

The background of the entire page is a photograph of the Selfridges building in Birmingham, UK, at dusk. The building's facade is covered in a dense grid of small, reflective metallic spheres that catch the light, creating a shimmering effect. The building is illuminated from within, and some windows are visible. In the foreground, a red double-decker bus is partially visible on the left, and a street with some traffic and pedestrians can be seen on the right. The sky is a deep blue with some light clouds.

2022 Tax Report

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Royal BAM Group nv



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Introduction

We are pleased to introduce the first BAM Tax report. This report demonstrates our commitment to be transparent about our approach to tax.

Royal BAM Group ('BAM') aims to provide clients with best-in-industry capabilities, contribute to the global movement towards sustainability, provide employees with a safe and rewarding work environment, and generate attractive returns for shareholders. In 2022, we further developed the sustainability component of our strategy, which forms an integral part of our corporate strategy to de-risk BAM's portfolio and move further towards product leadership and life-cycle solutions. This will enable us to reduce our carbon, resource and waste footprints, while offering our clients scalable, sustainable solutions.

We believe that tax forms an integral part of such sustainability development since our taxes that are paid and collected make a valuable contribution, both economically and socially, to the communities in which we operate. Besides our monetary contribution, we also believe that being open and transparent about BAM's approach to tax and our actual tax contribution forms an integral part of our social responsibility. To turn our words into action, we are one of the companies that have endorsed the Tax Governance Code developed by VNO-NCW (a Dutch employers' organisation), which aims for greater transparency on the tax position of Dutch listed companies. Subsequently, we have decided to publish an annual Tax Report, starting with this 2022 edition.

In this 2022 Tax Report, we intend to give insights into the tax principles which are applied, and outline how these are embedded and safeguarded within the organisation. Furthermore, we provide insights into the taxes paid and collected, the tax numbers reported in the annual report, and the tax incentives used.

We trust this new report is an important step towards more transparency as will continue to improve the reporting to our stakeholders.

Frans den Houter,
CFO

Walter Zuidegeest,
Head of Tax

Bunnik, the Netherlands
October 2023

2. Business and organisation

Royal BAM Group nv designs, builds and maintains high-quality, sustainable buildings, homes and infrastructure for public- and private-sector clients. BAM is one of a few large companies to have set science-based targets to reduce the CO2 intensity of its operations by 50 per cent in 2030 compared to 2015, and is committed to maintaining its place on the Climate Change 'A' List, published by CDP each year. This commitment is set out in BAM's strategy for 2021-2023, called 'Building a sustainable tomorrow', which also aims to provide employees with safe and rewarding work, while generating attractive returns for shareholders.

Royal BAM Group nv is listed on the Amsterdam Euronext exchange.

With annual revenues of approximately €6.5 billion, the Group supports clients through two main divisions: one dedicated to the Netherlands, and the other to the United Kingdom and Ireland. This structure has been put in place to enhance operational excellence, knowledge-sharing and the development of sustainable and life-cycle solutions. The two divisions are supported by a focused and streamlined corporate centre.

In division Netherlands and division United Kingdom and Ireland, BAM leverages its scale and strong position to lead with replicable and 'best-in-industry' construction processes, delivered by highly skilled employees, to create valuable, sustainable solutions for its clients.

Through its joint venture Invesis, BAM is also committed to public-private civil and social infrastructure projects. BAM International previously delivered construction and civil engineering projects outside Western Europe. Following its wind-down, all these projects have now been completed.

BAM employs approximately 13,500 people. Division Netherlands employs approximately 6,700 people; division United Kingdom and Ireland 6,700 people; and Belgium 100 people.

BAM carries out non-residential construction activities in the Netherlands, the United Kingdom and Ireland. On a modest scale, BAM is also active in non-residential construction in Denmark and Belgium. These activities are managed from the Netherlands. In addition, BAM delivers residential construction projects primarily in the Netherlands, Ireland and Belgium. Housing for families, students and the elderly is developed and built mainly in the Netherlands, where development and construction are provided as a fully integrated solution to clients. Non-residential property development activities are carried out in the Netherlands, the United Kingdom and Ireland, and on a limited scale in Belgium. BAM is also active in facilities management. BAM's civil engineering activities cover the markets in the Netherlands, the United Kingdom and Ireland, and Denmark (the Fehmarnbelt Tunnel).

3. Financial year 2022

3.1 Significant events update

During 2022, the following significant events took place:

- On 3 February 2022, BAM sold BAM Galère (including its subsidiary BAM Lux and BAM Galère's plant and equipment, managed by BAM Mat) to the Belgian construction company Thomas & Piron Group. The company was active in Wallonia, Brussels and – via its subsidiary BAM Lux – in the Grand Duchy of Luxembourg, had annual revenues of approximately €200 million, and has 650 employees delivering construction and civil engineering projects.
- On 5 May 2022, BAM sold its Belgian business BAM Contractors nv to the Belgian construction company Stadsbader Group. BAM Contractors employed approximately 400 people and had annual revenues of approximately €190 million.
- On 18 May 2022, BAM was one of more than 40 major Dutch multinationals to embrace the new Tax Governance Code, which was developed by the VNO-NCW employers' organisation. The code sets out a clear and transparent system that guarantees supervision of tax policies and accountability.
- On 16 September 2022, BAM sold its German business Wayss & Freytag Ingenieurbau to Zech Building SE. The transaction was first announced on 21 June 2022. Wayss & Freytag Ingenieurbau employed over 1,000 employees, and had annual revenues of over €500 million. The divestment resulted in a book profit of approximately €52 million.
- On 1 December 2022, BAM renewed its committed revolving credit facility (RCF) with a tenor until November 2026, linked to its sustainability targets. The new facility of €330 million has a tenor of four years with two one-year extension options, and will be used for general corporate purposes. The facility is a refinancing of the existing and currently undrawn committed revolving credit facility, which was due to expire in March 2024.

- On 14 December 2022, BAM paid the remaining VAT and salary tax, which had been deferred using arrangements granted by the Dutch tax authorities in response to Covid-19 in 2020. The amount of €115 million, which had been due for payment in monthly instalments until 2027, has been paid in full.

3.2 Financial performance update

BAM met its financial outlook for 2022, delivering adjusted EBITDA margin of 4.5 per cent excluding the positive result on the Wayss & Freytag Ingenieurbau transaction. The capital ratio further improved to 21.2 per cent. BAM confirmed its earlier announced expectation to pay a dividend over the year 2022 and proposed €0.15 per share. BAM is in good shape to benefit from its strong market positions and structural growth opportunities. Despite the headwinds created by the uncertain macro-economic and geopolitical situation, the Group remains on track with the execution of its strategy and is aiming to deliver a performance towards the 2023 strategic targets.

- Revenue in Netherlands, United Kingdom and Ireland increased by 2 per cent; total revenue declined by 10 per cent to €6.6 billion due to divestments in Belgium and Germany;
- Adjusted EBITDA of €350 million (adjusted EBITDA margin of 5.3 per cent); adjusted EBITDA margin excluding €52 million book profit on Wayss & Freytag was 4.5 per cent;
- Good contribution Dutch residential and further recovery in Dutch civil engineering; in second half-year increased impact of inflation, supply chain issues and project delays on Group result;
- Net result of €180 million (2021: €18 million), reflecting earnings per share of €0.66 (2021: €0.07);
- Liquidity position strong at €0.8 billion, after full repayment of Covid-19 deferred VAT and salary tax payments and effect of divestments; revolving credit facility extended to 2026, now also linked to sustainability targets;

- Capital ratio further improved to 21.2 per cent (year-end 2021: 14.5 per cent);
- Solid order book of €10.0 billion (2021: €13.2 billion), reduced mainly due to divestments (€2.1 billion), UK government review of regional roads development programme (€0.6 billion) and negative impact of exchange rate (€0.3 billion).

(x €1,000)

	2022		2021	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Division NL	2,917	172.5	2,932	139.8
Division UK&I	3,134	81.6	2,993	89.2
Germany, Belgium and International	569	77.8	1,394	33.1
Invesis	-	23.5		13.7
Other including eliminations	(2)	(5.2)	(4)	2.6
	6,618	350.2	7,315	278.4
Adjusted items		(5.2)		(6.5)
Depreciation and amortisation		(116.6)		(145.4)
Impairments		(15.0)		(48.5)
Finance result		2.3		(12.2)
Result before tax		215.7		65.8
Income tax expense		(37.9)		(48.8)
Non-controlling interest		1.9		1.1
Net result attributable to shareholders		179.6		18.1

4. Tax policy

At BAM our corporate purpose is to provide clients with best-in-industry capabilities, contribute to the global movement toward sustainability, provide employees a safe and rewarding work environment and generate attractive returns for shareholders. Recognising the role tax plays in this regard, BAM has adopted tax principles that balance the interest of the various stakeholders.

The BAM Code of Conduct and BAM Values (collaborative, inclusive, ownership, reliable and sustainable) are a common foundation for how we work, set the standard for our behavior and provide a compass for decision making. Derived from and in line with these values and code of conduct, BAM has adopted a Tax Policy. This tax policy is intended to set forth BAM's tax strategy, a commitment to the application of good tax practices and the underlying tax principles.

The BAM tax policy has been approved by the Executive Committee and the Audit Committee and is published on our website.

Scope

The tax policy applies to all companies of the group, as well as to all investees over which BAM has effective control. When BAM has no effective control, BAM will promote the alignment of their own tax policy with that of BAM. The tax policy applies to all taxes that BAM encounters in the course of its business. BAM's tax department supports awareness for and compliance with the tax policy.

Approach to tax

Tax is an important subject for BAM and its stakeholders. Tax payments are not just a cost factor only, but also a contribution to society and seen as a means for social economic cohesion, sustainable growth and long-term prosperity. Therefore, BAM strives to come to a responsible approach to tax as an integral part of its corporate social responsibility agenda. BAM will seek to align the long-term interests of all our stakeholders, including customers, employees, business partners, investors, and wider society.

BAM has adopted the VNO NCW Tax Governance Code. The following BAM tax principles guide our decisions on tax matters:

Accountability and governance

Tax is a core part of corporate social responsibility and governance and is overseen by the Board. We have a tax control framework that enables us to identify and assess tax risks, define our tax risk appetite and monitor and report tax controls.

Tax compliance

We are committed to comply with the letter, the intent and the spirit of the tax legislation and transfer pricing rules of the countries in which we operate and to pay the right amount of tax at the right time.

Tax transparency and reporting

We regularly provide information to our stakeholders, including investors, policy makers, employees and the general public, about our approach to tax and taxes paid.

Relationships with tax authorities

We seek, wherever possible, to develop cooperative relationships with tax authorities based on mutual respect, transparency and trust.

Business structure

We will only use business structures that are driven by commercial considerations, are aligned with business activity and have genuine substance.

5. Risk management and governance

5.1 Risk management

Exposure to risk is inevitable in pursuing our strategy. Controlled risks can lead to new opportunities, resulting in value creation. Our strategy has a clear focus on continued de-risking and accelerating opportunities for future growth. This strategy has been translated into BAM's risk management framework, and enables management to identify, evaluate and address risks.

Part of BAM's risk management framework is our effective tax control framework, which sets out the activities tools, techniques and organization arrangements to ensure all tax risks are identified, assessed, understood and that appropriate responses are in place to mitigate the impact of all risks. Tax risks are the risks that the company may be paying or accounting for an incorrect amount of tax (including both income and indirect taxes), or that the tax positions that the company adopts are out of step with the tax risk appetite that the directors have authorised or believe is prudent. Tax risks may lead to a negative impact on the goals of the organisation, or to financial – or reputational – damage.

In organisations as ours, tax is impacting a lot of processes in all parts of the organisation. As part of our tax control framework we have described the dedicated tax processes, such as the preparation of tax returns, step by step. By doing this we gain insight in where material risks are present in our processes. Where required we have implemented additional or tighter controls to manage these risks. Next to dedicated tax processes, tax can be relevant in business processes, such as tendering, HR, contract management, legal processes, etc. The relevant department also has a risk control framework in place, in which we ensure that the relevant tax step is included and controls are in place.

The tax control framework sets out the end-to-end processes for identifying, controlling, monitoring, reporting and escalation of tax risks. On a quarterly basis, tax controls in the scope of our tax control framework are subject to effectiveness testing and evaluation. On a yearly basis, risk and control self-assessments are performed to assess the design and effectiveness of specific tax controls.

The main tax risks identified are registered in our tax risk matrix, where we assess the likelihood and impact of the potential risk. In the Netherlands this risk matrix is shared with the Dutch tax authorities.

5.2 Governance

Despite international developments tax law remains a very country specific topic. Therefore we have tax functions at different levels and locations in the organisation. At the level of the divisions, we have local tax functions providing tax expertise for specific types of taxations. The local tax functions are responsible for the tax matters of local companies and activities. The corporate centre tax function at the level of the head office oversees, aligns and supports these local tax functions. Where specific tax expertise is not available in our own organisation we consult external tax advisors.

The BAM Tax Policy is intended to serve as a guidance to the application of good tax practices and the underlying tax principles. Everyone who is contributing to the tax function adheres to the BAM Tax Policy.

The Executive Committee and the Audit Committee of the Supervisory Board have approved the BAM Tax Policy. Implementation and operation of the BAM Tax Policy, as well as reports on our tax position and tax risks and - developments,

are reviewed by and discussed with the Audit Committee on a regular basis, no less than annually.

The corporate centre tax function regularly reports to the CFO and the Executive Committee on day-to-day operations, the status and effectiveness of the function and on tax developments.

6. Relationships with tax authorities

We seek to develop and maintain open, constructive and mutually respectful relations with tax authorities based on transparency and trust. We only seek rulings from tax authorities to confirm the applicable tax treatment based on the full disclosure of the facts. We support the OECD initiatives to promote tax transparency and the reform of international tax systems in order to arrive at fair tax systems.

In the Netherlands, we have concluded what is referred to as a covenant horizontal monitoring agreement ' with the Dutch tax authorities. During quarterly update meetings, we inform tax inspectors of business developments and potentially relevant tax topics. We also strive to update the tax inspectors on BAM's approach to tax. Finally, we proactively share our tax risk control matrix, which includes identified risks, potential exposure and mitigation measures. Furthermore, every year several risks are subject to a thorough and detailed internal review, whose outcome is shared and discussed with the tax authorities.

In the United Kingdom, we have a dedicated HMRC Customer Compliance Manager. During yearly update meetings, we inform tax inspectors of business developments and potentially relevant tax topics. We also strive to update the tax inspectors on BAM's approach to tax. Finally, we proactively share our tax risk control matrix, which includes identified risks, potential exposure and mitigation measures. Every three years, we are subject to re-assessment of our tax processes and the subsequent risk profile, by HMRC. Currently our risk profile is low, which means that HMRC fully trusts and relies on our tax processes.

We strive to implement similar engagements in other countries, where possible.

7. Tax features and incentives

A tax feature is a part of a tax system designed to keep the system coherent. A tax incentive is a governmental tax measure designed to incentivise or encourage a particular business activity by reducing related tax payments.

Tax incentives are available in the various countries where BAM operates. BAM will claim tax incentives if these are in line with business operations provided that BAM is entitled to these not just by the letter of the tax law, but also by its policy intention.

7.1 Tax features

Some of the most important tax features to BAM are:

7.1.1 Participation exemption (Netherlands and UK)

Royal BAM Group nv is BAM's ultimate parent company, and the Dutch participation exemption regime applies to income derived from its domestic and foreign subsidiaries. The Dutch participation exemption regime aims to eliminate economic double corporate taxation of profit distributions paid by a subsidiary to its parent company. A corporate taxpayer is exempt from Dutch corporate income tax on all benefits, such as dividends and capital gains, connected with a qualifying shareholding.

In the UK, a similar participation exemption regime (substantial shareholding exemption) applies.

7.1.2 Loss carry-forward

Operational losses incurred that lead to a tax loss in a specific year can be carried forward to be offset against the taxable profits of a future year. This offsetting is subject to several conditions that may differ per country. The most important conditions relate to the timing (indefinite carry-forward or time-capped) and amount (full offsetting of a taxable profit or a percentage thereof). Most countries where BAM operates have a loss carry-forward regime.

7.2 Tax incentives

Some of the most important tax incentives to BAM are:

7.2.1 Research and development tax credit - WBSO (Netherlands)

If a company carries out research and/or development projects, it may be able to make use of the Dutch research and development tax credit WBSO (in Dutch: Wet ter Bevordering van Speur- en Ontwikkelingswerk).

Each year, the Dutch government allocates the WBSO budget as part of its Tax Plan. The WBSO R&D tax credit offers support for two different types of projects:

- *Development project*
This category covers the development of technically new physical products, physical production processes or software (or parts thereof).
- *Technical scientific research*
This category covers exploratory research of a technical nature.

A company may apply for the WBSO tax credit for R&D activities carried out by its own employees, and for costs and expenditures incurred while carrying out an R&D project.

7.2.2 Energy Investment Allowance – EIA (Netherlands)

In the Netherlands, a company can receive a tax deduction for clearly defined investments (specific) and for tailor-made investments (generic) that result in substantial energy savings. A company can deduct 45.5 per cent of these investment costs from its taxable profit. This is possible on top of the usual depreciation. These investments are described as 'company resources' on the Energy List.

7.2.3 Environmental Investment Allowance - MIA (Netherlands)

In the Netherlands, a company can receive a tax deduction for

investments listed on the Environment List, referred to as business assets, which are minimally damaging to the environment. A company can deduct up to 45 per cent of the investment costs for an environmentally friendly technology on top of the usual depreciation.

7.2.4 Research and Development expenditure credit – RDEC (UK)

Research and Development (R&D) reliefs support companies that work on innovative projects in science and technology. These can be claimed by companies that seek to research or develop an advancement in their field. Large companies can claim a Research and Development Expenditure Credit (RDEC) for working on R&D projects. A company may be able to claim corporation tax relief if the project meets the specific definition of R&D.

The credit is calculated at 13 per cent of a company's qualifying R&D expenditure and is taxable as trading income. Regardless of whether a company makes a profit or loss, the credit may be used to discharge the company's corporation tax liabilities.

7.2.5 Research and development tax credit (Ireland)

Money spent by a company on research and development activities may qualify for the R&D tax credit. The credit is calculated at 25 per cent of qualifying expenditure, and is used to reduce a company's Corporation Tax.

A company may qualify for the R&D tax credit if:

- it is within the charge of Corporation Tax in Ireland;
- it carries out qualifying R&D activities in Ireland or the European Economic Area (EEA);
- the expenditure does not qualify for a tax deduction in another country.

7.2.6 Covid-19 temporary deferral of tax payments (Netherlands and UK)

In response to Covid-19, BAM made use of the temporary deferral of tax payments (value added tax and wage tax) granted by certain tax authorities for a total nominal amount of €234 million initially in 2020. This mainly related to the Netherlands and partly to the United Kingdom.


Although a payment extension had been granted until 2027, roughly half of the amount was already repaid during 2021, followed by a full repayment of the remaining outstanding amount of €120 million.

As a result, at year-end 2022, all tax payments granted a deferral had been repaid.



8. Effective tax rate

The purpose of this section is to explain the tax charge and the effective tax rate in more detail. This information is also included in BAM's 2022 Annual Report.

 (x €1,000)

	2022
Result before tax	215,672
Tax calculated at Dutch tax rate (2022: 25.8%, 2021: 25%)	55,643
Tax effects of:	
• Tax rates in other countries	(6,850)
• Non deductible goodwill impairment	1,212
• Non deductible expenses	2,369
• Remeasurement of deferred tax- changes in enacted tax rates	349
• Return to provision adjustments	(2,432)
• Previously unrecognised tax losses	(11,347)
• Tax losses no(t) (longer) recognised	14,589
• Results of investments and other participations, net of tax	(14,071)
• Change in uncertain tax provisions	(1,457)
• Other including expenses not deductible for tax purposes	(57)
Tax charge/(gain)	37,948
Effective tax rate	17.6%

Tax calculated at Dutch tax rate

BAM reported a profit before tax of €215 million over 2022. The IFRS reporting standards suggests that the presentation of the tax expense starts with the tax that would have been due if the profit before tax had been subject to the Netherlands tax rate alone.

Tax rates in other countries

As BAM does business in several countries where tax rates are applicable that differ from the Dutch tax rate, the impact of such different tax rates is shown. In 2022, the main driver of this item was the United Arab Emirates, where operational profits are subject to 0 per cent corporate income tax.

Results of investments and other participations

In almost all countries where BAM operates, results from participations – operational results, dividend distributions and/or capital gains – are fully or partly exempted from taxation (see also 6.1 Participation Exemption). In 2022, BAM reported several results from non-consolidated subsidiaries and joint ventures that are exempted from taxation. Furthermore, the capital gains from divestments of Wayss & Freytag Ingenieurbau AG, BAM Galère bv and BAM Contractors bv are almost entirely exempted from tax.

Non-deductible goodwill impairment

Goodwill paid on the acquisition of shares is not recognised as such for tax purposes. As a result, any impairment of goodwill in the IFRS balance sheet can also not be deducted for calculating the tax charge.

Non-deductible expenses

Several countries where BAM has business activities do not allow full deduction of certain, specific, business expenses. These are mainly expenses for which also a private element can also be identified, such as meals, entertainment, etc.

In the Netherlands, costs relating to the acquisition or divestment of shares in subsidiaries are subject to the participation exemption rule and therefore not tax deductible. In 2022, BAM incurred M&A expenses for the divestments of Wayss & Freytag Ingenieurbau AG, BAM Galère bv and BAM Contractors bv.

Remeasurement of deferred tax – changes in enacted tax rates

The corporate income tax rate in the UK increased from 19 per cent to 25 per cent on 1 April 2023. As a result, BAM is remeasuring the deferred tax positions reported in the UK on a quarterly basis.

Prior year adjustments

Current and deferred tax provisions reported relating to prior years have been updated to reflect positions more accurately. This is mostly due to the filing of tax returns which take place in a subsequent reporting period.

Previously unrecognised tax losses

In the Netherlands, BAM has a substantial amount of tax losses available for carry-forward. This amount of tax losses is not recognised in full. BAM therefore regularly reassesses the expected amount of tax losses that will be utilised in the foreseeable future. Based on operational forecasts, the reassessment has resulted in additional recognition of tax losses in the Netherlands.

Furthermore, BAM has tax losses available for carry-forward in several countries, which are not recognised. In some of these countries, BAM reported an operational profit in 2022, which can be offset with available tax losses. Therefore, BAM has recognised additional tax losses for these specific operational results in 2022.

Tax losses not or no longer recognised

BAM has tax losses available for carry-forward in several countries, which are recognised. BAM therefore regularly reassesses the expected amount of tax losses that will be utilised in the foreseeable future. Based on operational forecasts, the reassessment has resulted in derecognition of tax losses in some countries.

Furthermore, BAM has reported operational losses in 2022 in some countries. It assesses if and to which extent these tax losses will be utilised in the foreseeable future. Based on this assessment, BAM has not recognised tax losses from 2022 for operational losses incurred in some countries.


Change in uncertain tax provisions

BAM regularly reassesses its identified tax risks and its potential exposure. It subsequently updates its provision for uncertain tax positions. Due to the settlement of several tax audits and disputes, part of the provision for uncertain tax positions was already released in 2022.

9. Deferred taxes

Deferred taxes are taxes that are due in future years (liabilities) or recoverable in the foreseeable future (assets), due to timing differences between IFRS reporting and local tax rules.

For example, under IFRS, tangible assets are depreciated in a straight line for three years, while under local tax rules a minimum of five years is prescribed. This means that for tax purposes, tangible asset depreciation in years 1, 2 and 3 are lower than under IFRS, leading to a higher current tax liability as expected from the IFRS numbers. However, higher tax depreciation in years 4 and 5 leads to a lower current tax liability than expected from the IFRS numbers. This future lower current tax liability is reported at the end of years 1, 2 and 3 in a deferred tax asset.

 (x €1,000)

	Year 1	Year 2	Year 3	Year 4	Year 5
IFRS					
EBITDA	1,000	1,000	1,000	1,000	1,000
Depreciation	(500)	(500)	(500)		
PBT	500	500	500	1,000	1,000
Tax GAAP					
EBITDA	1,000	1,000	1,000	1,000	1,000
Depreciation	(300)	(300)	(300)	(300)	(300)
PBT	700	700	700	700	700
Current tax	175	175	175	175	175
Deferred tax	(50)	(50)	(50)	(50)	(50)
Total tax	125	125	125	125	125
	25%	25%	25%	25%	25%
Deferred tax asset	50	100	150	75	-

BAM has several deductible and taxable temporary differences resulting in deferred tax positions (per year-end 2022), that can be summarised as follows:

	Deferred tax		
	assets	liabilities	net
Intangible fixed assets	3.751	-	3.751
Tangible fixed assets	8.573	33.715	(25.142)
Work in progress	-	-	-
Trade and other receivables	19	-	19
Loans and borrowings	32.989	852	32.137
Derivatives	-	135	(135)
Employee benefits provision	6.004	17.924	(11.920)
Other provisions	3.097	(122)	3.219
Current liabilities	-	1.896	(1.896)
Tax loss and tax credits	38.885	-	38.885
	93.318	54.400	38.917
Netting	(35.889)	(35.889)	-
Total reported	57.429	18.511	38.917

Intangible fixed assets

This item mainly relates to the operational losses reported in Dutch CV companies. Operational losses are reported in the year of occurrence under IFRS, but can only be deducted for tax purposes up to the amount of capital contributed into the CV company, which often takes place in a subsequent year.

Tangible fixed assets

This item relates to right-of-use assets that are recognised on the IFRS balance sheet, which is subject to depreciation. For tax purposes, recognition and subsequent depreciation are not allowed.

Furthermore, local tax rules dictate specific depreciation schemes for groups of assets. This depreciation scheme may differ from the

depreciation scheme applied under IFRS. As a result, depreciation amounts are not always aligned.

Loans and borrowings

Loans and borrowing mainly relate to financial leases, which are accrued in full under IFRS. This is not allowed for tax purposes, where only the actual payments made during a year are tax-deductible.

Employee benefits provision

Especially defined benefit pension schemes result in pension provisions under IFRS, accruing for future payments to be made. Local tax legislation does not allow for such accrual, and only accepts tax deduction for actual payments made during the year.

Other provisions

In general, the rules for recognising a provision under local tax legislation is more strict than under IFRS. As a result, expected costs can be accrued earlier under IFRS than under local tax legislation.

Tax losses and tax credits

Reference is made to paragraph 11 of this Tax Report.

10. Total tax contributions

(x €1,000)

Tax cash payments

	Corporate tax	Dividend withholding tax	Other withholding tax, incl. 3rd party transactions	VAT or GST	Wage tax and social security premiums	Other taxes	Total
Netherlands	(29)	-	-	254,732	247.065	-	501,768
United Kingdom	8,434	-	1,565	249,031	146.651	1,015	406,696
Belgium	537	-	-	2,526	13.182	84	16,329
Germany	535	-	77	16,654	28.834	10	46,110
Ireland	2,152	-	6,825	(13,113)	22.042	-	17,907
Other countries	3,750	-	-	975	6.755	81	11,561
Total tax cash payments	15,379	-	8,467	510,806	464.530	1,190	1,000.371

Other withholding taxes in Ireland represent Relevant Contracts Tax ('RCT'), a withholding tax that applies to certain payments by principal contractors to subcontractors in the construction, forestry and meat-processing industries. The RCT tax rate will depend on the subcontractor's compliance record with the Irish tax authorities.

Other withholding taxes in the United Kingdom represent Construction Industry Scheme ('CIS'), under which scheme contractors deduct money from a subcontractor's payments and pass it to HMRC. The deductions count as advance payments towards the subcontractor's tax and National Insurance.

Other taxes in the United Kingdom represent apprenticeship levy payments. The apprenticeship levy is paid by large employers with a pay bill of over £3 million and is set at rate of 0.5 per cent of the total annual pay bill. While only the biggest businesses pay the levy, the funding generated by it also funds apprenticeship training for other employers who want to take on apprentices. Smaller employers pay

just 5 per cent of the cost of their apprenticeship training, and the Government pays the rest.

Local and environmental taxes are not included.

The negative VAT contribution in Ireland is the consequence of the local VAT law. Outgoing invoices to local clients can be sent while applying the reverse charge mechanism, thereby shifting the VAT charge to the client. Conversely, income invoices from suppliers are received including local VAT, which can be reclaimed from the Irish tax administration.

The Total tax contributions in 2022 include a repayment of €120 million of Covid-19 temporary deferral of tax payments.

11. Tax losses available for carry-forward

BAM has incurred tax losses in several countries from loss-making operational projects. These tax losses are, subject to certain criteria, available for carry-forward and will – where possible – be settled against future operational profits.

Tax losses that can be utilised in the foreseeable future are recognised in the form of a deferred tax asset. The foreseeable future is currently defined as the five years following the reporting date.

Netherlands

In the Netherlands, BAM has a total amount of tax losses available for carry-forward of roughly €494 million as per year-end 2022. BAM expects that €175 million of the total amount can be utilised in the foreseeable future, and this is therefore recognised as a deferred tax asset.

Available tax losses can be carried forward indefinitely and can be settled against profits up to €1 million in full. Additionally, 50 per cent of profits exceeding €1 million can be settled against available tax losses.

Belgium

In Belgium, BAM has a total amount of tax losses available for carry-forward of roughly €25 million at year-end 2022. Of this total amount, €12 million is expected to be utilised in the foreseeable future and recognised as a deferred tax asset.

Available tax losses can be carried forward indefinitely and can be settled against profits up to €1 million in full. Additionally, 70 per cent of profits exceeding €1 million can be settled against available tax losses.

Ireland

In Ireland, BAM has a total amount of tax losses available for carry-forward of roughly €17 million as per year-end 2022. As these tax losses are ringfenced by specific provisions in the Irish tax legislation, it is not expected that they will be utilised in the foreseeable future, and therefore no deferred tax asset is recognised.

12. Business structure

At the end of 2022, BAM's legal structure consisted of roughly 700 legal entities.

This significant number of legal entities is caused by the nature of our business. Many projects are co-creations with other building companies or area development companies, each with different participants and with different share ratios. Especially within the property development business (AM), this is very common. Also, the type of financing for a project may require the incorporation of separate legal entities for individual projects.

As outlined in our Tax Policy, we will not make use of 'tax havens' or of 'non-cooperative jurisdictions' (in the sense of secrecy jurisdictions with none or very low taxation) other than for business purposes (i.e., not for tax avoidance purposes). All entities that are present within our structure serve a business purpose. In countries where we have sold businesses or the business is in the process of wind-down, we generally dissolve the legal entities when the business terminates. Nevertheless, some legal entities and/or structures are present that currently serve a remote business purpose. BAM is in the process of dissolving these legal entities when possible.

In line with our 2022 Annual Report, we have disclosed the materially active and controlled BAM companies.

Netherlands

Koninklijke BAM Groep nv	holding and support services
BAM Nederland bv	holding and support services
BAM Bouw en Techniek bv	construction
BAM Wonen bv	construction
AM bv	property development
BAM Specials bv	construction and services
BAM Energie & Water bv	construction
BAM Telecom bv	construction
BAM Infra bv	infrastructure
BAM Infra Rail bv	infrastructure
BAM Infraconsult bv	consulting

Belgium

BAM Belgium bv	holding and support services
BAM Interbuild bv	construction
Kairos nv	property development

United Kingdom

BAM Construct UK Ltd	construction
BAM Nuttall Ltd	infrastructure

International

BAM International bv	dormant
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Ireland

BAM Contractors Ltd	construction and infrastructure
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Joint arrangements

Inveis bv (50 per cent, Netherlands)	ppp
AsfaltNu cv (50 per cent, Netherlands)	infrastructure