January 2020</b>	<b>25,511</b>	<b>14,231</b>	<b>16,262</b>	<b>34,341</b>	<b>90,345</b>
<b>Changes in carrying amount:</b>					
Investments	1,800	7,234	15,526	-	24,560
Disposals (acquisition value)	-348	-3,454	-4,486	-6,018	-14,306
Disposals (cumulative depreciation)	347	2,810	1,796	1,675	6,628
New consolidations (acquisition value)	-	-	1,115	99	1,214
New consolidations (cumulative depreciation)	-	-	-693	-	-693
Deconsolidations (acquisition value)	-479	-	-636	-	-1,115
Deconsolidations (cumulative depreciation)	337	-	379	-	716
Depreciation	-801	-3,436	-6,554	-1,258	-12,049
<b>Total changes 2020</b>	<b>856</b>	<b>3,154</b>	<b>6,447</b>	<b>-5,502</b>	<b>4,955</b>
Acquisition value	43,647	68,360	64,628	34,348	210,983
Cumulative depreciation	-17,280	-50,975	-41,919	-5,509	-115,683
<b>Carrying amount 31 December 2020</b>	<b>26,367</b>	<b>17,385</b>	<b>22,709</b>	<b>28,839</b>	<b>95,300</b>
Depreciation periods in years	20 to 30 years	8 to 10 years	3 to 10 years	20 to 30 years	

The property, plant and equipment presented under 'Not used in the production process' as at 31 December 2019 concerns three sites that are operated on a long-term basis. One site was sold in 2020. Dura Vermeer intends to take the remaining two sites into production or sell them in the future.

The land and buildings serve as collateral for debts to credit institutions for an amount of € 26.4 million (31 December 2019: € 18.0 million). The market value of the relevant buildings and land amounts to € 34.4 million (2019: € 27.7 million). The market values are determined on the basis of periodic valuations carried out by independent appraisers.

No future investment commitments have been entered into in respect of own property, plant and equipment.

**(3) Financial fixed assets**

(amounts x € 1,000)

	Receivables					Total
	Equity interests	from equity interests	Deferred tax asset	PPP receivables	Other receivables	
<b>Carrying amount 1 January 2020</b>	<b>19,828</b>	<b>4,053</b>	<b>328</b>	<b>1,960</b>	<b>750</b>	<b>26,919</b>
Share of profit (loss)	4,577	-	-	-	-	4,577
Dividend received	-1,739	-	-	-	-	-1,739
Investments	339	-	-	-	-	339
Disposals	-209	-	-	-	-	-209
New consolidations	-	11	-	-	-	11
Deconsolidations	-2,727	-464	-	-	-	-3,191
Repayments	-	-706	-	-802	-	-1,508
New loans	-	548	-	-	-	548
Amounts written off	-	-	-	-	-500	-500
Amounts used	-	-	-26	-	-	-26
Review of estimates	-	-	-80	-	-	-80
Other changes	8	-	-	-33	-	-25
<b>Carrying amount 31 December 2020</b>	<b>20,077</b>	<b>3,442</b>	<b>222</b>	<b>1,125</b>	<b>250</b>	<b>25,116</b>

The deconsolidation in the item equity interests relates to the sale of the minority interest in Asfaltcentrale Stedendriehoek B.V. (ACS) and Asfalt Productie Maatschappij B.V. (APM).

Of the receivable from equity interests of € 3.4 million, € 1.0 million is current.

The deferred tax asset concerns the recognised available tax loss carry forward of an equity interest not belonging to the tax group. This deferred tax asset is expected to be offsettable within three years.

The PPP receivable concerns availability payments receivable from Rijkswaterstaat in relation to the N31 Rijksweg Public-Private Partnership project. The effective interest rate used in the calculation of amortised cost is 5.64%. In 2020, revenue of € 0.9 million (2019: € 1.8 million) is recognised under net turnover, as well as profit (loss) after tax of € 0.3 million (2019: € 0.2 million). € 0.8 million of the receivable is current and the remaining term of the receivable is 2 years.

In accordance with the relevant statutory provisions, a list of the consolidated and non-consolidated equity interests and building consortiums and other partnerships has been filed with the Chamber of Commerce for inspection.

**(4) Inventories**

(amounts x € 1,000)

	31-12-2020	31-12-2019
Land	41,680	69,930
Raw materials and consumables	5,234	5,132
Finished goods	1,379	3,609
<b>Total</b>	<b>48,293</b>	<b>78,671</b>

The value of the land positions was analysed at year-end 2020 based on the current expectations in relation to the development potential, development periods and price level. The cumulative impairment on land positions at year-end 2020 amounts to € 4.4 million (2019: € 4.9 million).

**(5) Receivables**

(amounts x € 1,000)

	31-12-2020	31-12-2019
Trade receivables	89,048	87,342
Receivables from non-consolidated equity interests	96	1,566
Taxes and social insurance contributions	7,142	2,033
Work yet to be invoiced	37,775	35,413
Receivables from building consortiums	12,067	20,541
Prepaid expenses	5,111	11,699
Other receivables, prepayments and accrued income	21,765	12,488
<b>Total</b>	<b>173,004</b>	<b>171,082</b>

All items under receivables, prepayments and accrued income fall due within one year.

The provision for potential bad debts at year-end 2020 amounts to € 2.8 million (2019: € 2.5 million).

**(6) Cash and cash equivalents**

(amounts x € 1,000)

	31-12-2020	31-12-2019
Current Account Banks	269,028	119,459
Cash resources	11	10
<b>Total</b>	<b>269,039</b>	<b>119,469</b>

Cash and cash equivalents are readily available in the amount of € 218.5 million (2019: € 62.4 million). The cash and cash equivalents which are not readily available involves € 43.2 million (2019: € 50.7 million) in cash and cash equivalents at consortium works and € 7.3 million (2019: € 6.4 million) in cash in G-accounts.

At year-end 2020, Dura Vermeer Groep NV had a syndicated bank facility with three banks. This facility involves a Current Account Facility of € 50 million, a Revolving Property Project Facility of € 30 million and a Guarantee Facility of € 200 million. The Current Account Facility and the Revolving Project Facility were not drawn at year-end 2020. With regard to the Guarantee Facility, the banks had issued guarantees for a sum of € 87.2 million at year-end 2020 (year-end 2019: € 111.9 million).

As security, the bank syndicate has been granted a first and second mortgage on buildings and land for an amount of € 35.5 million (year-end 2019: 29.1 million) and collateral has been provided, trade receivables being the most important in this respect. The bank facilities are subject to solvency, leverage and interest coverage ratios. As was the case at year-end 2019, all ratios at year-end 2020 amply satisfied the norm values contained in the financing contracts.

In addition to the banks, three mutual insurance associations have provided guarantee facilities totalling € 160 million (2019: € 95 million). € 59.2 million was drawn from this at year-end 2020 (2019: € 44.3 million).

<b>(7) Current liabilities</b>	<b>31-12-2020</b>	<b>31-12-2019</b>
<i>(amounts x € 1,000)</i>		
Amounts owed to credit institutions	1,303	1,596
Current portion of long-term liabilities	1,429	1,290
Work in progress	47,852	-
Advance billings	13	8,222
Amounts owed to suppliers and trade payables	136,825	100,175
Amounts owed to equity interests	549	3,140
Amounts owed to building consortiums	3,291	15,509
Work yet to be invoiced	110,300	106,956
Corporation tax to be paid	2,514	6,797
Other taxes and social insurance contributions payable	35,882	29,447
Employee-related liabilities	19,865	16,347
Other payables, accruals and deferred income	13,609	13,032
<b>Total</b>	<b>373,432</b>	<b>302,511</b>

From the 2020 financial year onward, the current part of the provisions and the provision for onerous contracts will also be classified under the provisions (€ 6.1 million) and the long-term part of the amounts owed to credit institutions under the long-term liabilities (€ 2.8 million). As a result, the comparative figures have been adjusted, the current liabilities at 31-12-2019 are € 8.9 million lower than in the 2019 financial statements.

All current liabilities fall due within one year.

The 'amounts owed to credit institutions to credit institutions' concern two project financings in the context of consortiums with third parties. The largest financing of € 1.1 million expires next year and has an interest rate of 3-month Euribor + 3.15% points. The other taxes and social security contributions consist of € 35.5 million in VAT payable (2019: € 23.2 million).

<b>(8) Work in progress</b>	<b>31-12-2020</b>	<b>31-12-2019</b>
<i>(amounts x € 1,000)</i>		
Realised project costs including allocated profit		
less foreseen losses	1,183,203	1,305,350
Less: Progress billings to clients	-1,231,055	-1,283,771
<b>Total</b>	<b>-47,852</b>	<b>21,579</b>
Projects for third parties, including PPP contracts	-87,095	-31,918
Own development projects	39,243	53,497
<b>Total</b>	<b>-47,852</b>	<b>21,579</b>

The balance of work in progress at year-end 2020 breaks down into € 93.0 million (2019: € 104.7 million) from work with a positive balance and € 140.9 million (2019: € 83.1 million) from work with a negative balance.

Project revenues recognised in the profit and loss account in the financial year amount to € 1.4 billion (2019: € 1.5 billion).

<b>(9) Long-term liabilities</b>	<b>31-12-2020</b>	<b>31-12-2019</b>
<i>(amounts x € 1,000)</i>		
Non-recourse project financing	3,686	4,136
PPS financing	-	1,242
Amounts owed to credit institution	2,603	2,750
<b>Total</b>	<b>6,289</b>	<b>8,128</b>

From the 2020 financial year onward, the long-term part of the amounts owed to credit institutions will also be classified under the long-term liabilities. As a result, the comparative figures have been adjusted, the long-term liabilities at 31-12-2019 are € 2.8 million higher than in the 2019 financial statements.

	<b>Non-recourse project financing</b>	<b>PPP financing</b>	<b>Amounts owed to credit institution</b>	<b>Total</b>
<i>(amounts x € 1,000)</i>				
<b>Carrying amount 1 January 2020</b>	<b>4,671</b>	<b>1,779</b>	<b>2,750</b>	<b>9,200</b>
Repayments	-535	-800	-147	-1,482
<b>Carrying amount 31 December 2020</b>	<b>4,136</b>	<b>979</b>	<b>2,603</b>	<b>7,718</b>
<b>Current at 31 December 2020</b>	<b>450</b>	<b>979</b>	<b>-</b>	<b>1,429</b>
<b>Long term at 31 December 2020</b>	<b>3,686</b>	<b>-</b>	<b>2,603</b>	<b>6,289</b>

The non-recourse project financing is the share of Dura Vermeer Groep NV in the non-recourse financing of a site which is recognised under property, plant and equipment as 'not used in the production process'. A first mortgage has been granted on the site. Refinancing took place in 2020. The remaining term of the loan is 2 years and the interest rate consists of 1-month EURIBOR with a markup of 2.25 percentage points. The repayment for 2021 is classified under current liabilities.

The 'debt to credit institutions' concerns project financing in the context of a consortium with third parties. Repayment takes place upon transfer of the land and has an interest rate of 3-month Euribor + 2.65 percentage points.

## (10) Provisions

(amounts x € 1,000)

	Deferred tax liabilities	Warranties	Long-service benefit provision	Other provisions	Total
<b>Carrying amount 1 January 2020</b>	<b>876</b>	<b>13,745</b>	<b>6,410</b>	<b>4,297</b>	<b>25,328</b>
Additions	-	7,059	339	5,056	12,454
Withdrawals	-278	-2,306	-113	-659	-3,356
Release	-3	-2,061	-84	-	-2,148
New consolidations	-	-	-	400	400
Deconsolidations	-	-28	-	-	-28
<b>Carrying amount 31 December 2020</b>	<b>595</b>	<b>16,409</b>	<b>6,552</b>	<b>9,094</b>	<b>32,650</b>

From the 2020 financial year onward, the current part of the provisions and the provision for onerous contracts will also be classified under the provisions. As a result, the comparative figures have been adjusted, the provisions at 31-12-2019 are € 6.1 million higher than in the 2019 financial statements.

### Provision for deferred tax liabilities

The provision for deferred tax liabilities includes the tax effect of taxable temporary differences between commercial and tax valuations, and is largely long term.

### Warranty provision

The warranty provision is recognised for the estimated costs that may be incurred due to warranty claims in respect of delivered work. It is a long-term provision. The addition to the provision is related to the turnover generated from the works delivered in the financial year. The costs incurred due to warranty claims are charged against the provision. The amount of the provision is regularly reviewed on the basis of the estimated risks.

### Provisions for long-service awards

The provision for long-service awards relates to payments to employees based on the duration of employment and is largely long term. The provision concerns the estimated amount of long-service payments payable in the future. The calculation is based on commitments made, likelihood of remaining and ages. In determining the provision, account is taken of a future salary increase of 2.8% on average (2019: 2.8%), a likelihood of remaining of 91% on average and a discount rate of 0.7% on average (2019: 0.7%).

### Other provisions

The other provision of € 9.1 million relates to a vacancy provision for three office buildings that are (partly) vacant (€ 3.3 million) and a provision for onerous contracts (€ 5.8 million). Of the vacancy provision, approximately € 1.3 million (2019: € 0.5 million) has a term of less than one year.

## (11) Equity

For an explanation of equity of the company, see the notes to the company balance sheet.

## (12) Financial instruments

### General

As part of its ordinary activities, Dura Vermeer makes use of a range of financial instruments that expose the company to market, interest rate, cash flow, credit and liquidity risk. These are financial instruments that are recognised in the balance sheet.

To manage these risks, Dura Vermeer has drawn up a policy including a system of limits and procedures to limit the risks of unpredictable adverse developments in the financial markets and thus the financial performance of the company. Dura Vermeer holds no derivative financial instruments such as interest rate swaps, forward exchange contracts or currency options and does not trade in these derivative instruments. If a counterparty defaults on payments due to the company, any resulting losses are limited to the market value of the relevant instruments.

### Credit risk

Dura Vermeer is exposed to credit risks on loans and other receivables recognised under financial fixed assets, trade and other receivables and cash and cash equivalents. The maximum credit risk the company is exposed to is nominally € 449.6 million (2019: € 299.8 million), and is composed as follows:

Financial assets	31-12-2020	31-12-2019
(amounts x € 1,000)		
Long-term loans granted	3,692	4,803
Long-term receivables	1,125	1,960
Receivables	175,769	173,582
Cash and cash equivalents	269,039	119,469
<b>Total</b>	<b>449,625</b>	<b>299,814</b>

The credit risk is spread over approximately 1,250 customers. As the receivables are not concentrated among a limited number of customers, the company's exposure to credit risk is mainly determined by the individual characteristics of each of the customers.

The Management Board has formulated a credit policy under which an individual creditworthiness assessment takes place of each new customer and periodically of existing customers before Dura Vermeer's standard payment and delivery terms and conditions are offered. This analysis includes looking at external credit ratings, when available, and in some cases also bank references. Mitigating measures are also taken such as advance payments, bank guarantees or sureties. These measures reduce the credit risk for Dura Vermeer to an acceptable level.

The company's cash and cash equivalents are held at several leading banks supervised by a central bank.

### Interest rate risk and cash flow risk

Dura Vermeer is exposed to interest rate risk on interest-bearing receivables and debts and the refinancing of existing financing. The company is exposed to interest rate risk associated with future cash flows in respect of receivables and debts with floating interest rates, and to fair value risk in respect of fixed-interest loans. The variability of the loans with floating interest rates is low, given the size of the interest-bearing receivables and debts. Therefore, Dura Vermeer has not concluded any derivative interest instruments.

#### Liquidity risk

Dura Vermeer monitors its liquidity position with successive liquidity budgets. The management ensures that the company at all times has sufficient liquidity to meet its payment obligations with sufficient funding under the available facilities to remain in compliance with the existing financing covenant.

At 31 December 2020, the undiscounted contractual financial liabilities and rights are as follows:

Financial assets	< 1 year	1-5 years	> 5 years	Total
<i>(amounts x € 1,000)</i>				
Long-term loans granted	992	338	2,362	3,692
Long-term receivables	847	278	-	1,125
Current receivables	175,769	-	-	175,769
Cash and cash equivalents	269,039	-	-	269,039
<b>Total</b>	<b>446,647</b>	<b>616</b>	<b>2,362</b>	<b>449,625</b>

  

Financial liabilities	< 1 year	1-5 years	> 5 years	Total
<i>(amounts x € 1,000)</i>				
Long-term liabilities	-	6,289	-	6,289
Current liabilities	373,432	-	-	373,432
Rental obligations	6,643	19,222	13,674	39,539
Lease obligations	11,305	18,526	-	29,831
<b>Total</b>	<b>391,380</b>	<b>44,037</b>	<b>13,674</b>	<b>449,091</b>

  

Balance	55,267	-43,421	-11,312	534
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To cover fluctuations between its payment obligations and financial assets, Dura Vermeer has a committed overdraft facility of € 50 million. On 10 December 2018, Dura Vermeer took out the € 30 million facility for a period of three years plus an option to renew twice by one year each time (until the end of 2023 maximum). In 2020, Dura Vermeer exercised a contractual option to extend the overdraft facility by € 20 million to a total of € 50 million. In addition, in both 2019 and 2020 Dura Vermeer exercised the option to renew the credit facility by 1 year, extending the term of the facility to December 2023.

#### Fair value

The fair value of the financial instruments recognised in the balance sheet under cash and cash equivalents, current receivables and current liabilities approximates their carrying amount.

#### Market risk

Market risk is the risk that Dura Vermeer's revenue or the value of its financial instruments is adversely affected by fluctuations in market prices. It concerns the change in the market price of raw materials and consumables and outsourced work in the period between the quotation process and the execution phase. Dura Vermeer mitigates the aforementioned risk by: (1) incorporating an indexation arrangement into the agreement for long-term projects and/or, where this is not possible, (2) agreeing to prices and conditions with suppliers and subcontractors at an early stage.

### (13) Off-balance sheet assets and liabilities

#### Liability and warranties

As at year-end 2020, the group had issued guarantees for clients for a maximum amount of € 146.4 million through credit institutions and mutual insurance associations (year-end 2019: € 156.3 million).

Dura Vermeer is jointly and severally liable for all liabilities of the commercial partnerships (building consortiums) in which Dura Vermeer participates. At year-end 2020, these liabilities, exclusive of bank guarantees, total € 275.5 million (2019: € 194.6 million). Dura Vermeer's share in this is € 114.5 million (2019: € 84.6 million), which has been included in the consolidated balance sheet.

#### Long-term financial liabilities

Dura Vermeer rents land and buildings. The remaining terms of the rental obligations range from 1 to 15 years. In addition, instalments are payable by Dura Vermeer under operating leases (for motor vehicles and rolling stock). The leases have an average term of 2.5 years. The dates on which these instalments are payable by Dura Vermeer are shown in the overview of undiscounted payment obligations (note 12).

As at year-end 2020, Dura Vermeer had obligations for the purchase of land up to an amount of € 17.7 million (2019: € 0.7 million).

#### Tax group

Most of the consolidated equity interests are part of Dura Vermeer Groep N.V.'s tax group for the purposes of corporation tax and VAT and are therefore jointly and severally liable for any tax payable by the companies in the tax group. For a comprehensive overview of the equity interests of Dura Vermeer Groep N.V. belonging to the tax group, please refer to the list filed with the Chamber of Commerce.



# NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(14) Operating income	2020	2019
(amounts x € 1,000)		
Residential construction	479,500	608,147
Non-residential construction	330,059	320,000
Infrastructure	626,135	574,013
Other	1,061	2,085
<b>Total</b>	<b>1,436,755</b>	<b>1,504,245</b>

The operating income is generated entirely in the Netherlands.

(15) Wages, salaries, social insurance and pension costs	2020	2019
(amounts x € 1,000)		
Social insurance costs	28,020	25,452
Pension costs	20,055	16,905
<b>Total</b>	<b>48,075</b>	<b>42,357</b>

During the 2020 financial year, the average number of employees was 2,608 FTEs (2019: 2,511 FTEs). All these people were working in the Netherlands. This workforce can be broken down into various categories of personnel as follows:

	Average 2020	Average 2019
Construction site workers	639	662
Supervisors, technical and administrative staff	1,969	1,848
<b>Total</b>	<b>2,608</b>	<b>2,511</b>

## (16) Other operating expenses

The other operating expenses of € 1.4 million concern an allocation to the other provisions in connection with the structural vacancy of (part of) some office buildings.

## (17) Taxes

Taxes are calculated on the accounting profit, taking into account the change in the provision for deferred tax liabilities, non-taxable or deductible amounts and other tax facilities. The applicable tax rate is 25%.

The tax expense breaks down as follows:

	2020	2019
(amounts x € 1,000)		
Tax charge tax group	-12,151	-10,849
Tax charge non-tax group	-645	-589
<b>Total</b>	<b>-12,796</b>	<b>-11,438</b>

The following numerical reconciliation between the applicable and the effective rate can be given:

	2020	2019
(amounts x € 1,000)		
Profit (loss) before taxes	49,726	44,830
Tax charge based on applicable tax rate in the Netherlands	-12,432 (25.0%)	-11,208 (25.0%)
Tax effect of non-deductible expenses	-364 (0.7%)	-230 (0.5%)
<b>Tax charge</b>	<b>-12,796 (25.7%)</b>	<b>-11,438 (25.5%)</b>

The tax expense in the profit and loss account for 2020 amounts to € 12.8 million, or 25.7% of the result before taxes (2019: 25.5%).

## (18) Related party transactions

Related party transactions are defined as transactions between Dura Vermeer and persons or entities that are related to the company. These include the relationships between the company and its equity interests, shareholders, directors and key management personnel. Transactions are defined as a transfer of resources, services or obligations, regardless of whether an amount has been charged.

As part of its ordinary activities, Dura Vermeer buys and sells goods and services from and to various related parties in which the company holds an interest. These transactions take place at arm's length, on terms similar to those applying to transactions with unrelated parties.

#### (19) Auditor's fees

The following fees of KPMG Accountants N.V. were charged to the company, its subsidiaries and other companies it consolidates, all as referred to in Section 2:382a (1) and (2) of the Netherlands Civil Code.

	KPMG Accountants N.V.	Other KPMG network	Total KPMG
(amounts x € 1,000)			
	2020	2020	2020
Audit of the financial statements	653	-	653
Other audit engagements	35	-	35
Tax consulting services from other KPMG	-	247	247
Other non-audit engagements	169	-	169
<b>Total</b>	<b>857</b>	<b>247</b>	<b>1,104</b>
	2019	2019	2019
Audit of the financial statements	650	-	650
Other audit engagements	42	-	42
Tax consulting services from other KPMG	-	245	245
Other non-audit engagements	283	-	283
<b>Total</b>	<b>975</b>	<b>245</b>	<b>1,220</b>

The audit fees reported in the table refer to the total fees for the audit of the financial statements, regardless of whether the work was already performed during the financial year.

#### (20) Subsequent events

No events occurred subsequent to the balance sheet date that would require providing additional information about the actual situation as at the balance sheet date.

# COMPANY BALANCE SHEET

	Note	31-12-2020	31-12-2019
(before profit appropriation, amounts x € 1,000)			
<b>Fixed assets</b>			
Tangible assets	[21]	8,007	7,520
Financial fixed assets	[22]	188,121	162,766
		<b>196,128</b>	<b>170,286</b>
<b>Current assets</b>			
Receivables	[23]	45,856	50,870
Cash and cash equivalents		152,121	30,829
		<b>197,977</b>	<b>81,699</b>
<b>Current liabilities</b>			
	[24]	<b>189,989</b>	<b>73,091</b>
<b>Current assets less current liabilities</b>			
		<b>7,988</b>	<b>8,608</b>
<b>Assets less current liabilities</b>			
		<b>204,116</b>	<b>178,894</b>
<b>Provisions</b>			
	[25]	<b>750</b>	<b>1,035</b>
<b>Equity</b>			
Issued capital	[26]	1,923	1,923
Share premium	[26]	32,178	32,178
Statutory reserve	[26]	11,871	11,024
Other reserves	[26]	115,887	96,636
Unappropriated profit	[26]	41,507	36,098
		<b>203,366</b>	<b>177,859</b>
<b>Liabilities less current liabilities</b>			
		<b>204,116</b>	<b>178,894</b>

# COMPANY PROFIT AND LOSS ACCOUNT

	2020	2019
(amounts x € 1,000)		
Company profit (loss) excluding profit (loss) from equity interests	-4,064	-2,191
Profit (loss) from equity interests	45,571	38,289
<b>Profit (loss) after taxes</b>	<b>41,507</b>	<b>36,098</b>

# ACCOUNTING POLICIES FOR THE COMPANY FINANCIAL STATEMENTS

## General

The company financial statements are part of Dura Vermeer's 2020 financial statements. Dura Vermeer's financial information is included in the consolidated financial statements of Dura Vermeer.

With respect to the company profit and loss account, the company availed itself of the exemption provided under Section 2:402 of the Netherlands Civil Code.

To the extent items from the company balance sheet and company profit and loss account are not explained in more detail below, reference is made to the notes to the consolidated balance sheet and profit and loss account.

## Financial instruments

In the company financial statements, financial instruments are presented on the basis of their legal form.

## Equity interests in group companies

In the company balance sheet, equity interests in group companies are measured according to the equity method based on their net asset value. For further details, see the accounting policies for financial fixed assets in the notes to the consolidated financial statements.

## Profit (loss) from equity interests

The profit (loss) from equity interests comprises Dura Vermeer's share of the profits (losses) of entities in which it has an equity interest. Gains and losses on transactions that involved the transfer of assets and liabilities between Dura Vermeer and its equity interests, or between its equity interests, are eliminated to the extent they can be deemed unrealised.

## Taxes

The company is the head of the tax group.

The corporation tax is included for the part that would be owed by the company if it were independently liable for tax, taking into account the allocation of the benefits of the tax group.

Settlement within the tax group between Dura Vermeer and its subsidiaries takes place via the current account relationships.

# NOTES TO THE COMPANY BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

## (21) Tangible assets

(amounts x € 1,000)

	Other fixed operating assets
Acquisition value	28,645
Cumulative depreciation	-21,125
<b>Carrying amount 1 January 2020</b>	<b>7,520</b>
<b>Changes in carrying amount:</b>	
Investments	4,444
Disposals (acquisition value)	-439
Disposals (cumulative depreciation)	220
Depreciation	-3,738
<b>Total changes 2020</b>	<b>487</b>
Acquisition value	32,650
Cumulative depreciation	-24,643
<b>Carrying amount 31 December 2020</b>	<b>8,007</b>
Depreciation periods in years	3 to 10 years

## (22) Financial fixed assets

(amounts x € 1,000)

	Equity interests
<b>Carrying amount 1 January 2020</b>	<b>162,766</b>
Share of profit (loss)	45,866
Dividend received	-20,180
Other changes	-331
<b>Carrying amount 31 December 2020</b>	<b>188,121</b>

In accordance with the relevant statutory provisions, a list of the consolidated and non-consolidated equity interests and building consortiums and other partnerships has been filed with the Chamber of Commerce for inspection. This list also shows for which companies a statement of joint and several liability has been issued in accordance with Section 2:403 of the Netherlands Civil Code.

<b>(23) Receivables</b>	<b>31-12-2020</b>	<b>31-12-2019</b>
<small>(amounts x € 1,000)</small>		
Trade receivables	931	503
Receivables from group companies	39,256	41,543
Taxes and social insurance contributions	652	525
Prepaid expenses	2,093	4,909
Other receivables, prepayments and accrued income	2,924	3,390
<b>Total</b>	<b>45,856</b>	<b>50,870</b>

All items under receivables, prepayments and accrued income fall due within one year.

<b>(24) Current liabilities</b>	<b>31-12-2020</b>	<b>31-12-2019</b>
<small>(amounts x € 1,000)</small>		
Amounts owed to suppliers and trade payables	536	1,787
Payables to group companies	171,046	44,105
Corporation tax to be paid	3,073	7,262
Other taxes and social insurance contributions payable	12	6,708
Employee-related liabilities	8,746	7,790
Other payables, accruals and deferred income	6,576	5,439
<b>Total</b>	<b>189,989</b>	<b>73,091</b>

All current liabilities fall due within one year.

<b>(25) Provisions</b>	<b>Long-service</b>		
	<b>Deferred</b>	<b>benefit</b>	<b>Total</b>
	<b>tax liabilities</b>	<b>provision</b>	
<small>(amounts x € 1,000)</small>			
<b>Carrying amount 1 January 2020</b>	<b>803</b>	<b>232</b>	<b>1,035</b>
Additions	-	6	6
Withdrawals	-278	-12	-290
Release	-1	-	-1
<b>Carrying amount 31 December 2020</b>	<b>524</b>	<b>226</b>	<b>750</b>

Due to their nature, a substantial part of the provisions qualifies as long term.  
For more information about the provisions, see the notes to the consolidated balance sheet.

<b>(26) Equity</b>						
	<b>Issued capital</b>	<b>Share premium</b>	<b>Statutory reserve</b>	<b>Other reserves</b>	<b>Unappropriated profit</b>	<b>Total</b>
<small>(amounts x € 1,000)</small>						
<b>Carrying amount 1 January 2019</b>	<b>1,923</b>	<b>32,178</b>	<b>10,299</b>	<b>79,409</b>	<b>26,087</b>	<b>149,896</b>
Profit (loss) 2019	-	-	-	-	36,098	36,098
Dividend paid for 2018	-	-	-	-	-8,000	-8,000
Profit appropriation 2018	-	-	-	18,087	-18,087	-
Addition to statutory reserve	-	-	725	-860	-	-135
<b>Total changes 2019</b>	<b>-</b>	<b>-</b>	<b>725</b>	<b>17,227</b>	<b>10,011</b>	<b>27,963</b>
<b>Carrying amount 31 December 2019</b>	<b>1,923</b>	<b>32,178</b>	<b>11,024</b>	<b>96,636</b>	<b>36,098</b>	<b>177,859</b>
Profit (loss) 2020	-	-	-	-	41,507	41,507
Dividend paid for 2019	-	-	-	-	-16,000	-16,000
Profit appropriation 2019	-	-	-	20,098	-20,098	-
Addition to statutory reserve	-	-	847	-847	-	-
<b>Total changes 2020</b>	<b>-</b>	<b>-</b>	<b>847</b>	<b>19,251</b>	<b>5,409</b>	<b>25,507</b>
<b>Carrying amount 31 December 2020</b>	<b>1,923</b>	<b>32,178</b>	<b>11,871</b>	<b>115,887</b>	<b>41,507</b>	<b>203,366</b>

#### *Issued capital*

The authorised capital amounts to € 9.0 million (2019: € 9.0 million), divided into 1.8 million ordinary shares of € 5 each. 384,517 of these shares have been issued. As at year-end 2020, a total of 64,599 shares had been repurchased.

#### *Share premium*

The share premium reserve includes the proceeds from the issue of shares insofar as these exceed the nominal amount of the shares. The full balance of the share premium reserve qualifies as paid-up capital for tax purposes.

#### *Statutory reserve*

The statutory reserve is the statutory reserve for equity interests and relates to equity interests valued at net asset value. The reserve concerns the retained earnings from equity interests which the company cannot pay out in dividends without the cooperation of third parties. The statutory reserve is determined on an individual basis. The change in 2020 amounted to € 0.8 million, which was charged to the other reserves.

#### *Unappropriated profit*

Profit appropriation for the 2019 financial year

The 2019 financial statements were adopted in the General Meeting held on 25 March 2020. The General Meeting adopted the profit appropriation for the 2019 financial year in accordance with the board's proposal. Of the unappropriated profit of € 36.1 million, € 16.0 million was distributed as dividend. The remaining balance, amounting to € 20.1 million, was added to the other reserves.

#### Proposal for profit appropriation 2020

The Management Board, with the approval of the Supervisory Board, proposes to the General Meeting that the profit after tax for 2020 of € 41.5 million be appropriated as follows: that a sum of € 16.6 million be paid out as dividend and the remaining amount of € 24.9 million be added to the other reserves.

### **(27) Remuneration of the board member and Supervisory Board**

Wages, salaries and social insurance costs include directors' remuneration amounting to € 5,983,279 (2019: € 5,106,187).

The remuneration of the members of the Supervisory Board totalled € 259,000 in 2020 (2019: € 176,500).

### **(28) Off-balance sheet assets and liabilities**

In addition to the off-balance sheet liabilities disclosed in the notes to the company balance sheet, the company has for most of its subsidiaries accepted joint and several liability for all their debts arising from legal acts. For more information, please refer to the list of these subsidiaries that has been filed with the Chamber of Commerce.

Rotterdam, 15 March 2021

#### **Supervisory Board**

B. Vree, Chairman  
D. van Well, Vice-Chairman  
M.E. van Lier Lels  
J.M.A. van der Lof  
P.S. Overmars

#### **Management Board**

J. Dura, Chairman  
L.H. Barg, CFO  
R.P.C. Dielwart  
T. Winter

The General Meeting adopted the prepared financial statements on 23 March 2021.

# OTHER INFORMATION

## PROFIT APPROPRIATION

### Provisions in the articles of association concerning profit appropriation

Under Article 42(1) of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders.

## AUDIT OPINION

### Independent auditor's opinion

To: the General Meeting of Dura Vermeer Groep N.V.

### Report on the audit of the accompanying financial statements

*Our opinion*

We have audited the financial statements 2020 of Dura Vermeer Groep N.V., based in Rotterdam. In our opinion the accompanying financial statements give a true and fair view of the financial position of Dura Vermeer Groep N.V. as at 31 December 2020 and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2020;
- the consolidated and company profit and loss account for 2020; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

*Basis for our opinion*

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

We are independent of Dura Vermeer Groep N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics). We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Report on the other information included in the annual report*

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

- Foreword by the Chairman of the Management Board;
- Dura Vermeer at a glance;
- Management and Supervisory Board of Dura Vermeer Groep N.V.;
- Report of the Management Board;
- Report of the Supervisory Board;
- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

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

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

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements. The Management Board is responsible for the preparation of the other information, including the Report of the Management Board, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

### Description of responsibilities for the financial statements

*Responsibilities of the Management Board and Supervisory Board for the financial statements*

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no

realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements. The Supervisory Board is responsible for overseeing the company's financial reporting process.

*Our responsibilities for the audit of the financial statements*

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

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

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence

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

report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;

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

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

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

Rotterdam, 15 March 2021  
KPMG Accountants N.V.  
J. van Delden RA





## **DURA VERMEER GROEP NV**

Dura Vermeer Groep NV  
Rotterdam Airportplein 21  
3045 AP Rotterdam  
Postbus 11267  
3004 EG Rotterdam  
T 010 280 87 00

[info@duravermeer.nl](mailto:info@duravermeer.nl)

**> DURAVERMEER.NL**