DEME

2022

ANNUAL REPORT

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All definitions for alternative performance measures (APMs) or acronyms used in this report are available in the Glossary (see the Appendix chapter).

CHAPTER

01

INTRODUCTION

Facing new challenges and achieving our goals are only possible in a safe and healthy working environment. This is my commitment to all our employees worldwide.

NATALIA DE SOUZA SECCO | **QHSE-S ENGINEER**

Letter of the CEO & Chairman

Undoubtedly, we are living in a transformative century – the drive for sustainability, the rise in digitalisation and the need to combat global warming, are just some of the major factors impacting our business.

DEME has been shaping the world for 145 years and we continue to do so. We are at the heart of the energy transition, using our expertise and specialised equipment to construct offshore wind farms worldwide, and at the same time, we are establishing ourselves in the green hydrogen market. In the decades to come we will tackle some of the most important issues our planet faces today: rising sea levels, a growing population, a reduction of emissions, polluted rivers and soils, and the scarcity of mineral resources. Our mission to create a more sustainable planet underlies everything we do, and we are committed to the UN Sustainable Development Goals. In line with this, we have identified eight key sustainability themes where we can really make a difference.

COP27

We were very proud to send a high level delegation to The United Nations climate convention in Sharm el-Sheikh (Egypt). DEME has been a pioneer in the offshore wind industry for more than two decades. And the message was loud and clear at the UN Climate Change Conference that offshore wind is now recognised as a major contributor to solving climate change, alongside other renewables such as green hydrogen.

2022 has been somewhat of a 'rollercoaster' year. It has been defined by many elements we can't control such as geopolitical tensions, rapidly rising inflation, high steel prices and of course, Covid was still with us, although it did not have such a significant influence on our financials this year. The global energy market, however, was dramatically impacted by the conflict between Russia and Ukraine which in turn, is leading to increasing demand for renewable energy and a further push to achieve the clean energy goals as soon as possible.

Record high orderbook and solid turnover growth

Despite these external factors, we have still achieved a record high orderbook of 6,190 million euro. This solid growth in orders is largely being driven by the need to address climate change and the energy transition, driving healthy demand across all of our segments and leading to a year-over-year increase of 5%.

The growth in turnover was fueled by all segments. Turnover increased again by 6% to 2,655 million euro. This is an all-time high and showing a clear rebound from the dip in 2020 to pre-pandemic levels. The recovery was mainly fueled by the Offshore Energy and Environmental segments.

As anticipated, DEME realised an EBITDA in 2022 of 474 million euro (17.9% of the turnover), which is comparable to 2021, and marks a significant increase compared to the 369.5 million euro realised in 2020.

Left: Luc Bertrand, Chairman
Right: Luc Vandenbulcke, CEO.

EBIT was 155 million euro or 5.8% of sales, an increase of 8% compared to 2021, resulting from the combination of a higher EBITDA and slightly lower depreciations and impairments compared to 2021. The net profit for 2022 amounted to 113 million euro.

DEME's financial position remains healthy with a net debt position of 521 million euro (or 1.1 times EBITDA) while the company continues to make substantial capital investments mainly to expand and advance the fleet in support of future growth.

Segment highlights

We would like to briefly outline some of the highlights and key achievements of our core segments: Offshore Energy, Dredging & Infra, Environmental and Concessions.

Offshore Energy

DEME Offshore had a remarkable year. In April, 'Orion' joined the fleet, and brought a game-changing installation concept to the offshore energy market. And in an important milestone in our history, the vessel is being prepared to enter the US market. Not only are we about to construct the first wind farms in the US, our activities elsewhere in the world are also intensifying as we secured contracts representing 1 GW for the Hai Long wind farms in Taiwan. Meanwhile, we successfully installed XXL monopile foundations at the Saint-Nazaire offshore wind farm ahead of the planned schedule and despite the fact they were drilled directly into rock. In a demonstration of our cable laying prowess, we were awarded an EPCI contract for the inter-array cables at Dogger Bank C.

Dredging & Infra
The Dredging team continued its activities at Abu Qir in Egypt, the largest dredging and land reclamation project in our history, alongside longstanding maintenance dredging contracts in Europe along the Elbe and Scheldt rivers. We also performed a maintenance project in South Korea for the first time in our history. Another noteworthy project was the successful completion of the modernisation of the Świnoujście-Szczecin fairway in Poland. Our Infra team also had a busy year as the iconic Fehmarnbelt Fixed Link project ramped up, and work on the Blankenburg Connection, New Lock Terneuzen and Oosterweel Link continued apace.

Environmental
Our Environmental team has had a very busy year across the board, with large-scale projects such as Blue Gate in Antwerp and a range of complex remediation projects throughout the Benelux and the UK. DEME Environmental is setting new standards in the industry, with a focus on evidence-based remediation. Additionally, we have developed an innovative PFAS pollution cleaning method and recently boosted our handling capacity by making additional investments in our soil recycling centres.

> **We took an important step when DEME embarked on the next chapter in its long history and became a listed company.**
>
> LUC VANDENBULCKE | **CEO DEME GROUP**

Concessions
DEME Concessions was honoured that King Philippe and Queen Mathilde of Belgium attended the official opening of the Port of Duqm and visited HYPORT®, which is our flagship production site for green hydrogen.

Many of the segment's projects support the energy transition and the move to a more sustainable planet. In a remarkable accomplishment, Thistle Wind Partners, a consortium including DEME Concessions, was awarded 2 GW worth of option areas in the highly competitive ScotWind seabed leasing process, which includes both bottom-fixed and floating foundations. Another major focus is helping to tackle the scarcity of our planet's resources and GSR is continuing its conscientious research into the possibility of collecting metal-rich, polymetallic nodules from the deep ocean floor.

Well positioned to continue to deliver thanks to our people

We are certainly pleased with the progress we have made and the results of 2022, which position us well to deliver on our strategic ambitions going forward, but we would like to stress that these results are only possible thanks to DEME's amazingly smart people – the renowned 'One DEME, One Team'.

DEME has a long track record of robust and reliable project executions, including the most challenging and complex marine engineering projects in the world. The ability of our employees to keep performing and find innovative solutions is simply astonishing. These projects require a truly committed, highly skilled and experienced team to continue to deliver what was promised - project after project. It is their dedication and expertise that support DEME's leadership position, and these are key for the realisation of our growth ambitions.

In addition, DEME's culture really makes the difference. The famous pioneering spirit leads to innovative solutions and technical leadership, and this is combined with an intense focus on safety, sustainability and working together as one team.

> **Many of the segment's projects support the energy transition and the move to a more sustainable planet.**
>
> LUC BERTRAND | **CHAIRMAN DEME GROUP**

Future-proof fleet

Hand in hand with the ability of our people, is the capability of our fleet. We have set out to create the most modern, sustainable fleet in the industry and have welcomed incredible vessels recently. They are unique in the industry today.

In the Offshore Energy segment, our revolutionary offshore installation vessel 'Orion' is the first floating monohulled vessel able to perform XXL monopile foundation installation operations. In less than six months after delivery it had successfully installed giant monopiles, topsides, a huge jacket and carried out a big decommissioning project.

Our pioneering mega cutter suction dredger 'Spartacus' has also impressed the dredging industry. 'Spartacus' has more cutting power than any other CSD in the world and has already proven its unrivalled capabilities in terms of production rates, pumping power and ability to cut hard material. This has been coupled with a substantial reduction in fuel consumption per unit of work. 'Spartacus' is certainly a wonderful flagship for DEME's future-proof, sustainable fleet.

To make sure we are keeping pace with the rapid growth in the offshore wind market, we have invested in a second huge cable layer – 'Viking Neptun' – which recently joined our renowned 'Living Stone'. We are also investing in a giant fallpipe vessel, while our famous sister vessels – 'Sea Challenger' and 'Sea Installer' – are both being upgraded so they can handle the XXL turbines of the future.

Stock listing and dividend

We took an important step in DEME's journey in June 2022 when we embarked on the next chapter in our long history and became a listed company on Euronext Brussels. We were both extremely proud to have successfully brought DEME to the stock market, particularly that we accomplished this ambition as planned even though we did so in a somewhat volatile and uncertain operating environment.

Our decision to bring DEME and CFE to become separately listed companies has been warmly welcomed by our stakeholders. We can now 'tell our own story' and drive our strategy and ambitions forward. Our strategy to play a key role in the energy transition and to create a more sustainable world is clear to our stakeholders. It is also rewarding to know we now have the agility to swiftly seize future opportunities and to continue to grow. And indeed, to play a role in creating a better world for generations to come.

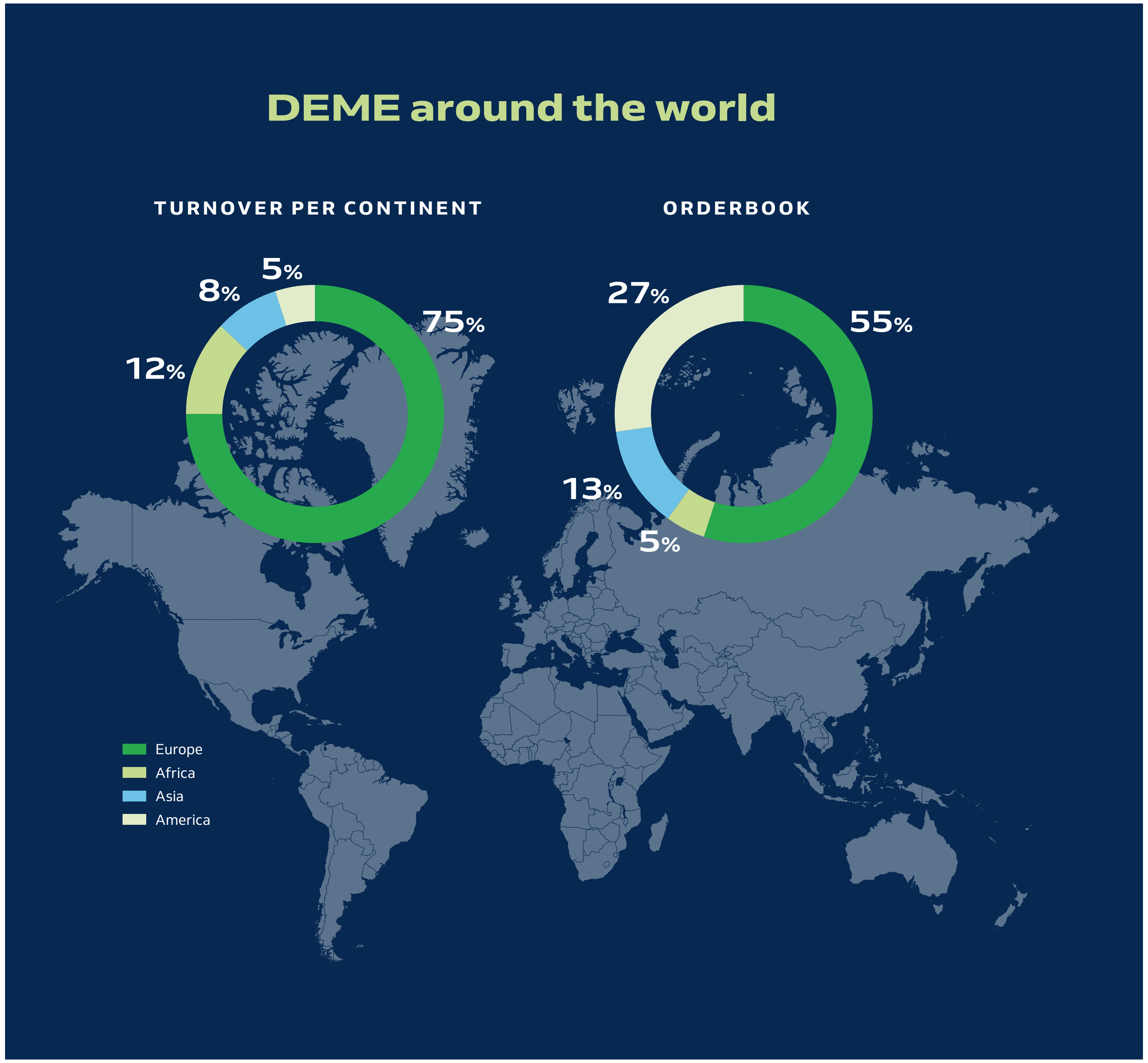
We remain convinced that our stocklisting is an incredible opportunity for our company, clients, investors, shareholders and our worldwide team of employees. Based on the results of 2022 and confident about our future potential, the board decided to retain most of the financial resources in the company for future investments and to propose a dividend of 1.5 euro per share to our shareholders.

LUC VANDENBULCKE
CEO DEME Group

LUC BERTRAND
Chairman DEME Group

Company profile

DEME is a world leader in the specialised fields of dredging, marine infrastructure, solutions for the offshore energy market, and environmental works. We can build on more than 145 years of know-how and experience and have fostered a pioneering approach throughout our history, being a front runner in innovation and new technologies.



5,000+ highly skilled professionals

100+ specialised vessels

Active in more than **90 countries**

While DEME's roots are in Belgium, the company has built up a strong presence in all of the world's seas and continents. Our vision is to work towards a sustainable future by offering solutions for global challenges: rising sea levels, a growing population, the reduction of emissions, polluted rivers and soils, and the scarcity of mineral resources.

We can rely on our 5,000 highly skilled professionals across the globe, and we have a modern, versatile fleet of more than 100 specialised vessels. Although DEME's activities originated with the core dredging business, our portfolio has diversified substantially over the past decades. We have established four segments reflecting our areas of expertise: Offshore Energy, Dredging & Infra, Environmental and Concessions. Our multidisciplinary capabilities and ability to benefit from synergies across these key segments, have enabled us to become a global sustainable solutions provider for complex projects.

An industry pioneer

DEME is a pioneer, and we believe in turning challenges into opportunities. That's why we entered the offshore wind market more than 20 years ago and this drive to explore new horizons has led us into sustainable deep-sea harvesting and the green hydrogen sector more recently.

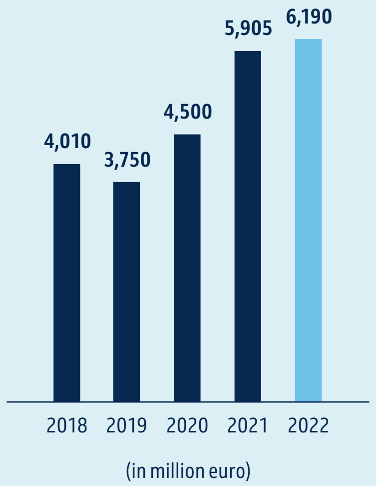
Expanding our geographic presence

Our ambition to play a significant role in the energy transition has also seen us extend our geographic presence outside of Europe. We are now preparing to construct offshore wind farms in the US and Asia. We continuously strive for operational excellence and improvements in our environmental performance and productivity rates, which is demonstrated by our multi-year fleet investment programme. New vessels such as 'Orion' and 'Spartacus' have brought an entirely new installation concept to the offshore wind market and unrivalled cutting power to the dredging industry respectively.

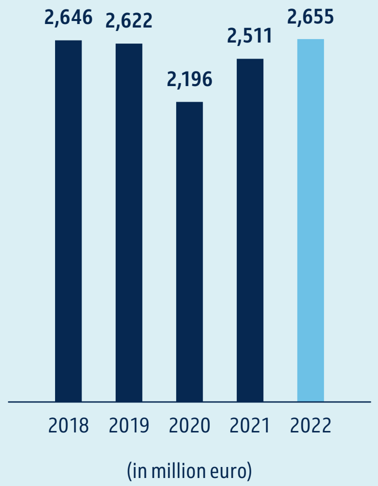
Financial & non-financial key figures

Dashboard financial & non-financial KPIs

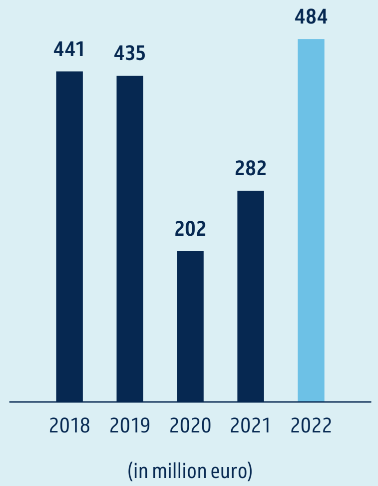
ORDERBOOK



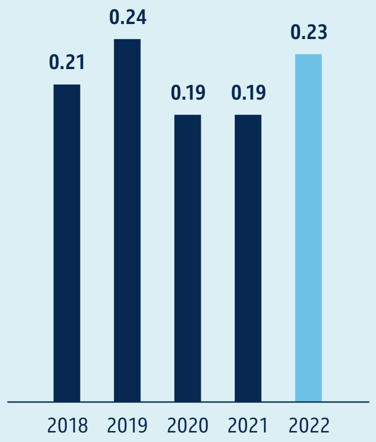
TURNOVER



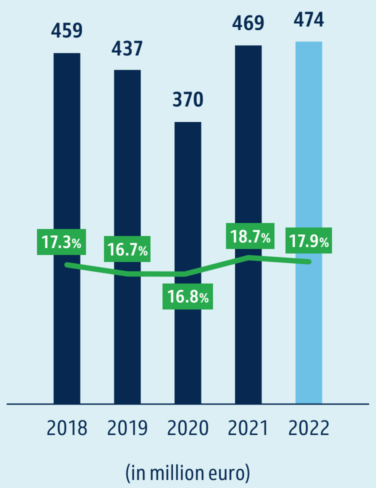
CAPITAL EXPENDITURE



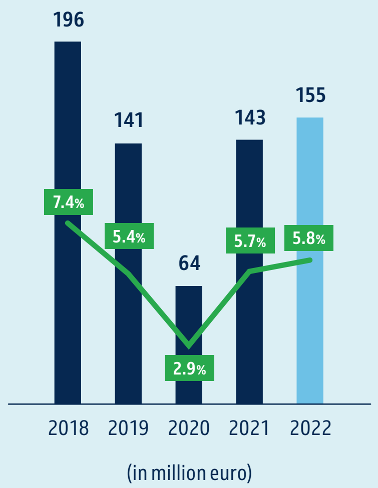
WORLDWIDE LOST TIME INJURY FREQUENCY RATE



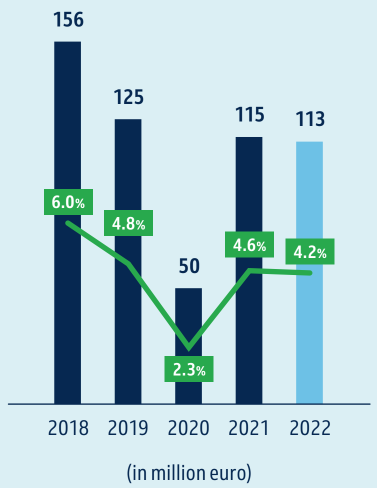
EBITDA & EBITDA MARGIN



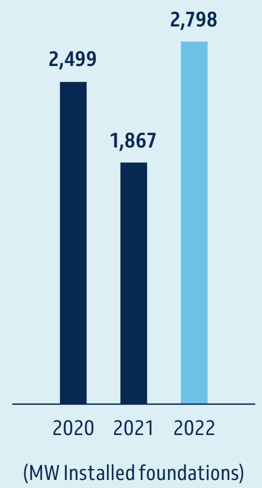
EBIT & EBIT MARGIN



NET RESULT



CONTRIBUTED CAPACITY



All definitions for Key Performance Indicators (KPIs) and Alternative Performance Measures (APMs) as used in this report are available in the Glossary. See Chapter 7 Annex of the Annual Report.

Financial & non-financial key figures

DEME Group key figures As of December 31	2022	2021	2020
FINANCIAL KEY FIGURES (in million euro)			
Turnover	2,654.7	2,510.6	2,195.8
EBITDA	473.9	469.3	369.5
Depreciation & impairment	318.7	326.0	305.2
EBIT	155.2	143.3	64.3
Net result from joint ventures and associates	15.8	10.5	22.4
Net result share of the Group	112.7	114.6	50.4
Orderbook	6,190.0	5,905.2	4,500.1
Shareholders' equity (excl. minority interests)	1,753.9	1,579.5	1,476.5
Net financial debt	-520.5	-392.7	-489.0
Operating working capital	-506.2	-511.1	-552.3
Balance sheet total	4,509.8	4,049.6	3,919.9
Investments	483.9	282.0	201.6
Earnings per share (in euro) [1]	4.45	4.53	1.99
Dividend for the year per share (in euro)	1.5	N/A	N/A
Total cash	522.3	528.6	621.9
NON-FINANCIAL KEY FIGURES			
Average # personnel (based on FTE)	5,153	4,880	4,976
Ratio male/female	85/15	85/15	85/15
Number of nationalities	79	80	80
Worldwide Lost Time Injury Frequency Rate (WW LTIFR - 'Safety thermometer')	0.23	0.19	0.19
Low carbon fuels (% low carbon fuels versus total consumed fuels (energy based))	6.0%	N/A [2]	N/A [2]
GHG emissions worldwide in kt CO_2e (Scope 1&2)	653	833	660
Contributed capacity (MW Installed foundations)	2,798	1,867	2,499
MW Installed Wind Turbines	440	2,378	1,477
MW Beneficial Ownership	144	144	144
Number of approved innovation initiatives	12	14	18
Number of green initiatives	127	125	128
Fleet utilisation rate of Trailing Suction Hopper Dredgers (in weeks)	38.3	42.2	37.5
Fleet utilisation rate of Cutter Suction Dredgers (in weeks)	29.3	25.3	10.5
Fleet utilisation rate rate of Offshore equipment (in weeks)	33.6	42.1	42.0
EU Taxonomy - Turnover - Eligible activities [3]	29%	28%	N/A
EU Taxonomy - Turnover - Aligned activities [3]	26%	24%	N/A
EU Taxonomy - CapEx - Eligible activities [3]	52%	32%	N/A
EU Taxonomy - CapEx - Aligned activities [3]	52%	32%	N/A

[1] Pro forma assuming the same amount of shares for 2020 and 2021 as for 2022 (25,314,482 shares at the end of 2022).
[2] The first reliable measurement took place in 2022.
[3] EU Taxonomy turnover and CapEx assessment only applicable since 2021

DEME Group key figures by segment As of December 31 (in million euro)	2022	2021	2020
Turnover	**2,654.7**	**2,510.6**	**2,195.8**
Offshore Energy	957.8	916.4	962.0
Dredging & Infra	1,524.3	1,478.3	1,151.6
Environmental	206.3	166.2	140.0
Concessions	2.2	1.5	2.1
Reconciliation	-35.9	-51.7	-59.9
EBITDA	**473.9**	**469.3**	**369.5**
Offshore Energy	221.9	170.9	145.5
Dredging & Infra	254.9	305.8	181.3
Environmental	25.0	16.8	16.4
Concessions	-12.7	-12.5	38.3
Reconciliation	-15.2	-11.7	-12.0
EBIT	**155.2**	**143.3**	**64.3**
Offshore Energy	117.1	74.6	34.4
Dredging & Infra	44.9	74.0	-12.1
Environmental	16.5	8.8	6.8
Concessions	-12.7	-12.6	38.3
Reconciliation	-10.6	-1.6	-3.1
Net result from joint ventures and associates	**15.8**	**10.5**	**22.4**
Offshore Energy	0.0	0.0	0.0
Dredging & Infra	0.1	0.0	-0.2
Environmental	0.5	0.6	0.3
Concessions	9.3	11.1	21.3
Reconciliation	5.9	-1.1	1.1
Orderbook	**6,190.0**	**5,905.2**	**4,500.1**
Offshore Energy	3,260.9	2,816.6	1,133.5
Dredging & Infra	2,615.7	2,833.3	3,176.5
Environmental	313.4	255.3	190.1
Concessions	-	-	-

Highlights 2022

1

DEME CONCESSIONS AWARDED 2 GW OF SCOTWIND'S OPTION AREAS

Thistle Wind Partners, a consortium including DEME Concessions, is awarded 2 GW worth of option lease areas in ScotWind's seabed leasing process. The consortium is allocated two 1 GW projects for bottom-fixed and floating foundations.

2

'ORION' BRINGS GROUNDBREAKING INSTALLATION CONCEPT TO THE OFFSHORE ENERGY MARKET

Revolutionary offshore installation vessel 'Orion' enters the fleet and is the first floating monohulled vessel able to perform XXL monopile foundation installation operations in the offshore wind sector.

3

FORT SINT-FILIPS TRANSFORMED

In the largest rehabilitation project in the Port of Antwerp ever undertaken, the transformation of Fort Sint-Filips is successfully completed by DEME Environmental and its partners.

4

PORT EXPANSION AND COASTAL DEFENCE PROJECT IN ITALY

A substantial contract for dredging and coastal defence works in the Port of Livorno is awarded to a joint venture, including DEME's Italian subsidiary. This project comprises 3 km of docks, two large terminals and 2 million m² of new port areas.

5

PFAS CLEANING CAPACITY BOOSTED AT DEME RECYCLING CENTRES

DEME has the capability to process PFAS-polluted soils thanks to a unique hybrid soil washing process we jointly developed with partner companies. Additional investments in our soil recycling centres in Belgium will enable us to clean at least 500,000 tonnes a year.

6

DRILLING AN ENTIRE WIND FARM INTO ROCK USING INDUSTRY-FIRST TECHNOLOGY

In just 13 months, DEME achieves an impressive feat in France when it drills the monopiles into hard rock using industry-first technology at Saint-Nazaire.

7

LISTING ON EURONEXT BRUSSELS

In June, DEME takes a major step in its history when it becomes a listed company on Euronext Brussels. This move gives the Group direct visibility and enables us to drive our strategy and ambitions forward.

8

40-YEAR PORT CONCESSION INAUGURATED AT PORT-LA NOUVELLE

The public-private-partnership SEMOP Port-La Nouvelle, including DEME Concessions, inaugurates a new 40-year port concession. The consortium's ambition is to develop Port-La Nouvelle as a sustainable green port, including establishing a strategic hub for offshore and floating wind.

9

MEGA CUTTER SUCTION DREDGER 'SPARTACUS' PROVES ITS CUTTING POWER

Extremely hard rock is no problem for DEME's new mega cutter suction dredger 'Spartacus' in Leixões, Portugal. In the 'pre-Spartacus era' this project would have had to be performed using drilling and blasting techniques.

10

SOLID PROGRESS AT THE FEHMARNBELT TUNNEL

DEME is proud to be part of the team constructing the Fehmarnbelt Tunnel, which is set to be the longest immersed road and rail tunnel in the world. Known as the 'infrastructure project of the century', work is solidly progressing.

11

SUSTAINABILITY EFFORTS RECOGNISED WITH TRENDS GLOBAL IMPACT AWARD

DEME is named a winner of the Trends Global Impact Award for its pioneering role in creating sustainable value for society. To win this award DEME is deemed to have gone 'above and beyond' the conventional targets, such as a climate-neutral or energy-efficient policy.

12

CONTRACTS REPRESENTING 1 GW FOR HAI LONG WIND FARMS IN TAIWAN

DEME secures contracts representing 1 GW for the Hai Long wind farms in Taiwan. This milestone deal between CSBC-DEME Wind Engineering and Hai Long Offshore Wind covers the transport and installation of the foundations, turbines and substation.

5,000+
highly skilled professionals

79
different nationalities among crew and staff

99%
of DEME staff received compliance training

We know we have the top people in the business able to find innovative solutions for our customers.

DEME people make the difference

DEME people are special: pioneering, determined, but at the same time, collaborative. They embody the spirit of the 'One DEME, One Team'. While DEME has the most advanced fleet and technology in the industry, without our talented people DEME would not be able to accomplish the complex and challenging projects it does each day.

The collective creative brainpower of our +5,000 employees sets us apart. This is how we make the difference, and this is why we dare to pioneer. We know we have the top people in the business able to find innovative solutions for our customers that have never been seen before.

DEME recognises that these talented people are very much in demand. Therefore, we put a lot of effort into attracting and retaining our workforce. Once people come on board, we want them to stay on board. Because of our diversified portfolio, we truly believe that we can offer and accommodate a lifelong career at DEME.

Attracting the best people in the industry

We launched our employer branding campaign with the tagline 'Where Next?'. Here we want to create and share our exciting and authentic story of a pioneering company working towards a sustainable future by offering solutions for global challenges. Given our sustainability ambitions, employees get the chance to literally change the world, whether this is building offshore wind farms to bring renewable energy to millions of homes or constructing a new port to stimulate economic growth and international trade, to give just a few examples.

A lifelong career

We have a number of initiatives in place, targeted at creating transparency and making it possible for people to 'drive their own career'. Our DEME career map launched in 2022 - creating an overview of all staff jobs within the company - is a step in the right direction. Internal mobility and growth are of course supported by a wide range of educational and training possibilities.

Health & wellbeing

For DEME it is important to provide a multicultural and inclusive working environment and we put every effort into ensuring that people are safe and well, both physically and mentally. In the past year we investigated the needs of our workforce, and we are set to launch an action plan in 2023 linked to health & wellbeing and diversity & inclusion.

Both challenges and opportunities await anyone that joins DEME and that is what makes a DEME career so exciting. For sure, if people want to contribute to a more sustainable planet, there is no doubt that the 'One DEME, One Team' is the right place to be.

DEME core values

DEME's core values demonstrate our commitment to consistently deliver excellence to our customers and value to our company. We also expect suppliers, subcontractors and partners to adhere to these standards. At DEME, we define our company culture using the acronym STRIVE.

S SAFETY

The personal safety and health of employees and stakeholders is our greatest priority. Everyone has the right to work in a safe and risk-free environment at all times.

T TECHNICAL LEADERSHIP

With an open mind and the right team spirit, we continue to improve all aspects of our work process and develop trailblazing solutions to address the needs and challenges of our customers.

R RESPECT & INTEGRITY

Individuality and diversity are valued and performance is recognised. Our relationships with suppliers, subcontractors and partners reflect respect, understanding and sound business practice. We observe all applicable laws and regulations in the countries where we are active. We respect human rights and prohibit discrimination.

I INNOVATION

Innovation is the cornerstone of our achievements. We continuously push our boundaries by developing new, value-adding services and solutions.

V VALUE CREATION

We make result- and sustainability-driven decisions in order to ensure long-term growth for the benefit of employees, customers and shareholders. This includes strict financial governance to keep our company healthy.

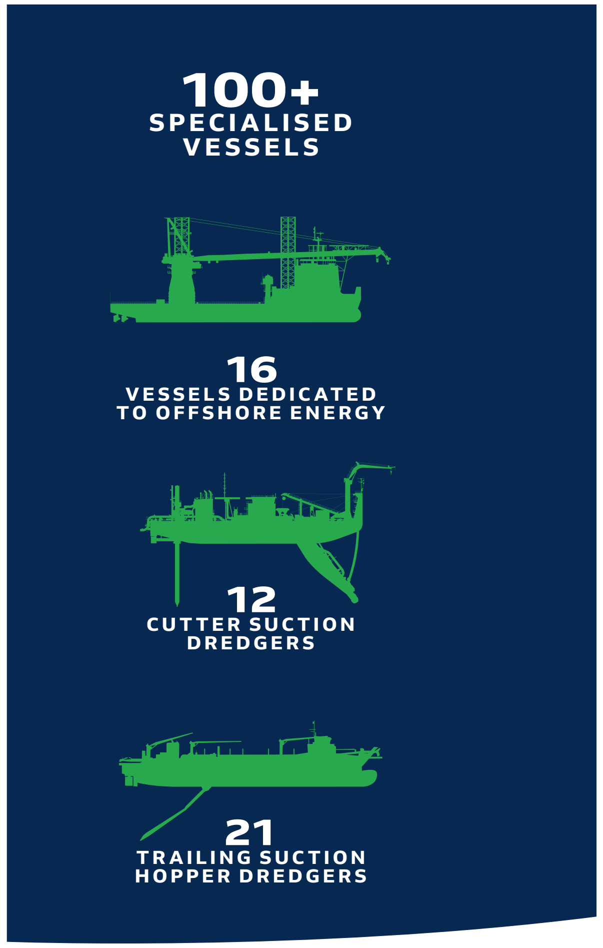
E ENVIRONMENT

We protect the environment and the communities in which we do business by limiting our impact and exploring opportunities for sustainable value creation together with our stakeholders.

DEME fleet

DEME is the proud owner of the most versatile and technologically advanced fleet of specialised vessels in the industry after we embarked on an ambitious, multi-year fleet investment programme which ensures we stay well ahead of the game.

We now have more than 100 vessels in our modern fleet, allowing us to offer the optimal solution for our customers' projects worldwide. This includes groundbreaking vessels such as 'Orion', which brought a game-changing installation concept to the offshore energy market, and 'Spartacus', the most powerful mega cutter suction dredger in the world.



'Orion' & 'Green Jade' – two exceptional floating offshore installation vessels

Offshore installation vessel 'Green Jade' will be equipped with a 4,000-tonne crane.

'Orion' worked on a series of projects in 2022 and heralded a new era in the offshore wind industry.

DEME's revolutionary offshore installation vessel 'Orion' heralds a new era in the offshore wind industry. The DP3 vessel immediately made history on entering the market as it performed DEME's first floating monopile installation ever to take place.

'Orion' is built to handle the coming generations of turbines and foundations, and in line with this, it is equipped with a 5,000-tonne crane and an in-house engineered integrated motion compensated pile gripper. This tool enables the crew to upend the monopiles, which are transported horizontally on deck, and keep them vertical and stable during installation, despite motions, waves and currents.

With a total installed power of 44,180 kW and at 216.5 m long, the vessel has a huge, unobstructed deck and a deadweight that has been maximised so it can handle the heaviest components.

As well as performing the first XXL monopile foundation installation in the world, the new vessel also proved its versatility. In less than six months it had successfully installed giant monopiles, topsides, a huge jacket and it had carried out a major decommissioning project in the North Sea.

With DEME's ambition to have the most sustainable fleet in the industry, these considerations are a vital part of the vessel's design. 'Orion' has dual fuel engines, capable of running on the cleanest fuels available, a Green Passport, Clean Design notation and a waste heat recovery system.

After a string of successful projects in 2022, 'Orion' is now being prepared for the US market.

'Green Jade', built by the joint venture CSBC-DEME Wind Engineering (CDWE), is an equally impressive new floating offshore installation vessel and is on course for delivery this year. Equipped with a powerful 4,000-tonne crane, DP3 and a very high loading capacity, the newbuild vessel is designed to work in deeper waters and challenging seabed environments such as those found in Taiwan.

'Green Jade' is the first offshore installation vessel designed and built in Taiwan and already has its first projects lined up, including the Hai Long offshore wind farm.

Reinforcing cable installation capacity with 'Viking Neptun'

Given the expansion of offshore wind power across the globe, and as DEME wins contracts in the US and Taiwan, it was clear that the company needed more cable laying capacity to answer the demands of its clients in this growing sector. DEME's 'Living Stone' is already renowned for its efficiency and large cable capacity, so the hunt was on for a similar vessel that met DEME's exacting standards. An opportunity arose to acquire the DP3 offshore installation vessel 'Viking Neptun' from the Norwegian shipping company Eidesvik.

Build to the highest Norwegian standards, 'Viking Neptun' had a turntable capable of handling 4,500 tonnes below deck, but DEME will boost this capacity by adding a second, 8,000-tonne cable turntable on deck and a cable installation system similar to that of 'Living Stone', which was designed by DEME engineers. The vessel is equally suited for inter-array cables and long export cables.

Continuing efforts to provide a future-proof, sustainable fleet, 'Viking Neptun' is fully compliant with emission standards and features the latest environmental technology, including a battery pack for best-in-class fuel efficiency. The vessel has plenty of power (22,700kW generated by six main and two auxiliary engines) and redundancy and is actually the first hybrid vessel in the fleet. In 2020, a large battery power plant of 1.5 MWh was installed. This enables it to run on diesel or batteries, saving a substantial amount of fuel as the engines are always running closer to their optimal load. Additionally, the battery pack serves as a peak shaving device, reducing load dynamics on the engines and hence saving fuel and maintenance costs.

To ensure continuity, the highly experienced crew has been retained. Having two state-of-the-art cable installation vessels and expert crews give the company even more flexibility. The duo can work in parallel if extra speed is required by clients.

Extending fallpipe vessel fleet with 'Yellowstone'

In a major step, DEME decided to extend its DP fallpipe vessel fleet by purchasing and converting a Supramax bulk carrier. This fallpipe vessel, which is 192 m x 32 m in length and width, will be the largest in the sector, boasting an enormous payload of 37,000 tonnes, which doubles the capacity of DEME's existing vessels.

Currently, the bulker is undergoing an extensive conversion at Pax Ocean Shipyards in Singapore. This includes a new powerplant and propulsion system, as well as an upgrade of the accommodation and the construction of a new bridge.

The new fallpipe vessel was renamed 'Yellowstone' following a competition whereby DEME employees submitted their suggestions. Fully compliant with the latest emission standards, the fallpipe vessel will also be the first in the fleet to be prepared for (green) methanol and it will be the first dual fuel fallpipe vessel in the industry. When using green methanol, it is possible to realise DEME's ambition of a net zero GHG vessel, which is in line with the company's ambitions to become carbon neutral by 2050. Moreover, this vessel has a hybrid power plant with a 1 MWh Li-ion battery, which will lead to benefits similar to those of the hybrid 'Viking Neptun'. As well as this, the vessel is equipped with Selective Catalytic Reduction technology, making it TIER III compliant.

'Yellowstone' is equipped with a central fallpipe for water depths of 600 -700 m, plus a large, inclined fallpipe in order to allow pre- and post-lay activities using rocks with larger diameters close to subsea structures. This inclined fallpipe is designed for shallow depths of 30 – 50 m and makes it ideal for the renewables sector.

'Yellowstone' is set to join the DEME fleet in the first half of 2024.

Upgrading 'Sea Installer' and 'Sea Challenger'

DEME's famous sister vessels – 'Sea Challenger' and 'Sea Installer' – are both being upgraded with a new 1,600-tonne crane, enabling them to handle the XXL turbines of the future.

'Sea Installer' was the first to be upgraded, which mainly included a beam increase of 2 x 3.5 m by adding sponsons on both sides, a new Huisman Leg Encircling crane and pedestal, and the spud legs were extended by 10 m.

It is about to set off for the Vineyard Wind 1 project in the US, the first large-scale offshore wind project in American waters.

'Sea Challenger' will be reflagged and wil join Japan Offshore Marine (JOM), the DEME Offshore and Penta-Ocean Construction joint venture company established in 2021.

Group Performance 2022

Demand strong with orderbook beyond € 6 bn – FY22 sales grew 6% year-over-year; profitability stable

HIGHLIGHTS FINANCIAL YEAR 2022

- Orderbook is record strong at 6,190 million euro, up 5% compared to last year, reflecting continued healthy demand, strong market positioning and sizeable wins mainly in the Offshore Energy segment
- Group turnover grew 6% year-over-year to 2,655 million euro, with growth in all segments
- EBITDA amounted to 474 million euro, or 17.9% of sales, up from 469 million euro in 2021
- Net profit was 113 million euro compared to 115 million euro a year ago
- Capital expenditure amounted to 484 million euro, compared to 282 million euro in 2021, reflecting further expansion of DEME's fleet
- Proposal for a gross dividend of 1.5 euro per share.

Quote of the CEO

"2022 was a momentous year. Against the background of geopolitical tensions, rapidly rising inflation, high steel prices and challenges associated with the pandemic, we performed well. In addition we became a publicly traded Group, listed on the Euronext Brussels exchange, giving the Group more visibility and support for our strategy.

We enter into 2023 confident in our ability to strengthen our industry leadership and successfully diversify our growth opportunities, based on the strength of our dedicated and experienced team. We have a record high orderbook fueled by a growing global interest in addressing climate change and making the transition to clean energy. To support these demand trends and our growth ambitions, we are further expanding our advanced fleet."

Executive Summary

DEME achieved two records in 2022: an orderbook of more than 6 billion euro and an all-time high turnover at 2,655 million euro, an increase of 6% year-over-year.

There was healthy demand in all segments, leading to a 285 million euro increase in orderbook compared to December 31, 2021. A series of contract awards for offshore projects around the globe, including in new geographies, also boosted the orderbook.

All segments contributed to the turnover growth. Offshore Energy and Dredging & Infra delivered a 5% and 3% turnover growth respectively and Environmental increased 24%. Dredging & Infra slightly improved its topline compared to 2021 despite challenging geopolitical conditions while Offshore Energy achieved several key milestones, including the installation of the largest ever monopile foundations installed in Europe and the completion of an offshore wind farm on a rocky seabed, both industry firsts and demonstrating DEME's technical and engineering expertise. Environmental had a busy year with large-scale projects in the Benelux, France, Norway and the UK. The associates in DEME's concession segment reported slightly softer net results due to lower wind in the offshore concessions but was awarded a 2 GW worth of option areas in the Scotwind seabed leasing process.

DEME generated an EBITDA in 2022 of 474 million euro, comparable with 2021, for an EBITDA margin of 17.9%. While Dredging & Infra remained the main EBITDA contributor in the Group, EBITDA for the segment was lower compared to its peak 2021 performance. This was offset by strong results in Offshore Energy and Environmental. EBIT was 155 million euro or 5.8% of sales, an increase of 8% compared to 2021, resulting from the combination of a higher EBITDA and slightly lower depreciation and impairment costs compared to 2021.

The net profit for 2022 amounted to 113 million euro, a slight decrease compared to 2021 and mainly due to negative exchange rate results.

DEME's financial position remains healthy with a net debt position of 521 million euro (or 1.1 times EBITDA) while the company continues to make substantial capital investments mainly to expand and advance the fleet in support of future growth.

Outlook

The following statements are forward looking, and actual results may differ materially.

Given the robust demand trends across the business, in particular the Offshore Energy segment, management is confident about DEME's long-term growth prospects and expects to see a gradual increase in turnover over the next few years, given the current backlog and current and projected fleet capacity. In light of the project-based nature of many of DEME's activities, management expects the annual EBITDA margin to vary somewhat but to stay within the 16 to 20% range for the Group.

For 2023 and taking into account present market conditions, current orderbook and fleet capacity, management expects revenues to be higher than in 2022 with an EBITDA margin comparable to 2022.

Capital expenditure to support the growth is anticipated to be around 500 million euro for 2023.

Dividend

DEME's Board of Directors will propose to the General Assembly to distribute a gross dividend of 1.5 euro per share. Subject to the approval of the General Assembly and the Board of Directors, the record date is proposed to be set at July 4, 2023.

Financial figures
Orderbook

Year-over-year comparison (in million euro)	2022	2021	2020	FY22 vs FY21
Group	6,190.0	5,905.2	4,500.1	+5%

DEME's orderbook reached a record level of 6,190 million euro compared to 5,905 million euro in 2021 and 4,500 million euro at the end of 2020. The overall orderbook at year end was 2.3 times the 2022 turnover and provided visibility for the next 3+ years.

This increase was led by strong demand in both the Environmental and the Offshore Energy segments, the latter including the addition of major long-term projects in South-East Asia (amongst others in Taiwan and Australia), United States and Europe.

From a geographical perspective the Europe and Africa region showed a decline in 2022 compared to 2021, largely offset by strong wins in the Asia and America region. Europe continues to account for more than half of the orderbook.

Orderbook by segment (in million euro)	2022	2021	2020	FY22 vs FY21
Offshore Energy	3,260.9	2,816.6	1,133.5	+16%
Dredging & Infra	2,615.7	2,833.3	3,176.5	-8%
Environmental	313.4	255.3	190.1	+23%

Geographical breakdown (in % of total)	2022	2021	2020	FY22 vs FY21 (in nominal value)
Europe	55%	62%	74%	-9%
Africa	5%	7%	17%	-26%
Asia	13%	6%	8%	+134%
America	27%	25%	0%	+16%
Middle East	0%	0%	1%	≈

Orderbook run-off (in million euro)	Year N+1	Year N+2	Year N+3	Beyond Year N+3
Orderbook 2021	2,021.2	1,456.9	1,079.1	1,348.0
Orderbook 2022	2,307.5	1,612.4	1,448.2	821.9

Turnover

Year-over-year comparison (in million euro)	2022	2021	2020	FY22 vs FY21
Offshore Energy	957.8	916.4	962.0	+5%
Dredging & Infra	1,524.3	1,478.3	1,151.6	+3%
Environmental	206.3	166.2	140.0	+24%
Concessions	2.2	1.5	2.1	
Total turnover of segments	**2,690.6**	**2,562.3**	**2,255.7**	
Reconciliation[1]	-35.9	-51.7	-59.9	
Total turnover as per financial statements	**2,654.7**	**2,510.6**	**2,195.8**	+6%

Turnover of the Group grew 6% year-over-year, while revenue for the Dredging & Infra segment grew 3%, for the Offshore Energy segment 5% and for the Environmental segment 24%.

As a group, DEME's turnover has clearly rebounded to pre-pandemic levels (2,646 million euro sales for 2018 and 2,622 million euro for 2019).

The Offshore Energy segment delivered strong turnover growth in the first half of the year; for the second half of the year, turnover was impacted by clients shifting cable installation projects from 2022 to 2023 and technical adjustments to vessels in preparation for project starts in the US in the first half of 2023.

The Dredging & Infra segment made slight progress compared to 2021 against a backdrop of the Russia-Ukraine conflict which required the redeploying of vessels to new projects in Europe, Africa and Asia. The Environmental segment grew mainly in Belgium and France on work performed on soil remediation and treatment projects.

From a geographical perspective, revenues increased in all regions except Africa, which was strong in 2021 mainly due to the Abu Qir project in Egypt. While we see marked future growth for the America region, following strong bookings over the past two years, Europe continues to account for three quarters of the total sales volume in 2022.

Geographical breakdown (in % of total)	2022	2021	2020	FY22 vs FY21 (in nominal value)
Europe	75%	74%	83%	+7%
Africa	12%	19%	6%	-35%
Asia	8%	5%	9%	+96%
America	5%	2%	2%	+195%
Middle East	0%	0%	0%	≈

[1] The reconciliation between the segment turnover and the turnover as per financial statements refers to the turnover of joint ventures. They are consolidated according to the proportionate method in the segment reporting but according to the equity consolidation method in the financial statements.

Profitability

Year-over-year comparison (in million euro)	2022	2021	2020	FY22 vs FY21
EBITDA	473.9	469.3	369.5	+1%
EBITDA margin	*17.9%*	*18.7%*	*16.8%*	
EBIT	155.2	143.3	64.3	+8%
EBIT margin	*5.8%*	*5.7%*	*2.9%*	
Net profit	112.7	114.6	50.4	-2%
Net margin	*4.2%*	*4.6%*	*2.3%*	

EBITDA of 474 million euro (or 17.9% of sales) for 2022 was comparable to 469 million euro in 2021 (18.7% of sales).

The EBITDA margin was impacted somewhat by a combination of a higher number of vessel dockings and overhauls, inflation, consumables and commodity price increases. The performance however was different segment by segment with the Offshore Energy segment generating an EBITDA margin of 23.2% while the Dredging & Infra segment and the Environmental segment contributed EBITDA margins of 16.7% and 12.1%, respectively.

EBITDA includes 19 million euro in liquidated damages received as compensation for the incremental costs incurred as a result of the late delivery of the 'Orion' (Offshore Energy segment), while EBITDA in 2021 included 15 million euro of liquidated damages for 'Spartacus' (Dredging & Infra segment).

EBIT amounted to 155 million euro, or 5.8% of sales, an increase of 8% compared to EBIT of 143 million euro, or 5.7% of sales for 2021. Depreciations and impairments were 319 million euro, in line with 326 million euro in 2021 and consisted of higher depreciation costs in 2022 compared to 2021 and no impairments in 2022 compared to 35 million euro of impairments in 2021. The increase in depreciation costs in 2022 related mainly to the investments in the 'Spartacus', the cutter suction dredger, which was added to the fleet in 2021, the 'Groenewind', a service operation vessel, and a half year of depreciation on the 'Orion' beginning of June 2022.

The net profit for 2022 amounted to 113 million euro, which is 1.9 million euro lower than 2021. The equity companies contributed 15.8 million euro net result, of which the Concessions segment contributed 9.3 million euro net result compared to 11.1 million euro a year ago.

As a result, earnings per share were 4.45 euro, compared to a 4.53 euro on a pro forma comparison base for 2021 or 1.99 euro for 2020.[2]

Net financial debt and balance sheet

The investments in 'intangible assets' and 'property, plant and equipment' as of December 31, 2022, amounted to 484 million euro compared to 282 million euro a year ago. Investment for 2022 included the 'Orion', DEME's revolutionary offshore installation vessel which officially was added to the fleet in the second quarter of 2022, significant capitalised maintenance investments in DEME's fleet and conversion investments for 'Viking Neptun' and 'Sea Installer'.

Not included in this investment amount is the ongoing investment in the 'Green Jade', a new offshore wind installation vessel under construction in Taiwan by CDWE, a joint venture between CSBC, the largest shipbuilder in Taiwan, and DEME.

Operating working capital amounted to -506 million euro as of December 31, 2022, compared to -511 million euro a year ago.

The net financial debt was -521 million euro as of December 31, 2022, compared to -393 million euro as of end year 2021. In 2022, additional term loan facilities of 440 million euro were received with amortisation scheduled over the next eight years in equal installments.

Total cash amounted to 522 million euro compared to 529 million euro at year-end 2021.

[2] Pro forma assuming the same amount of shares for 2021 and 2020 as shares in 2022 (25,314,482 shares at end of 2022).

CHAPTER

02

STRATEGY

It is not just about having the most technologically advanced vessels in the industry that determines what makes a company so special – but the people and their spirit. We really are One DEME, One Team!

JÖRG EDEN | **CAPTAIN 'ORION'**

Relevant market drivers

In monitoring and developing DEME's corporate strategy we keep a keen eye on global megatrends and the impact these have on our business. We have identified six key market drivers.

01

REDUCING EMISSIONS & TACKLING CLIMATE CHANGE

The drive to achieve the ambitious goals of the Paris Agreement is becoming more urgent as countries try to slow global warming and move away from fossil-based fuels. The clean energy transition is seeing increasing demand for offshore wind energy and a focus on the importance of future fuels such as green hydrogen.

02

GROWING POPULATION & URBANISATION

According to the UN, the global population is expected to climb to more than 9 billion by 2050. Currently around 40% of the population lives within 100 km of the coast and 10% live in coastal areas that are less than 10 m above sea level, leaving them highly vulnerable to sea-level rise and other weather events such as storm surges. This means that flood defence solutions are vital and will become even more important in the future. Additionally, growing urbanisation makes it necessary to invest in land reclamation and new infrastructure.

03

GLOBALISATION AND THE GROWTH IN WORLD TRADE AND ITS IMPACT ON MARINE INFRASTRUCTURE

Over the past decades, globalisation has led to a substantial increase in international trade between countries worldwide, which in turn means that existing supply chains and trade routes are developing, and new ones are being created as geopolitical and macro-economic forces shift current trading patterns. This requires new ports or the expansion of existing facilities, together with their access channels and other marine infrastructure. Another major trend is that vessels – whether containerships, bulkers or tankers – are getting bigger. Berths, fairways and turning basins have to be dredged and widened to accommodate the next generation of vessels.

04

RISING SEA LEVELS & EXTREME WEATHER EVENTS

With much of the world's population located along the coast and global warming leading to rising sea levels and more extreme weather events, the demand for coastal protection works is increasing, and there is a growing sense of urgency. DEME has been applying its proven coastal protection solutions for decades and in line with its sustainability goals, it is also looking for possibilities to use nature-inspired solutions. These re-examine traditional, unsustainable coastline and river embankment management methods and instead aim to develop circular, Nature-based Solutions.

05

SCARCITY OF MINERAL RESOURCES & INCREASING ELECTRIFICATION

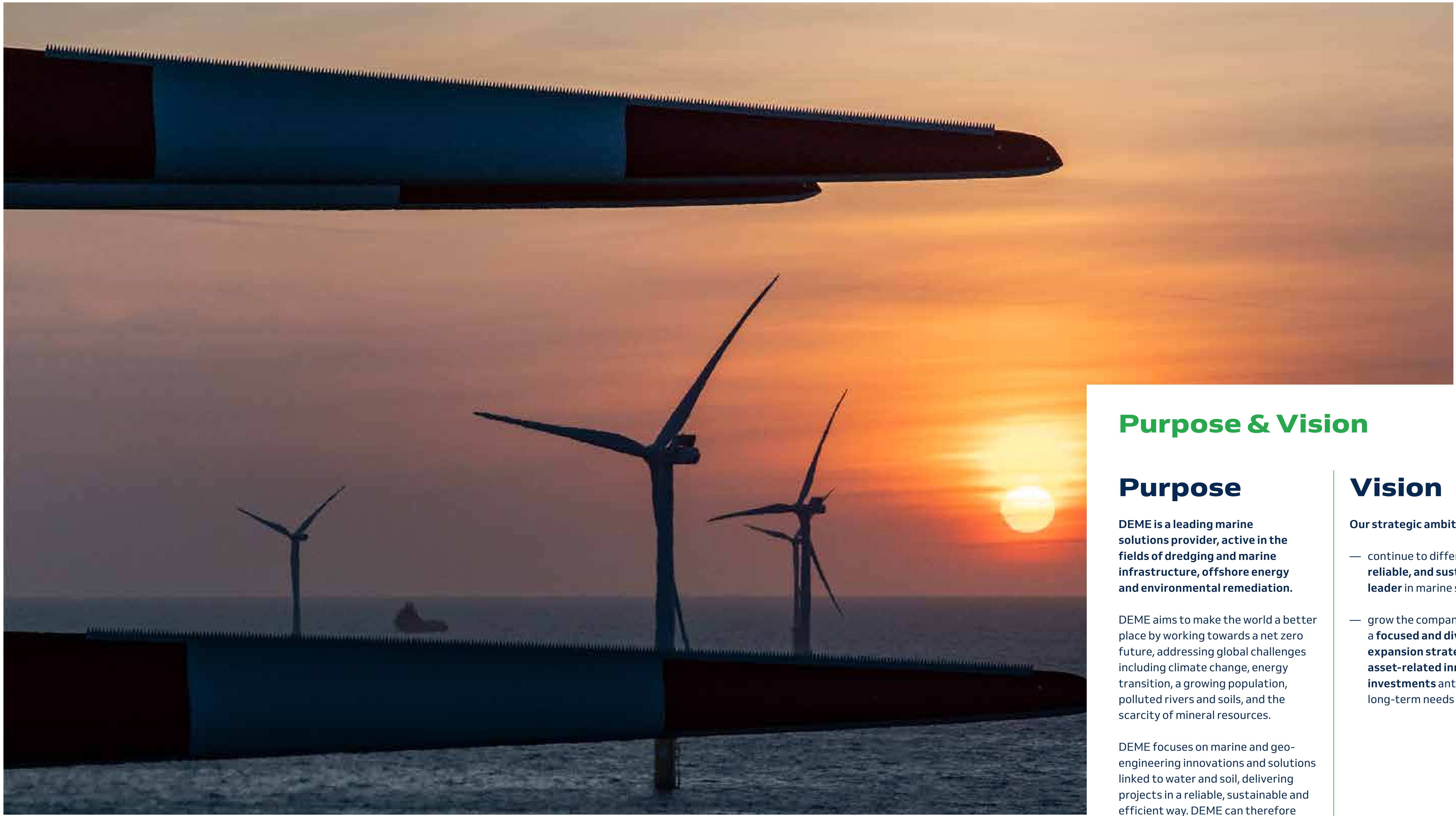
The growth in the world's population, urbanisation, increasing wealth and the energy transition are leading to unprecedented demand for electrification and in turn, the demand for minerals. Many of today's clean energy technologies are reliant on the plentiful supply of critical minerals. For example, the International Energy Agency forecasts that to meet climate goals cobalt supply will need to increase 21-fold and nickel 19-fold by 2040. GSR, DEME's deep-sea exploratory division, is researching the possibilities to responsibly collect metal-rich, polymetallic nodules from the deep ocean floor and believes that these nodules could become an important source of high-grade, low carbon critical minerals.

06

TACKLING POLLUTED SOILS & THE NEED TO CREATE AND PROTECT LAND

It is even more important today to value precious land resources and as the population continues to grow the demand for new residential or industrial areas will only continue. Therefore, it is crucial to be able to remediate polluted brownfield sites and give them a valuable new purpose. With the increasing focus on promoting a sustainable and circular economy, it is essential to clean and reuse as much of the material as possible.

DEME's 2030 Strategy



Purpose & Vision

Purpose

DEME is a leading marine solutions provider, active in the fields of dredging and marine infrastructure, offshore energy and environmental remediation.

DEME aims to make the world a better place by working towards a net zero future, addressing global challenges including climate change, energy transition, a growing population, polluted rivers and soils, and the scarcity of mineral resources.

DEME focuses on marine and geo-engineering innovations and solutions linked to water and soil, delivering projects in a reliable, sustainable and efficient way. DEME can therefore rely on about 5,000 highly skilled professionals and operates one of the largest and most technologically advanced fleets in the world.

Vision

Our strategic ambition is to:

- continue to differentiate as a, **reliable, and sustainable global leader** in marine solutions and
- grow the company fueled by a **focused and diversified expansion strategy** and **asset-related innovation and investments** anticipating the long-term needs of our clients.

5 strategic enablers

DEME will deliver on its strategic ambition and further strengthen its position as a leading marine solutions provider and will pursue its vision, building on the following strategic enablers.

01

A SEASONED, HIGHLY SKILLED AND COMMITTED WORKFORCE MAKING THE COMPANY A RELIABLE SOLUTION PROVIDER

DEME is **a proven, reliable solutions provider** and delivers what was promised. Our track record of robust execution includes the most challenging and complex projects in the world today. The commitment of DEME's team is exceptional and we are well equipped to continue to deliver on our promise based on our unique capabilities and deep industry know-how and expertise.

02

FOCUS ON STRATEGIC CHOICES & OPERATIONAL EXCELLENCE

Today, the company is already organised around optimising its operational excellence and will further pursue this trajectory.

At the same time, the company wants to balance its resource allocation (capital investments and human capital development) and as a result, wants to wisely spend the available resources and invest in the right initiatives to fuel growth and further strengthen the leadership position of DEME.

03

ASSET RELATED INNOVATION & INVESTMENTS

Innovation and investments give DEME the competitive edge and positions the company as a front runner. DEME is considered one of the most **technologically advanced companies** in the industry. This is the outcome of a multi-year fleet, and a pioneering spirit that enables us to provide new concepts that have never been seen before. This powerful combination allows DEME to deliver on the most demanding projects.

To further strengthen this capability, DEME will continue to invest in the following domains:

1. Exploring new pioneering initiatives and techniques where we can leverage our capabilities & people
2. Increase capacity (fleet, people,...) in a balanced way to capture the growth opportunities
3. Expand our concessions portfolio to strengthen the position of our contracting segments and increase recurring revenues and profits
4. Advance growth initiatives such as deep-sea mineral harvesting, green hydrogen and other advanced initiatives with compelling growth potential

04

SUSTAINABILITY AT THE CORE OF WHAT WE DO

DEME positions ESG and safety at the core of all of its activities. Our sustainable strategy is based on two pillars.

1. We EXPLORE sustainable business solutions.
2. We EXCEL in our operations by maintaining and strengthening our sustainable performance.

We outline DEME's sustainability strategy in more detail later in this chapter.

05

A HEALTHY BALANCE SHEET SUPPORTING A LONG-TERM INVESTMENT STRATEGY

As a result of a continued, disciplined capital allocation policy, the company has a healthy balance sheet and a conservative debt level, allowing to continue to invest in its mid and long term future, and to move swiftly when opportunities arise.

DEME's two-dimensional strategy for sustainable performance

At DEME, it is our ambition to fundamentally contribute to sustainable solutions for the global environmental, societal and economic challenges facing our world today.

And while addressing these challenges, we continually strive to improve the sustainability of our own operations. This has led to our two-dimensional strategy for sustainable performance – we aim to EXPLORE and to EXCEL.

01

TO EXPLORE SUSTAINABLE BUSINESS SOLUTIONS

by continuously challenging ourselves to enlarge our sustainable business portfolio and to align our business decisions with the Sustainable Development Goals where DEME can create the most impact.

We refer to chapter 3 'Segments' for more information.

02

TO EXCEL IN OUR OPERATIONS

by maintaining and strengthening a sustainable performance in our daily operations.

We refer to chapter 5 'Sustainability & QHSE' for more information.

This strategy will help us to create sustainable value for our customers, DEME and society.

DEME's commitment to the Sustainable Development Goals

It is undeniable that the world is facing multiple global challenges that could have a serious impact on society and the environment unless we act now. With its 17 Sustainable Development Goals (SDGs), the UN has identified its priorities for creating a better world by 2030.

While these goals address different themes and aspects of sustainability, they are all interconnected. Together, they will help us to overcome global poverty, stop climate change and fight inequality so that we all live in a better world.

At DEME, we are fully committed to helping achieve the SDGs. These goals have helped us to understand the economic, environmental and social impact of our operations as we move towards a project portfolio with a strong sustainable focus.

DEME does not contribute to all of the goals equally, instead we focus on those where we can make the most impact. We have bundled the 17 SDGs into 8 Key Sustainability Themes.

In 2022 we continued to work on the implementation of our two-dimensional strategy and 8 Key Sustainability Themes.

DEME'S 8 KEY SUSTAINABILITY THEMES AND THEIR CONNECTION WITH THE RELEVANT SDGs.

Materiality Matrix

During 2022 we updated our Materiality Matrix. We conducted a materiality assessment to ensure we prioritise the issues that have the biggest impact on our business, and that matter most to our stakeholders.

TO DO SO WE:

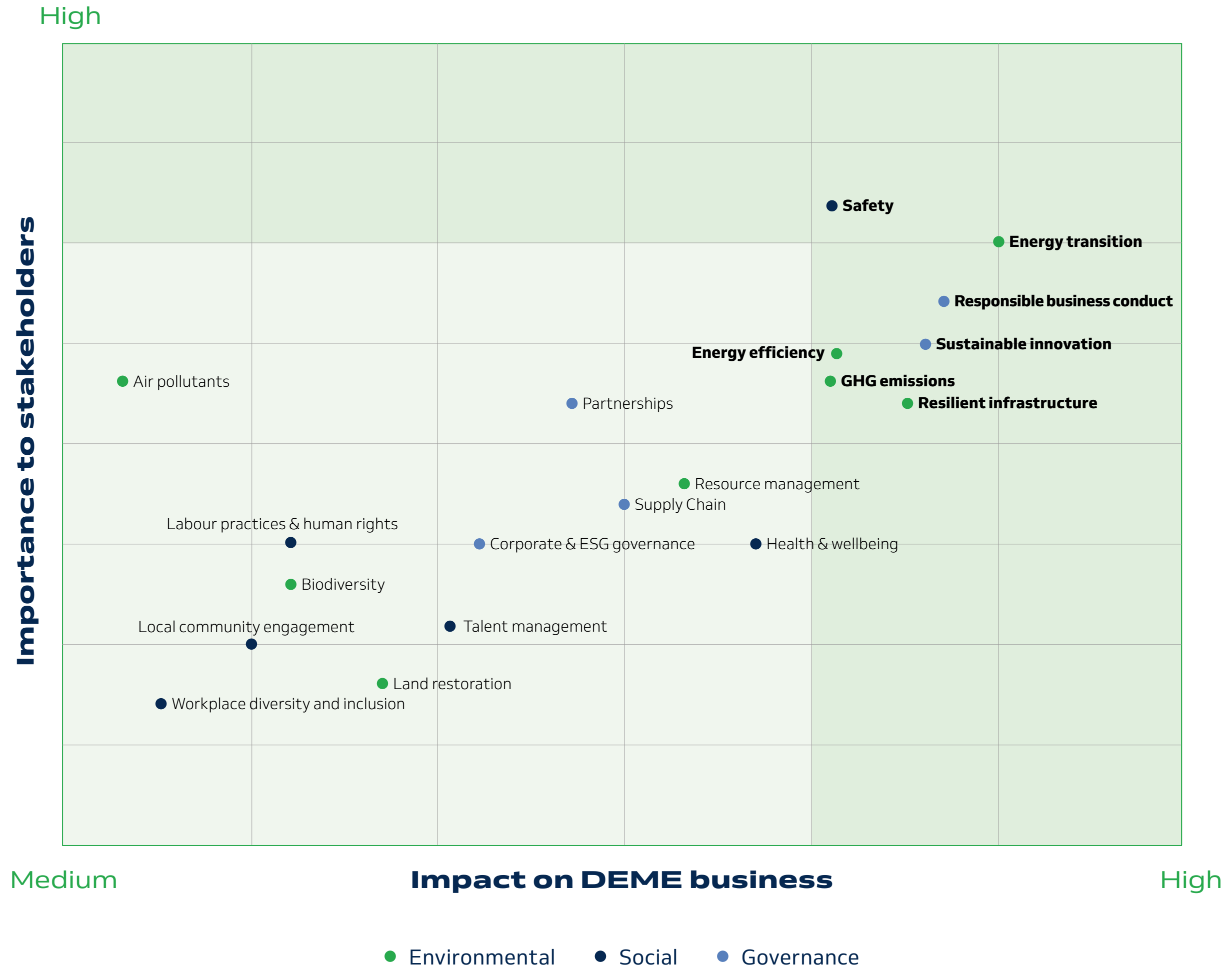
Reviewed the ESG and sustainability topics in DEME's existing Materiality Matrix from 2021 and benchmarked these within our sector and relevant ESG topics used by risk rating agencies;

Used the DEME integrated Risk Matrix to define the risk category, impact and exposure;

Applied a scoring methodology to better quantify the potential impact of DEME's ESG risks;

Compiled the results in the updated Materiality Matrix and validated these results through our governance model.

DEME's Materiality Matrix 2022



DEME's 4 most material themes

DEME considers the ESG topics in the high-high quadrant of DEME's Materiality Matrix 2022 as its most material topics.

	ESG	HIGH-HIGH ESG TOPICS	AMBITION	TARGET	PERFORMANCE INDICATORS	2022	2021	2020
CLIMATE AND ENERGY	E	Energy transition	To expand our offshore renewable energy solutions and to explore new marine-based solutions for renewable energy production, connection and storage.		MW Installed wind turbines Contributed capacity MW Beneficial Ownership	440 2,798 144	2,378 1,867 144	1,477 2,499 144
	E	Resilient infrastructure	To build resilient marine infrastructure, such as the construction of ports, locks, tunnels and bridges and to provide dedicated flood protection solutions and coastal protection management.		Turnover (% eligible; % aligned) CapEx (% eligible; % aligned) OpEx (% eligible; % aligned)	29; 26 52; 52 0; 0	28; 24 32; 32 0; 0	- - -
	E	Energy efficiency	Climate-neutral operations by 2050 and improvement of energy efficiency in our operations.		kt of emitted CO_2e worldwide (Scope 1 & 2 in CO_2e)	653	833	660
	E	GHG emissions	To reduce greenhouse gas emissions by 40% by 2030 relative to 2008 per unit of work.	Sustainability linked loans target 2022: ≥5%	% Low carbon fuels versus total consumed fuels (energy based)	6.0	-	-
HEALTH AND WELLBEING	S	Safety	To provide a safe, secure and healthy working environment for all people involved.	Worldwide Lost Time Injury Frequency Rate - target <= 0.20 (Sustainability Linked Loans)	Worldwide Lost Time Injury Frequency Rate ('Safety thermometer')	0.23	0.9	0.19
SUSTAINABLE INNOVATION	G	Sustainable Innovation	Enhance scientific research, upgrade technological capabilities and encourage sustainable innovation within our projects.	Sustainability integrated in each innovation campaign, as part of the evaluation criteria and incorporated in the innovation stage gate process.	Number of approved innovation initiatives	12	14	18
ETHICAL BUSINESS	G	Responsible business conduct	Respect and protect labour rights in our organisation. Embed an ethical mindset within DEME and transparently communicate about our ethical performance.	To ensure every employee has followed frequent training courses about ethical awareness.	% DEME staff that received DEME Compliance Awareness training	99	99	97

Innovation is at the heart of DEME

DEME is renowned for being at the forefront of innovation, which enables it to contribute to sustainable growth and create new opportunities. Innovative thinking is embedded in our organisation, and we have various initiatives underway which empower our employees to become thought-leaders in the industry.

These include the DEMEx programme, which focuses on disruptive and transformational innovation, and the Diver campaign, whereby the DEME community contributes hundreds of new ideas to our Innovation team. If these ideas have exciting potential on a commercial, technical and sustainable level, DEME will invest and develop them, allowing us to seize opportunities at an early stage and obtain first-mover advantage.

A key part of our drive to innovate is having a radical approach to disruptive innovation and looking beyond what is possible now, instead focusing on what might be relevant in the next two to three decades. Our innovative programmes have led to moves into the fledgling green hydrogen market and our exploration of sustainable deep-sea mining, to give just two examples.

Our innovative spirit means that we can bring groundbreaking concepts to the industry that boost performance, efficiency and sustainability such as DEME's revolutionary, DP3 offshore installation vessel 'Orion' which can perform floating XXL monopile installation. It is equipped with an integrated motion compensated pile gripper that was the brainchild of DEME's engineers. This unique tool enables the crew to upend the monopiles and keep them vertical and stable during installation, despite currents and waves.

The world's most powerful cutter suction dredger 'Spartacus' embodies DEME's innovative spirit.

DEME's Innovative fleet

DEMEX INSPIRE • INNOVATE • INCUBATE • INVEST

DEME DIVER '20

Boosting performance, efficiency and sustainability

DEME's new mega cutter suction dredger 'Spartacus' - with 12,000 kW on the cutterhead - is able to achieve unrivalled production rates when cutting extremely hard rock. Before 'Spartacus', the rock would have been dealt with using drilling and blasting techniques. As well as being powerful, the giant cutter suction dredger has impressive sustainability credentials, achieving significant fuel savings per cube dredged.

In another example of innovation boosting performance, DEME Offshore drilled an entire wind farm into rock using industry-first technology at the Saint-Nazaire offshore wind farm in just 13 months. As this was unprecedented, there was no suitable equipment in the market, therefore DEME Offshore manufactured its own. Together with its partner Herrenknecht, it jointly designed a 350-tonne Offshore Foundation Drill.

HYPORT® Duqm is another good example of DEME's determination to innovate and pioneer. In order to support the clean energy transition DEME Concessions and its partner are developing an industrial-scale, green hydrogen plant in Duqm. We are at the cutting edge of this rapidly growing sector.

Meanwhile, Global Sea Mineral Resources (GSR), DEME's deep-sea exploratory division, is continuing to progress with its ambition to responsibly collect polymetallic nodules from the deep ocean floor. In 2021, the GSR team successfully tested its pre-prototype nodule collector, Patania II, at a depth of 4,500 m.

DEME Environmental is using innovative evidence-based remediation techniques for complex projects and our subsidiary de Vries & van de Wiel has developed a pioneering hybrid soil washing process for PFAS together with its partner Tauw. The soil washing process achieves a cleaning yield of more than 99%.

Key risks

The following is a selection of key risks that, alone or in combination with other events or circumstances, could have a material adverse effect on the Company's business, strategy, financial condition and results of operations and prospects.

01

DEME'S BUSINESS AND GROWTH OPPORTUNITIES ARE SUBJECT TO MACROECONOMIC DEVELOPMENTS

DEME's activities are driven primarily by the growth of the global population, the trend to locate industry near coastlines and along major rivers, the growth of the global economy and the need for suitable infrastructure that this growth entails, the increasing demand for energy and the transition to renewable energy and climate neutrality, the scarcity of specific minerals and raw materials, and the development of international trade and shipping.

02

DEME'S BUSINESS AND GROWTH OPPORTUNITIES ARE SUBJECT TO GEOPOLITICAL DEVELOPMENTS

DEME's operations are, in some areas where it is active, exposed to elevated risks relating to political and/or social instability (including war and civil unrest, armed conflict, terrorism, hostage taking, piracy, extortion and sabotage).

03

DEME FACES PROJECT MANAGEMENT AND EXECUTION RISKS

Projects are usually characterised by the obligations entered into upon the submission of the offer as part of the tendering process for a project and, upon award, the signing of a contract to construct or deliver an infrastructure or a scope of work with a unique character for a fixed lump sum or variable price and within an agreed period of time.

04

DEME FACES SIGNIFICANT COMPETITION IN ITS INDUSTRY

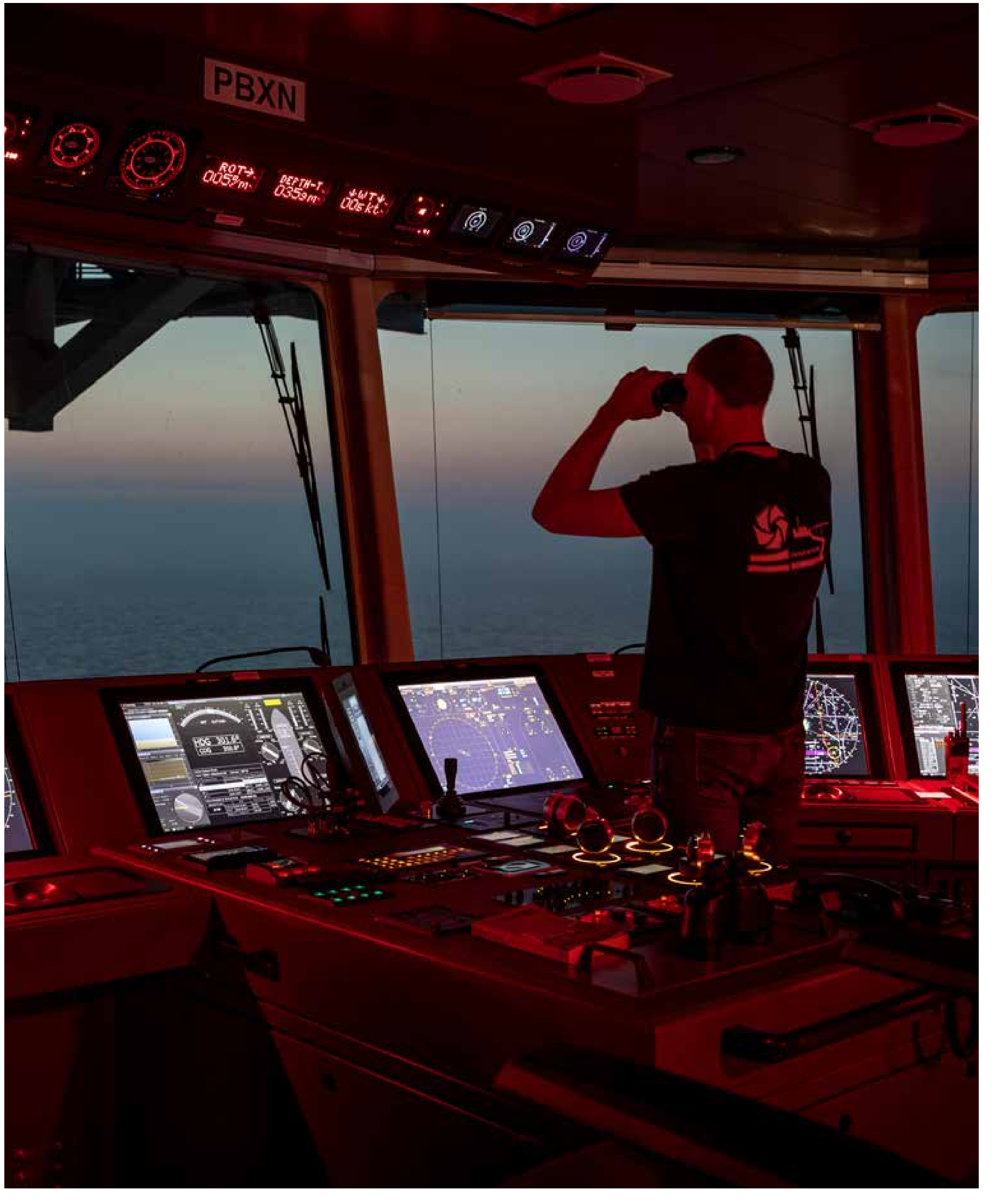
DEME faces competition from other local and international market players active in the same industry.

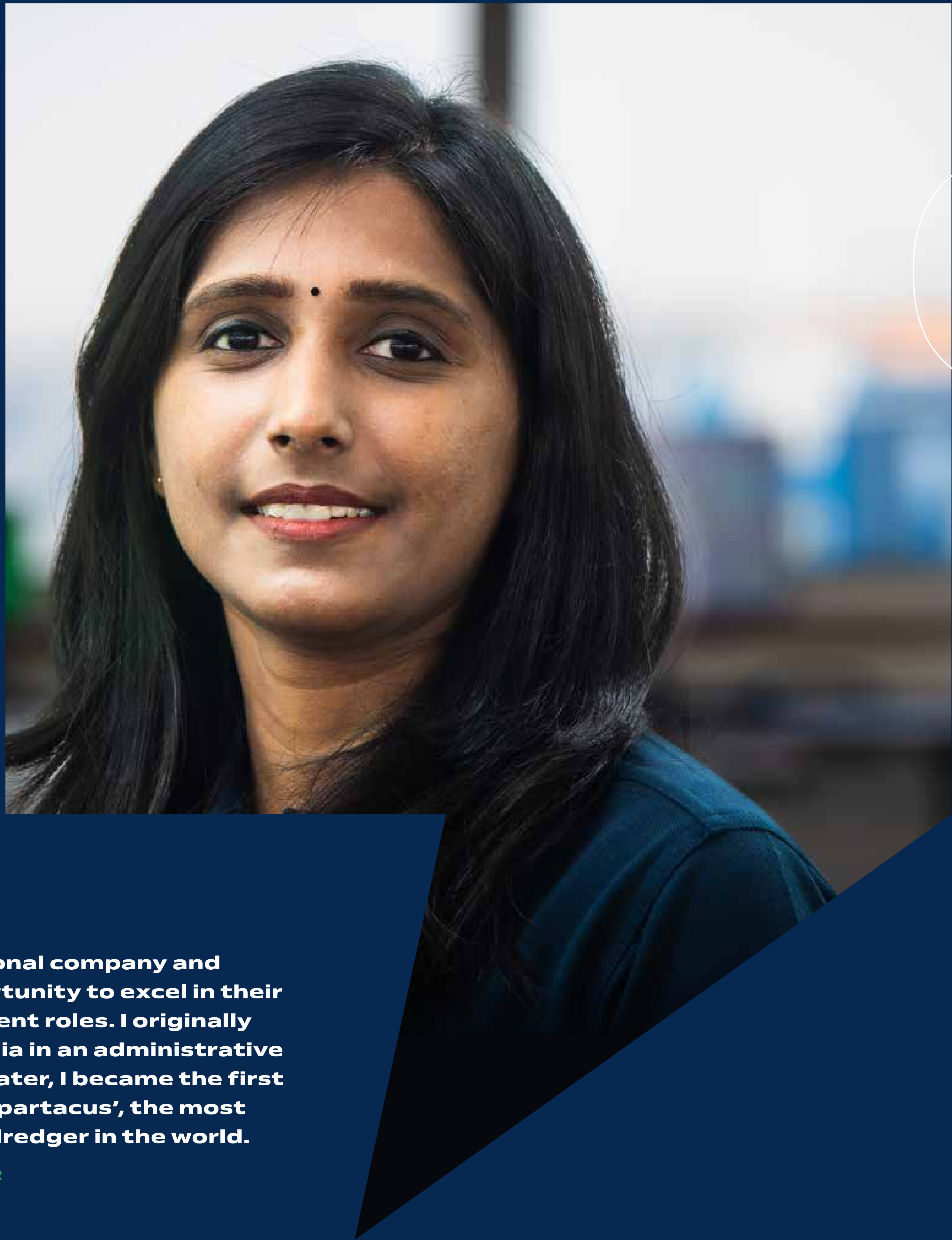
05

DEME IS SUBJECT TO THIRD-PARTY RISKS IN RESPECT OF THE CONTRACTORS, SUPPLIERS, VENDORS, JOINT VENTURE PARTNERS OR OTHER PARTIES

The successful completion of projects depends on the ability of third parties to perform their contractual obligations and is subject to factors beyond DEME's control, including actions or omissions by these parties and their subcontractors.

A deeper assessment of the risks is included in the Corporate Governance and Risk Chapter, including the potential impact and respective risk management and control.





CHAPTER

03

SEGMENTS

> DEME is a truly international company and gives everyone the opportunity to excel in their career and explore different roles. I originally joined the company in India in an administrative role and just a few years later, I became the first HR Officer on board of 'Spartacus', the most powerful cutter suction dredger in the world.

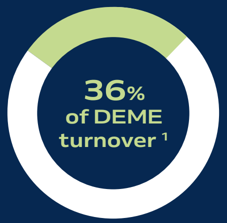
ANITHA SHANMUGAM | **HR OFFICER**

DEME's organisational structure

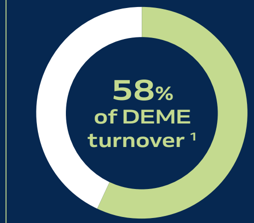
DEME has evolved into a global marine sustainable solutions provider organised around 4 distinct segments. Each of the segments serves a distinct market, and has separate assets, revenue models and growth strategies.

Global leader in offshore energy, dredging & infra and environmental solutions

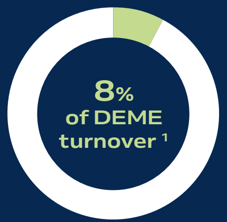
OFFSHORE ENERGY



DREDGING & INFRA



ENVIRONMENTAL



CONCESSIONS

€9M net result from associates

¹ Breakdown compared to total turnover as per financial statements.

01 OFFSHORE ENERGY

This segment provides engineering and contracting services globally in the offshore renewables and oil & gas industry. Those activities are executed with specialised offshore vessels.
In offshore renewables, the Group is involved in full Balance of Plant contracts for offshore wind farms. This includes the engineering, procurement, construction and installation of foundations, turbines, inter-array cables, export cables and substations. The Group also offers operations and maintenance, logistics, repairs and decommissioning as well as salvage services to the market.
In the oil & gas industry, the Group performs landfalls and civil works, rock placement, heavy lift, umbilicals, as well as installation and decommissioning services. In addition to these main activities, the Group also provides specialised offshore services, including geoscience services and the installation of suction pile anchors and foundations.

02 DREDGING & INFRA

In this segment the Group performs a wide variety of dredging activities worldwide, including capital and maintenance dredging, land reclamation, soil improvement, port construction, coastal protection and beach nourishment works.
These activities are executed with specialised dredging vessels, various types of auxiliary vessels and earth-moving equipment. The Group also provides contracting services for marine infrastructure projects.
This includes the engineering, design and construction of complex marine structures such as jetties, port terminals, locks and weirs, infrastructural works such as bored and immersed tunnels, foundation and marine works for bridges or other constructions in a marine or fluvial environment and civil works for harbour construction, dams and sea defences, canal construction, revetment, quay wall construction and shore protection. In addition, the Group is active in the marine aggregates business, which includes the dredging, processing, storage and transport of aggregates.
Finally, the Group provides maritime services for port terminals.

03 ENVIRONMENTAL

The Environmental segment focuses on innovative environmental solutions for soil remediation and brownfield redevelopment, environmental dredging and sediment treatment and water treatment. It is mainly active in the Benelux, France, as well as in other European countries on a project-by-project basis.

04 CONCESSIONS

The Concessions segment, unlike the contracting segments, invests in and develops projects in wind, port infrastructure, green hydrogen and other special projects. It operates through participations in special purpose companies – greenfield and brownfield. Besides creating economic value on its projects and generating equity returns on its investments, it also aims to secure contracting activities for the Group in the EPC phases of its projects. Under the umbrella of this segment, the Group also holds concessions of seabed areas which contain polymetallic nodules and develops a technology to collect and process these polymetallic nodules containing nickel, cobalt, manganese and copper from the deep ocean floor.

OFFSHORE ENERGY

2000
the year we started offshore wind activities

13K+ MW
total capacity installed since start

16
dedicated offshore energy vessels

€958M
turnover (2022)

2,798 MW
contributed capacity in 2022

DEME Offshore Energy is the leading global solutions provider in the offshore energy industry, with a successful track record spanning more than three decades. We are playing a key role in supporting the energy transition and helping countries achieve their climate goals.

We were one of the first companies to enter the renewables sector and today, we are the number one offshore wind contractor in the world, capable of installing the latest generation XL foundations and +15 MW wind turbines, as well as offshore substations, inter-array and HVDC export cables. In the conventional energy industry, DEME performs landfalls, civil works, rock placement, heavy lift and decommissioning services.

Operating a high-tech and versatile fleet of specialised vessels, DEME Offshore is able to provide fully integrated Balance of Plant, EPCI, and Transport & Installation contracts. Furthermore, DEME provides specialised offshore services, including geoscience services and geophysical offshore and marine site investigations, as well as environmental surveys to both the renewables industry and the oil & gas sector.

Mission impossible? There is no such thing at DEME Offshore

With incredibly challenging offshore wind farm projects such as Arcadis Ost 1 and Saint-Nazaire successfully constructed by DEME Offshore, there is no doubt about the company's prowess in this rapidly growing market. Installation records have been broken over and over again for turbines, foundations, cable laying and rock placement.

DEME's business philosophy is founded on its vessels, having super smart people and ingenious methodologies. With the aim of having the most modern, versatile and sustainable fleet in the industry, DEME is willing to take bold steps and make the necessary investments to ensure its vessels are getting faster, bigger, stronger and cleaner. This puts the company in a position where it can invent innovative methodologies for the challenges the world is facing that have never been used before.

Ultimately, DEME aims to be the best offshore contractor, whether this is in renewables or conventional energy generation. DEME is continually looking for new, more efficient solutions.

This drive is clearly demonstrated in developing markets such as the US and Taiwan. To comply with the Jones Act in the US, DEME started thinking about innovative solutions and this led to a clever feedering concept which is going to be used at the Vineyard Wind project. The turbine towers will be delivered to DEME's dedicated WTG vessel by a US-owned barge and the transfer of the components offshore will be enabled by motion compensation technologies.

Meanwhile, at Saint-Nazaire, DEME was faced with an extremely rocky seabed. So, what does it do? The team invents a giant offshore drill, and DEME is now the first company in the world to have completed an entire wind farm using monopile drilling technology in rocky seabed conditions.

Two exceptional projects highlight DEME's unique solutions.

Pushing boundaries with DP3 installation vessel 'Orion'

ARCADIS OST 1

Arcadis Ost 1 was the first project for DEME's revolutionary floating DP3 installation vessel 'Orion'

Even with DEME's vast experience of dealing with complex projects offshore, the Arcadis Ost 1 wind farm represented a considerable challenge. Every element of the offshore wind farm, situated in the Baltic Sea, was pushing industry boundaries. This was also the first project for DEME's revolutionary floating DP3 installation vessel 'Orion'. The new vessel was tasked with installing the largest monopile foundations ever. The 28 XXL monopiles weighed more than 2,000 tonnes each, had a diameter of 9.5 m and a length of up to 110 m.

Additionally, DEME Offshore introduced a whole range of specially designed equipment for the EPCI project and had to reinvent tools to perform the installations in floating conditions.

Arcadis Ost 1 also had challenging soil conditions, comprising a muddy layer with chalk on top. As a result, the huge XXL monopiles are necessary to provide enough stability. This meant that the sheer scale of these giants posed another challenge because DEME had to find manufacturing plants and ports able to cope with these mega structures.

'Orion' embodies evolution in the market

As well as the scale, all of these enormous components had to be installed by the new vessel offshore to strict tolerances and to a very tight schedule. As the offshore wind industry moves further offshore into deeper waters, the floating installation concept will become even more important. 'Orion' is the embodiment of the evolution in the market, being equipped with a 5,000-tonne crane, DP3 and a unique motion compensated pile gripper. This can upend the monopiles and they remain vertical and stable, despite motions and waves.

Strict tolerances achieved

To stabilise a monopile of this weight - while floating - would have been seen as impossible before. The 100 m plus monopiles had to be hammered in from a moving vessel, within a minute 0.2 degrees inclination and an inclination level height of +/- 10 cm.

DEME was delighted to work with its client Parkwind on such an ambitious project and to deliver what it promised, thanks to the incredible efforts of a determined and motivated team. DEME is proud to be the first to perform this floating installation method in the history of the offshore wind sector.

Industry-first drilling technology

SAINT-NAZAIRE

Drilling an entire wind farm into rock in just 13 months at Saint-Nazaire

In just 13 months - and six weeks before the planned schedule - DEME Offshore [CY1] [HH2] achieved an amazing feat in France when it drilled an entire wind farm into hard rock using industry-first technology at Saint-Nazaire. This accomplishment, which many thought was impossible, is even more remarkable given that the work continued throughout the winter and in harsh Atlantic conditions. Saint-Nazaire is the first commercial offshore wind farm ever built in France and also the first to use drilled, XL monopile foundations.

Rocky seabed

Undoubtedly, thorough, detailed preparation laid the foundations for success, as well as a willingness to invest in tailormade, innovative equipment. The preparation for the installation of the 80 foundations actually started four years before the execution. No contractor had ever drilled such enormous foundations directly into rock, which meant there was no suitable equipment in the market, therefore DEME Offshore took the decision to manufacture its own dedicated equipment. DEME Offshore and its partner Herrenknecht, the global leader in tunnel boring machines, jointly designed a giant 350-tonne Offshore Foundation Drill and this was accompanied by the so-called MODIGA. At 60 m high, the MODIGA encapsulated the drilling, installation and grouting operations, protecting them from the harsh marine conditions, which in turn improves operational working time significantly. Crucially, the captain and crew of DEME's jack-up 'Innovation' and the operations team made a huge difference to the success of the project, achieving terrific production rates.

A strong partnership

Another important factor in the smooth running of the project was having the right partners on board such as Eiffage Métal for the fabrication of the foundations and Herrenknecht, as well as the support of the port authorities in La Rochelle and Saint-Nazaire and the local community. DEME Offshore and Eiffage Métal involved more than 200 French companies, which created hundreds of job opportunities and is contributing to the development of the blue economy in France. Saint-Nazaire shows nothing is impossible if clients choose DEME.

Saint-Nazaire is the first commercial offshore wind farm ever built in France and also the first to use drilled, XL monopile foundations

A very strong project team overcame the challenges, while being supported by many departments within the DEME Group. Above all, this project shows how DEME is able to identify any risks, set up proper controls and take mitigating measures. Alongside this, DEME has the right equipment and unique vessels such as 'Innovation' with its impressive capabilities. Following this extraordinary first offshore wind farm project, DEME's teams and crew have gained invaluable experience for the next offshore wind farms in France, and it has recently been awarded the Yeu and Noirmoutier offshore wind farm, which is also located in a rocky seabed.

Focus on sustainability

Climate change is one of the greatest threats to our planet and society. There is a growing need for access to affordable, reliable and sustainable energy. DEME provides solutions to expedite the much-needed global energy transition.

The Offshore Energy segment provides sustainable business solutions such as:
- Transport, installation and maintenance of offshore wind farms
- Development of energy islands.

01

TRANSPORT, INSTALLATION AND MAINTENANCE OF OFFSHORE WIND FARMS

CLIMATE AND ENERGY

Since our very first wind farm project in 2000, DEME has installed 2,711 turbines of all sizes at 51 different wind farms worldwide, representing 13,710 MW. In total DEME helped construct nearly 77 offshore wind farms worldwide and has installed a total of ca. 1,478 km of cables (both inter-array and export cables).

Status January 2023

2,711 turbines

13,710 MW

51 WTG installation projects

02

DEVELOPMENT OF ENERGY ISLANDS

CLIMATE AND ENERGY

DEME has been pioneering the concept of energy islands off the coast, which involves an artificial, multifunctional island at sea combining offshore renewable energy production, storage, transmission and conversion to other energy sources.

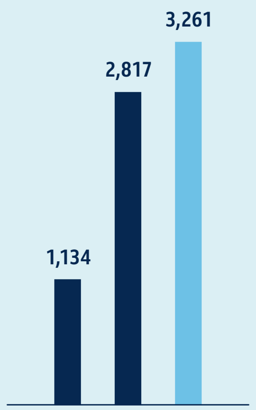
During the North Sea Summit held in Denmark, four countries (Belgium, the Netherlands, Germany and Denmark) have jointly pledged to accelerate the build-out of offshore wind in the North Sea to a 65 GW capacity by 2030 and a 150 GW capacity by 2050. As energy islands will become cornerstones in the deployment and integration of such ultra-large-scale renewable energy generation, all four countries have decided or are considering constructing these islands.

In early 2023 DEME has been awarded the construction of the Princess Elisabeth energy island in Belgium. DEME will also be involved in the bidding process for the Danish Energy Island, which will connect up to 10 GW of offshore wind capacity, via a partnership with Copenhagen Infrastructure Partners (CIP), a leading global fund manager specialising in renewable energy investments. DEME also participates in several

research initiatives such as the Joint Industry Projects HybridEnerSeaHub and North Sea Energy Cooperation. HybridEnerSeaHub is investigating the use of floating modules, in combination with reclaimed land, to make islands more adaptive in every stage of their lifetime. The North Sea Energy Cooperation brings together organisations, companies and knowledge institutions that have a connection with the North Sea in order to put the North Sea on the map as a pioneering region for the European energy transition. Using an integrated approach, the association researches how the North Sea's potential can be utilised for a climate-neutral energy system.

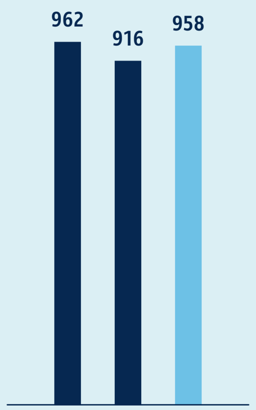
Performance dashboard

ORDERBOOK



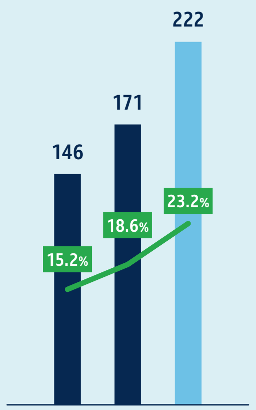
(in million euro)

TURNOVER



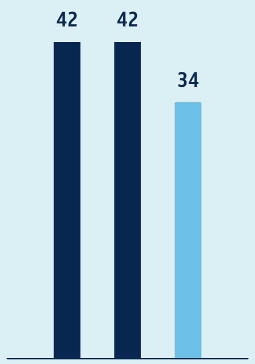
(in million euro)

EBITDA & EBITDA MARGIN



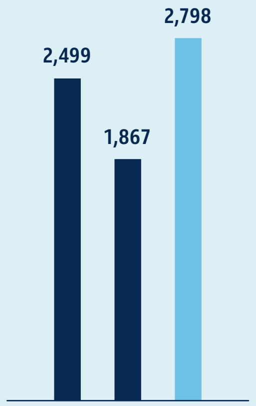
(in million euro)

FLEET UTILISATION RATE



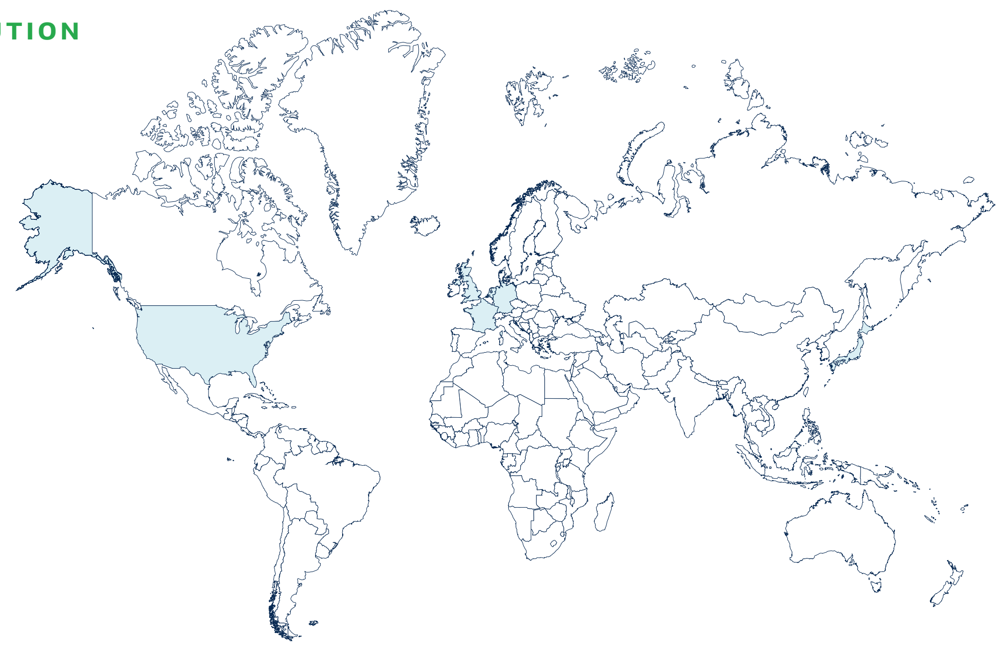
(in weeks)

MEGAWATT CONTRIBUTED CAPACITY



(MW Installed foundations)

PROJECT EXECUTION IN 2022



Offshore Energy (in million euro)	**2022**	**2021**	**2020**	**FY22 vs FY21**
Orderbook	3,260.9	2,816.6	1,133.5	*+16%*
Turnover	957.8	916.4	962.0	*+5%*
EBITDA	221.9	170.9	145.5	*+30%*
EBITDA margin	*23.2%*	*18.6%*	*15.2%*	
EBIT	117.1	74.6	34.4	+57%
EBIT margin	*12.2%*	*8.1%*	*3.6%*	
Fleet utilisation rate (weeks)	33.6	42.1	42.0	

The Offshore Energy segment grew revenue 5% year-over-year, reflecting a healthy backlog and solid project execution and increased its orderbook by 16%.

In the second quarter, the 'Orion' was added to the fleet, bringing a game-changing installation concept to the offshore energy market. Shortly after its naming ceremony, the vessel set sail for its first project, the Arcadis Ost 1 offshore wind farm (Germany) where XXL monopiles were successfully installed. These XXL monopiles are the largest monopile foundations ever installed, weighing more than 2,000 tonnes, which reinforces DEME's technical leadership.
Other milestones for the year included the entire wind farm monopile foundations in St Nazaire (France) where the jack-up vessel 'Innovation' drilled monopile foundations into solid rock, another first for the industry, and a foundations, cables and wind turbine installation project for the Kaskasi II Offshore Wind Farm (Germany).

In the non-renewables sector the segment installed the intake and outfall heads for the Hinkley Nuclear power station (UK).

DEME Offshore US prepared to begin the execution phase in 2023 for the Vineyard Wind and South Fork projects, both on the US East coast. The segment also began preparatory work for its contract with the Dominion Energy Group for the construction of Coastal Virginia Offshore Wind, a 2.6 GW wind farm project with 176 wind turbines. Execution of this last project is planned to begin in 2024.

DEME Offshore Energy continued to expand and strengthen its organisation and fleet (amongst others the 'Green Jade', an additional installation vessel, a DP fallpipe vessel and a cable laying vessel) in anticipation of future business growth.

The vessel occupancy for the offshore segment was lower in 2022 compared to previous years, mainly due to clients shifting cable installations projects from 2022 to 2023 and technical adjustments to the vessels in support of project specifications in preparation for project execution in the US, beginning in the first half 2023.

The Offshore segment posted a solid EBITDA margin of 23.2%, reflecting a favourable project staging, in combination with the final settlement of liquidated damages (19 million euro) as compensation for the delayed delivery of the vessel 'Orion', and strong overall project management and operational excellence.

The increase in the Offshore Energy orderbook reflects new contract awards, received during the second half of the year, with project wins deployments over the next several years, including sizeable project-wins in Continental Europe, the UK, Australia, Taiwan and the US.

DREDGING & INFRA

€1,524M
turnover
(2022)

43
dredging
vessels

90+
active
countries

7
immersed tunnel
projects executed

DEME has been creating new land and sustainable infrastructure for more than 145 years.

The Dredging & Infra segment performs a wide variety of activities, including capital and maintenance dredging, land reclamation, port construction, coastal protection and beach nourishment works. DEME operates modern, technologically advanced vessels including dual fuel hopper and cutter suction dredgers, and it is very proud to own 'Spartacus', the most powerful cutter suction dredger in the world.

The marine engineering infrastructure works complement and reinforce these dredging activities. The design and construction of port and inland waterway infrastructure, civil works such as bored and immersed tunnels, and other marine infrastructure including dams, sea defences, quay walls and shore protection are among activities carried out by DEME's expert Dredging & Infra team.

More than 145 years of experience in dredging, land reclamation and marine infrastructure

Dredging is at the heart of DEME, and we have been pioneering and creating land for the future for more than 145 years. Our expertise, combined with our specialist, state-of-the-art fleet of hoppers, cutters, backhoe and water injection dredgers, enable us to take on the most challenging projects in the world such as Abu Qir in Egypt, where a new city and greenfield port are being constructed.

DEME always wants to be a front runner and we have continually invested in having the best people and in modernising our fleet, ensuring we can anticipate our customers' requirements and developments in the industry. This saw us make the bold decision to invest in a new mega cutter suction dredger, which is able to take on seemingly impossible tasks. 'Spartacus' is the most powerful cutter suction dredger in the world and its ability to cut hard rock is unrivalled as demonstrated in the following chapter where we outline the highly successful Leixões project.

As well as our capital dredging projects, our fleet is regularly performing maintenance dredging assignments such as our long-term contracts along the rivers Elbe and Scheldt.

DEME's dredging activities are supported by our marine engineering infrastructure expertise. Our Infra team designs and constructs everything from port infrastructure to dams and sea defences, as well as bored and immersed tunnels.

With a proven track record constructing immersed tunnels dating back half a century, DEME is the only marine engineering contractor that can combine dredging, offshore and infrastructure expertise to achieve these challenging projects. Our diverse, multidisciplinary knowledge has enabled the Group to take on 'once in a lifetime' projects such as the Fehmarnbelt Fixed Link, which includes the longest immersed road and rail tunnel in the world. Currently, our portfolio also includes the Oosterweel Link, which will complete the Antwerp ring road, and the Blankenburg Connection in Rotterdam. This complex project, which will see both a land and an immersed tunnel constructed, is highlighted in our success stories.

'Spartacus' is the unrivalled world champion in dredging hard rock

Owning the most modern and sustainable fleet in the industry, DEME continues to set new standards. DEME has proved that it is willing to make the investments required in unique vessels that advance performance, efficiency and sustainability – that answer the needs of the future.

Cutter suction dredger 'Spartacus' dredged extremely hard rock with production levels never reached before.

This can be in no doubt when considering the mega cutter suction dredger 'Spartacus', which entered the fleet and was immediately deployed on two exceptional projects. 'Spartacus' is in a league of its own. It is clear: there is only one piece of equipment in the world today capable of achieving such astonishing production rates, even when it is cutting extremely hard rock. Just six months ago, this rock would have been dealt with using drilling and blasting techniques.

To kick-off its DEME career, after commissioning 'Spartacus' was immediately deployed to Abu Qir 2 in Egypt, where a new city and greenfield port are being constructed. This is the largest dredging and land reclamation contract in DEME's history, and on completion, it will be one of the biggest ports in the Mediterranean Sea. Overall, Abu Qir 2 represents volumes of 167.5 million m³. DEME is dredging to depths of -22 m to accommodate the next generation of vessels.

Expectations were high, and everyone at DEME knew industry eyes were intently watching as 'Spartacus', with a total installed power of 44,180 kW and 12,000 kW on the cutterhead, set about work on its first project. But even the DEME newbuild and engineering teams, and the captains and crew, were taken aback. The new vessel exceeded all expectations. Previous production rate records were smashed.

Unprecedented production levels

ABU QIR 2 AND PORT OF LEIXÕES

Cutter suction dredger 'Spartacus' accomplished unprecedented production levels at the Abu Qir 2 project in Egypt and the Port of Leixões in Portugal. There was also a significant fuel saving per dredged m³ and an equivalent improvement in emission reduction.

The reduction in fuel is due to several innovative features DEME has introduced to make the vessel as energy efficient as possible. 'Spartacus' is equipped with dual fuel engines, enabling the operator to choose the cleanest fuel available, and the vessel is equipped with an installation to recover waste heat from the engine exhausts, generate steam and convert this by means of a steam turbine into up to 2,000 kW of electrical power.

Additionally, 'Spartacus' has also demonstrated high levels of workability, and was always the last vessel to return to port at Abu Qir when weather conditions were challenging. The cutter suction dredger can dredge up to an exceptional -45 m rather than the usual -35 m, and has unprecedented autonomy and pumping distance, having the ability to pump 15-20 km ashore at high flow rates.

However, despite the incredible volumes and high production rate, 'Spartacus' was yet to face its true test. That was to come with its second project at the Port of Leixões in Portugal. Here, the vessel would be doing what it is built for – cutting extremely hard rock. The scope was to deepen and extend the port and it included 2.9 million m³ of dredging, of which 1.8 million m³ is extremely hard rock material. In the 'pre-Spartacus era' this project would have to be performed using traditional drilling and blasting techniques, which can result in damaging shockwaves and vibrations. The Port of Leixões is situated very close to residential and commercial areas, therefore blasting techniques could pose a considerable risk.

Dredging the hardest rock

The new cutter suction dredger passed the test with flying colours. The vessel even dredged extremely hard rocks with values never reached before. To do this without the need to blast the rock apart is a huge benefit environmentally, ecologically and to the local surroundings.

In just six months the DEME team dredged from -12 m to -16 m. On top of this ability to remove a huge quantity of rock in a very short timeframe, another advantage was that port activities could continue as normal.

Unprecedented work rate and unlimited power

A very close collaboration with the port authority and detailed preparation – more than a year in advance - helped make the project a success. The captains visited the port authority and talked to the pilots six months prior to the project kick-off for example. Another key element in the success was the supporting maintenance and logistic teams. They worked very hard to prepare everything ashore, which included building a dedicated workshop for the cutter repairs, which made sure workability was optimised.

In line with DEME's drive to make each project as sustainable as possible, rather than dumping all of the cut material in a dedicated offshore area, much of it was used to build the new breakwater extension.

An impressive performance at Abu Qir 2 goes hand in hand with a significant fuel and emission reduction.

Blankenburg Connection showcases DEME's in-house expertise

BLANKENBURG

When standing at the deepest point of the Maasdelta Tunnel, it is difficult not to be in awe of the achievements of the team working on the Blankenburg Connection project in the Netherlands. This accomplishment underscores the powerful combination of DEME's dredging, infra and offshore expertise.

The A24 Blankenburg Connection will ultimately improve access to the Rotterdam region. This design, build, finance and maintain contract was awarded to the special purpose company BAAK Blankenburg Verbinding BV, which comprises DEME Concessions, Ballast Nedam Concessies and Macquarie Capital. The project scope includes the construction of a highway with 2x3 lanes, a land tunnel, immersed tunnel, a deepened connection to the A20 road and an elevated connection to the A15 and is being constructed by the EPCM Contractor, a fully integrated joint venture including DEME. At the peak of this enormous project around 1,000 people are working on it at any one time.

In 2022, many key milestones have been achieved and one of these was reaching the deepest and highest point of the Maasdelta Tunnel which is -28 NAP and +24 NAP respectively. This only serves to highlight this engineering feat, representing a staggering 52 m difference between the lowest and highest point. All the construction pits have been excavated and the underwater concrete, representing a total volume of 102,000 m³, has been poured creating the dry construction pits.

Offshore installation vessel DP2 'Neptune' was chosen as the perfect vessel for both accurately dredging the tile pits and the lifting and installation of the giant tiles for the immersed tunnel.

Swift completion of the tunnel elements

Crucially, the two tunnel elements are ready and have been floated out of the drydock in Rotterdam.

The advantage of having a fully integrated team is really demonstrated by one important part of the project, which was accomplished in 2022. It also underlines the expertise and resources of the DEME Group.

DEME's hopper dredgers 'Artevelde' and 'Meuse River' were mobilised to dredge the trench in the Port of Rotterdam to receive the two huge tunnel elements. Following the dredging of the trench, DEME's DP2 offshore installation vessel 'Neptune' was chosen as the perfect vessel for both accurately dredging the 12 tile pits and the lifting and installation of the giant tiles. With each tile (7 x 7 x 1 m) weighing approximately 100 tonnes, the 12 tiles were installed at a 27 m depth on the gravel bed, and despite strong currents, the tiles were placed within a tolerance of just 5 cm.

With a more traditional method these tolerances could never be achieved. Initially, the team had considered a crane on a barge for the execution but during the integrated design process, DEME engineers did a trial exercise examining the risks. The creative colleagues came up with the optimal solution and they also had the advantage of being able to choose the ideal vessel from DEME's specialised fleet. DEME's engineers could draw on their experience of working on immersed tunnel projects in tidal rivers and currents, such as the Coentunnel in Amsterdam.

The deployment of a jack-up based solution has two clear benefits compared to the original floating, pontoon-based solution. Firstly, in a river with strong tidal currents, it is much safer. A pontoon needs to be anchored using mooring lines and anchors, placed at a considerable distance from the pontoon, whilst 'Neptune' just needs to jack-up its spuds. Secondly, parallel operations can be undertaken from the large work deck of 'Neptune', whereas it would take two units to execute these operations from pontoons. In short, the use of 'Neptune' meant that the risks to navigation were dramatically reduced because of a smaller footprint and shorter presence in the fairway. This is particularly important as the Port of Rotterdam has the busiest fairway in Europe with 300 movements per day.

Ultimately, the 3.5-week project was carried out without incident, and the Port Authority commended the team on the swift and successful conclusion of this part of the project.

Use of electric equipment maximised

Sustainability is a key consideration throughout the project too. In the construction pits, for example, the use of electric machines has been maximised, with the cherry pickers, far-reachers, telehandlers and elevated platforms all running on electricity or batteries.

Immersed tunnel knowledge

DEME has been involved in designing and constructing immersed tunnels since the beginning of their construction, and as such can bring the best practices into future projects. Clients benefit from having one party handling these incredibly complex projects, which involve dozens of interfaces – design and construction, the immersion process, accesses to tunnels, building pits and the dredging works to name but a few. Rather than having separate contractors, each with their own specialities, DEME manages all the interfaces and stakeholders, giving the client peace of mind.

DEME's complementary, integrated team brings experienced and young engineers together and from a diverse range of disciplines – dredging, infrastructure and offshore in this case. At the Blankenburg Connection project, the Group can also bring its extensive knowledge of immersed tunnels to the project. DEME is the only marine engineering contractor that has all of this expertise in-house.

Focus on sustainability

Rising sea levels threaten low-lying areas around the world, leading to an increased risk of coastal flooding during more severe and frequent storms. To tackle this problem and in line with our sustainability ambitions, we are therefore focusing on building resilient infrastructure that is better adapted to climate-related hazards.

Within the Dredging & Infra segment we provide sustainable business solutions such as:
— Flood protection
— Development of energy islands
— Rail infrastructure
— Regreening ecosystems
— Nature-based Solutions for coastal protection.

01

FLOOD PROTECTION SOLUTIONS

CLIMATE AND ENERGY

To tackle the problem of sea level rise and in line with our sustainability ambitions, we are focusing on building resilient infrastructure that is better adapted to climate-related hazards such as flood protection solutions. Crucially, we aim to provide an innovative and integrated approach, which includes sustainable coastal and river embankment management.

In 2022 we carried out seven beach nourishment projects in the Emilia Romagna region in Italy, spread along 11 km of coastline. Approximately 1.5 million m³ of sand was pumped to mitigate the beach erosion and protect the hinterland from flooding.

02

DEVELOPMENT OF ENERGY ISLANDS

CLIMATE AND ENERGY

See Offshore segment for more information on the development of energy islands.

03

RAIL INFRASTRUCTURE

CLIMATE AND ENERGY

Rail is the greenest and most energy efficient way of mass transportation and is essential to contribute to a cleaner transport sector. DEME is playing a role in contributing to the development of this sector by its involvement in the construction of the world's longest immersed road and rail tunnel, the Fehmarnbelt Fixed Link project between Denmark and Germany. It will foster trade and tourism in an environmentally sustainable way by reducing travel time and it will facilitate greener transport by the use of electric freight trains.

04

REGREENING ECOSYSTEMS

NATURAL CAPITAL

Ecosystems produce oxygen, purify and detoxify the air and water, store and cycle fresh water, regulate the climate, prevent erosion and flood damage, and produce raw materials, foods and medicines. Most of these vital ecosystem services cannot be replaced by human technology.

Therefore, restoring and rebuilding degraded areas to recover an ecosystem that has been disturbed, is essential for the existence of our planet.

Lake Bardawil

DEME and the Suez Canal Authority have signed a cooperation agreement which paves the way for a pioneering project to restore the ecosystem of Lake Bardawil and to re-green the North Sinai Peninsula in Egypt. DEME is cooperating in a partnership to help restore the water cycle and boost fish production at the lake.

05

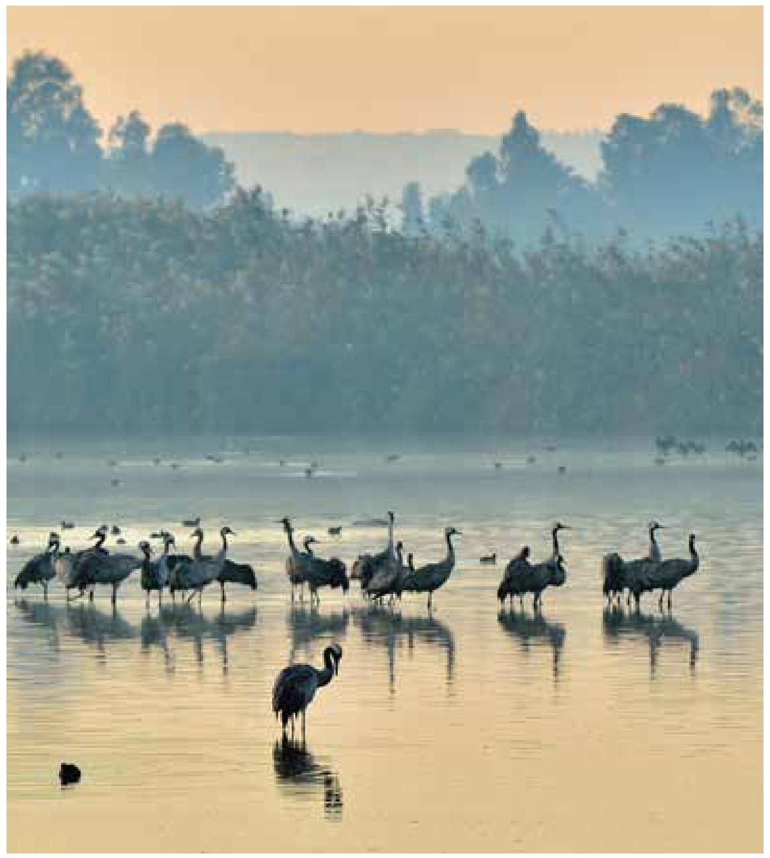
NATURE-BASED SOLUTIONS (NbS) FOR COASTAL PROTECTION

NATURAL CAPITAL

When switching from grey to green coastal protection measures, a wide variety of possibilities exist. Well-known hard engineered grey solutions to protect coastal zones against storms and floods have been the worldwide standard for many years. However, this infrastructure sometimes disrupts natural coastal processes and in a number of cases more sustainable alternatives also meet the required protection levels. Ecosystem-based or nature-based approaches to coastal defence might even be more appropriate. These solutions not only provide protection against storms and rising sea levels, but also add ecological value, improve coastal resilience and increase biodiversity. Hybrid solutions can also combine hard engineered solutions with a more sustainable design type.

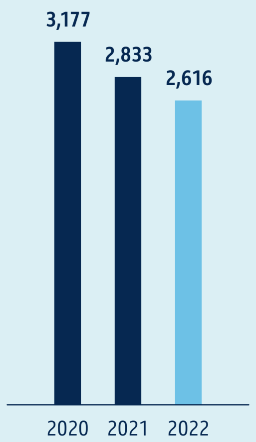
Coastbusters

Innovative field observations with dedicated monitoring setups and the scientifically underpinned data analysis of highly complex ecological and dynamic processes of biogenic reefs reveal essential insights to optimise the nature-based design, engineering and management of the Coastbusters concept. Monitoring records are used to continuously observe, evaluate, maintain and optimise the initial setup design, ultimately leading to a resilient nature-based design. Hence, the current pilot observations serve as a direct lead to a blueprint to further upscale and apply the Coastbusters concept, not only as a coastal protection measure but as an integrated coastal zone management solution in future business applications.



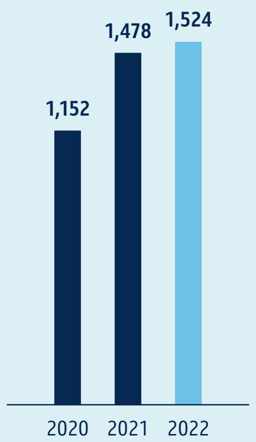
Performance dashboard

ORDERBOOK



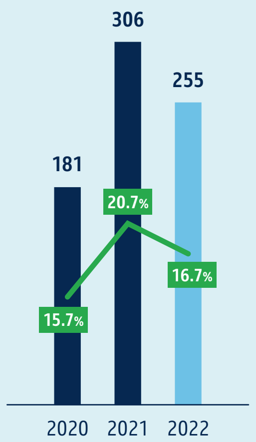
(in million euro)

TURNOVER



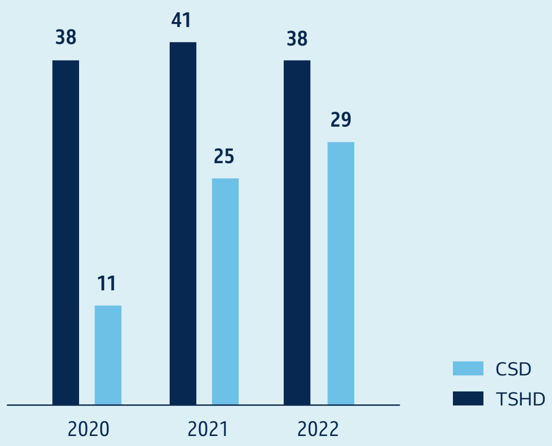
(in million euro)

EBITDA & EBITDA MARGIN



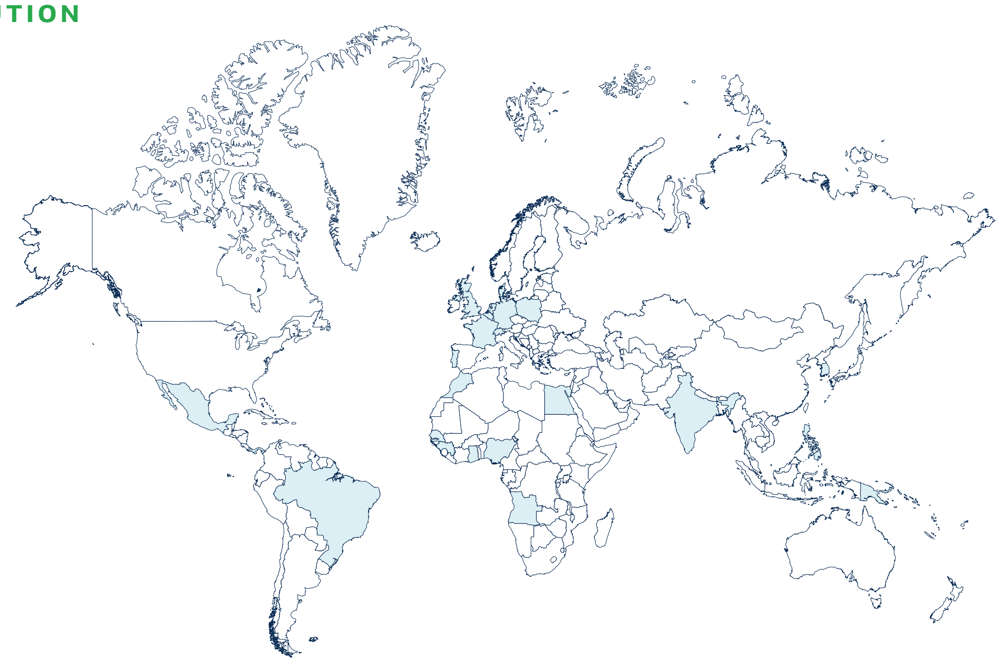
(in million euro)

FLEET UTILISATION RATE



(in weeks)

PROJECT EXECUTION IN 2022



Dredging & Infra (in million euro)	2022	2021	2020	FY22 vs FY21
Orderbook	2,615.7	2,833.3	3,176.5	-8%
Turnover	1,524.3	1,478.3	1,151.6	+3%
EBITDA	254.9	305.8	181.3	-17%
EBITDA margin	*16.7%*	*20.7%*	*15.7%*	
EBIT	44.9	74.0	-12.1	-39%
EBIT margin	*2.9%*	*5.0%*	*-1.1%*	
Fleet utilisation rate – TSHD (weeks)	38.3	41.4	37.5	
Fleet utilisation rate – CSD (weeks)	29.3	25.3	10.5	

Dredging & Infra reported a turnover of 1,524 million euro year-to-date, 3% higher than a year ago. While the orderbook decreased 8%, it is still at a solid level of 2,616 million euro.

In addition to longstanding maintenance dredging contracts in Europe including different ports in Belgium, the segment completed a maintenance project in South Korea. Other noteworthy projects were the successful completion of the modernisation of the Świnoujście-Szczecin fairway in Poland and of the rock dredging works for the Leixões Port expansion project in Portugal.

Large ongoing projects in Infra include the first phase of the Fehmarnbelt Fixed Link project (Denmark), the start-up phase of Port-La Nouvelle (France), as well the Blankenburg project and the New Lock Terneuzen in the Netherlands. In Belgium, DEME is a member of the consortia responsible for two contracts for the prestigious Oosterweel Connexion project, which will complete the Antwerp Ring Road.

The EBITDA margin in the Dredging & Infra segment decreased from 20.7% in 2021 to approximately 16.7%. The results of 2022 were affected by a high number of vessel dockings and overhauls, redeployments of vessels due to the Russia-Ukraine conflict, inflation, consumables and commodity price increases. The EBITDA margin for 2021 benefitted from 15 million euro in liquidated damages for the 'Spartacus'-vessel.

Noteworthy 2022 orderbook additions include a substantial contract for dredging and coastal protection works in Livorno, Italy, the new container terminal port of Gdansk, extension works for the port of Soyo in Angola and contract wins in the Indian subcontinent.

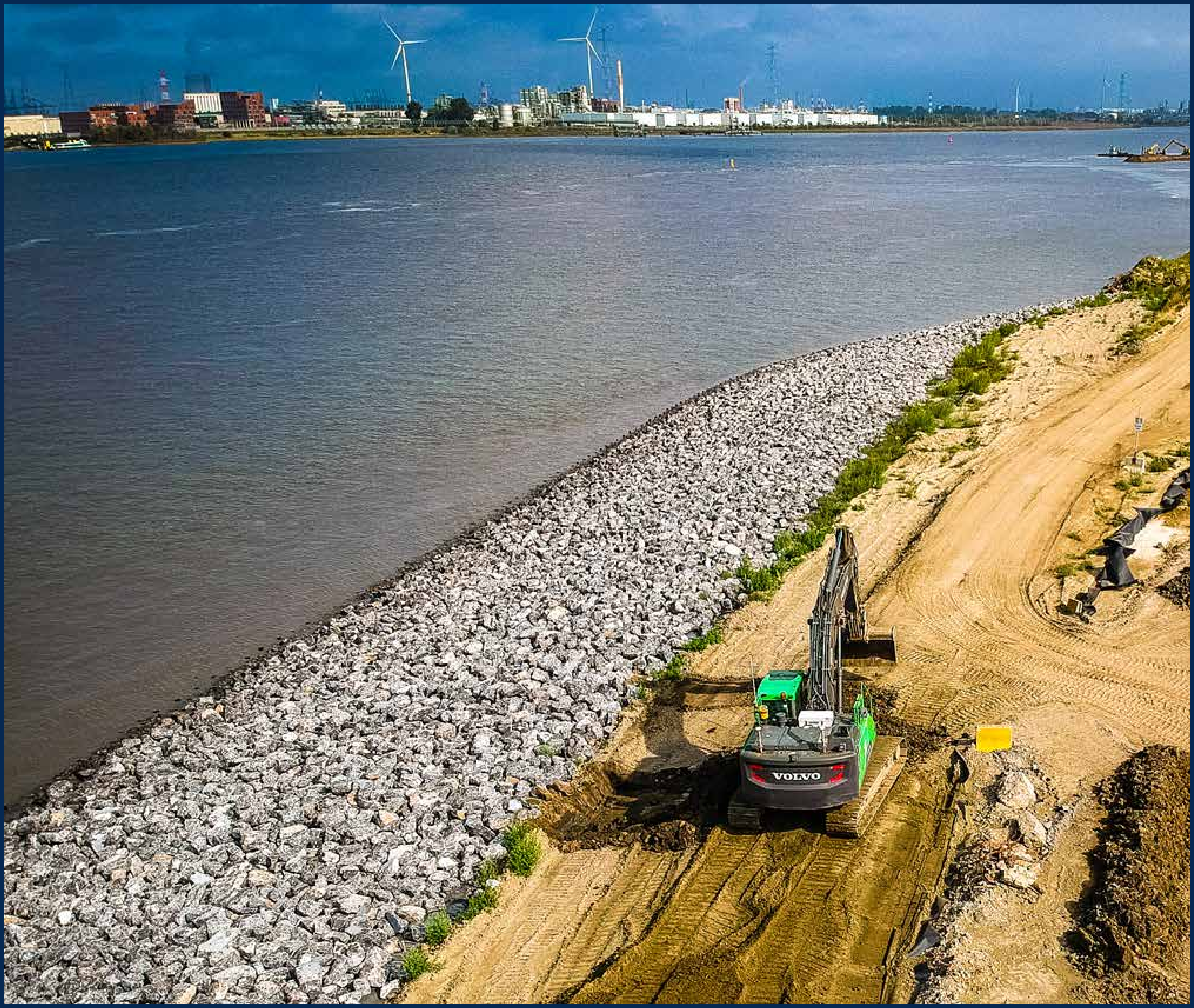
ENVIRONMENTAL

1988
start of environmental activities

2M tonnes
polluted soils and sediments treated in 2022

14
soil and sediment treatment centres

€206M
turnover (2022)



DEME Environmental offers innovative solutions for soil remediation and brownfield development, environmental dredging and sediment treatment, supported by an extensive network of fixed and mobile treatment centres in Belgium, the Netherlands and France. Addressing the problem of polluted soils and rivers for decades, we apply our expertise and knowledge to clean brownfield sites and give them a new life and purpose.

DEME's wide array of soil remediation treatments includes an innovative soil washing technique to deal with PFAS and we are investing in the capacity of our Belgian recycling centres, which enables us to treat 500,000 tonnes per annum.

Additionally, DEME's flood protection services combine tailormade infrastructure and remediation solutions for the rehabilitation of dykes.

Caring for the earth's resources

DEME deeply values and appreciates the earth's resources and, in line with this, one of our core activities is cleaning polluted soils and breathing new life into contaminated sites, giving them a new purpose for the decades to come.

This can even extend to purchasing brownfield sites together with other partners, cleaning and remediating the soils, and then redeveloping them. The DEME Environmental team has turned historically contaminated sites into sustainable business parks, industrial estates, multimodal logistics centres, new city quarters, bird habitats and recreational areas, to give just some examples.

We focus on promoting a sustainable and circular economy and make it our mission to clean and reuse as much dredged or excavated material as possible. Decades of experience enables our experts to tackle the most complex remediation projects. We are a pioneer of new techniques such as evidence-based remediation, whereby each step of the process is carefully monitored and measured before the remediation continues.

As well as our comprehensive soil remediation and brownfield development solutions, DEME provides environmental dredging and sediment treatment services. These include fluvial dredging which has minimal environmental impact. To support these activities, we have an extensive network of fixed and mobile soil and sediment treatment centres in Belgium, the Netherlands and France.

The cleaning and recycling of soils includes our unique hybrid solution to deal with PFAS-polluted soil. This concerns manmade chemicals that are used in household products and are later found in water, air and soil. We jointly developed an innovative soil washing technique to handle this problem material. Our cost-efficient and sustainable technique achieves an impressive cleaning yield of more than 99%. DEME Environmental is proud to be a pioneer here and this further supports our sustainability goals to clean and recycle as much material as possible.

Additionally, DEME Environmental performs extensive flood protection services. We draw on our infra and soil remediation expertise and always have a focus on sustainability. When carrying out dyke reinforcement projects, we clean any polluted soil and then reintroduce it back into the project for example.

Pioneering evidence-based remediation techniques

FORMER FUEL TERMINAL, SCOTLAND

In a highly complex remediation project at a former fuel terminal in Scotland, DEME Environmental is setting new standards as the vast majority of the material will be cleaned and reused in line with the strict standards of the Scottish Environment Protection Agency (SEPA) and our client. This project highlights DEME's focus on promoting a sustainable and circular economy.

DEME was asked to reuse as much of the material as possible and this resulted in an innovative, future-forward solution. SEPA and the local authority are very keen to promote this new approach for remediation projects in Scotland.

In line with our own sustainability goals and those of our clients, there is certainly a growing trend to take this pioneering approach. Very much in contrast to traditional 'dig and dump' methods, DEME Environmental is deploying transparent, evidence-based remediation, whereby each step of the process is tightly controlled, and measurements are performed before taking the next step. Crucially, all of the measurements are reported and audited, facilitating full traceability of the process.

Strict quality control

DEME's environmental experts are performing extensive testing at the former fuel terminal, sampling every 100 m³. During 2022, 5,000 samples have been taken and this represents 20,000 chemical tests and 12,000 reports. To give an example of the strict quality control, each dumper truck is followed through the complete lifecycle of its journey. Each machine operator has a tablet and so far, there have been 30,000 data entries. Eventually, 220,000 m³ of soil has to be excavated.

The Environmental team started setting up on the 40-ha site in May 2021 and spent six months installing the equipment and preparing the surfaces for the construction of three plants (mixing, soil washing and water treatment). The excavation test phase then got underway, whereby the team identifies the polluted soils, washes and treats them. Strict ecological measures are also in place. As the location is situated so close to the River Clyde there is a big tidal range of 2 m - 5 m and when the tide is low, birds flock to the mudflats. Therefore, restricted working times are in place and the team is careful not to disturb the breeding season. The site is also monitored by ecological specialists and has been designated a site of archaeological interest. Work is set to continue in Scotland throughout 2023. On completion, the site will be transformed into an industrial and commercial development and part of the land is also earmarked for a new road. The Environmental team is proud to be solving the problem for our client, whilst doing so in a sustainable, transparent way.

Transparent, evidence-based remediation is deployed, whereby each step of the process is tightly controlled.

Protecting the Netherlands from floods

GORINCHEM-WAARDENBURG

The Netherlands vulnerability to climate change and extreme weather events has led the country to embark on a National Flood Protection Programme, whereby it is investing approximately 1 billion euro a year in protecting its flood defences over the next 15 years. DEME, through its subsidiary de Vries & van de Wiel, is involved in several major projects resulting from this nationwide plan, and one of these is the Gorinchem-Waardenburg (GoWa) dyke reinforcement plan. This is the Flood Protection Programme's highest priority project following emergency dyke reinforcement work which had to take place in 1995 when the dyke was breached.

The new contract type represents a different approach to risk sharing, with contractors involved right from the beginning.

As well as being of national importance, the client Waterschap Rivierenland (WSRL) tendered the 23-km dyke reinforcement project in a completely new contract form in the sector, known as an Alliance. This was awarded to de Vries & Van de Wiel and its joint venture partners in the Waalensemble consortium in 2016.

New contract form

The new contract type represents a different approach to risk sharing, with contractors involved right from the beginning. This allows DEME to show its value as a highly experienced contractor from an early stage. The partners (WSRL and the Waalensemble) of the Alliance work together right from the planning study, and they are responsible for surveys, the design, permitting, expropriation, costing and the construction, and this is all combined into one contract.

The Waalensemble consortium started on site in June 2021, and it hasn't stopped since. There was a high-water event in that summer, but the team managed very well. Safety is an absolute priority, and it helps that the Alliance team has very short decision lines, meaning that potential problems can be solved swiftly.

Safety and sustainability a key focus

There are approximately 400 houses on the 23-km section of the dyke and the residents have been kept informed through bi-monthly meetings and by the consortium's stakeholder managers. Given that at peak times more than 10 cranes and 25 trucks are present, and that people are living on the dyke, safety is the top concern.

Sustainability is also high on the agenda and in line with this, de Vries & van de Wiel has constructed a dedicated pontoon to replace hundreds of truck journeys. As the dyke is being extended out towards the river in some sections it is necessary to reduce the water level, therefore gullies and holes are dug out. The sand, representing some 400,000 m³, from these gullies is dredged and loaded into vessels. These vessels then sail to the discharge pontoon which loads the material onto trucks for further distribution along the dyke. This has the dual purpose of compensating for the water level rise and adding to the dyke reinforcement, while reducing truck movements dramatically.

Zero-emissions equipment

Another important part of dyke reinforcement projects, which is in line with DEME's mission to work in a sustainable way, is the move to work with as much zero-emission equipment as possible. de Vries & van de Wiel has commissioned the conversion of its first electric crane, which is set to be introduced on the project in 2023. The initiative was also awarded a so-called DKTI subsidy for an innovation project related to emission reductions for heavy-duty equipment. Alongside this, the consortium has established the 'Emission-free network infra' (ENI) Foundation. This brings a network of infrastructure experts together with the aim of making it possible to achieve zero-emissions as swiftly as possible. Already this foundation is expecting to hit its zero target in 2026 rather than 2030.

Focus on sustainability

DEME is playing its role in the move towards a circular economy. Within the Environmental segment we are working towards Sustainable Development Goal 12 - responsible consumption and production - which requires the establishment of a circular economy to manage soil, sediments, water and land sustainably, as well as the careful management and (re)use of mineral resources.

The Environmental segment provides sustainable business solutions such as:

— Soil remediation and brownfield development
— Environmental dredging and sediment treatment.

01

SOIL REMEDIATION AND BROWNFIELD DEVELOPMENT

WASTE AND RESOURCE MANAGEMENT

The Environmental segment provides integrated circular solutions for soil remediation and brownfield development:

— 2 million tonnes of polluted soils and sediments were managed and treated at our centres in 2022;
— 549 ha of former brownfield sites are ready for reuse.

Our PFAS hybrid soil washing technique has been developed and is operational at GRC Kallo and can achieve an impressive cleaning yield of more than 99%. Additional investments are being made, together with our industrial partner Mourik, to expand this technique to other treatment centres in Belgium. With the investments, DEME and Mourik will be able to clean up to 500,000 tonnes of PFAS-contaminated soil per year.

02

ENVIRONMENTAL DREDGING AND SEDIMENT TREATMENT

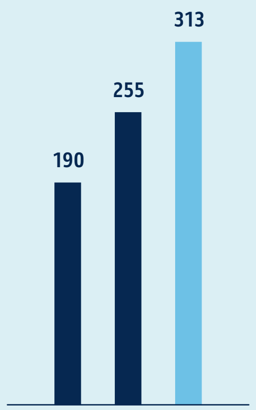
WASTE AND RESOURCE MANAGEMENT

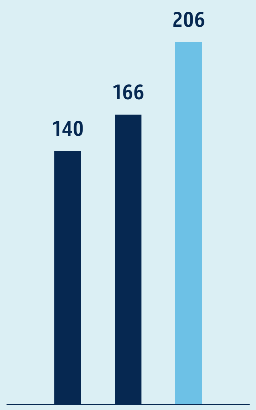
Our advanced environmental dredging techniques enable us to perform precision dredging, meaning that any disturbance of the aquatic environment is kept to an absolute minimum. If the sediment is contaminated our specialised technologies and processes are used to maximise the reuse of the treated polluted soil, sediment and sludges.

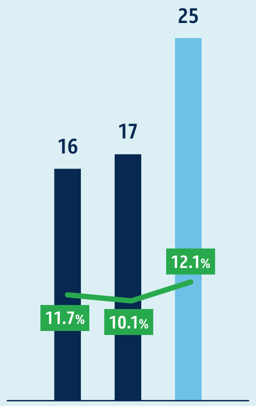
To treat this contaminated soil and sediments, we now have a network of 14 soil treatment and sediment recycling centres at strategic locations in Belgium, the Netherlands and northern France. In addition, we have also designed and built a number of mobile soil washing and recycling systems that can be deployed at any project site worldwide.

We can demonstrate a recovery rate of 84%.

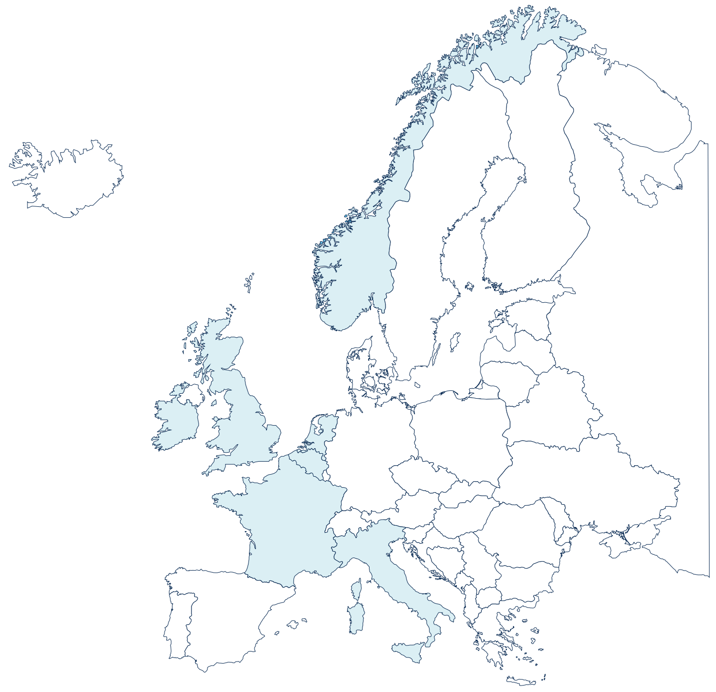
Performance dashboard







PROJECT EXECUTION IN 2022



Environmental (in million euro)	2022	2021	2020	FY22 vs FY21
Orderbook	313.4	255.3	190.1	*+23%*
Turnover	206.3	166.2	140.0	*+24%*
EBITDA	25.0	16.8	16.4	*+48%*
EBITDA margin	*12.1%*	*10.1%*	*11.7%*	
EBIT	16.5	8.8	6.8	+87%
EBIT margin	*8.0%*	*5.3%*	*4.9%*	

The **Environmental segment** continued its steady revenue growth and grew the top line 24% to become a 200 million euro business.

DEME's Environmental team had a very busy year with large-scale projects such as Blue Gate, a huge, historically polluted brownfield site, and a range of complex remediation projects throughout the Benelux, France, Norway and the UK, including both onsite treatment solutions and the deployment of DEME treatment centres.

DEME Environmental is setting new standards on projects where more than 90% of the polluted material is being cleaned and reused. Additionally, DEME has developed an innovative PFAS pollution cleaning method and has recently boosted its capacity by making additional investments in its soil recycling centres.

EBITDA for 2022 was 25 million euro with an EBITDA margin at 12.1%, up from 10.1% a year ago. The improvement in profitability is the result of geographical expansion of its expertise, disciplined project management and continuous investments in people and equipment.

Orderbook for Environmental continued its growth trajectory with new contract wins in Norway, France and follow-on projects in Belgium. As per December 31, 2022 the orderbook stood at 313 million euro, an increase of 23% compared to 255 million euro a year earlier.

CONCESSIONS

€9M
net result from associates in 2022

Global network
to source new project leads and forge successful partnerships

144 MW
beneficial ownership

DEME Concessions oversees our broad-ranging and diverse concessions in offshore wind, marine and port infrastructure, green hydrogen and mineral harvesting.

Established in 2013, DEME Concessions enables the company to develop long-term and lasting partnerships, create regular activities for the Group and generate value and recurrent profit for the shareholders. Activities differ from DEME's contracting work, as it invests in, develops, constructs and operates the concession.

Building on a successful track record in more traditional markets, a few years ago, the strategic decision was taken to also pursue technically challenging and less mature markets in offshore energy as well as in green hydrogen and responsible deep-sea harvesting. This strategy is already yielding some impressive wins such as the 2 GW ScotWind concession.

Accelerating the energy transition in Scotland with 2 GW of offshore wind power generation

DEME Concessions embarked on a new strategy three years ago when it took the courageous decision to also pursue technically challenging and less mature markets. This strategy has seen the team hone in on the most ambitious offshore wind markets in the world today.

The team was absolutely delighted when Thistle Wind Partners (TWP), a consortium including DEME Concessions (Wind) NV, was awarded a colossal 2 GW worth of option lease areas in ScotWind's seabed leasing process, representing 1 GW of bottom-fixed wind and 1 GW of floating wind. Landing these Option Lease Agreements from Crown Estate Scotland represented two years of strenuous effort. These highly prized agreements are particularly rewarding for DEME Concessions as it demonstrates the first fruits of success of its new strategy.

Fixed and floating wind farms

ScotWind also highlights the advantage of what can be achieved when the DEME teams work together. DEME Offshore and DEME Concessions complement each other, can exploit synergies and pool their expertise. Additionally, the UK and Scotland are very much the home of DEME Offshore, which will be responsible for the BOP EPCI contract, and where it has a proven track record of excellence. In Scotland, DEME Offshore successfully constructed the 950 MW Moray East offshore wind farm, so it understands the metocean and seabed conditions well. The Moray East scope comprised a full EPCI contract and DEME Offshore managed a staggering total of 4,500 people in the supply chain from more than 10 countries.

More than doubling offshore wind portfolio

DEME Concessions, as part of its consortium Thistle Wind Partners, was awarded two 1 GW projects, which more than doubles DEME Concessions offshore wind portfolio singlehandedly. Bowdun Offshore Wind Farm is a fixed foundation project 44 km off the coast of Aberdeen, and Ayre Offshore Wind Farm is a floating foundation project 35 km to the east of the Orkneys, which is envisaged to be developed in two phases (2 x 500 MW).

Both of the leasing areas are defined by extremely challenging metocean conditions and some of the harshest conditions in the North Sea, and both are in deep water. The fixed foundation wind farm is situated in water depths of 60-70 m and will require XXL monopiles, and the floating development is in depths of 90-100 m. With more than 80 floating solutions in the market currently, this concession represents an immense technical challenge. A 10-year lease option was awarded separately for both sites.

ScotWind highlights DEME's extensive expertise in the development and construction of offshore wind farms.

Accelerating the energy transition

DEME Concessions and Thistle Wind Partners are proud to be contributing to the acceleration of the energy transition in Scotland. The consortium intends to work hand in hand with the Scottish government, as well as with local communities and businesses. A big advantage of working with DEME Offshore as the Tier 1 contractor is its direct access to local suppliers and the Concessions and DEME Offshore teams will work closely together to further develop the supply chain.

Developing the supply chain

Environmental surveys are well underway. Currently, aerial surveys of the two lease areas are being carried out for two years as part of the Environmental Impact Assessment. The team is collaborating with the National Grid which is identifying the optimum grid connection. Scotland eventually wants to have 27 GW generated by offshore wind power and is taking a holistic approach to the new grid network design.

Local content is a key focus and the team, which has set up its headquarters in Edinburgh, is already participating in a STEM outreach programme at the University of Highlands & Islands as an early-stage investment. Additionally, Thistle Wind Partners is actively engaging in finding the best offtake solutions.

The team sees this major project as a big step in the growth of offshore wind activities within DEME Concessions and a fantastic platform from which to increase its strong position in Scotland and the UK, and indeed - worldwide.

HYPORT® Duqm flagship green hydrogen plant takes shape

As DEME Concessions continues to play a very proactive role in the energy transition, HYPORT® Duqm, its flagship green hydrogen plant in Oman, is taking shape with several key milestones achieved in 2022.

DEME Concessions, the Port of Antwerp International and the Government of Oman have a concession to develop, operate and manage the Port of Duqm. The team were delighted when King Philippe and Queen Mathilde of Belgium attended the official opening of the Port of Duqm in February, and also visited the HYPORT® Duqm project sites.

DEME Concessions decided to make the bold move into the fledgling green hydrogen sector three years ago. Teaming up with OQ Alternative Energy, DEME Concessions kicked off this first HYPORT® development in December 2020 in Oman, naming it HYPORT® Duqm.

Forefront of a new industry

DEME again shows that it is willing to be at the forefront of a new industry. This project is also unique because it encompasses the full value chain, starting with 100% renewable energy, the production of green hydrogen in electrolysers and then the conversion to green ammonia.

DEME's decision to enter the market stems from a conviction that green hydrogen is needed for the world to achieve its decarbonisation objectives. Combining hydrogen and ports led to the HYPORT® concept. Our presence in the Port of Duqm and Oman's strong sun and wind power laid the foundations of HYPORT® Duqm.

HYPORT® also fits in with the EU's REPowerEU strategy announced in 2022, which underscores the increasing demand for renewable hydrogen, in light of securing energy supplies. REPowerEU doubled the EU's target and now aims to achieve 20 million tonnes by 2030, half of which are from imports.

80-ha site for production plant

In 2022, a number of important steps have been accomplished. In June, the HYPORT Coordination Company finalised a second land reservation agreement with the Public Authority for Special Economic Zones and Free Zones (OPAZ). This is for an 80-ha site for establishing the plant to produce green hydrogen and convert it to green ammonia for export.

This production facility will have an electrolysis capacity of around 500 MW. The plant will be fed by approximately 1.3 GW of combined installed capacity from wind turbines and solar panels established in Duqm's renewable energy area, where HYPORT® Duqm has already been allocated an area of 150 km^2. This is an ideal seafront location, with flat land.

Signing ceremony for a second land reservation agreement.

Pictured left to right:

Najla Al Jamali, CEO OQ Alternative Energy, H.E. Dr. Ali bin Masoud Al Sunaidy, Chairman of the Public Authority for Special Economic Zones and Free Zones (OPAZ), Martin D'Uva, Managing Director DEME Concessions, H.E. Eng. Ahmed bin Hassan Al Dheeb, Deputy Chairman of OPAZ.

Technical progress

The team contracted several pre-FEED studies with shortlisted electrolyser suppliers (OEMs) who have been further detailing the systems they can provide, and ammonia licensors, who have been studying the ammonia conversion technology. Negotiations are also continuing for a long-term offtake arrangement of the green ammonia from the Port of Duqm.

The project will comply with regulations in Europe, although these are not by any means fully defined as yet, given that it is such a new industry. For example, there are currently no final definitions from the regulatory bodies about what makes a hydrogen project truly green. Therefore, the company has started the process of acquiring full green certification by initiating its own self-assessment of the project's carbon intensity. However, the team point out that HYPORT® Duqm is a true green project because none of the feedstock has a carbon element, unlike blue hydrogen projects.

By leveraging the existing skills of DEME and the famous entrepreneurial spirit, DEME Concessions is confident that this first HYPORT® project can be replicated elsewhere, with the team evaluating opportunities in other jurisdictions, whilst keeping an eye on the potential use of offshore wind energy in future projects.

Exploring the vast potential of marine minerals taking a step-by-step approach

Careful environmental monitoring is integral to GSR's exploration programme.

Global Sea Mineral Resources (GSR) continues its exploration of metal-rich, polymetallic nodules located on the deep ocean floor. Demand for critical metals is forecasted to increase dramatically in the next few decades due to global population growth, increased urbanisation and the clean energy transition.

Today our world is faced with a climate and biodiversity crises, concurring with a massive increase in global population. Decarbonising a rapidly urbanising planet will require huge amounts of primary metal. This transition will add to the carbon budget and will impact biodiversity. Different solutions have different implications. Society needs to confront this reality so that these metals can be sourced in the most responsible way possible, for the benefit of us all.

DEME's deep-sea exploratory division is taking a cautious, step-by-step approach and working diligently with the scientific community and other stakeholders to study and understand the baseline environment. This includes conducting a rigorous environmental impact assessment, which will enable the development of responsible environmental management and monitoring plans aimed at ensuring the protection of the marine environment, as required by international law.

GSR was awarded a 15-year exploration contract by the International Seabed Authority in 2013, whereby it has exclusive rights to explore a 75,000 km² area within the Clarion Clipperton Zone of the Pacific Ocean. In 2021, the team successfully tested GSR's pre-prototype nodule collector, Patania II, at a depth of 4,500 m, while being independently monitored by an international team of scientists.

Working closely with the scientific community

Since 2018, GSR has been collaborating with the European research project MiningImpact, involving scientists from nearly 30 European institutes, to help understand the environmental effects of collecting mineral resources from the seafloor. Careful environmental monitoring is integral to GSR's exploration programme. A key aim is to ensure the effects of activities are understood and can be accurately predicted and improved upon, in turn leading to the development and implementation of appropriate environmental management strategies.

GSR has pledged that before any deep seabed harvesting occurs, it needs to be clearly demonstrated that these activities can be managed in a way that ensures the effective protection of the marine environment.

Initial Results

Environmental monitoring during and immediately after the 2021 trial showed that 3 to 8 cm of sediment was removed from the seafloor along with the nodules and the initial form of the sediment plume was a low-lying turbidity current. As well as this, the researchers found that 92-98% of the sediment was deposited locally or was in suspension below 2 m altitude. This is the first time a clear picture of these sediment plumes has been established and it addressed some of the misconceptions about nodule harvesting.

In November 2022, scientists from the MiningImpact project returned to the Patania II trial sites to investigate the longer-term environmental effects.

Foundation for a green transition

Separate research into the capacity of the mining sector to meet future metal demand concluded that increased production from existing terrestrial mines will be insufficient to meet the anticipated demand, meaning new mines would need to be opened. These studies and publications are in the context of increasing global recognition that metals will be the foundation for a green transition.

GSR is exploring one option which may deliver these metals with less harm to our planet compared to the status quo. GSR is working with the best scientists and engineers and our understanding of our impact is evolving daily. The latest peer-reviewed science is indicating that these metals can be delivered with 40% less carbon compared to land-based alternatives. Indirect impacts caused by turbidity are expected to be much lower than anticipated.

GSR firmly believes that if deep-seabed minerals can be shown to be one of the more environmentally and socially responsible options for meeting mineral demand, then it is an option that needs to be considered. However, many years of research lie ahead before any conclusions can be drawn and GSR will continue to take a cautious, step-by-step approach to project development and research.

GSR's commitment should be emphasised: if it transpires that polymetallic nodules do not offer a responsible option for sourcing metals, GSR will not proceed with applying for a mining licence.

Focus on sustainability

Similar to DEME Offshore, Concessions is also providing solutions for the global energy transition, acting as a developer of offshore wind farms and port infrastructure, as well as investing in the production, storage and transport of green hydrogen. GSR, the deep-sea exploratory division of the DEME Group, believes it can increase the sustainable supply of materials by responsibly harvesting polymetallic modules from the seabed.

Within the Concessions segment we provide sustainable business solutions such as:
- Developing, financing and operating offshore wind farms through participations
- Production, storage and transport of green hydrogen
- Responsible deep-sea mineral harvesting.

01

DEVELOPING, FINANCING AND OPERATING OFFSHORE WIND FARMS THROUGH PARTICIPATIONS

CLIMATE AND ENERGY

DEME is a leading pioneer of the offshore wind industry and has been active in the sector for more than two decades. This includes the successful development of C-Power, a 325 MW offshore wind farm in Belgium, constructed in 2007. Since then, DEME Concessions Wind and its partners have brought more than 1.5 GW of offshore wind capacity online in Europe.

02

PRODUCTION, STORAGE AND TRANSPORT OF GREEN HYDROGEN

CLIMATE AND ENERGY

In order to facilitate the energy transition and drive the world's decarbonisation objectives, DEME is investing in production facilities for green hydrogen.

DEME has joined various multistakeholder partnerships to drive green hydrogen solutions forward, both locally and internationally:
- The Hydrogen Import Coalition - a collaboration between DEME, ENGIE, Exmar, Fluxys, Port of Antwerp-Bruges and WaterstofNet;
- Hyve – a consortium between DEME, Bekaert, Colruyt Group, John Cockerill and the Flemish research centres imec and VITO (both partners in EnergyVille);
- Further international cooperation via commitments to the European Clean Hydrogen Alliance and the MENA Hydrogen Alliance.

03

RESPONSIBLE DEEP-SEA MINERAL HARVESTING

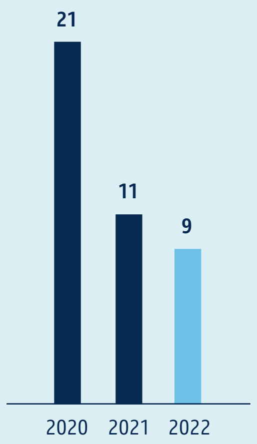
WASTE AND RESOURCE MANAGEMENT

In order to cope with the increasing demand for primary metals there is a need to increase the sustainable supply of materials. Global Sea Mineral Resources (GSR), a signatory of the UN Global Compact, believes that the responsible collection and management of polymetallic nodules could become an important source of critical minerals. However, GSR has pledged that before any deep-sea mineral harvesting occurs, it needs to be clearly demonstrated that these activities can be managed in a way that ensures the effective protection of the marine environment.

GSR is working closely together with the scientific community. This includes working with Ghent University on the environmental baseline studies and on the life cycle assessment of metal commodities obtained from deep-sea polymetallic nodules. This resulted in a peer-reviewed publication showing a 38% reduction in the carbon footprint when compared to terrestrial sources. In 2021, GSR organised the world's first – independently monitored – prototype test of a collector vehicle. From these tests, Massachusetts Institute of Technology and Scripps Institution of Oceanography published a peer-reviewed paper concluding that the majority of the turbidity remains below 2 m and settles locally.

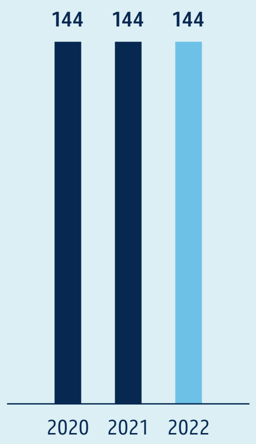
Performance dashboard

NET RESULT FROM ASSOCIATES



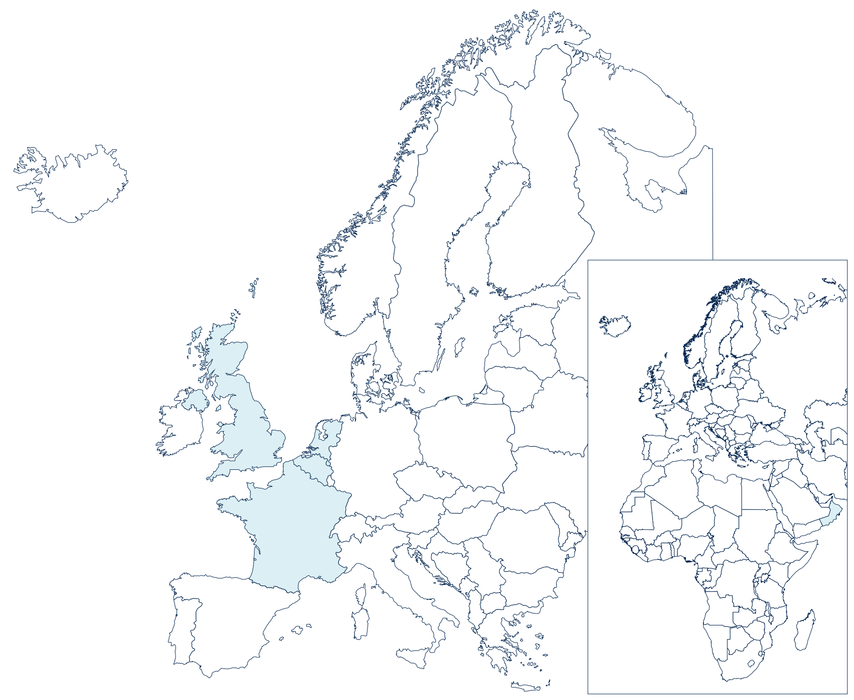
(in million euro)

BENEFICIAL OWNERSHIP



(in MW)

PROJECT EXECUTION IN 2022



Concessions (in million euro)	2022	2021	2020	FY22 vs FY21
Net result from associates	9.3	11.1	21.3	*-16%*

DEME Concessions oversees DEME's development activities in offshore wind, marine infrastructure, green hydrogen and mineral harvesting. In 2022 the associates of the concession activity delivered a net result of 9.3 million euro compared to 11.1 million euro a year ago, mainly due to slightly lower wind in the offshore concessions.

The segment has economic ownership of 144 MW of wind energy from offshore concessions in operation, generating stable recurring income, while building a pipeline that already includes more than 2 GW in Scotland.

For dredging & infrastructure, the Concessions segment continued its focus on operating and expanding Port of Duqm (Oman) and on advancing construction of the Blankenburg Connection (The Netherlands) and Port-La Nouvelle (France) projects. The latter is a 40 year port concession awarded in 2021 which will undertake a major redevelopment of the port, including the creation of a strategic hub for the offshore wind industry. DEME continues to explore new opportunities for ports and other concessions, mainly in Europe and Latin America.

The Concessions segment continued to advance its long-term green hydrogen development initiatives including DEME's HYPORT® concept in Oman, DEME's flagship production site encompassing the full value chain from 100% renewable energy to the production of hydrogen in electrolysers and then to the conversion to green ammonia. In addition, DEME Concessions is participating in the HYVE consortium which aims to provide cost-efficient and sustainable technology to produce green hydrogen.

The Concessions segment also continued to work on the Global Sea Mineral Resources (GSR) initiative, which is helping to tackle the scarcity of our planet's resources and is continuing its research into the possibility of collecting metal-rich, polymetallic nodules from the deep ocean floor. More recently, in February 2023, the segment announced a strategic cooperation with Transocean Ltd. (NYSE: RIG) whereby Transocean contributes an ultra-deepwater drilling vessel and a cash investment.

CHAPTER

04

CORPORATE GOVERNANCE AND RISK

> DEME Environmental strives for an innovative and sustainable approach to environmental issues. This creates an inspiring and motivating work environment of like-minded people, which is a joy to be part of.

ROBIN HERWEYERS | **TENDER ENGINEER**

Corporate governance

Declaration regarding the information given in the Integrated Annual Report 2022

Pursuant to the Royal Decree of November 14, 2007, on the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market, DEME Group NV is required to publish its annual financial report.

This report contains:
— the combined statutory and consolidated annual report of the Board of Directors prepared in accordance with Article 3:32, last paragraph of the Code of Companies and Associations,
— a condensed version of the statutory annual accounts prepared in accordance with Article 3:17 of the Code of Companies and Associations, and
— the full version of the consolidated annual accounts.

The full version of the statutory annual accounts is being deposited with the National Bank of Belgium, pursuant to Articles 3:10 and 3:12 of the Code of Companies and Associations, together with the annual report of the Board of Directors and the audit report. For the auditor's approval regarding the statutory and consolidated annual accounts we refer to the assurance report in Chapter 7 of this Annual report.

In accordance with Article 12, §2, 3° of the Royal Decree of November 14, 2007, L. Vandenbulcke (CEO) and E. Verbraecken (CFO) declare that, to their knowledge:
— the consolidated financial accounts contained in this report, which have been prepared in accordance with the applicable standards for annual accounts, give a true and fair view of the assets, financial situation and the results of DEME Group NV and the companies included in the consolidation;
— the consolidated financial accounts give a true overview of the development and the results of the company and of the position of DEME Group NV and the companies included in the consolidation, as well as a description of the main risks and uncertainties with which they are confronted.

The annual report, the full versions of the statutory and consolidated annual acccounts, as well as the audit reports regarding said annual accounts are available on the website (www.deme-group.com) and may be obtained upon simple request, without charge, at the following address:

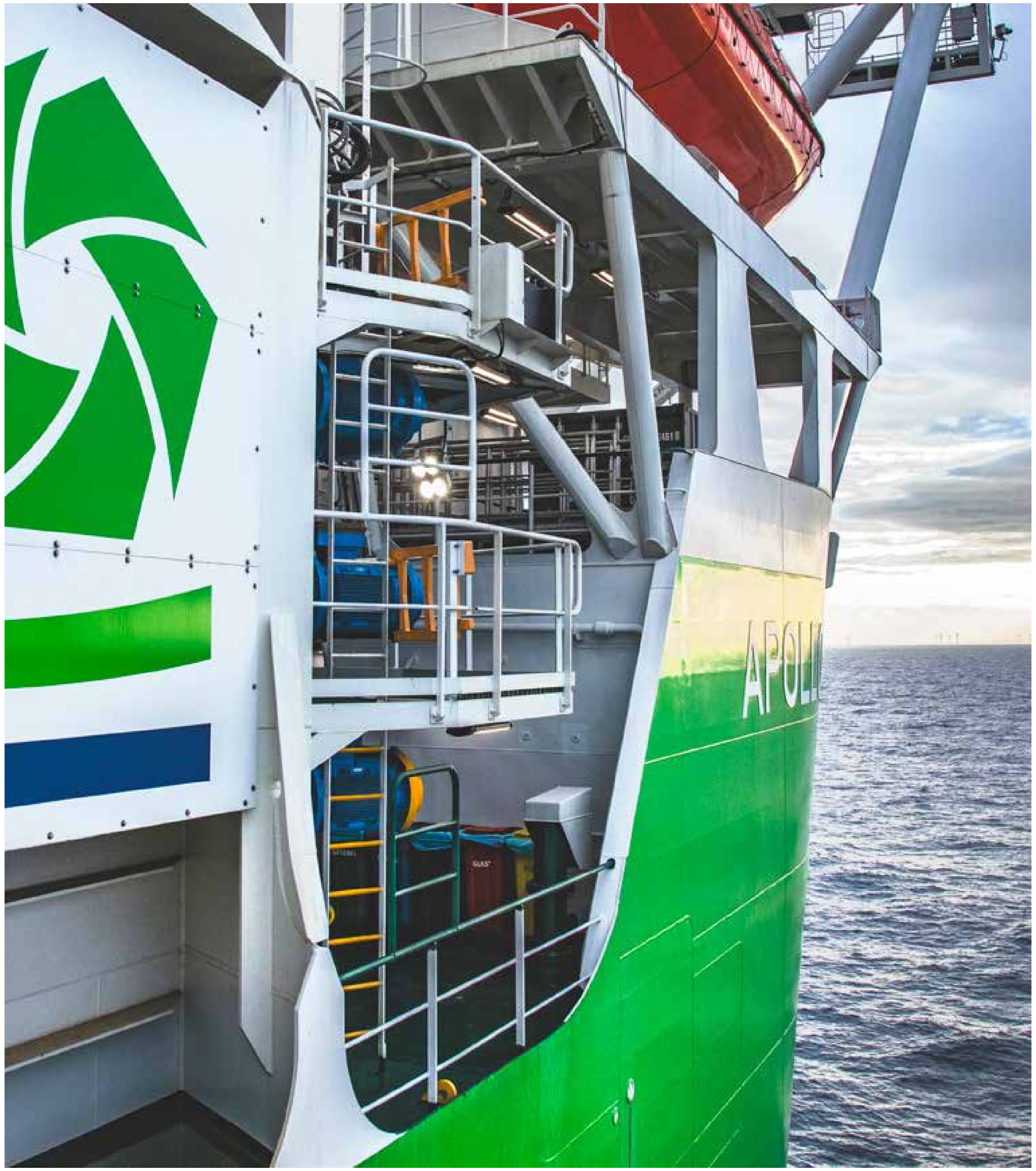
Scheldedijk 30
2070 Zwijndrecht - Belgium
Tel. +32 3 250 52 11
investor.relations@deme-group.com

Corporate governance statement

DEME Group NV applies the Belgian Corporate Governance Code (the 'Code') as its reference code. The Code can be consulted on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be) and is based on a 'comply or explain' approach. The Committee published a third version of the Code on May 9, 2019, which replaces that of March 12, 2009 and became effective as of January 1, 2020.

On June 29, 2022, the Board of Directors adopted the first Corporate Governance Charter (the 'Charter'). The Charter has not been amended since. The Charter is available in two languages (Dutch and English) on the company website (www.deme-group.com/governance).

This chapter ('Corporate governance statement') contains the information referred to in Articles 3:6, §2 and 3:32, §1, second paragraph, 7° of the Code of Companies and Associations. In accordance with the Code, this chapter specifically focuses on factual information involving corporate governance matters and explains any derogations from certain provisions of the Code during the past financial year in accordance with the principle of 'comply or explain'. DEME Group NV's governance structure is one-tier, operating pursuant to the Company's articles of association and the Charter.



Corporate structure

Board of Directors

COMPOSITION

		Expiry date of term of office at end of annual general meeting held in
Chairman	Luc Bertrand	2026
Directors	John-Eric Bertrand	2026
	Luc Vandenbulcke	2026
	Tom Bamelis	2026
	Piet Dejonghe	2026
	Koen Janssen	2026
	Christian Labeyrie	2026
	Leen Geirnaerdt [1]	2026
	Kerstin Konradsson [1]	2026
Company Secretary	Sofie Verlinden	

[1] meets the independence criteria for independent directors of article 3.5 of the Code

LUC BERTRAND

(° 1951, Belgian)

Chairman of the Board of Directors
Non-executive Director

Is a non-executive Director of the Board of Directors of DEME Group NV since June 29, 2022. Luc Bertrand graduated in 1974 as a commercial engineer (KU Leuven). He began his career at Bankers Trust, as Vice-President and Regional Sales Manager, Northern Europe. He has been with Ackermans & van Haaren as a director since 1985, where he joined as financial director in 1986 and was chairman of the Executive Committee from 1990 to 2016. He is chairman of the board of directors of Ackermans & van Haaren, CFE and SIPEF (prior to the partial demerger, he was also chairman of the board of directors of DEME NV) and a director of Delen Private Bank, JM Finn, Bank J. Van Breda & C° and Verdant Bioscience. He is also chairman of the Duve Institute and Middelheim Promoters, member of a number of other boards of directors of non-profit associations and public institutions, such as Museum Mayer van den Bergh and Europalia and member of the board of trustees of Guberna.

LUC VANDENBULCKE

(° 1971, Belgian)

CEO
Executive Director

Is an executive Director of the Board of Directors of DEME Group NV since June 29, 2022. Luc Vandenbulcke graduated as a Civil Engineer in 1994 at the Catholic University of Leuven. In 1996, he obtained a Master after Master as a Maritime Engineer at the Polytechnic University of Catalonia in Barcelona, Spain. He started his career in 1998 as a Project Engineer for Hydro Soil Services, part of DEME. In subsequent positions, Luc Vandenbulcke has worked on projects in various European countries. He is the founder and was the CEO of GeoSea NV (currently known as DEME Offshore Holding NV), a fast-growing entity within the DEME Group which is a pioneer in the construction of offshore wind farms.

On January 1, 2019, Luc Vandenbulcke became CEO of DEME NV.

JOHN-ERIC BERTRAND

(° 1977, Belgian)

Non-executive Director

Is a non-executive Director of the Board of Directors of DEME Group NV since June 29, 2022. He is a co-CEO of Ackermans & van Haaren. Following his studies as a commercial engineer (UCL – 2002), John-Eric Bertrand obtained a master's degree in international management (CEMS – 2002) and an MBA (INSEAD – 2006). He worked at Roland Berger as senior consultant and at Deloitte as senior auditor and joined Ackermans & van Haaren as investment manager in 2008. He is member of the Board of Directors of Sagar Cements, Venturi Partners, Telemond Group, Agidens among others.

TOM BAMELIS

(° 1966, Belgian)

Non-executive Director

Is a non-executive Director of the Board of Directors of DEME Group NV since June 29, 2022 and a member of the Executive Committee and CFO of Ackermans & van Haaren. After completing his studies as a commercial engineer (KU Leuven – 1988), Tom Bamelis also obtained a master's degree in financial management (VLEKHO -1991). He joined Touche Ross (now Deloitte) and later Groupe Bruxelles Lambert. He joined Ackermans & van Haaren in 1999. He is member of the Board of Directors of Delen Private Bank, SIPEF, Turbo's Hoet Group, Van Moer Logistics and EMG among others.

PIET DEJONGHE

(° 1966, Belgian)

Non-executive Director

Is a non-executive Director of the Board of Directors of DEME Group NV since June 29, 2022. He is a co-CEO of Ackermans & van Haaren. After studying law (KU Leuven - 1989), Piet Dejonghe obtained a postgraduate degree in management (KU Leuven – 1990) and an MBA (INSEAD – 1993). He worked as a lawyer for Loeff Claeys Verbeke (now Allen & Overy) and as a consultant for Boston Consulting Group. He joined Ackermans & van Haaren as investment manager in 1995. He is a member of the Board of Directors of CFE, Delen Private Bank, Bank J. Van Breda & C° and Nextensa among others.

KOEN JANSSEN

(° 1966, Belgian)

Non-executive Director

Is a non-executive Director of the Board of Directors of DEME Group NV since June 29, 2022. He is a member of the Executive Committee of Ackermans & van Haaren. After his studies as a civil engineer (KU Leuven, 1993), Koen Janssen also obtained an MBA (IEFSI, France 1994). He worked at Recticel, ING Investment Banking and ING Private Equity, before joining Ackermans & van Haaren as investment manager in 2001. He is a member of the Board of Directors of CFE, Green Offshore, Rent-A-Port and Biolectric among others.

CHRISTIAN LABEYRIE

(° 1956, French)

Non-executive Director

Is a non-executive Director of the Board of Directors of DEME Group NV since 29 June 2022. Christian Labeyrie is Executive Vice-President and Chief Financial Officer of the VINCI Group, and a member of its Executive Committee. Before joining VINCI in 1990, he held various positions in the Rhône-Poulenc and Schlumberger groups. He began his career in the banking industry. Christian Labeyrie is a graduate of HEC, the Escuela Superior de Administración de Empresas (Barcelona) and McGill University (Canada), and holds a DECS diploma (advanced accounting degree). He is a Chevalier of the Légion d'Honneur and a Chevalier of the Ordre National du Mérite. Mandates held: a. Listed companies: - member of the Executive Committee of the VINCI Group b. Non-listed companies: member of the supervisory board of VINCI Deutschland – director of Arcour – director of Consortium Stade de France – director of VFI – director of SMABTP – member of the Executive Committee of Lima Expesa (Limex) – director of COBRA Servicios - director of Renewable Projects Manegement Ventures S.I. – manager of SCCV CESAIRE-LES GROUES – manager of SCCV HEBERT-LES GROUES – permanent representative of VINCI Innovation on the Board of Directors of ASF.

LEEN GEIRNAERDT

representing Pas de Mots BV

(° 1974, Belgian)

Independent Director

Is an independent Director of the Board of Directors of DEME Group NV since 30 June 2022. After studying applied economic science at Antwerp University, Leen Geirnaerdt began her professional career at PricewaterhouseCoopers (PwC), where she worked for six years in auditing. She then moved on to Solvus Resource Group, a Belgian listed company where she held the position of corporate controller. After Solvus Resource Group was taken over by the Dutch listed company USG People NV, Leen Geirnaerdt was appointed director of the Belgian Shared Services Center, and subsequently in 2010 as Chief Financial Officer in the Netherlands. Following the takeover by the Japanese group Recruit, she was appointed global CFO of Recruit Global Staffing in 2016. From May 2019 until November 2021, Leen Geirnaerdt was CFO of Bpost. She was also director, chair of the risk committee and member of the audit committee of Bpost bank from March 2020 until November 2021. Leen Geirnaerdt is currently a member of the Board of Directors of H.Essers.

KERSTIN KONRADSSON

(° 1967, Swedish)

Independent Director

Is an independent Director of the Board of Directors of DEME Group NV since June 30, 2022. Kerstin Konradsson holds a Master in Metallurgy from the Royal Institute of Technology, where she graduated in 1991. She started her career at SSAB AB, a Swedish listed steel company where she held various management positions before she moved on to Åkers AB as President Åkers Cast Rolls Europe & Asia in 2007. In 2012 she became President for Boliden Smelters, a Swedish producer of base metals. She has served a board member and member of the audit committee of the privately owned Swedish metal powder producer Höganäs AB and is since 2021 an independent board member of Sibelco NV and since 2022, a board member of the Swedish stainless special steel producer Alleima AB. In both Sibelco and Alleima AB, she is a member of the remuneration committee and in Sibelco also chair of the sustainability committee.

CHANGES TO THE COMPOSITION

All of the current Directors have been nominated as from the date of incorporation of DEME Group NV at the occasion of the extraordinary shareholders meeting of June 29, 2022. However, the mandates of the two independent Directors only became effective as of the listing of DEME Group NV on Euronext Brussels, i.e. on June 30, 2022.

CODE OF CONDUCT REGARDING CONFLICTS OF INTEREST

In the Charter (Articles 2.12 and 4.8), the Board of Directors published its policy regarding transactions between DEME Group NV or a company affiliated to it on the one hand, and members of the Board of Directors or Executive Committee (or their close relatives) on the other, which may give rise to a conflict of interest (within the meaning of the Code of Companies and Associations or otherwise). In 2022, no decision had to be made to which this policy applied.

CODE OF CONDUCT REGARDING FINANCIAL TRANSACTIONS

The Board of Directors published its policy on the prevention of market abuse in the Charter (Section 7.3). The Charter is aligned with Regulation (EU) no. 596/2014 of the European Parliament and of the Council dated April 16, 2014, on market abuse and repealing Directive 2003/6/ EC of the European Parliament and of the Council and Commission Directives 2003/124/ EC, 2003/125/EC and 2004/72/EC.

ACTIVITY REPORT

MEETINGS **5**

ATTENDANCE **93%**

Since DEME's incorporation on June 29, 2022, the Board of Directors convened five times. The Board of Directors considered all major issues concerning DEME Group. In particular, the Board of Directors:

- reviewed matters that were presented at risk committee meetings;
- monitored the evolution of the safety indicators;
- discussed and regularly updated the budget for the current financial year;
- monitored the results and activities of the DEME Group on the basis of reports prepared by the Executive Committee;
- examined the off-balance-sheet commitments and discussed the recommendations of its advisory committees.

The Board of Directors, in close concert with the Executive Committee, also reflected on the segments' strategies for the short to mid-term, and discussed and decided upon the growth initiatives for DEME Group.

In accordance with Article 2 .10 of the Charter, assessment procedures are carried out periodically within the Board of Directors . These assessments take place on the initiative and under the supervision of the chairman.

For the sake of completeness, it should be mentioned that the members of the Executive Committee, as well as the Chief Operating Officer and the Chief Legal Officer attend the meetings of the Board of Directors.

	Attendance [1]
Luc Bertrand	5
John-Eric Bertrand	5
Luc Vandenbulcke	5
Tom Bamelis	5
Piet Dejonghe	5
Koen Janssen	5
Christian Labeyrie	5
Leen Geirnaerdt	3
Kerstin Konradsson	2

[1] For remuneration purposes, the meeting of the Board of Directors held on the date of the incorporation of DEME Group NV was not taken into account, leading to a total of 4 meetings.

Executive Committee

COMPOSITION

CEO	Luc Vandenbulcke	Executive Director
Other members	Hugo Bouvy	Managing Director – Offshore Energy
	Eric Tancré	Managing Director – Dredging / Managing Director – Infra
	Els Verbraecken	Chief Financial Officer

LUC VANDENBULCKE

(º 1971, Belgian)
CEO
Executive Director

Luc Vandenbulcke graduated as a Civil Engineer in 1994 from the Catholic University of Leuven. In 1996 he obtained a Master after Master as a Maritime Engineer at the Polytechnic University of Catalonia in Barcelona, Spain. He started his career in 1998 as a Project Engineer for Hydro Soil Services, part of DEME. In subsequent positions, Luc Vandenbulcke has worked on projects in various European countries. He is the founder and was the CEO of GeoSea NV (currently known as DEME Offshore Holding NV), a fast-growing entity within the DEME Group which is a pioneer in the construction of offshore wind farms. On January 1, 2019, Luc Vandenbulcke became CEO of DEME NV. Since its incorporation on June 29, 2022, Luc Vandenbulcke became a member of the Executive Committee of DEME Group NV when it was incorporated on June 29, 2022.

ERIC TANCRÉ

(º1960, Belgian)
Managing Director – Dredging
Managing Director – Infra

Eric Tancré graduated magna cum laude as a Civil Engineer in 1983 from the Catholic University of Louvain (U.C.L.). He was briefly an assistant professor at the same university before joining FRANKI SA. In 1993 he started working for DEME, for the subsidiary Ecoterres SA as Operations Manager. In 2000 he became Area Manager of Northern European countries for Dredging International NV where he had commercial and operational responsibilities. In 2006, he became a member of the DEME Management Team and in 2018, he was appointed as Area Director of Europe as well as General Manager of the Infra Marine activities within DEME. A year later, he became a member of the Executive Committee of DEME NV. Since its incorporation on June 29, 2022, Eric Tancré became a member of the Executive Committee of DEME Group NV when it was incorporated on June 29, 2022.

HUGO BOUVY

(º1970, Dutch)
Managing Director – Offshore energy

Hugo Bouvy graduated as a Civil Engineer at the Technical University of Delft, where he also obtained a degree in Offshore Engineering. He began his career as an Installation and Project Engineer at various locations in the Gulf of Mexico. Hugo Bouvy was Area Manager for the DEME dredging activity line in the Indian subcontinent and in the Middle East. In 2011, he became a member of the DEME Management Team and a director of several entities within DEME. Since 2019, he is a member of the Executive Committee of DEME NV. Since its incorporation on June 29, 2022, Hugo Bouvy became a member of the Executive Committee of DEME Group NV when it was incorporated on June 29, 2022.

ELS VERBRAECKEN

(º1970, Belgian)
CFO

Els Verbraecken obtained her degree in Commercial Engineering at the Catholic University of Leuven in 1993 where she specialised in international business. After her studies, she was an assistant at the Institute of European Policy. At Credendo, the Belgian export credit agency, she specialised in political and commercial risk analysis and management. She also developed financial networks in Central and Eastern Europe. After using these skills within the Seghers Better Technology group for about one year, she became Project Finance Manager for DEME in 2001. She has not only been managing project risks, but also been drawing up financial plans and financing structures for the many global projects of the DEME Group. She has been CFO of the DEME Group since 2013 and in 2019, she became a member of the Executive Committee of DEME NV. Since its incorporation on June 29, 2022, Els Verbraecken became a member of the Executive Committee of DEME Group NV when it was incorporated on June 29, 2022.

CHANGES TO THE EXECUTIVE COMMITTEE

Each of the members of the Executive Committee was nominated by the Board of Directors on June 29, 2022, i.e. the date of incorporation of the Company. Philip Hermans, who was also appointed on June 29, 2022, has resigned from the Executive Committee as per January 1, 2023.

ACTIVITY REPORT

The Executive Committee operates as an advisory committee (separate to the Board of Directors). It is responsible for discussing the general management of the Company and assists the CEO in the exercise of his powers.

The Executive Committee typically meets 2 times per month.

In its duty to steer the strategy and the day-to-day management of the company, DEME's Executive Committee is supported by the Management Team of DEME. The Management Team is set to meet 7 times per year. Please find below the members of DEME's Management Team on March 30, 2023.

Management Team

CEO	Luc Vandenbulcke	Executive Director
Other members	Wouter Borghijs	General Manager Offshore Energy
	Steven Bouckaert	General Manager Concessions
	Hugo Bouvy	Managing Director Offshore Energy
	Hans Casier	Chief Human Resources Officer
	Dirk Defloor	Area Director Benelux
	Bart De Poorter	General Manager Offshore Energy
	Martin D'Uva	Managing Director Concessions
	Christopher Iwens	Managing Director Dredging
	Amedeo Peyron	Area Director Middle East
	Dirk Poppe	Area Director Asia Pacific, Managing Director Environmental
	Steven Poppe	Area Director Africa & Americas
	Ronny Simons	General Manager Infra
	Eric Tancré	Managing Director Dredging, Managing Director Infra
	Koen Vanderbeke	Strategic Operations Director
	Kristof Van Loon	General Manager Concessions
	Bart Verboomen	Managing Director Technical Department
	Els Verbraecken	Chief Financial Officer
	Sofie Verlinden	Chief Legal Officer

Audit Committee

COMPOSITION

Chairman	Tom Bamelis	Non-executive Director
	Leen Geirnaerdt	Independent Director
	Christian Labeyrie	Non-executive Director
	Koen Janssen	Non-executive Director

Tom Bamelis and Leen Geirnaerdt have the necessary accounting and audit expertise as shown in their biographies in the Corporate Structure – Board of Directors description.

ACTIVITY REPORT

MEETINGS[2]
4

ATTENDANCE
81%

[2] Meetings of the Audit Committee since DEME Group's incorporation on June 29, 2022.

	Attendance
Tom Bamelis	4
Koen Janssen	4
Christian Labeyrie	3
Leen Geirnaerdt	2

As of the listing of DEME Group NV on Euronext Brussels on June 30, 2022, the Audit Committee met 4 times in 2022.

The Audit Committee extensively reported the outcome of each meeting to the Board of Directors.

The CFO and the Group Finance Managers attended all regular meetings. Depending on the agenda and when appropriate other representatives of DEME participated to the meetings, including members of DEME's Management Team, the Group's internal auditor, the Group's investor relations as well as the Group's external auditor EY. In advance of the Audit Committee meeting, the members of the committee received the available and respective financial reports.

The overview below indicates a number of matters that were reviewed and/or discussed in Audit Committee meetings throughout 2022 and since the separate listing:

- The reporting process and the analysis of the half-yearly financial statements as well as the third quarter trading update.
- Matters relating to accounting policies, financial risks and compliance with accounting standards. Compliance with statutory and legal requirements and regulations, particularly in the financial domain, was also reviewed. Important findings, DEME's major areas of risk, follow-up actions and appropriate measures were examined thoroughly.
- Quarterly review of critical accounting judgements and uncertainties, including impact of the macro-economic environment.
- The Committee monitored potential impairment indicators, reviewed the impairment tests performed, financial impact of strategic investments and risk management.
- With regard to the internal audit, the Committee reviewed and approved the Internal Audit Charter, audit plan, audit scope, as well as the staffing, independence and organisational structure of the internal audit function. Additionally, the adequacy and appropriateness of internal control policies and internal audit programs and their findings were discussed.
- With regard to the external audit, the Committee reviewed the proposed audit scope, approach and fees, the independence of the external auditor and non-audit services provided by the external auditor in conformity with DEME's non-audit fee policy.
- The Committee reviewed the report from the external auditor in which the auditor set forth its findings and attention points during the relevant period. The Committee assessed the overall performance of the internal and external auditor. The Committee also reviewed and confirmed its Audit Committee schedule.

Remuneration Committee

COMPOSITION

Chairman	Luc Bertrand	Non-executive Director
	Leen Geirnaerdt	Independent Director
	Kerstin Konradsson	Independent Director

During 2022, beyond initial sharing of information, no separate, formal activities or meetings of the Remuneration Committee have been scheduled with first meetings planned for February and March 2023 and more throughout the year.

Nomination Committee

As mentioned in DEME's Corporate Governance Charter, the role of the Nomination Committee was assumed by DEME's Board of Directors. Since the listing of DEME Group NV on Euronext Brussels, i.e. on June 30, 2022 and aside from the changes in composition mentioned in this chapter, no major discussion points are to be reported within this domain.

Diversity policy

DEME Group is convinced of the positive influence of diversity-based human resources and employment policies and practices. As a result thereof, DEME Group sees the attraction, development and career counselling of talented staff as a priority. The composition of our Board of Directors and Executive Committee also reflects our diversity policy in terms of professional background, skills and gender.

With regard to the composition of the Executive Committee (see Charter, paragraph 4.2), the Board of Directors must also ensure that the members have diverse professional backgrounds with complementary skills. It is the aim of the Board of Directors that the long-term vision of the DEME Group is supported by executives who actively promote the values of the company and, in this sense, contribute to value creation. This translates, among other aspects, into a preference for providing talented staff members with career development opportunities within the DEME Group. All members of the Executive Committee have been appointed from within the DEME Group based on their personal merits.

Finally, DEME has ongoing investments in training, development, career counselling and the retention of staff members. This is done through a combination of broadening and deepening knowledge through training programs, seminars and workshops, career perspectives within the DEME Group, and through a market-compliant and competitive remuneration policy.

For further information regarding the personnel policy, reference is made to the Sustainability Report.

Comply or Explain

The Charter of DEME Group NV complies with the provisions of the Code (as it applied in 2022) in all but the below points:

- **Provision 3.4** of the Code requiring that at least three Directors should qualify as independent according to the criteria described in the Code. The Company has not yet found and is still in the process of looking for the appropriate candidate to fill in this third mandate of Independent Director.
- **Provision 4.19** of the Code, requiring the Board of Directors to set up a nomination committee with the majority of its members comprising independent non-executive board members as the Board of Directors as a whole performs the function of the nomination committee at DEME Group NV.
- **Provision 5.2** of the Code, requiring that the nomination committee should lead the nomination process and recommend suitable candidates to the Board of Directors. Given the importance of (re)appointment processes for the Company, the Board of Directors currently deems it appropriate to fulfil the role of the nomination committee itself and in this way, as a collegiate body, to lead such processes and to be fully involved in the preparation of any recommendations or proposals in this regard.

Annual General Meeting

The annual general meeting (AGM) is held on the third Wednesday of May at 2 pm.
The Company will hold its first AGM after its listing on Wednesday May 17, 2023.
Shareholders can normally attend the meeting in person, submit written voting instructions or vote by proxy.

DEME share

DEME Group NV (the "Company"), is listed on Euronext Brussels, with an outstanding share capital and number of shares of the Company at December 31, 2022 as follows:

Share capital (in euro)	33,193,861.28
Total number of securities carrying voting rights	25,314,482
Total number of voting rights	25,314,482

The Share is traded on the regulated market of Euronext Brussels, listed under the symbol "DEME" with ISIN code BE0974413453. Trading commenced on 30 June 2022.

DEME share price performance in 2022

The DEME share was listed on Euronext Brussels on 30 June 2022 with an initial opening price of 110 euro compared to a reference indicative opening price of 96 euro. In the first weeks of July the share dropped to 98.10 euro after which it showed a good increase as of mid-July and following the half year results end of August.
In the 2nd half of September, the share dipped in-line with the market - but had a solid run over the months October, November and December, supported by solid third quarter results, to outperform the index and to close the year at 124 euro.

Ownership of DEME's shares 2022

(per December 31, 2022)

Following the separate listing of DEME, Ackermans & van Haaren NV ("AvH") holds 62.12% and VINCI Construction SAS holds 12.10% of the Shares. As a result only 25.77% of the Company's share capital is freely tradable.

per December 31, 2022		
Shareholder	**Number of Shares**	**Shares % (rounded)**
Ackermans & van Haaren NV	15,725,684	62.12%
VINCI Construction SAS	3,066,460	12.11%

Shareholder remuneration

Dividend policy

All of the Shares will entitle the holder thereof to an equal right to participate in dividends. All of the Shares participate equally in the Company's profits (if any).

The Company has not declared or paid dividends on its Shares in the past. Subject to the Company's earnings, financial condition, capital requirements and other factors considered important by the Board of Directors, the availability of distributable reserves and the approval by the shareholders' meeting, the Company intends to declare and distribute an annual non-cumulative dividend to its shareholders based on a target pay-out ratio of 33% of the Group's net profit. There can be no assurance as to whether dividends or similar payments will be paid out in the future nor, if they are paid, as to their amount.
The dividend is set by the Board of Directors and subsequently proposed at the Annual General Meeting of shareholders at the end of each fiscal year.

Dividend

DEME's Board of Directors will propose to the General Assembly to distribute a gross dividend of 1.5 euro per share. Subject to the approval of the General Assembly and the Board of Directors, the record date is proposed to be set at July 4, 2023.

Financial calendar 2023

March 30, 2023	Publication of Annual Report 2022
May 16, 2023	Trading update quarterly results Q1 2023
May 17, 2023	General Assembly
July 3, 2023	Ex-dividend date [1]
July 4, 2023	Record date [1]
July 10, 2023	Dividend Payment date [1]
August 29, 2023	Half year 2023 results
November 22, 2023	Trading update quarterly results Q3 2023

[1] Subject to approval of the General Assembly and Board of Directors

Remuneration report

DEME's remuneration policies envisage the provision of market competitive and equitable pay levels and components towards all of our co-workers in their countries of employment; and reflecting country remuneration frameworks and prevailing market practices.

DEME globally employs 3 main groups of co-workers: staff, (on board) crew and blue-collar workers.

For all its staff positions, employed with a permanent or temporary employment agreement – including DEME's statutory Executive Committee members in 2022 – DEME uses a job evaluation methodology providing a job family and job level structure underpinning internal career development and progression, which includes market benchmarking of pay levels and components.

For crew and blue-collar workers DEME's pay practices reflect applicable (inter)national, regional and/or sector (collective) agreements.

The remuneration levels of DEME's Executive Committee members are benchmarked against a peer group of European Top Executives Market Industrial sector, containing data on the most relevant talent pool for these Executive Committee roles: European Executives working in the industrial sector, with equivalent complexity and international scope.

In close consultation with DEME's Remuneration Committee, in the 1st semester of 2023, a 2022 job level and benchmarking update will underpin a review of the remuneration components, weights and levels of DEME's statutory Executive Committee members, while transitioning towards a more appropriate self-employed status.

The 2022 remuneration components of DEME's Executive Committee members consist of:

— A base salary, reflecting role responsibilities, job characteristics, experience and skills. Base salaries reflect agreed contractual terms and conditions and evolve per annual pay review processes including inflation mechanism and individual merit, within budgets agreed with the Remuneration Committee and approved by DEME's Board of Directors.

— A short-term incentive (variable bonus) reflecting performance and contribution for which the portion of the capped annual bonus budget is determined by DEME's annual company performance on a set of safety and financial key performance indicators, as approved by DEME's Board of Directors: Lost time injury frequency rate (LTIFR), EBITDA, Net Profit and Debt Rate.

— An insured benefits programme reflecting prevailing country/ market practices. Typically, these programmes include a defined contribution pension plan, a hospitalisation insurance and a disability and death-in-service insurance.

— A fringe benefits programme reflecting prevailing country/ market practices, mainly including provision of a company car.

— The integration of a long-term incentive component, post stock-listing in 2022, is envisaged for the year 2023.

The remuneration of DEME's Board of Directors, including non-executive Directors, and excluding DEME's CEO, consists of an annual fixed component, complemented with a fee for each meeting attended and international travel cost coverage as applicable. This structure is also applicable for Board Members appointed to DEME's Audit Committee and Remuneration Committee.

BOARD OF DIRECTORS

	Annual Fee	Attendance Fee	International Travel Expenses
Chairman of the Board of Directors	100,000	2,500	-
Non-Executive Director	50,000	2,500	-
Independent Director	50,000	2,500	2,500

AUDIT COMMITTEE

	Annual Fee	Attendance Fee	International Travel Expenses
Chairman of the Audit Committee	10,000	2,500	-
Member of the Audit Committee	7,500	2,500	-

REMUNERATION COMMITTEE

	Annual Fee	Attendance Fee	International Travel Expenses
Chairman of the Remuneration Committee	7,500	2,500	-
Member of the Remuneration Committee	5,000	2,500	-

2022 Remuneration

This report covers the 2022 Remuneration of DEME's Board of Directors as established upon DEME's EuroNext stock-listing on June 30th 2022. For DEME's Chief Executive Officer this report covers the Calendar Year 2022 remuneration, and – compiled – the Calendar Year 2022 remuneration of DEME's statutory Executive Committee members.

Board of Directors

BOARD OF DIRECTORS

(in euro)		Annual Fee	Attendance Fee & International Travel Expenses
Chairman of the Board of Directors	Luc Bertrand	50,000	10,000
Non-Executive Director	John-Eric Bertrand	25,000	10,000
Non-Executive Director	Tom Bamelis	25,000	10,000
Non-Executive Director	Piet Dejonghe	25,000	10,000
Non-Executive Director	Koen Janssen	25,000	10,000
Non-Executive Director	Christian Labeyrie	25,000	10,000
Executive Director	Luc Vandenbulcke	-	-
Independent Director	Leen Geirnaerdt	25,000	7,500
Independent Director	Kerstin Konradsson	25,000	10,000

AUDIT COMMITTEE

(in euro)		Annual Fee	Attendance Fee & International Travel expenses
Chairman of the Audit Committee	Tom Bamelis	5,000	10,000
Member of the Audit Committee	Koen Janssen	3,750	10,000
Member of the Audit Committee	Christian Labeyrie	3,750	7,500
Member of the Audit Committee	Leen Geirnaerdt	3,750	5,000

REMUNERATION COMMITTEE

(in euro)		Annual Fee	Attendance Fee & International Travel expenses
Chairman of the Remuneration Committee	Luc Bertrand	3,750	-
Member of the Remuneration Committee	Leen Geirnaerdt	2,500	-
Member of the Remuneration Committee	Kerstin Konradsson	2,500	-

Total Remuneration of CEO

(in thousand of euro)	2022	2021
Annual salary	343	330
Short-term variable remuneration	1,454	1,194
Long-term variable remuneration	-	-
Group Insurance/Pension (Plan) contributions	62	50
Other Benefits	3	3
Total	**1,862**	**1,576**

Total Remuneration of statutory Executive Committee members (excluding CEO)

Philip Hermans, Managing Director Dredging & Infra Segment, who will retire per June 30, 2023, has acted as Executive Committee member during Calendar Year 2022 and has resigned from DEME's Executive Committee per January 1, 2023.

(in thousand of euro)	2022	2021
Fixed annual remuneration	1,260	1,197
Short-term variable remuneration	3,937	2,984
Long-term variable remuneration	-	-
Group Insurance/Pension (Plan) contributions	463	383
Other benefits	17	18
Total	**5,676**	**4,581**

All of the above were paid as per and in line with DEME's remuneration policies and practices, governed by decisions and guidelines discussed and agreed with DEME's Remuneration Committee and Board of Directors as appropriate.
The short term variable remuneration for the current year is the bonus paid (end of the first quarter or early in the second quarter) for the results of the previous year.

Risk management & control processes

Control Environment and Risk Management

Risk management is the identification, evaluation, and prioritisation of risks followed by a structured and continuous process to minimise, monitor, and control the probability or impact of unforseen events or to maximise the realisation of opportunities on the Group's performance and financial situation.

Internal control can be defined as a system developed and implemented by management, which contributes to managing the activities of the Group, the overall functioning and the proper use of its assets, aligned with the Group's objectives and complexity of its operations.

The Board of Directors, Audit Committee, Risk Committee, Executive Committee and all employees with managerial responsibilities are responsible for mitigating and controlling the risks of the Group.

DEME's control environment, which consists of policies, procedures and departments that ensure the internal controls work effectively, is outlined in this chapter.

1. CONTROL ENVIRONMENT

Ethics and compliance

DEME is committed to responsible business practices and has formulated internal policy with the objective to execute all its activities with integrity and zero tolerance with regard to corruption. DEME's Code of Ethics and Business Integrity puts the core values into practice and provides guidance to all its employees worldwide about making sound ethical business decisions by inspiring dialogues about ethics and compliance issues.

The principles of DEME's Code of Ethics and Business Integrity are both simple and clear: comply at all times with the applicable laws and regulations, act with integrity and honesty, and avoid inappropriate behaviour or even the appearance thereof. It is the personal responsibility and obligation of every employee to adhere to these principles. Moreover, DEME expects every third party it conducts business with to respect and act according to DEME's core values and ethical principles.

DEME's Code of Ethics and Business Integrity covers important areas, such as protecting people and company assets, anti-bribery and anti-corruption, compliance with international trade laws, and accounting standards and records.

In addition to its Code of Ethics and Business Integrity, DEME has set up a comprehensive corporate compliance programme that includes, among other things, a detailed anti-corruption policy. This anti-corruption policy is an integral part of the annual awareness programme for all employees. The procedures to implement this policy were further optimised in 2020. In particular, the selection process of third parties for provision of services, partnering agreements, etc. was fine-tuned on the basis of a new risk analysis. The digitalisation of this selection process will be worked out in 2023.

DEME has a payment factory, allowing payments of different entities (if technically and legally possible) to pass through one single channel (SWIFT). Additionally, a screening tool on outgoing payments is used that prevents payments being made to beneficiaries that are subject to sanctions.

DEME's Compliance Department sees to the preparation, implementation, follow-up and improvement of all advice, procedures, codes, investigations, analyses and education that contribute to the control of the compliance risk. It also develops and provides the compliance training in the organisation.

Systems, policies and procedures

DEME has a set of systems, policies and procedures that provide the foundation of its internal control environment. It governs transactions which are being processed on a day-to-day basis.

Most of DEME's subsidiaries use the same ERP, namely Microsoft Dynamics. This system is centrally driven and designed for all master data and for all integrated controls, ensuring the uniform processing of all data within the Group. In the area of digitisation, DEME forges ahead with automatic data recognition and e-invoicing. DEME also set-up a payment factory, a platform to execute payment instructions and receive bank statements, both in a centralised way. The payment factory is linked to a sanctions screening tool, hence outgoing payments are checked on sanctions before the disbursement is made.

The reporting system, a tailor-made multidimensional database, is integrated in the transaction systems and is fed live. The consolidated financial statements and the management reports are also automatically linked, allowing perfect consistency between the different reports. Uniformity of reporting is a priority for DEME.

Clear reporting instructions with timely communication of deadlines, standardised reporting formats and uniform accounting principles are in place. All finance employees active in different segments and located across the world use the same methodology, namely DEME's Project Administration & Finance Manual. It details, among others, accounting policies and procedures, analytical coding and statutory reporting.

As a worldwide contractor, both incoming as well as outgoing guarantees, are an important measure in doing business. When executing a project, DEME seeks a security that it will get paid in case the client is unable to fulfil its obligations. By the same token, DEME's suppliers are seeking a similar guarantee from DEME. In order to manage this, the structured finance department operates a system which logs and keeps track of all securities such as guarantees, letters of credit, surety bonds, comfort letters etc.

In order to define the approval authorities on all expenditure commitments made by the Group towards external parties (such as approval of outgoing purchase orders, approval of incoming subcontracts, approval of incoming external charter agreements, approval of invoices, etc.), DEME developed an application which can be consulted by all employees. The power as to whether someone can sign on behalf of DEME, is based upon several objective criteria, resulting in a limited list of employees who are granted a signing authority up to a certain monetary limit.

Finally, various controls are built into the financial reporting process. A number of basic controls such as segregation of duties and delegation of powers are built into the procurement, payment and payroll cycles. This aims to ensure that only permissible transactions are processed and paid. Additionally, a stable IT infrastructure with the necessary back-up systems guarantees an adequate communication of information.

Governance structure

We refer to our Corporate Governance Chapter and DEME's Corporate Governance Code on DEME's investor portal for more information on how risks are integrated and managed as part of its corporate governance practice.

Training

Within the first nine months of joining DEME, employees are submerged in the company's culture through the 'Basics4Starters' training, which gives an overview of the DEME organisation. This three-day training touches upon the topics important for the organisation's success, such as innovation, business models, emerging technologies and project management, as well as DEME's financial and legal structure. It is the start of every employee's training trajectory, regardless of their function within the company. Some training courses are a one-off, while others need to be renewed periodically. The DEME's Code of Ethics and Business Integrity Compliance Training is a yearly mandatory training applicable to all DEME's employees. Targeted courses are also organised, for example the scenario-based training in which twelve scenarios were presented to all finance staff to assist in the understanding of DEME's financial procedures.

Opportunity and risk management

DEME has an Opportunity and Risk Management (ORM) department with the objective of detecting opportunities and risks timely. To do this, DEME brings the right people together at the right time using a uniform approach and a structured tool for analysing, prioritising and visualising ORM. In doing that, it focuses on the drivers to reach project success namely cost, time and project quality. The outcome results in a tighter focus on the management of opportunities and actions on risks to be implemented.

DEME uses the ORM system for the proper identification, assessment and management of risks and opportunities with respect to tendering, preparation and execution of projects. By means of detailed and interactive ORM dashboards, all the opportunities and risks are continuously monitored so that decisions and necessary actions can be taken.

Enterprise security

To mitigate any risks of malicious origin, DEME appointed an Enterprise Security Officer (ESO), who reports to the CEO and DEME's Executive Committee, and which has the mission to advise and assist DEME's management in protecting the assets of the Group against all risks of malicious origin.

In its role, ESO provides the management with periodic updates on the security risk landscape and performs security risk assessments. As such it informs the Company on potential threats to the security of staff and property. Furthermore, the ESO designs and coordinates the implementation of both security procedures and systems in DEME's worldwide offices and at project sites all over the world. Additionally, the officer verifies compliance with procedures and coordinates emergency situations when necessary.

Quality, Health, Safety and Environment (QHSE)

The QHSE slogan is 'Zero accidents and zero environmental incidents', articulating the ambition of the target of the organisation. The Company's priority is and remains the well-being of the employees and subcontractors by creating a high-quality, healthy, safe and eco-friendly work environment.

QHSE is always a topic on the agenda of DEME's Management Team, DEME's Executive Committee and Board of Directors' meetings. Apart from that, each employee has a 'Stop Work Authority': the right and the obligation to stop any activity that is deemed to involve unacceptable risks. Key Performance Indicators (KPIs) are in place at all levels of the organisation to follow up on QHSE performance: segments, business units, projects, sites and vessels.

The QHSE KPIs include both leading ones such as Green Initiatives, timely closed actions, toolbox participations, etc. as well as lagging indicators such as the safety thermometer.

Internal audit

DEME now has an established Audit Department, headed by the Chief Audit Executive (CAE) who, for independency reasons, functionally reports to the Audit Committee. The department provides independent and objective assurance on the risk management, governance, business and internal control processes, by bringing a systematic approach to evaluate and improve processes and conducting internal audits and advisory activities.

The internal audit activities are based on a risk-based annual plan, which is approved by the Audit Committee. During such internal audit, the correct application of the relevant existing policies, procedures and controls is verified. After each assignment, an internal audit report is generated and shared with the relevant internal stakeholders, the Executive Committee and the Audit Committee. The internal audit department also monitors the execution of the action plans. It periodically interacts with the statutory auditors to communicate the audit planning and progress and to share key findings and observations.

The advisory services are based on specific requests from the Executive Committee or Audit Committee, and may not compromise the departments' independence & objectivity. The services include holding regular meetings with key players from the 2nd line of defense on risk management, performing lessons learned analysis and holding awareness campaigns.

2. RISK ASSESSMENT/ MANAGEMENT

Conducting business entails assuming risks. It is important that the company has visibility on these risks in order to balance these with opportunities and control activities. Therefore, DEME performs risk assessments at various stages and levels in the organisation.

Every proposal in which DEME participates is categorised (depending on the degree of risk management). The category is based on, among others, the segment and the total value of the project. Some categories only require minimal risk assessment exercises, while others require extensive documentation, review meetings and input from various corporate supporting departments such as legal, insurance and compliance before any involvement of DEME in a tender.

Once the proposal has been awarded and execution starts, the project management team performs, at least quarterly but more frequently if needed, an opportunity and risk management exercise. All key project staff are involved in this exercise (the project manager/director, the finance responsible, etc.) and high risks are communicated upwards, including up to the CEO depending on the gravity.

At DEME, QHSE carries out an integrated risk assessment considering hazards related to people, assets, environment, quality and reputation. At the level of the segments, activities, techniques and high-risk tasks have been selected, depending on the scope of work. Each segment has a process owner responsible for setting up and maintaining a generic risk assessment which is updated through a formal yearly review and as a result of incidents, inspections, audits and project feedback.

The ESO department identifies the necessary organisational, technological and physical security measures required for the different asset categories such as sites, buildings and vessels. Upon this analysis the ESO will mitigate material risks or respond to specific threats.

3. RISK REGISTER

The most important strategic, operational and financial risks DEME can encounter are described below.

The order in which the subsequent risk factors are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's results, operations, financial condition or prospects.
The list of risks described hereafter is thus not exhaustive and is based upon the information known at the time of preparing this report. It is possible that certain other risks exist that are currently unknown, cannot be foreseen, are considered as remote or are not significant for the Group, its activities or its financial condition.

Risk assessment

INDUSTRY AND MARKET RELATED RISKS

Description of the risk	Potential impact	Risk management and control
MACROECONOMIC DEVELOPMENTS		
DEME is a worldwide player and consequently vulnerable to developments that may arise on the macroeconomic level. Our activities are primarily driven by the growth of the global population, particularly the trend to live near the coast and along major rivers, the growth of the global economy and the need for suitable infrastructure to accommodate this (for example port extensions and maritime access routes). Additionally, the increasing demand for energy and the transition to renewable energy and climate neutrality, the scarcity of minerals and raw materials, and the development of international trade and shipping, are other key drivers. An important factor for our dredging business is the ever-increasing size of tankers and containerships. This has led to more investment in deepening and widening access channels and berths.	Part of the demand for DEME's services typically reflects changes in the economic growth rates of the region in which it is active. This demand is also dependent on developments in the various industries we serve such as new infrastructure related to the energy transition. In addition, a considerable portion of DEME's activities are driven by governmental policies and public spending. Therefore, DEME is particularly exposed to the level of economic activity and susceptible to changes in the external economic conditions in each of the markets in which it is active.	Through geographical diversification, a qualitative client portfolio and a vast network built up over decades, DEME tries to secure business continuity. However, given the complexity and diversity of our activities worldwide, it is not possible to fully anticipate every major change in the market conditions and the impact these could have on our business.
GEOPOLITICAL DEVELOPMENTS		
Given the global footprint of DEME's operations, we are sometimes exposed to elevated risks relating to political and/or social instability (including war, civil unrest, armed conflict, terrorism, hostage taking, piracy, extortion and sabotage).	The occurrence, continuation or aggravation of any such events or circumstances could materially adversely disrupt DEME's operations or otherwise affect its business, personnel, equipment and vessels.	DEME aims to mitigate these risks by constantly monitoring the situation and security in those politically unstable areas where projects are being performed and by arranging suitable insurance cover. Protectionism is alleviated when and where possible by means of local partnerships. Moreover, DEME may, should the need arise, suspend a project in order to bring its personnel, equipment and vessels to safety. DEME's assets (primarily its vessels) can also be swiftly rerouted to an alternative, safe location.
CAPITAL INTENSIVE NATURE OF INDUSTRY		
The capital-intensive nature of the industry in which DEME is active calls for major investments (specifically in dredging and offshore vessels but also in concession activities).	Investment projects in the industry are often highly complex from both the technical and financial points of view. Furthermore, there is a long period of time between the moment that the decision to invest is taken and the mobilisation of the financing and the moment that the new vessel is delivered. This can give rise to lost opportunities or under-utilisation should the market conditions have changed in the meantime. In the same spirit, concession activities and project development may also be subject to uncertainty as to whether the necessary financing for the new project will be obtained.	To remain competitive, DEME invests in new vessels and develops, finances and implements new technologies. During the construction of new vessels for our Dredging and Offshore segments we work closely with the shipyard to make sure we maintain a tight control of the costs involved.

Description of the risk	Potential impact	Risk management and control
CAPITAL INTENSIVE NATURE OF INDUSTRY continued		
The expansion and development of DEME's business can require additional capital, which it may obtain through debt and/or equity financing to fund its future capital expenditures.	Additional debt financing, if obtained, may expose DEME to additional covenants imposed by financial institutions or lenders.	As a result of the capital-intensive nature of the industry, DEME has had and may continue to have a significant amount of borrowings, but these are always closely monitored by the management and the Board of Directors.
Specific characteristics of DEME's vessels and other equipment, and the limited number of players in the global markets in which DEME is active (e.g. dredging, offshore wind, etc.) could have a negative impact on the valuation of these assets in the event they would be sold.	A negative impact on the fair value valuation of the fleet and other equipment can give rise to a lower value, and as such, impact the financial statements of the Group.	The value of the fleet is continuously monitored by DEME's technical department using internal and external information (e.g. insurance reports, valuation reports,…). At every reporting date, the fair value of the fleet is compared with the book value and if necessary an impairment will be recorded.
COMPETITION		
The sectors in which DEME operates are highly competitive, and DEME faces competition from other local and international market players active in those sectors. Competitive factors include price, service quality, scope of activities (incl. geographically), reputation, experience and environmental impact by other market players, as well as the availability of favourable payment and credit terms.	The dredging industry is cyclical in nature (in terms of capital dredging works, as opposed to maintenance works), and price pressures are indeed being witnessed, in particular during low cycles. As fleet utilisation is important, some of DEME's competitors may adopt a strategy of tendering for projects at lower prices. This aggressive pricing could result in DEME also having to lower its price or improve credit terms significantly in order to secure projects, thereby reducing its gross profit margins and cash flow.	The capital intensity of the sectors in which DEME is active, the resulting limited number of players, and DEME's leading position in both the dredging and offshore wind markets, ease potential competitive pressure to some extent. DEME's ability to compete will largely depend on being able to continue to innovate and provide state-of-the-art solutions to its customers. DEME needs to keep up with evolving technologies (both hardware and software), and ensure it has advanced technology and equipment to retain its market share, reputation and position. At present, DEME has a modern and competitive fleet as a result of a multi-year investment programme.
INVESTMENTS IN UNPROVEN MARKETS		
In its business development and diversification efforts, DEME is investing in industries and markets that are not yet established and/or rely on unproven technology initially, such as deep-sea mineral harvesting (GSR), and green hydrogen (DEME Concessions).	Investing in unproven markets can give rise to high research and development costs, impacting the financial position of the Group. Moreover, new industries or assets can also become obsolete or uncompetitive in view of current market circumstances and evolving standards.	DEME relies largely on its ability to continue to innovate and as such provide state-of-the-art solutions to its customers, also in unproven markets. Financial investments in unproven markets, which are not yet generating cash flows, are covered by the cash flows arising from the other operational segments of the Group.

BUSINESS RELATED RISKS

Description of the risk	Potential impact	Risk management and control
PROJECT MANAGEMENT AND EXECUTION RISKS		
DEME's business largely revolves around projects in the orderbook. We usually construct or deliver an infrastructure or a scope of work with a unique character for a fixed, lump sum or variable price and within an agreed period of time. Sometimes contracts also include the obligation for DEME to design the infrastructure and arrange the financing too. Risks can arise throughout the entire project management and execution process, from tendering to contract negotiation and, upon award, the execution of the engineering, procurement, construction, commissioning and delivery. In addition, there is also the possibility that the client will not be able to obtain the necessary financing or that it might not be able to do so in a timely manner etc.	Operational risks can lead to possible cost overruns, particularly for those projects with fixed-price contracts or with limited price escalation provisions, where the actual costs may exceed the initial estimation made by DEME due to unanticipated additional costs (e.g. resulting from supply price increases, additional work, delays in performance, etc.). Such additional costs cannot always be passed on to the customer, resulting in DEME bearing all, or at least a portion of these costs. Depending on the size of a project, variations from the estimated costs due to performance could have an adverse effect on DEME's financial performance, results of operations or cash flows. In particular, projects based on new designs may entail higher risks of cost overruns because DEME may be less able to make a proper cost estimate for the project beforehand, especially when it ventures into new business segments for the first time. Delays (due to possible internal and/or external factors) in meeting delivery performance requirements (e.g. "milestones") may also result in potential penalties or damages. This includes third-party risks in the form of poor performance or non-performance of subcontractors, suppliers, vendors, joint venture partners or other parties, which could affect DEME's ability to execute its projects as planned. For instance, this could happen when substitute manufacturers are limited, especially for those making specialised equipment. Potential penalties or damages, additional costs etc. may arise from not meeting performance requirements. These could be due to quality, the contract period, or cost overruns resulting from not complying with the warranty obligations under the contract (e.g. responsibility for maintenance etc.). Adverse effects on DEME's business could result from failure to comply with any changes in the applicable regulations and legislation in the relevant jurisdiction regulating, for example, safety and social obligations vis-à-vis subcontractors. There is also the potential of unlimited penalties or damages to be paid as some contracts, in particular public contracts, may not have limitation of liability clauses.	DEME's **ORM department** deploys its ORM system for the timely identification, assessment and management of risks and opportunities with respect to tendering, preparation and the execution of projects. By means of detailed and interactive ORM dashboards, all the opportunities and risks are continuously monitored so that decisions and necessary actions can be taken. There is also a **Risk Committee,** composed of the CEO, CFO and the member of the Executive Committee responsible for the relevant segment or any person appointed by the latter, complemented with non-executive directors and/or any other persons designated by the Board of Directors. The Risk Committee assists the CEO in his task of assessing risk management matters, and in particular analyses and approves all binding offers related to EPC and Design and Build contracts and other important contracts. The Risk Committee reports regularly to the Board of Directors on the performance of its duties and identifies any matters for which it believes action or improvement is necessary and makes recommendations regarding any steps to be taken.

Description of the risk	Potential impact	Risk management and control
PROJECT MANAGEMENT AND EXECUTION RISKS continued		
During a project, DEME may be confronted with certain other risks of a general nature which are, directly or indirectly, caused by factors that are inherent to DEME's business (e.g. marine engineering contracts).	DEME may be subject to increased project costs due to possible non-working days, a delay in the delivery of the works, injuries to DEME employees or third parties, damages to DEME's equipment/vessels or those of third parties, as a result of any of the following factors: — the determination of nature and composition of the soil and/ or specific site conditions; — climatic and meteorological conditions including extreme climate events (storms, tsunamis, earthquakes, etc.); — wear and tear of equipment; — technical or mechanical incidents and breakdowns that may influence the performance of the vessels or cause damage to own or third party equipment (for example, collisions); — the concept and engineering of the project, as well as the assessment of the technical suitability of the equipment; — changes to the regulatory framework during the course of the contract; — the relationship with and reliance on subcontractors, suppliers and (joint venture) partners, particularly in the context of Engineering, Procurement, Construction and Installation (EPCI) projects.	DEME tries to manage all those risks through its project management systems set-up, including taking out appropriate insurance policies.

Description of the risk	Potential impact	Risk management and control
MAINTAIN AND RENEW REQUIRED APPROVALS, LICENCES AND PERMITS FOR OPERATIONS		
The risk to obtain, maintain or renew the approvals, licences, permits and certificates required to operate its business.	DEME requires various approvals, licences, permits and certificates to operate its business. For instance, the Belgian operating companies must hold a "Certificate of Recognition" as contractor. Recognition is granted by the Federal Government Service for the Economy, SME, the Self-Employed and Energy, and has to be renewed every five years. Comparable requirements exist for all of DEME's activities worldwide. With respect to the vessels, the flying of a flag is always accompanied by the completion of a registration procedure and a technical survey (the vessel must comply with specific technical standards). Upon the successful completion of the procedure, the vessel is granted a "Certificate of Registry", which gives the vessel the right to fly a particular flag and guarantees the right of free passage. The exact technical standards and procedures may differ from jurisdiction to jurisdiction and change with the passage of time.	DEME meets international legal and other local mandatory QHSE requirements. Additional certificates are obtained to ensure that DEME's QHSE standard is higher than the requirements. DEME holds an ISO Group Certificate, which includes more than 50 of our operational and commercial entities. All certified entities have an integrated ISO scope covering DEME's operational activities and are compliant with the following standards: ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems, ISO 14064 Reporting, ISO 45001 Health and Safety Management Systems and ISO 50001 Energy Management Systems. In addition to ISO, the DEME QHSE Management System is also compliant with a lot of other specific standards. Furthermore, marine vessels and structures are classified according to the soundness of their structure and design in relation to the purpose of the vessel. The classification rules are designed to ensure an acceptable degree of stability, safety and environmental impact among others. DEME's department 'Class and Flag' is responsible for maintaining the fleet's flag and regulatory certificates and updates on the required planning for any surveys required. The validity of the certificates varies from a few days (conditional) to permanent. For some certificates periodical surveys/inspections must be performed within a specified period.
UNCERTAINTY WHETHER A PROJECT WILL EFFECTIVELY MATERIALISE		
DEME, as a project developer, focuses on projects in the fields of renewable energy, marine infrastructure and ports, dredging, green hydrogen and other special projects.	The process from the first idea until the actual completion could entail an extensive period of time. This means that considerable costs may be incurred and time may be spent by DEME on a potential new project, without having the assurance that the project will eventually materialise. For example obtaining the required concession for the new project from the relevant governmental authority can be a risk, due to, for instance, uncertainty in interpretation and/or application of changing or ambiguous regulations in the relevant jurisdiction(s), onerous restrictions being imposed or changes being adopted in respect of the conditions of the concession and/or political instability. Furthermore, when commencing the development of a new project it's also necessary to obtain the proper financing for the project and to find financial institutions willing to finance this new project.	Within DEME there is a Technical Committee and a Technical Committee for DEME Concessions in particular, composed of the CEO, CFO and the member of the Executive Committee responsible for the relevant segment or any person appointed by the latter, complemented with non-executive directors and/or any other persons designated by the Board of Directors. The members of such Technical Committee have the expertise required for specific projects. Their role is the evaluation of projects/investments, which play a special role within the Group, from a risk, investment and image perspective and to analyse them in more depth in preparation for the Board of Directors. The Technical Committee meets in preparation for each Board meeting. The Technical Committee discusses the submitted projects/investments in detail and asks for clarification or elaboration where necessary. The chairman of the Technical Committee reports the findings at the next Board meeting.

Description of the risk	Potential impact	Risk management and control
THIRD PARTY RISKS		
DEME is subject to third-party risks in respect of contractors, suppliers, vendors, joint venture partners or other parties involved in the engineering, design, procurement of materials, equipment and services for the performance of work on DEME's projects.	The successful completion of projects depends on the ability of these third parties to perform their contractual obligations and is subject to factors beyond DEME's control, including actions or omissions by these parties and their subcontractors.	DEME implements measures to minimise potential third-party risks, such as carrying out due diligence of third parties before doing business and procure-to-pay procedures for material third parties.
ENVIRONMENTAL AND CLIMATE CHANGE RISKS		
Dredging, land reclamation, offshore works, infrastructure and environmental projects are activities which impact the environment, and which face specific environmental and/or climate risks.	DEME faces specific environmental risks relating to the disturbance of fauna and flora in the work environment, accidental contamination or other undesirable environmental effects. These environmental risks can be broken down into three main components: — Firstly, the environmental companies within the Group must by the very nature of their activities – soil and sludge remediation – deal with dangerous and harmful substances. The nature of some kinds of contamination and the technologies used to cope with them are not always free of risks; — Secondly, the Infra business of DEME – active in marine infrastructure – relies heavily on natural resources, which will be depleted when consumption exceeds their natural accrual. Government bodies may impose restrictions on the use of certain natural resources or may demand the reuse of certain resources. The client for example, will either impose minimum values of reuse or favour tenders which have the highest value of reused materials. As a consequence, DEME has to consider this circular economy and find ways to optimise the recycling of materials; — Thirdly, climate-related risks such as global warming cause more frequent and extreme weather conditions such as storms, heavy rainfall and flooding, which could result in more operational downtime for DEME (e.g., vessels, wind farms, infrastructure or dredging activities could be impacted).	DEME continuously monitors and assesses economic and climate-related circumstances to anticipate, limit or avoid any impact on our finances. It is also DEME's ambition to fundamentally contribute to sustainable solutions for the global environment, societal and economic challenges faced in the world today. DEME is continuing its ambitious strategy to expedite the energy transition and its sustainability ambitions are also embodied in its modern, innovative fleet. Additionally, DEME aims to play a role in the move towards the circular economy by providing integrated circular solutions for soil remediation, brownfield development, environmental dredging and sediment treatment.

FINANCIAL RISKS

Description of the risk	Potential impact	Risk management and control
FINANCING		
To finance its investments and activities, DEME frequently makes use of external financing sources, both for short- and long-term financing.	The extent of leverage may expose the Group to various risks, including increasing its vulnerability to downturns or adverse changes in general economic, industry or competitive conditions and government regulations. This requires a substantial portion of its cash flows from operations to be dedicated to the payment of principal loans and interest on the Group's indebtedness, therefore reducing its ability to use its cash flows to fund its operations, capital expenditures and future business opportunities.	DEME aims to maintain a healthy balance between the consolidated net equity and the consolidated net debt. DEME has significant credit facilities and guarantee facilities with various international banks. In addition to this, it has a commercial paper programme to cover its short-term borrowing requirements
DEME must in the context of some of its long-term credit facilities comply with certain restrictive covenants relating to DEME's capital-raising activities and other financial and operational matters (e.g. the balance sheet total, net equity, net financial debt and EBITDA).	Complying with such restrictive covenants can make it more difficult for DEME to obtain additional capital and to pursue business opportunities, including potential acquisitions. Any breach of these covenants could give rise to the acceleration of the loans.	Under the general term of capital management, net financial debt and cash flows are closely monitored by DEME's Treasury Department and management (BoD). DEME seeks to diversify its financing resources (though only with banks with which it has a longstanding relationship and with good investment grade credit ratings) and to spread the maturity dates.
MARKET RISK: INTEREST RISKS		
For its financing, DEME is facing an interest rate risk that can be defined as the extent to which the results or value of a financial transaction are affected by a change in market interest rates.	Changes in interest rates can lead to increases in the interest charges, and as such, can impact the financial statements of DEME.	The interest rate risk management is centrally performed within the Group. Should DEME use short-term borrowings to finance short-term needs (e.g. working capital for projects) DEME could hedge the floating interest rate. For its long-term borrowings, DEME covers the vast majority of the risks of changes in the underlying variable interest rates through derivative financial instruments, mainly by using interest rate swaps.

Description of the risk	Potential impact	Risk management and control
MARKET RISK: EXCHANGE RATE RISKS		
The global nature of DEME's activities means that payments made for contracts, purchases and expenditures may be in a variety of currencies, thus exposing DEME to risks associated with fluctuations in currency exchange rates and with its currency hedging, which could result in increases to DEME's costs.	Most of the Group's purchases are typically transacted in euro or USD. This means that the Group will face a risk of exchange rate fluctuation when the sales are made in a different currency than the purchases. DEME may be unable to pass these increased costs on to its customers.	DEME uses derivative financial instruments in order to reduce the effects of currency fluctuations on its cash flows and financial condition. In principle, DEME arranges cover for only committed cashflows in currencies other than the home currency. It does so mainly in the form of forward transactions (project hedging or CapEx) or swaps (operating capital, follow-up of forward transactions). So the currency exchange risk is particularly relevant in the pre-committed period. To cope with the exchange rate risks associated with foreign currencies subject to local restrictions, use is made - where possible - of non-deliverable forward (NDF) hedging.
DEME's reporting currency is the euro. However, given the Group's global operations, a significant portion of the Group's assets, liabilities, expenses and revenue are denominated in currencies other than euros and are thus translated to euros at the applicable exchange rates to prepare the Group's consolidated financial statements. Therefore, fluctuations in exchange rates between euros and other currencies affect the value of those items expressed in euro terms in the Group's consolidated financial statements.	A change of one or more of the foreign currencies in which DEME's local subsidiaries operate against the euro impacts its revenue and profitability when expressed in euros. Exchange rate changes also affect the Group's consolidated statement of its financial position and income statement. Changes in the euro values of the Group's consolidated assets and liabilities resulting from exchange rate movements may cause the Group to record foreign currency gains and losses through profit or loss, or through its foreign currency translation reserve recognised in other comprehensive income and accumulated in equity.	DEME does not hedge against translational currency risks.
MARKET RISK: PRICE AND COMMODITY RISK		
DEME is exposed to risks associated with fluctuations of prices for raw materials and energy. Raw materials and energy are essential for the performance of its activities and as such are an important element of its costs. Key raw commodities include construction materials required for infrastructure projects or steel for offshore wind farm foundations. When it comes to energy, this primarily refers to the use of fuel oil or LNG by DEME's vessels and earthmoving equipment.	The prices at which DEME can purchase certain raw materials (e.g. steel) or energy (fuel oil or LNG) may fluctuate significantly according to local and international market conditions (e.g. shortages, market price volatility, currency fluctuations, changes in governmental programmes, etc.), thus exposing DEME to price risks and potentially higher costs.	Some contracts allow cost increases for raw materials and energy to be passed on to the customer by means of price-review mechanisms. DEME also hedges against oil price fluctuations by entering into forward contracts. Though this practice becomes more costly and therefore unsuitable when it spans a lengthy amount of time or when quantities cannot be estimated reliably.

Description of the risk	Potential impact	Risk management and control
CREDIT AND COUNTERPARTY RISKS		
A credit risk may arise in the event a customer or counterparty fails to perform its contractual obligations in respect of DEME in accordance with the provisions of the contract concerned.	Non-payment by a customer may be the consequence of a lack of liquidity, bankruptcy or fraud on the part of the customer or be attributable to the general political or economic situation in the customer's country. It can impact our cash flows and financial position.	DEME aims to minimise the credit risks of its customers by examining their solvency prior to finalising the contract and putting the required payment guarantees in place (including credit insurance policies with public service credit insurers such as Credendo and private credit insurers, bank guarantees and through letters of credit). But it is not possible to entirely exclude the credit risks associated with customers. A large part of the consolidated turnover however, is realised through public or semi-public sector customers. Therefore, the level of counterparty risk is limited because these entities represent a substantial proportion of our customers. To contain the remaining risk, DEME constantly monitors its outstanding trade receivables and adjusts its position if necessary.
DEME is exposed to counterparty risks when placing/investing its available liquidities and when subscribing to financial derivatives.	Financial institutions can go into default or be declared bankrupt and in turn, put our invested assets at risk.	DEME has a policy to minimise counterparty risk by avoiding concentrations of these and in such matters working only with banks with which it has a longstanding relationship and with good investment grade credit ratings, but it is not possible to entirely exclude credit risks of financial counterparties.
LIQUIDITY RISKS		
Although DEME operates strict financial policies and ensures that there is a diversity of sources of finance and repayment periods, it cannot be ruled out that the non-performance of significant payment obligations by customers or the inability to arrange adequate external financing subject to acceptable conditions could have a negative effect on the cash flow and liquidity of DEME and thus have a negative impact on the activities, financial situation and results of DEME.	All these factors might result in DEME having difficulties to comply with its credit facility covenants. If DEME's future cash flows from operations and other capital resources would be insufficient to honour its payment obligations or to fund its liquidity needs, DEME may be forced to adapt its business activities and capital expenditures, sell assets, obtain additional debt or equity capital, restructure or refinance all or a part of its debt on or before maturity, or for opportunities such as acquisitions.	The liquidity risk is limited by spreading borrowing among several banks, agreeing a variety of repayment periods and also by mitigating the credit risk. Moreover, DEME mainly invests in equipment with a long lifespan, which is written-off over several years and for that reason, DEME seeks to structure a substantial part of its debts as long-term debt.

LEGAL AND REGULATORY RISKS

Description of the risk	Potential impact	Risk management and control
COMPLIANCE WITH AND CHANGES TO LAWS		
DEME is active in a large number of countries in all parts of the world and is subject to a wide variety of legislation and regulations in each of the jurisdictions in which it operates. And it can be the case that DEME incurs substantial costs in order to comply with these regulations.	The regulations to which DEME is subject vary from jurisdiction to jurisdiction and may change over time. This can include changes to export, import and transit inspections, excise, rates and quotas, income tax, withholding tax, VAT and other tax, environmental legislation, checks on international trade and currency, and workplace and social security policies.	DEME always seeks to monitor and adapt to changes in the legal systems, regulatory controls, customs and practices in the jurisdictions where it operates.
LEGAL AND REGULATORY COMPLIANCE RISKS REGARDING ANTI-TRUST, ANTI-MONEY LAUNDERING AND ANTI-CORRUPTION		
Doing business on a worldwide basis requires DEME to comply with international antitrust, anti-money laundering, anti-bribery and anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. In addition, sanctions imposed by international organisations or individual nations restrict or prohibit transactions with certain countries, and with certain companies and individuals identified on lists maintained by the United Nations, the U.S. Federal Government, the European Union, various EU member states and other local governments. Furthermore, due to the increasing complexity, size and geographical spread of DEME's operations and the extent of its reliance on employees, agents, third-party providers or any other representatives involved in DEME's business, it may become more difficult to effectively monitor and control all of DEME's global activities, and in certain emerging markets, which are known to be more prone to bribery, corruption and other compliance risks.	DEME may be unaware of, or unable to timely anticipate and prepare for developments in such laws, regulations and sanctions. Subsidiaries and joint ventures work autonomously in an international environment with a multitude of stakeholders which participate in or are impacted by the Group's operations: project managers and their representatives, concession-granting authorities, regulatory authorities, contractors, design offices, joint contractors, subcontractors, suppliers, service providers, local residents, communities, etc.	DEME is committed to responsible business practices and has formulated internal policy with the objective to execute all of its activities with integrity and zero tolerance with regard to corruption. DEME operates **a global compliance programme** (through, for instance, DEME's Code of Ethics & Business Integrity and the Group's existing policies, procedures, training, whistle-blower hotline, IT tools, internal controls and risk management in relation to antitrust, anti-money laundering, anti-bribery or anti-corruption laws and regulations and sanctions, including the monitoring thereof by DEME's Compliance Department). But there can be no assurance, however, that such codes, policies and procedures are always being applied by employees, agents, third-party providers or any other representatives involved in DEME's business.

Description of the risk	Potential impact	Risk management and control
COMPLIANCE WITH AND CHANGES TO ENVIRONMENTAL, HEALTH AND SAFETY LAWS		
The ordinary course of operation of DEME's business involves certain inherent risks related to the health and safety of employees, subcontractors and others.	DEME could incur substantial liability in the event of accidents, exposure to hazardous substances, spillages or other events resulting in injury or death, even if the event is not as a result of any fault on DEME's part. Furthermore, in some of the countries where DEME works, the activities may be affected by social and/or political instability (terrorism, armed conflict, seizure of bank accounts etc.) as well as prone to malicious and/or criminal acts (vandalism, theft, physical attacks, kidnapping, piracy, etc.).	DEME identifies risks of accidents, or injury and health impacts and introduces the appropriate mitigation measures. Though in the event of accidents, injuries in which DEME's employees or subcontractors would be involved, cannot be entirely excluded. The QHSE slogan is 'Zero accidents and zero environmental incidents'. The company's priority is and remains the wellbeing of the employees and subcontractors by creating a high-quality, healthy, safe and eco-friendly working environment. QHSE is always on the agenda of DEME's Management Team, Executive Committee and Board of Directors' meetings. As well as that, each employee has a Stop Work Authority: the right and the obligation to stop any activity that is deemed to involve unacceptable risks. Key Performance Indicators (KPIs) are in place at all levels of the organisation to follow up on QHSE performance. The QHSE KPIs include both leading ones such as Green Initiatives, timely closed actions, toolbox participations, etc., as well as lagging indicators such as the safety thermometer.
The ordinary course of operation of DEME's business involves certain inherent risks related to the environment.	In certain jurisdictions, incidents resulting from dredging, land reclamation, offshore works, infrastructure and/or environmental activities (for instance, contamination of air, water and soil) require the contractor to clean up after the works and bear the cost thereof.	It is DEME's policy to strictly abide by all the applicable legislation and regulations in every jurisdiction in which DEME is active, ensuring compliance with this complex array of laws and regulations.

Description of the risk	Potential impact	Risk management and control
TAX RELATED RISKS		
DEME operates in a range of countries subject to different tax regimes. DEME's effective tax rate and tax liability are based on the application of current income tax laws, regulations and tax treaties. From time to time, various governments make substantive changes to tax rules and the application of rules, including changes potentially impacting the Group's ability to defer taxes on international earnings. In addition, DEME is regularly subject to audits of its income tax returns and VAT declarations by the tax authorities in the various countries in which DEME operates.	Significant judgment is required to determine tax liabilities worldwide, and this is partly because tax laws and regulations do not always provide clear and definitive guidelines. DEME's effective tax rates and tax exposure could potentially be affected by a multitude of reasons. These include changes in the composition of its earnings in countries or jurisdictions with higher or lower tax rates, changes in applicable tax rates, transfer pricing rules or in the valuation of DEME's deferred tax assets and liabilities, DEME's ability to utilise tax losses and tax credits, changes to interest deductibility or other changes in the tax laws and the way such laws are applied by tax administrations (possibly with retroactive effect). This also encompasses through tax arrangements issued by the tax authorities and corresponding challenges by tax authorities to DEME's judgement or interpretation in tax matters.	As mentioned, the taxation of the operations can be subject to judgements and might result in disputes with local tax authorities. If management considers it probable that such disputes will lead to an outflow of resources, accruals have been recorded accordingly. Although DEME believes its tax estimates are reasonable, due to continuous screening by its Tax Department, any final determination could be different from the treatment reflected in DEME's historical income tax provisions and accruals.
LITIGATIONS		
DEME has been and may continue to be involved in litigation, other legal claims and proceedings, investigations and regulatory enforcement actions from time to time with various parties in the course of its business. Disputes may, for instance, arise around different interpretations of new items arising during the performance of the contract, or around misinterpretations of contractual clauses. DEME's business is also subject to operational risks, including environmental hazards, accidents, disruption or flooding, which could result in damage or even the destruction of equipment, structures or buildings, environmental damage or personal injuries, or legal liability towards third parties. The company may even be involved in proceedings initiated by employees or former employees of DEME with occupational disease claims related to certain activities (e.g. diving, working in the sun for extensive periods) or to exposure to hazardous substances (e.g. fumes, corrosive or toxic substances), among other things.	Disputes and legal proceedings in which the Group may be involved are subject to many uncertainties, and their outcomes are often difficult to predict. Some of these proceedings can lead to DEME having to pay damages, remedies or criminal or civil sanctions, fines or disgorgement of profit. The defence of any such claims and any associated settlement costs can be substantial, even with respect to claims that have no merit.	As a general rule, DEME's contracts are subject to the laws of the countries in which the projects are executed, supplemented where possible by the arbitration clause of the International Chamber of Commerce, in particular for countries where the legal system might not offer sufficient protection.

OTHER RISKS

Description of the risk	Potential impact	Risk management and control
IT-RELATED RISKS		
DEME increasingly relies on digital communication, connectivity, and the use of technology to run its worldwide business, which has been further accelerated by remote working.	DEME increasingly relies on digital communication and the use of information technology for its business, which increases its exposure to potential cybercrimes, failures or disruptions in IT systems and other related risks. Information technology is crucial in supporting and protecting core and supporting processes. This enables DEME to work more fluidly and efficiently and makes it possible to follow up its local operations in almost real-time from its headquarters, but it also leads to a vulnerability linked to cybersecurity challenges and dependency on digitalised processes.	Internal policies, procedures and instructions are in place to mitigate the information technology risk. These include multi-factor authentication, single sign-on with Office 365 for all cloud-based applications, hard-disk encryption, as well as End-Point protection on all PCs, regular "Ethical hacking" exercises, awareness campaigns and penetration testing by the **Enterprise Security Office (ESO).** In its role, ESO provides the management with periodic updates on the security risk landscape and performs security risk assessments. As such, the ESO informs the Group about potential threats to the security of staff and property.
EMPLOYMENT		
DEME heavily relies on qualified personnel, professionals and managers.	The success of DEME's business depends largely on its ability to continue to recruit and retain skilled personnel, and to do so at competitive conditions. DEME must recruit and retain adequate numbers of highly qualified engineers, professionals and managers for the performance of the technical, support and managerial functions. Not being able to attract talent could limit the execution of current operations, as well as have an impact on the growth of DEME.	To attract talent, DEME has a professional recruitment team. DEME also works in the talent market to recruit enough skilled employees. It is vital to motivate and retain them, even for work far from home. DEME tries to recompense the long working hours, shift working, and the night-time and weekend work with attractive conditions of employment and holiday arrangements. The company also invests in the development of employees through various training programmes and prepares candidates for key promotions to improve their leadership capabilities.
INTELLECTUAL PROPERTY		
DEME makes use of certain proprietary technology and know-how, including the intellectual property and innovations that it has developed itself.	To obtain a competitive advantage towards its competitors, DEME must use state-of-the-art technologies, often developed by its own employees.	DEME enters into confidentiality agreements with third parties that are involved in Research & Development ('R&D'). The intellectual property rights arising from this R&D are owned by DEME on the basis of a standard contract with the inventor. Depending on the type and value of the intellectual property it may be protected further by filing a patent application.
OUTBREAK OF PANDEMIC DISEASE		
A pandemic, such as the recent COVID-19, can negatively affect our operations. It impacts the health of all our employees, suppliers, subcontractors; it can disturb the delivery of crucial supplies and it can lower demand.	An outbreak of a pandemic impacts the health of our crew and staff and our business continuity, on board, on project sites, and at our offices and consequently, it has an impact on the financial position of the company. Local or international measures can limit travelling for our crew and staff, and include possible quarantine measures, and it can complicate the delivery of necessary supplies.	Cooperation of all staff and crew, compliance with our health and safety measures and vaccination recommendations enabled the company to limit the number of Covid infections. And to date, DEME has kept the mitigation measures and protocols in place to continuously assess the Covid evolution and the associated government measures. The evolution and risks now appear to be reasonably under control with most governments relaxing their regulations.

CHAPTER 05

SUSTAINABILITY & QHSE

It is wonderful to be part of the DEME team, knowing we are making such a significant contribution to the worldwide energy transition and ultimately, to a cleaner, more sustainable planet.

LAURA VOULISMAS | **PROJECT COORDINATOR SUSTAINABILITY**

Introduction

Sustainability and QHSE are of paramount importance when it comes to delivering excellence in our operations. Our actions are guided by our values, international standards and the expectations of our key stakeholders.The following pages outline how we take our responsibility and increase our sustainable and QHSE performance in our daily activities.

DEME's 8 key Sustainability Themes

EXCEL - How can we make sure we are performing in the most sustainable way possible?

	SDG	AMBITION	PROGRAMME
CLIMATE AND ENERGY		Strive for climate-neutral operations by 2050 and improve energy efficiency in our operations.	**Reduction of GHG emissions from our own operations and project supply chain.**
NATURAL CAPITAL		Minimise the environmental impact of our operations and strive for a net positive impact on biodiversity and ecosystems.	**Operational solutions to manage adverse impacts on water, land and air.**
			Nature-based Solutions integrated into our operations.
SUSTAINABLE INNOVATION		Enhance scientific research, upgrade the technological capabilities and encourage sustainable innovation within our projects.	**Intrapreneurship to advance sustainability.**
			Partnerships with universities and research institutions.
WASTE AND RESOURCE MANAGEMENT		Maximise efficient and circular use of materials throughout our projects.	**Reuse of dredged materials, soils, water and materials from demolition works in our operations.**
HEALTH AND WELLBEING		Provide a safe, secure and healthy working environment for all people involved.	**Guaranteeing physical and mental health & wellbeing.**
DIVERSITY AND OPPORTUNITY		Ensure an inclusive workplace where all employees are treated equally, with dignity and respect.	**Diversity and inclusion.**
		Strengthen employee competencies.	**Personal and professional opportunities.**
ETHICAL BUSINESS		Respect and protect labour rights in our operations.	**Clear guidance and minimum standards on business ethics & human rights for all parties involved in our operations.**
		Embed an ethical business mindset within the organisation and transparently communicate about our ethical performance.	
LOCAL COMMUNITIES		Build collaborative relationships with local communities through consultation, engagement and participation.	**Employee engagement in community participation.**

Climate and Energy

CLIMATE AND ENERGY

Concerning the reduction of air emissions, we have chosen a very ambitious strategy whereby we aim to tackle both emissions leading to global climate change, as well as emissions leading to an adverse effect on local air quality (ref. theme Natural Capital).

In line with our ambition to achieve climate-neutral operations by 2050 (Scope 1 & 2), we are aiming to be at the forefront of the industry when it comes to integrating climate proof technology and energy excellence into our operations. We have chosen to take the IMO's current strategy into account and are contributing to the IMO ambition to reduce the carbon intensity, as an average across international shipping, by at least 40% by 2030 versus base year 2008. In addition, we intend to reduce GHG emissions across our entire project value chain (Scope 3). The following pages on climate & energy will further clarify how we are working to reduce GHG emissions within Scope 1, 2 and 3.

REDUCTION OF GHG EMISSIONS FROM OUR OWN OPERATIONS AND PROJECT SUPPLY CHAIN

TARGETS

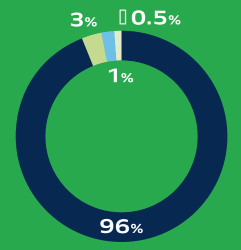
We have defined **five significant energy users (SEUs)** within our ISO 50001 Energy Management System and set the following targets:

- **Vessels**: 17% of low carbon fuels consumed (energy based) in comparison to total consumed fuels (energy based) by 2026.
- **Machinery and Equipment**: Climate-neutral operations in the Benelux by 2030.
- **Buildings**: Climate-neutral headquarters by 2025.
- **Lease cars**: Reduction to 65 grams CO_2/km for lease cars by 2025 in the Benelux.
- **Purchase of goods and services**: To set dedicated targets and/or actions based on an analysis of our Scope 3 emissions and related Life Cycle Assessments.

PROGRESS 2022

- In 2022, total Scope 1 and 2 greenhouse gas emissions amounted to 653 kt CO_2e. The amount of DEME's annual total global greenhouse gas emissions is largely dependent on the type of projects and the vessel occupancy. In 2021, the amount of 833 kt CO_2e could be attributed to the high overall utilisation of the hopper and cutter fleets, representing at that time a 15% higher utilisation rate than the year before.
- In 2022 we worked towards a structured Energy Management System including energy action fiches for every SEU with their dedicated owner(s). Action lists are followed up through the year and validated during the annual Energy Management Review.
- For our overall progress regarding the CO_2 Performance Ladder we would kindly refer to our dedicated webpage www.deme-group.com/CO_2-prestatieladder and in particular, DEME's progress report 'Energy Performance booklet, Scope 1 & 2'.

WORLDWIDE GREENHOUSE GAS EMISSIONS



- Vessels
- Machinery & equipment
- Lease cars
- Buildings

SCOPE 1 - kt CO_2e*
652

SCOPE 2 - kt CO_2e*
1

SCOPE 3 - kt CO_2e*
23

BELGIUM, THE NETHERLANDS AND LUXEMBOURG CO_2 EMISSIONS (ACCORDING TO CO_2 PERFORMANCE LADDER)

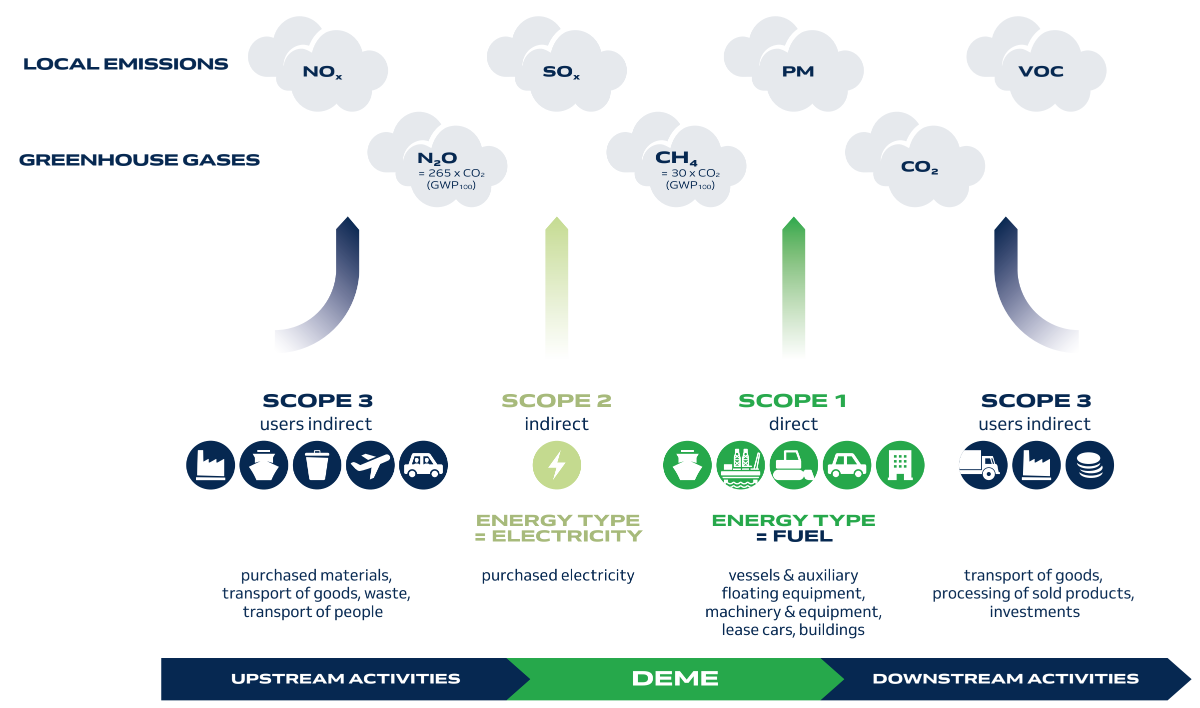
SCOPE 1 - kt CO_2*
108

SCOPE 2 - kt CO_2*
2

SCOPE 3 - kt CO_2*
98

* see glossary

DEME follows the Greenhouse Gas Protocol and reports its GHG emissions according to three scopes (Scope 1, 2 & 3). DEME's total worldwide carbon footprint includes carbon dioxide (CO_2), nitrous oxide (N_2O) and methane (CH_4).



Note: this visual is based on the GHG Protocol Scope 3 Standard and focuses on the most important aspects relevant to DEME

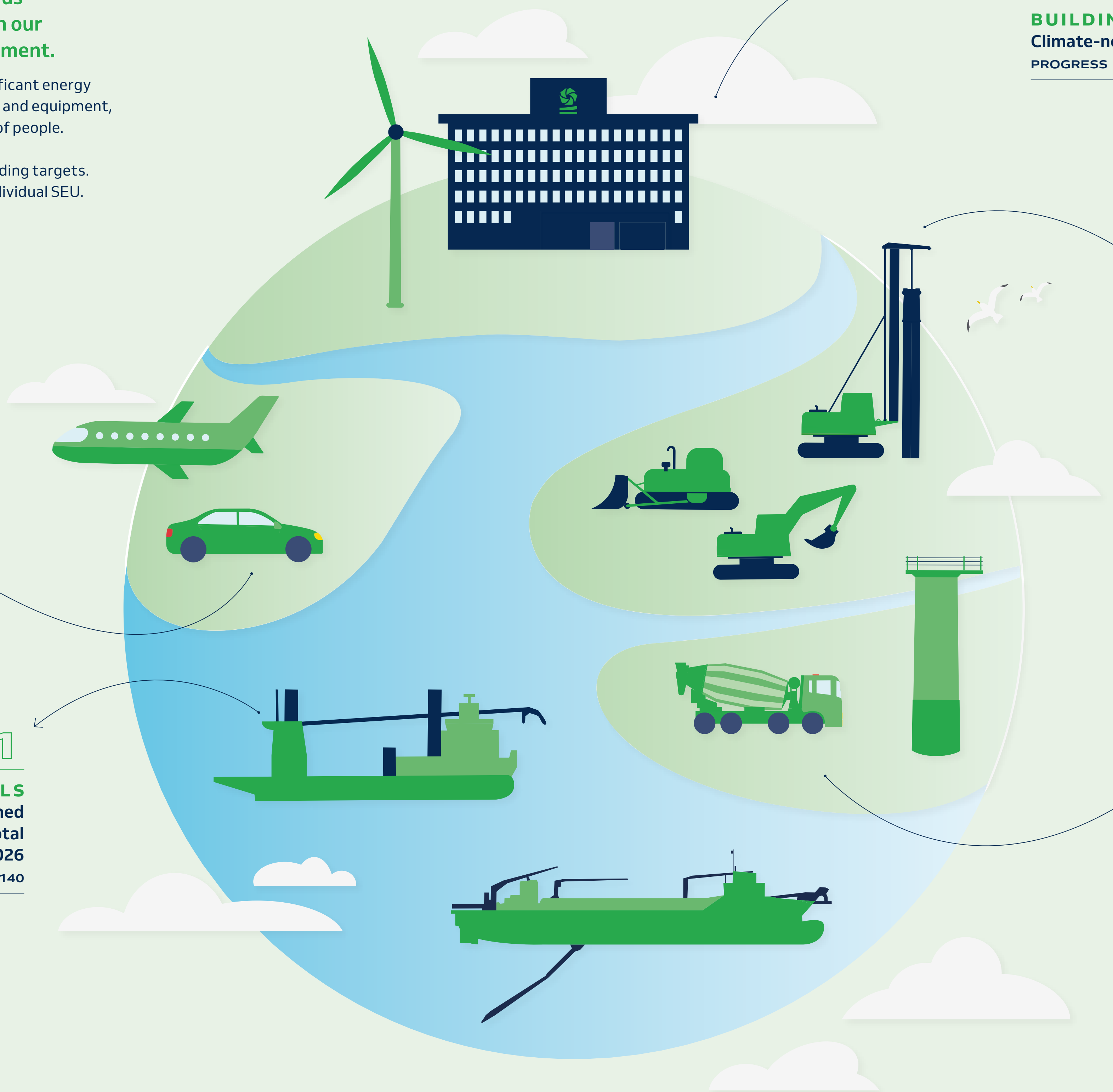
CLIMATE AND ENERGY

Energy Management

The energy management system enables us to integrate our energy management with our related greenhouse gas emission management.

Within the framework of the ISO 50001, five main significant energy users (SEUs) have been identified: buildings, machinery and equipment, purchase of goods and services, vessels and transport of people.

Here is an overview of all the SEUs with their corresponding targets. On the next pages we will show the progress of each individual SEU.



01

VESSELS

17% of low carbon fuels consumed (energy based) in comparison to total consumed fuels (energy based) by 2026

PROGRESS — P. 140

02

BUILDINGS

Climate-neutral headquarters by 2025

PROGRESS — P. 144

03

MACHINERY AND EQUIPMENT

Climate-neutral operations in the Benelux by 2030

PROGRESS — P. 146

04

TRANSPORT OF PEOPLE

Reduction to 65 grams CO_2/km for lease cars by 2025 in the Benelux

PROGRESS — P. 147

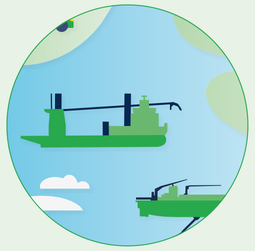
05

PURCHASE OF GOODS & SERVICES

Reduction of GHG emissions in our project supply chains

PROGRESS — P. 148

CLIMATE AND ENERGY



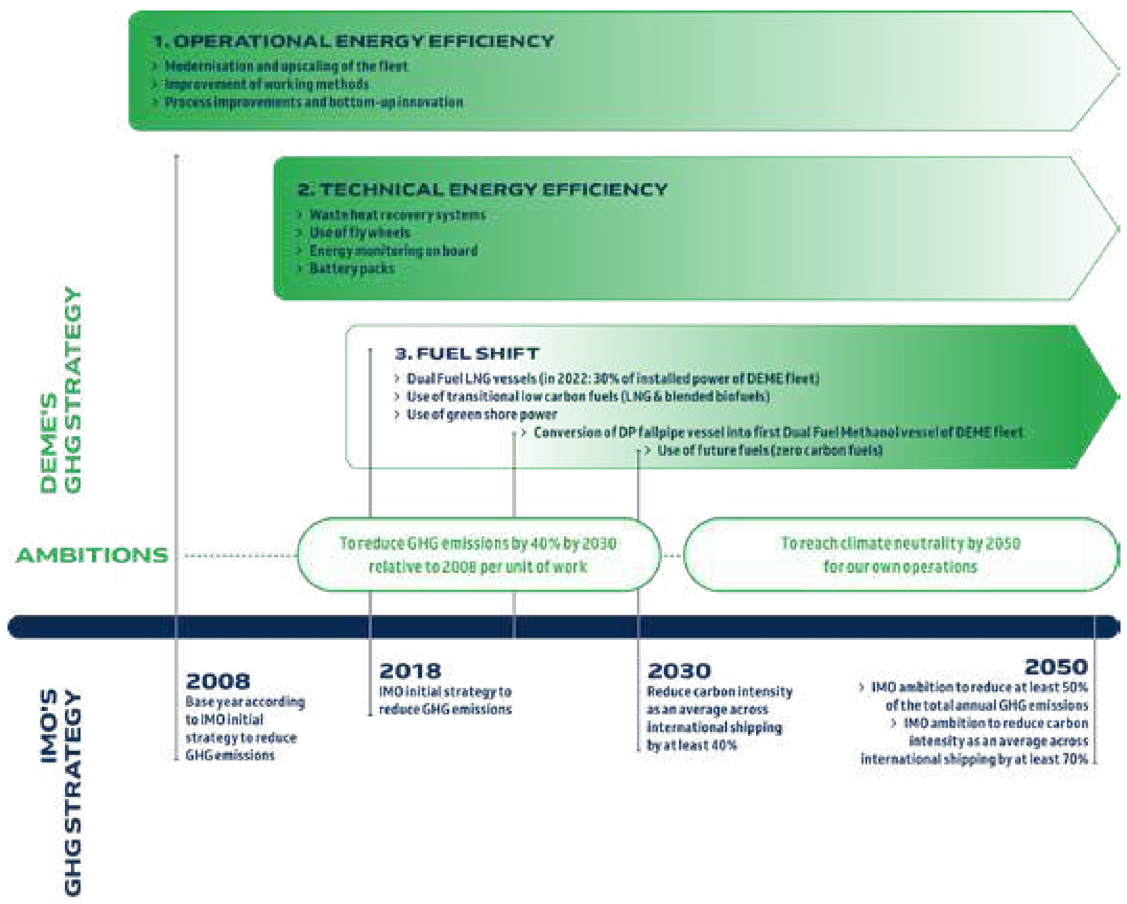
01

VESSELS

Towards the most efficient and flexible fleet in the sector

We are currently implementing a multi-year fleet investment programme in order to further increase energy efficiency, to reduce air emissions directly and significantly, and to be able to make the switch to the use of future zero carbon fuels in the long run. On top of that, we are already actively engaging in the production of these future fuels, which will play a vital role in reducing emissions by up to almost 100%. When it comes to CO_2 and GHG we have chosen to adopt IMO's current strategy and to even go above and beyond its requirements.

DEME'S VESSEL GHG EMISSIONS REDUCTION ROADMAP



We have a three-pronged strategy in place to reduce the GHG emissions from our fleet:

1. OPERATIONAL ENERGY EFFICIENCY

Throughout the years, we have been focusing on improving the operational efficiency and productivity of our fleet, resulting in the reduction of our CO_2 emissions.

Modernisation and upscaling of the fleet
A great example of our investment in the modernisation of the fleet is the offshore installation vessel 'Orion', one of the newest members of the DEME fleet and the most innovative vessel in the offshore wind industry. 'Orion' is the first floating monohulled vessel able to handle the next generation of mega foundations, speeding up installation times dramatically. As well as this, 'Orion' has dual fuel engines and was operating partially on Liquified Natural Gas (LNG) at the Arcadis Ost 1 project, reducing the CO_2 footprint of the operations substantially.

Moreover, we are investing in a new fallpipe vessel to further reinforce our capabilities in the offshore energy market.

Improvement of working methods
When the cycle production of a critical activity is increased, this results in a time saving but also a fuel saving and in turn, CO_2 reduction. One example of an improvement in our working method is highlighted by the long-term contract for maintenance dredging on the River Scheldt where we have saved up to 26% of fuel consumption per m^3 dredged with a medium trailing suction hopper dredger (TSHD).

Implementation of a pragmatic approach on process improvements and bottom-up innovation
An internal exercise showed that when cutter suction dredgers (CSDs) 'Ambiorix' and 'Spartacus' were dredging in the same area with approximately equal pumping distances, 'Spartacus' used 37% less energy per cubic meter dredged compared to 'Ambiorix'.

2. TECHNICAL ENERGY EFFICIENCY

We continuously strive to increase our technical energy efficiency across the fleet, and thus at the same time, reduce emissions by implementing different kinds of efficiency measures. These include waste heat recovery systems, which convert heat from the exhaust gases to electrical energy, the use of fly wheels and battery packs, as well as measures to boost propulsion efficiency such as combinator curves.

As an example, for the TSHD 'Bonny River', we have invested in a combinator curve, which increased the overall efficiency by up to 7% during dredging operations.

In 2022, we entered into an agreement with Norwegian shipping company Eidesvik to acquire the DP3 offshore installation vessel 'Viking Neptun'. The vessel is fully compliant with the latest emission standards and features cutting-edge environmental technology, including a battery pack for best-in-class fuel efficiency.

The TSHD 'Bonny River' and mega CSD 'Spartacus', are the first dredgers worldwide to obtain the additional class notation 'Sustainable ship 1'.

CLIMATE AND ENERGY

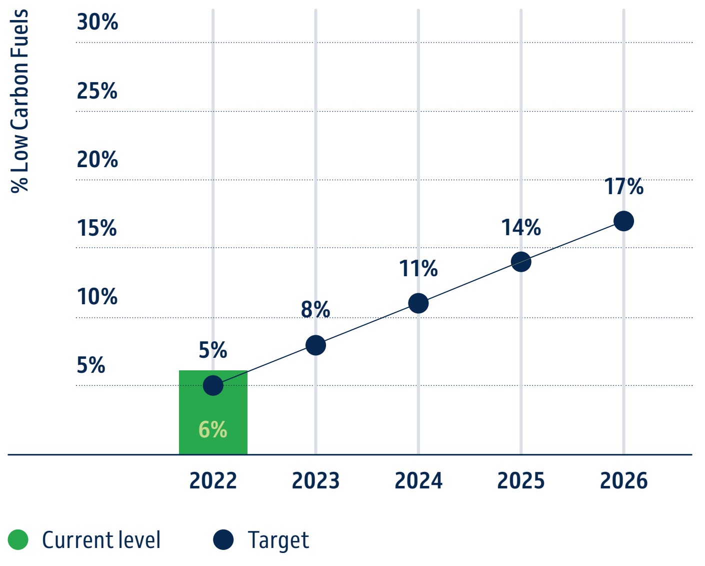
3. FUEL SHIFT

Short and medium-term (low carbon fuels)
Low carbon fuels combine the fuels for which the CO_2 emissions are lower compared to conventional fuel (marine gas oil). This category includes fuels such as LNG and blended bio-fuels. By incorporating state-of-the-art, dual fuel technology in our vessels, they are able to run on both LNG in gas mode and conventional fossil fuels in diesel mode. From an emissions perspective, the concept is that they can readily access the use of a cleaner fuel with the option to fall back on conventional fossil fuels if alternatives are not available.

In 2022, approximately 30% of the installed power of our fleet is technically prepared to use LNG as a fuel. This includes 'Spartacus', 'Minerva', 'Meuse River', 'Scheldt River', 'Living Stone', 'Bonny River', 'Orion' and 'Green Jade'. Running on LNG almost entirely eliminates SOx and PM emissions, strongly reduces the amount of NOx emissions and reduces CO_2 emissions in gas mode by up to 25%.

Alongside the use of LNG, our vessels can also run on biofuels or a mixture of a fossil fuel with a biofuel, both resulting in a net reduction of our CO_2 and GHG emissions. Biodiesel and biomethane (BioLNG) can be used as a 'drop-in' fuel and on board of vessels currently running on LNG without any technical modifications for storage, handling and combustion.

In 2022, we exceeded our target to consume at least 5% of low carbon fuels compared to the total amount of fuels (energy based).



Medium and long-term (future fuels, zero carbon fuels)
DEME is a keen enthusiast about the potential of future fuels, especially the e-fuels where we adopted an ambitious strategy, particularly focusing on the benefits of hydrogen and methanol.

More information on our hydrogen project investments can be found in Chapter 3 - Segments - Concessions.

BEST PRACTICE

Use of green shore power at DEME Base Flushing
In 2022 the Dutch government granted DEME's request and partly subsidised our investment in a shore power network to join the vessels to the grid that makes use of green power provided by energy supplier Stedin Group. This will contribute to a significant reduction in CO_2 and NO_x emissions.

A conservative estimate of the energy consumption of moored vessels at the DEME Base Flushing in 2021 was 5,485 MWh. The estimated emission reductions for this power consumption are (based on 2021 figures):
— CO_2 emission reduction of 3,380 tonnes CO_2 per year
— NOx emission reduction of 50 tonnes NOx per year

The infrastructure is planned to be operational in the course of 2023.

CLIMATE AND ENERGY

02

BUILDINGS

Green offices and creating climate-neutral headquarters by 2025

We are currently working to increase energy efficiency and to promote the use of sustainable energy in our offices.

Our efforts are focused on the procurement of green electricity in the short term and to improve our energy efficiency and generate our own wind and solar power for our headquarters.

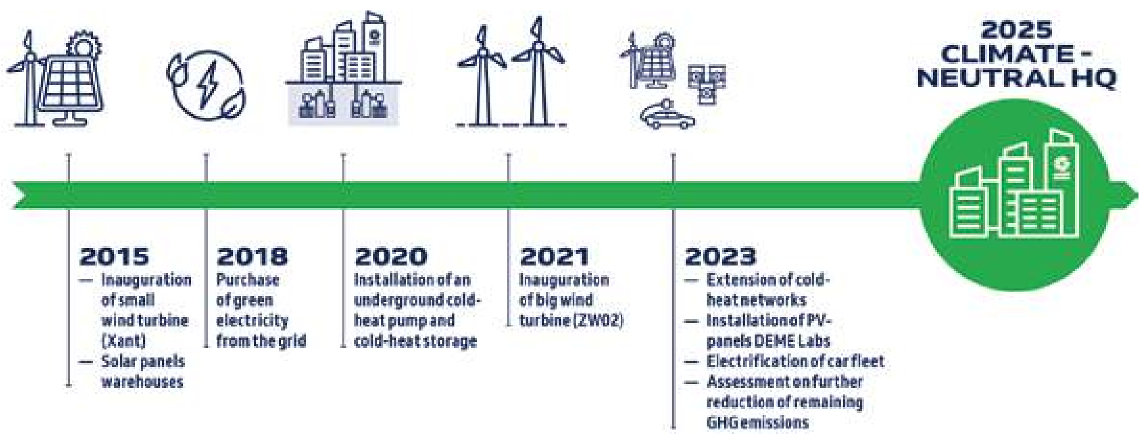
Our aim is to have climate-neutral headquarters by 2025.
The procurement and production of this green electricity will play a vital role in reducing emissions for our offices to almost zero.

PROGRESS 2022

Procurement of green electricity and production of local renewable energy
The first step in our strategy towards zero-emission offices is the procurement of green electricity for our offices and sites in Belgium.
By doing this our indirect GHG emissions (Scope 2) due to energy use in our offices is reduced significantly.
In the Benelux we aim to achieve 100% green electricity by 2025.

Sustainable DEME campus
The DEME campus is undergoing a major transformation. We are working towards a modern, attractive, sustainable and energy-neutral head office. The DEME Labs and new offices will be fitted with heat pumps and fully electrified heating systems as a part of our multi-year plan to gradually shift from fossil fuel heating to the use of green electricity. During construction and renovation, we will also focus on the design and insulation in order to reduce the heating and cooling demand. In addition, solar panels will be fitted on the roof of the DEME labs.

DEME'S ROADMAP TO CLIMATE-NEUTRAL HQ BY 2025



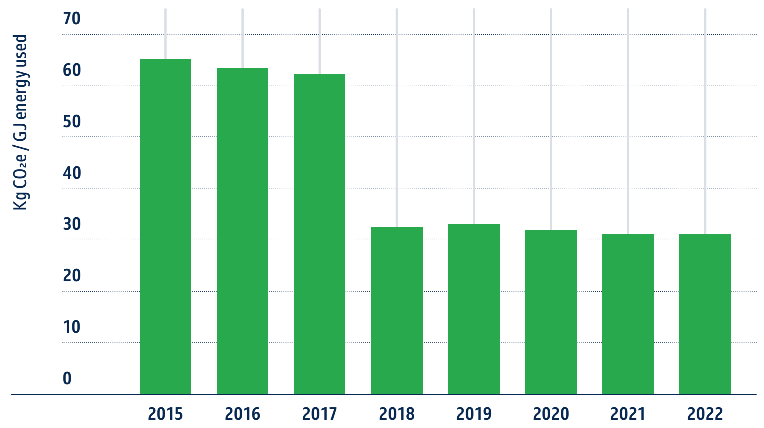
BEST PRACTICE

GREEN INITIATIVE

Site office powered by solar energy
A site office has been powered by means of a hybrid generator with solar panels at the Groot Onderhoud Vaarwegen (GOVa) project. The 10ft container is equipped with a 20 KVA generator with 3×5 kW or 3×8 kW lithium batteries and inverters. Additionally, 12 x 300 W solar panels have been placed on the container so that the batteries can also be charged without producing emissions. Storing the generator's energy in the battery pack yields the greatest savings. The generator only starts when the batteries fall below a certain level, and it only runs for a few hours a day instead of the full 24 hours.

This initiative resulted in a saving of 2,550 litres of diesel, which is needed to power the generator of the container and is equivalent to 2 tonnes of CO_2 reduction. In addition to that, there is no noise pollution anymore for the surrounding community.

PROGRESS GHG EMISSIONS REDUCTION HEADQUARTERS



HIGHLIGHTS

In 2018 we signed a contract for the purchase of green electricity from the grid, resulting in zero-emissions for our electricity consumption.

In 2022 we used 50% of our locally produced renewable energy for our electricity consumption. For the remaining 50% of electricity consumption, we purchased green electricity from the grid.

In 2023 we will further focus on reducing our GHG emissions by:
— Extending the cold-heat networks for the offices to reduce the amount of diesel consumption for heating;
— Phasing out the remaining emissions for our headquarters coming from the heating and sanitary water used in the offices and warehouses.

CLIMATE AND ENERGY

03 MACHINERY AND EQUIPMENT

Gradually moving to zero-emission machinery and equipment

The electrification of construction equipment and the use of hydrogen gives the construction sector more and more opportunities to move towards zero-emissions, yet there is still no solution for remote locations using energy-intensive construction equipment, and these locations are usually exactly where DEME is working.

PROGRESS 2022

In the coming years we will investigate and monitor market developments in new technologies (electric/hydrogen/ hybrid) in the Benelux to ensure that sufficient knowledge is present to make the right investments. By 2030, 50% of de Vries & van de Wiel's earthmoving machinery will be zero-emission equipment.

Furthermore, we are inventarising the operational hours data of individual pieces of machinery to optimise the usage on our projects.

When replacing existing earthmoving equipment we will purchase new, zero-emission equipment instead as can be seen in the best practice.

In addition to that often the use of electrical equipment on project sites such as compressors, generators, etc. is being used opposed to diesel powered equipment.

BEST PRACTICE

Purchase of electric dry earthmoving equipment

Despite the current price difference with conventional machinery and equipment, we have purchased new electrified machinery. DEME Environmental purchased two electric compact wheel loaders. The time it takes to achieve a full charge is now halved to only six hours, avoiding 420 tonnes CO_2-equivalent.

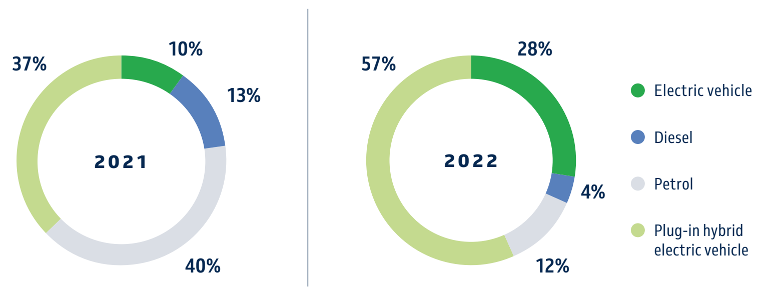
CLIMATE AND ENERGY

04 TRANSPORT OF PEOPLE

The pace at which our car fleet is being electrified is increasing

The transport of people at DEME includes business flights, train travel and our car fleet. We aim to reduce emissions related to business travel, increase green mobility in the Benelux and gather insight into our car fleet worldwide.

OVERVIEW LEASE CARS ORDERED 2021 VS 2022

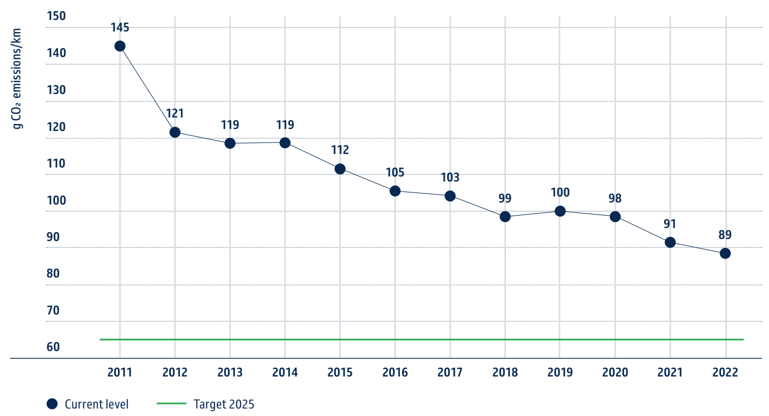


WE IDENTIFIED TWO KEY DEVELOPMENTS:

— A major increase in electric vehicles ordered, which climbed from 10% to 28%;
— A major decrease in the number of petrol and diesel cars ordered, which declined from 53% to 16%.

In Belgium we target 100% of our new lease cars to be emission-free as from 2026.

PROGRESS ON THE AMOUNT OF GRAMS CO_2 EMISSIONS PER KILOMETRE FOR OUR LEASE CARS IN THE BENELUX



As the composition of our car fleet has significantly changed, this also has an impact on the GHG emissions (Scope 1) related to the transport of our people.

During 2022, the average CO_2 emissions of our car fleet was 89 gCO_2/km. Despite the fact we have ordered more electric vehicles, delays in delivery due to circumstances beyond our control, mean we have not achieved the GHG emissions reduction we had anticipated.

In 2023-2024 we expect a larger decrease in emissions, coming closer to our target for lease cars of 65 gCO_2/km by 2025 in the Benelux.

CLIMATE AND ENERGY

05

PURCHASE OF GOODS & SERVICES

Towards reporting on the most important emissions in our value chain

One of the main energy consumers in the project supply chain is the purchase of goods & services. We aim to reduce GHG emissions across our entire project value chain. This includes exchanging energy and emissions performance data. We are determined to gain further insights into our most significant emissions categories and to set dedicated targets and actions based on an analysis of our Scope 3 emissions and related Life Cycle Assessments.

PROGRESS 2022

In 2021-2022 we expanded our general knowledge and awareness of GHG emissions in our supply chain. We used our internal procurement taxonomy to define the categories where most GHG emissions are coming from. We specifically focused on:

- Purchase of goods and services (steel, concrete, cranes and dry earthmoving equipment).
- Up- and downstream road and water transport.
- Business travel.

We carried out an analysis of existing tools, methodologies and criteria for sustainable procurement, including the Scope 3 information.

As a next step we have taken the decision to run a pilot with a supplier assessment tool as a potential solution for procuring in a more sustainable way and pushing our suppliers to do better and provide us with information on their emissions related to our scope of work.

Natural capital

Our oceans, seas, rivers and coastlines are vital for a healthy planet and economy. It is undeniable that our marine contracting works alter the environment. For this reason, it is important to find sustainable solutions that safeguard and improve marine and terrestrial ecosystems by depolluting, restoring and enhancing our rivers, coastal areas, ports and land.

Our ambition is to actively manage the environmental impact of our operations by protecting biodiversity and minimising any disturbance of sensitive species and habitats during our operations. Nature-based Solutions can help us move towards a more regenerative economy.

OPERATIONAL SOLUTIONS TO MANAGE ADVERSE IMPACTS ON WATER, LAND AND AIR

TARGETS

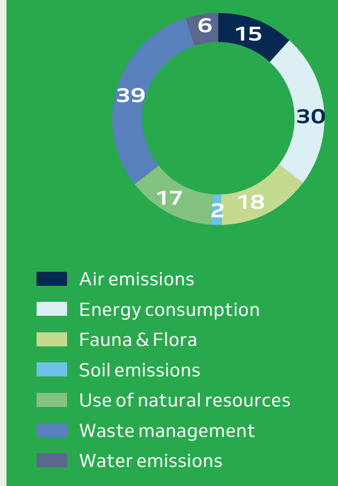
- To systematically implement environmental assessments in all project preparations.
- To avoid environmental incidents.
- To implement at least one Green Initiative each year for every project with a duration longer than three months (see Progress).

PROGRESS 2022

- With a growing number of 127 Green Initiatives in 2022, both environmental awareness and engagement amongst our employees are increasing, whether they are working on project sites or in the office. These initiatives are employees' actions to make changes or modifications to a process, equipment or setup to minimise the environmental impact of a project.
- A more systematic inclusion of environmental risks and mitigation measures (based on the Environmental Risk Assessment Matrix) in our project QHSE-S risk assessments.
- During the year there were more successful applications of our online and real-time field monitoring system, whereby we use in-house designed environmental buoy setups for water quality surveys. The system is being further refined based on operational experiences and practical feedback from the project sites.

TOTAL NUMBER OF GREEN INITIATIVES

127



#Submitted and approved Green Initiatives / Year

NATURAL CAPITAL

BEST PRACTICES 2022

GREEN INITIATIVE

1. Réseau Nature Entreprises
In order to protect the biodiversity present on the site of the Ecoterres offices and our treatment centres, Ecoterres is committed to Natagora's 'Réseau Nature Entreprises'.

Natagora is an association for the protection of nature in Wallonia and the region around Brussels.

This commitment led to the signing of a charter that commits us to five goals:

- Do not develop human activities resulting in the destruction of natural environments.
- Do not let invasive alien species develop.
- Favour native plants that exist in the wild in the region or partially on the site.
- Respect the spontaneity of wildlife.
- Do not use synthetic pesticides.

2. Bigger foundations require enhanced noise mitigation measures
At the Arcadis Ost 1 offshore wind farm we collaborated closely with our client to monitor underwater noise and tested multiple technologies to improve our noise mitigation results. A pilot test was performed with the PULSE technology and we deployed a triple bubble curtain (BBC) and an enhanced Hydro Sound Damper net, including a small BBC.

Although we take a multitude of noise mitigation measures on our projects, we acknowledge that it remains a challenging aspect when installing foundations at offshore wind farms. We are continually exploring how we can further reduce our noise emissions.

NATURAL CAPITAL

NATURE-BASED SOLUTIONS INTEGRATED INTO OUR OPERATIONS

28
INITIATIVES ON NATURE-BASED SOLUTIONS

TARGETS

— To identify, understand and value the ecosystems we operate in, including the sensitivity of receptors and their environmental features.
— To include Nature-based Solutions into tenders and projects.
— To valorise Nature-based Solutions as competitive alternatives.

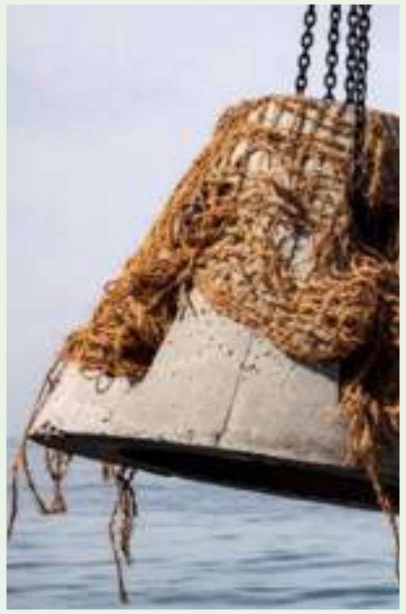
PROGRESS 2022

— In 2022 we were actively engaged in multiple initiatives concerning Nature-based Solutions and incorporated them into our tender proposals and project designs. For several ongoing projects we also put forward a Nature-based Solution as a fully compliant alternative.
— We are developing a spin-off from the R&D project 'Coastbusters', aiming to valorise the added value of this pioneering coastal management project.
— We are currently performing a detailed feasibility analysis of a NbS Living Lab for the Belgian North Sea, 'Cassandra', which reflects our active engagement in the transition from static coastal protection to dynamic, resilient and integrated coastal zone management. The project is based on our knowledge and experience gathered from Coastbusters, whereby we are exploring how this could be extended and developed for an entire coastal zone of hundreds of metres. We are aiming to complete this process by end 2023.

BEST PRACTICES 2022

1. Fort Sint-Filips
In the largest rehabilitation project in the Port of Antwerp ever undertaken, the transformation of Fort Sint-Filips was successfully completed after two years by DEME Environmental and its partners. After World War II, the 19th century fort served as a dumping ground for millions of litres of oil and chemical waste. This was removed and the fort was encased in an underground cement-bentonite wall, so that the contamination is completely isolated. The recreated lagoon and riverbanks were topped with clean soil top layers to facilitate a natural embankment development.

Once the team had tackled the heavy historical pollution, a higher river dyke was built to protect the city and the industrial area of the port against rising water levels, which are likely to occur given the impact of climate change. This initiative is part of the SIGMA flood protection plan along the River Scheldt. As a crucial add-on to the flood protection measures, an additional groyne dam has been built downstream of the fort, which will stimulate the development of a 20-ha tidal nature area. The natural dam was created from the reuse of dredged material from the site and enhances the direct creation and natural growth of a low-dynamic estuarine zone along the River Scheldt with mudflats and shoals, marshlands and brooks. Therefore, the initial remediation project turned into an integrated, sustainable flood management project as part of a more balanced Scheldt Estuary Development Outline - creating not only a safer, but also accessible, attractive and natural estuarine system.



2. Offshore Nature-based Solutions
During spring 2022, DEME installed a new reef on the seabed of the Belgian North Sea. These purpose-built reef structures are the first to be installed offshore off the Belgian coast to facilitate ecological enrichment and enhance biodiversity in the Natura 2000 area. In close collaboration with leading reef engineering company Subcon, DEME co-designed and installed this Nature-inclusive design solution, keeping sustainable value creation at the absolute core of our operations. Our active engagement in the development of scientifically and ecologically underpinned solutions reflects DEME's frontrunning position in the innovative application of offshore Nature-based Solutions.

Sustainable innovation

SUSTAINABLE INNOVATION

We all hold key parts of the solution, and we all stand to benefit by collectively driving forward sustainable development. Multistakeholder partnerships therefore can be seen as a way for organisations from different societal sectors to work together.

The ambition to achieve a sustainable world also means that intrapreneurship (whereby employees can behave like entrepreneurs, even though they work within an organisation) should be encouraged within the company. Working towards holistic, sustainable solutions also requires in-depth knowledge, expertise and R&D on very specific topics, and dedicated cooperation with universities and research institutes. That's why we aim to enhance scientific research, upgrade our technological capabilities and encourage sustainable innovation.

INTRAPRENEURSHIP TO ADVANCE SUSTAINABILITY

TARGETS

— To ensure uptake of sustainability as an integral part of every challenge in each innovation campaign.
— To make sure sustainability is always part of the evaluation criteria of every idea or initiative during the development phase.

PROGRESS 2022

— We completed the first three out of four stages of 'DEMEx' - DEME's most ambitious innovation campaign. A customised megatrends map was used to create 10 future planets, all of which included sustainability challenges. These planets were used to create a multitude of promising future ventures for DEME of which nine were selected for a six-month incubation period in 2023.
— We continued developing and implementing the most promising nine initiatives of our 'Diver Campaign 2020'. One of the ideas being accelerated is the use of zero-emission equipment.
— In 2022, we performed five 'ad hoc' AVISO innovation campaigns, one of them concentrating on the removal of sea-dumped ammunition, and therefore having a strong sustainability focus. AVISO stands for Alternatives, Value (creation, engineering), Innovation, Smarts & Optimisation and focuses on attaining excellence in business by introducing novel solutions.
— We held four 'DEME Talks' (inspired by TED Talks) on both technical and non-technical topics. Subjects included the Geopolitics of the Energy Transformation and Workable Work.

12
APPROVED INNOVATION INITIATIVES

PARTNERSHIPS WITH UNIVERSITIES AND RESEARCH INSTITUTIONS

TARGETS

— To set up long-term partnerships with selected universities.
— To set up project-specific collaborations with universities and research institutes.

PROGRESS 2022

— We engaged with families and youngsters at the Nerdland Festival, the largest outdoor science festival in Belgium.
— DEME supported Phairywind (a Belgian academic offshore wind network for young researchers) and the European Academy of Wind Energy in organising the 18th EAWE PhD seminar.
— The Master 'Smart Port and Marine Environmental Management' at ESITC Caen (FR) addresses the increase in international maritime traffic, climate change and the planned depletion of fossil energy resources. DEME supports this course by providing lectures on environmental management by using Nature-based Solutions.
— DEME provides lectures on the sustainable and smart use of sediments at Antwerp University (BE), explaining the benefits of reusing dredged materials in Nature-based Solutions, and these are combined with site visits.
— In the framework of the UN Ocean Conference in Lisbon, DEME gave a presentation on 'Upscaling Nature-based Solutions in coastal zone management' as part of a dedicated symposium on the Belgian-Portuguese Blue Economy.
— DEME co-created together with UCL (BE) a dredging module in the SeaLab online modelling platform to streamline and improve the know-how related to dredge plume forecasts.

Partnerships with universities and research institutions

EUROPE

UK
University of Southampton
Belgium
Ghent University
KU Leuven
Universiteit Antwerpen
Université Libre de Bruxelles
France
Mines Paris Tech
Université Grenoble Alpes
The Netherlands
Utrecht University
Eindhoven University of Technology
Poland
Lodz University of Techology
Ukraine
Odessa National Maritime University
Italy
Politecnico di Milano
Germany
Kiel University
Technische Universität Berlin

REST OF THE WORLD

USA
Johns Hopkins University- Boston
Singapore
National University of Singapore
Australia
University of Western Australia

26 PhDs from
17 Universities
in following domains
Economics / Engineering
Biology / Geology /
Social sciences

Waste and resource management

By 2050, waste generation is expected to increase to 3,400 million tonnes a year. Additionally, waste is not always disposed of in a controlled way, ending up in the oceans and in turn, polluting the coastal environment.

Therefore, prudent waste and resource management is essential for a sustainable future. In order to achieve this goal, we need to establish a circular economy to successfully manage soil, sediment, water and land to ensure an efficient use of these vital natural resources. Crucially, we need to find an alternative way of thinking and consider our waste as an important resource instead. DEME aims to maximise the efficient and circular use of materials throughout its projects. Currently, we are mainly focused on minerals (sand, gravel, concrete), metals (steel) and waste.

REUSE OF DREDGED MATERIALS, SOILS, WATER AND MATERIALS FROM DEMOLITION WORKS IN OUR OPERATIONS

TARGETS

— To map significant reuse of material streams (soil, sediments, water and materials from demolition works) in our projects via the Green Initiatives.

PROGRESS 2022

— In 2022 we received 39 Green Initiatives on Waste and 17 on the Use of Natural Resources.
— We set up Green Initiative communications, where we select some of the most impactful and valuable ideas, and share the lessons learned with our employees. Twelve Green Initiative communications were sent out in 2022.
— We are mapping the use of licensed waste processors on our projects via QuickScans.
— We are updating the Green Initiative process by introducing a more detailed scoring mechanism, which can flag up the reuse of materials.

17
GREEN INITIATIVES ON USE OF NATURAL RESOURCES

39
GREEN INITIATIVES ON WASTE MANAGEMENT

WASTE AND RESOURCE MANAGEMENT

BEST PRACTICES 2022

1. Reuse of packaging/waste wood for improving homes for local people
During the Abu Qir 2 project in Egypt, DEME partnered with a local charity to support the community of Alexandria, with the main goal of improving the living conditions of people living in poverty in the region. The Community Development Association in Bab Al-Obaid is engaged in a wide variety of different activities such as creating sewing workshops, weekly cleanup campaigns, a cow and sheep breeding project etc.

In line with DEME's sustainability goals, the project with the charity focused on different kinds of waste (plastic, wood, metal…) which are separated and recycled locally. Instead of classifying wood as waste material, the DEME team investigated the feasibility of recycling the wood from the project site. On a regular basis the wood gets collected and sorted out, allowing the useable wood to get transported to the village the charity supports. Then the recycled wood is used for new roofs or to replace leaking roofs on the local houses. At the end of the project 12 houses were provided with a new watertight roof.

GREEN INITIATIVE

2. Redesign of MP/TP covers
During a campaign to install monopiles (MP) and transition pieces (TP) a MP cover is placed on the MP flange after installation to act as a navigation beacon and flange protection until the TP is installed. Prior to the start of the next installation, the MP cover is removed. Once the second installation is completed and the TP has been installed on top of the MP, a second cover is placed on the TP flange, a TP cover or a tarpaulin. This cover protects the inside of the TP.

On the Arcadis Ost 1 offshore wind farm project the DEME team decided to combine the MP/TP cover, to reduce the amount of material needed. The MP cover therefore was designed to be reused and accommodate a tarpaulin so it could be placed back on the MP flange after finalising the TP installation.

As a result, the project team saved 72.9 tonnes of steel and improved operational efficiency by reducing the time needed during loadout operations.

GREEN INITIATIVE

Health and wellbeing

HEALTH AND WELLBEING

Due to the nature of our work, many projects take place in challenging and sometimes dangerous environments. Workplace health, safety and mental wellbeing - for our own people as well as subcontractors, suppliers, partners and other stakeholders - is an ongoing priority.

To ensure a safe working environment we have introduced the necessary management systems, action plans and dashboards. For more information we would kindly refer to our dedicated QHSE-S Performance chapter for an overview of our progress. Our ambition is to prioritise our physical, mental health & wellbeing in order to allow our people to be their best selves on the project, at the office and everywhere in between.

GUARANTEEING PHYSICAL AND MENTAL HEALTH AND WELLBEING

TARGETS

— To raise awareness about health and wellbeing by organising dedicated campaigns.
— To ensure the uptake of health and wellbeing topics in all people management training courses.
— To incorporate health and wellbeing in onboarding programmes for new employees.

PROGRESS 2022

— Our onboarding process aims to make people feel welcomed and supported during their first months at DEME. This process includes a training trajectory, multiple check-ins with their manager and HR Business Partner, and a dedicated welcome coach.
— At our Energy@DEME platform, DEME employees can take part in several sporting events (Antwerp 10 miles, walking and cycling challenges…). By using this platform, we keep our employees healthy in a fun and challenging way. One of the campaigns is 'DEME Heroes', whereby employees are encouraged to make a lifestyle switch with the ultimate goal of improving their physical condition, as well as helping to motivate their colleagues to participate in Energy@DEME events.
— DEME's home working policy aims to strike a good balance between flexibility and involvement. As ergonomics are important for preventing common workplace injuries, employees were offered a special desk chair and screen to enable them to create the optimal home office environment.
— A worldwide engagement survey has been launched, including a specific focus on wellbeing.
— Campaigns with specific focus on wellbeing and transgressive behaviour will be launched in 2023.

Diversity and opportunity

DIVERSITY AND OPPORTUNITY

We are a project and expertise-driven company which is expanding its activities worldwide. Talent is a key differentiator, allowing us to offer solutions for global challenges. We believe that a workplace that not only demonstrates demographic diversity but also leverages on diversity of thinking and inclusion will help us to face current and future challenges.

Our ambition is to attract, develop and engage our DEME workforce and mitigate employee turnover. By recognising, respecting and valuing differences and allowing people to be their authentic selves at work, we want to increase the impact a diverse and inclusive workforce can have on our organisation. We promote an inclusive working environment where everyone has the same opportunities for promotion, career progression and training, regardless of their gender, age, religion, sexual orientation, nationality, culture, political conviction, mental or physical ability. We aim to foster an engaged workforce via a multi-method approach targeting every step of the employee lifecycle. We focus on maximising the inflow of talent and minimising outflow and make it possible for employees to enjoy a lifelong career at our company.

DIVERSITY AND INCLUSION

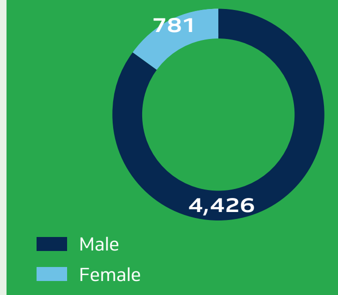
TARGETS

— To raise awareness about diversity and inclusion throughout the organisation in (leadership) learning programmes.
— To leverage our 'One DEME, One Team' spirit by building on the rich diversity of our operational teams and inclusive employee relationships.
— To ensure all our employees have equal opportunities when it comes to career opportunities and to actively support and guide them in this process.

PROGRESS 2022

— An International Starters' Guide is offered during the onboarding process to assist employees joining DEME from abroad as much as possible.
— Dutch classes were provided in Zwijndrecht and Breda to ensure the further integration of non-Dutch speaking employees. In 2022 we welcomed 88 participants, versus 65 in 2021.
— DEME maintained its participation in the project 'areyouwaterproof. be – Olivia' which aims to attract more women into the maritime world.
— An Intercultural Awareness training course was organised as a pilot in 2022. Around 60 people who are involved in our US projects were invited. The main goal was to increase awareness regarding cross-cultural communication, helping participants gain more insight into possible cultural differences, improve collaboration and promote effective communication.
— To determine our current status when it comes to diversity, equal opportunities and inclusion, a survey was launched (in combination with the topic of Health and Wellbeing) and focus groups were organised. Nearly 1,400 surveys were completed.
— We carried out an online recruitment campaign and organised Career Days with a focus on international profiles.

BREAKDOWN FEMALE/MALE*



79
DIFFERENT NATIONALITIES AMONG CREW AND STAFF

NEW HIRES

♀ 20%

♂ 80%

* based on headcount

PERSONAL AND PROFESSIONAL OPPORTUNITIES

TARGETS

— To maximise inflow of talented people who match DEME's culture and ambitions.
— To secure a solid onboarding for all newcomers.
— To enhance employee satisfaction by focusing on transparency and offering support in terms of:
  — Growth and career mobility;
  — Learning and development opportunities.

PROGRESS 2022

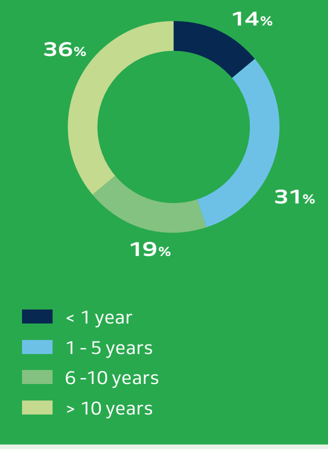
— In 2022, DEME was again awarded the Top Employer certification in Belgium. This recognises that DEME provides exceptional employee conditions, nurtures and develops talent throughout all levels of the organisation.
— To strengthen our position as a potential employer, we collaborated with employer branding experts, allowing us to create and share our ambitious, yet authentic, DEME story. Our employee value proposition was defined and turned into the 'Where next?' tagline which is being used in all recruitment campaigns.
— In order to maximise the inflow of talent, we organised Career Days in Italy and Portugal. After a day full of testimonials of 'local heroes', presentations, business cases, interviews and networking opportunities, more than 95% of all participants formally indicated they were still interested in DEME as a potential employer.
— To create more transparency in terms of career opportunities, a Career Map for staff was launched, which was structured per job family and seniority level.
— For people to have a good view on what is possible in terms of learning and development, we launched the concept of 'learning journeys' for staff. This structures all our training initiatives in five clusters.
— A multitude of info sessions and focus groups have been organised to inform and consult our DEME talents (regarding career map, leadership development, technical learning journey, etc.).
— We have committed ourselves to ramping up our safety training efforts with Safety Horizon 2025, a multi-year plan focusing on accelerating our training opportunities.

70%
OF THE PERMANENT STAFF PARTICIPATED IN THE 'TIME TO' STAFF PROGRAMME

68%
OF THE PERMANENT CREW PARTICIPATED IN THE 'TIME TO' CREW PROGRAMME

29
AVERAGE HOURS OF FORMAL TRAINING PER PERMANENT EMPLOYEE

SENIORITY PERMANENT EMPLOYEES



Ethical business

ETHICAL BUSINESS

In our daily operations we work closely with both public officials and third parties such as (joint venture) partners, subcontractors and recruitment agencies. Additionally, we often operate in countries with a higher risk profile for non-ethical practices (e.g. low ranking in the Corruption Perceptions Index by Transparency International). Due to these factors we have to be highly vigilant and make sure that our ethical standards are adhered to at all times.

In line with our ambitions to create a sustainable business for the long-term, with all third parties involved, we aim to conduct our business with honesty and integrity and actively and proactively prevent corruption or bribery in any form. Ethical business also includes other topics such as respect for labour and human rights, abolition of child labour, combatting money laundering, and encouraging fair competition with our stakeholders, etc.

CLEAR GUIDANCE AND HIGH STANDARDS ON BUSINESS ETHICS AND HUMAN RIGHTS FOR ALL PARTIES INVOLVED IN OUR OPERATIONS

TARGETS

- To only work with stakeholders with the same ethical standards as our company.
- To ensure decent working conditions for everyone and to encourage social dialogue.
- To ensure that every employee has followed frequent training courses about ethical awareness.

PROGRESS 2022

- Following a risk analysis and the high-level process design which will enable us to perform an automated segmentation, 2022 marked the actual kick-off of the development of our third-party risk management suite. Early 2022 started with tool selection where a compliance risk module, as an add-on to the new Procurement suite, was chosen. Following an intensive technical design phase with our implementation partner, we have now arrived at the early stages in unit testing, with a go-live pilot foreseen for 2023.
- We integrated a compliance course in our Basics4Starters training course for newcomers.
- Our staff achieved a close to maximum success rate of 99% of our mandatory e-learning course on business ethics. Following a specific approach for our crew, tailored to life on board, whereby the mandatory e-learning is replaced with tailored classroom toolboxes, the success rate of our crew has now gone up to 82%. With almost all masters and officers trained, we are moving closer to our goal.

99%
OF DEME STAFF COMPLETED COMPLIANCE TRAINING

82%
OF DEME CREW COMPLETED COMPLIANCE TRAINING

Local communities

LOCAL COMMUNITIES

DEME always aims to build collaborative and sustainable relationships with local communities through consultation, engagement and participation. We want to give value back to these communities and demonstrate responsible community involvement that is aligned with both our core values and the UN Sustainable Development Goals.

EMPLOYEE ENGAGEMENT IN COMMUNITY PARTICIPATION

TARGETS

- To support a wide variety of social projects across the globe.
- To raise employee engagement about the benefits of community participation.

PROGRESS 2022

- Our long-term partnership with Mercy Ships continues. DEME is contributing to the second hospital ship 'Global Mercy', which entered service in 2022.
- In September many employees participated in a Family Day where sporting activities raised money for a leading cancer charity, Kom op tegen Kanker.
- During World Clean Up Day many colleagues around the world rolled up their sleeves to clean up litter from streets, beaches and rivers. Over the year this resulted in a total of 17 clean-up initiatives across all projects.

DEME SUPPORTS MERCY SHIPS

DEME has extended its long-term partnership with Mercy Ships, an international NGO operating private hospital ships along the African coast. The volunteer teams provide free surgery and medical training to countries where resources are scarce.

DEME has been active in dredging and land reclamation projects in Africa for more than 50 years. Therefore, it is very pleased to be able to support an important humanitarian project on the continent through this partnership.

With the support of DEME and other organisations, Mercy Ships commissioned a second hospital ship in June 2022 in the Port of Dakar. The new vessel then began operating as a floating training centre for the first time, providing a series of medical training programmes for healthcare professionals.

'Global Mercy' is the largest private hospital ship in the world with nearly 200 hospital beds and six surgery rooms. More than 600 professional volunteers from around the world, including surgeons, mariners, electricians, teachers and nurses, volunteer their services.

BEST PRACTICES 2022

1. Ok Tedi project
In Papua New Guinea there is an urgent need for improved governance and investment in the health and educational system, therefore our colleagues from the local entity Dredeco and the Ok Tedi project believe that it's very important to support schools and healthcare facilities within local communities. Dredeco employs about 80 people from the nearby communities. Our employees and indeed, many of their family members, rely on medical treatment at these facilities from time to time.

The team provides financial support to hospitals and schools such as the Hymiamrae Elementary School, Matkomnai Healthcare Centre and the Senamrai Health Care Post by arranging medical equipment and/or medicines, as well as transport.

For the Rumginae Health Care Worker Training Centre they also provide funding for new furniture for students and lecturers on a two-year general nursing course, which is helping to address the critical shortage of healthcare workers in the country.

The Dredeco team is proud that it can support these invaluable organisations and help them to continue to offer these vital services to local communities.

2. Students build benches made from recycled wood from the GOVa project
The Groot Onderhoud Vaarwegen (GOVa) project consists of five locations in the south of the Netherlands. At these locations, mooring posts, berthing and guidance constructions are being replaced. Most of the wood is being reused as fenders in the new constructions but 5% could not be reused. Therefore, DEME was keen to give it a second life.

Four benches are being built by students of De Lage Waard, a regional VMBO school and these will be placed along the nearby footpath. This project highlights that 'waste' can be turned into something valuable and additionally, the initiative resulted in lower emissions.

3. Supporting a local children's hospital
On a remediation project in Scotland, the team has set up a system where every safety observation card raised leads to a donation of £15 to the charity 'Children's Hospices Across Scotland' (CHAS). The organisation offers a full family support service for babies, children and young people with life-shortening conditions. In 2022, the team raised £3,030 and the fundraising continues in 2023.

QHSE Performance

DEME works day in and day out on its QHSE performance and continuous improvement. We devote a lot of attention to what could possibly go wrong and certainly to what goes right.

At the beginning of the year, we worked out a communication plan which started with the traditional 'New Year's Resolution'. In May, we held our 'Safety Week' which focused on the analysis of incidents, near-misses and dangerous situations with a high-risk potential. July and September were marked by our participation in the World Environmental and the World Clean-up Days. The Safety Week resulted in numerous inspiring best practice 'Safety Success Stories' and these are being shared throughout the Group.

TAKE 5

LICENSE TO STOP

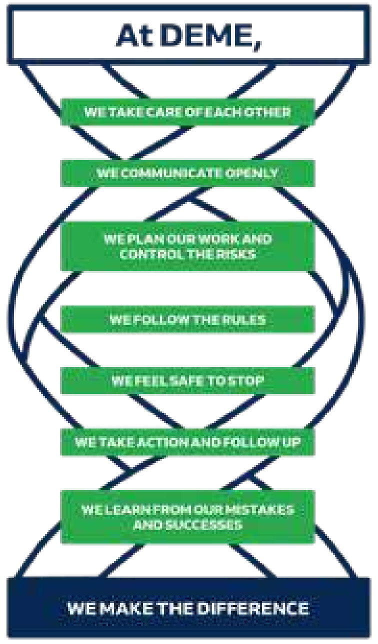
TAKE 5

DEME chose 'TAKE 5' and 'License to Stop' as common themes for campaigns in 2022.

TAKE 5 encourages our employees and everyone who works for DEME to take a few moments to evaluate any risks that may occur before they begin operations. The License to Stop authority gives everybody the right to stop any activity that poses a potential danger. The video message of our CEO speaks for itself: "Everybody has the right and the obligation to stop the work".

Safety DNA

It is easy to say safety is in our DNA, but what does it really mean? In our opinion, it is all about caring and sharing, that's why DEME encourages its employees to take care of each other and share all available data and know-how regarding operational risk management. Within DEME we strive to make the difference by using these seven aspects of our Safety DNA.



Safety Week

The Safety Week is all about High Potential (HIPO) incidents: to understand what went wrong, we thoroughly analysed the near-misses, dangerous situations, and incidents with a 'High Potential' that happened during the previous year. DEME has evaluated and summarised this valuable data, and asked colleagues who were involved in HIPO situations to share their experience: What happened or could have happened? What went wrong or could have gone wrong? What can we learn? How can 'TAKE 5' help avoid HIPO situations? All those questions were raised and discussed during Safety Week.

We have provided TAKE 5 cards and developed toolboxes with an operational link to the different segments. Various posters are also available.

Our DEME safety videos are used to spread the message during hundreds of toolboxes with thousands of participants. These videos cover various topics: maritime operations, hand injuries, dry earth moving equipment, use of machinery and equipment and dropped objects.

Safety Stand Down

The Safety Stand Down focuses on Lost Time Incidents (LTI). What went wrong? What can be improved? Unfortunately, during the first half of 2022 the number of LTI equalled those for the whole of 2021. A clear call for action was urgently needed. Therefore, a special campaign was launched to motivate people to take care not only of themselves, but also of their team members. Everyone had to ask themselves: 'Can this happen to us?'

During our Safety Stand Down campaign, which was very successful, we highlighted the risks related to hand safety, open floors and hatches, dropped objects, falls from height and personnel transfer to and from vessels. Projects, vessels and operational sites organised the Stand Downs to outline the incidents that had happened and the measures to be taken to prevent similar situations occurring.

QHSE-S Performance Dashboard

The DEME QHSE-S Performance Dashboard looks greener than ever before. Targets for Green Initiatives, toolbox participants, observations and inspections have been reached. Incidents were reported on time and the related actions were carried out in good time. The quality of incident investigations was closely monitored and highly rated. Unfortunately, DEME was not able to reach its ambitious 'safety thermometer' target due to an increase in the number of Lost Time Incidents in the second quarter of the year. Therefore, we launched an additional Safety Stand Down campaign.

SUCCESS STORIES

Safety Success Stories

Before the launch of the Safety Moment Day, more than 270 Safety Success Stories were submitted. Successes show us what we can be proud of, what we have achieved and done in the best possible way, while failures give us the opportunity to grow and identify any areas for improvement.

Every Success Story explains why our workplace has become safer and can be a valuable source of inspiration for everyone within DEME. One of the most successful examples is the safety campaign at the Saint-Nazaire offshore wind farm project which had a catchy tagline - 'knowing what to do is knowing when to stop'. The communication between the crew and people on site was exemplary.

DEME chose several excellent Success Stories to share during the Safety Moment Day. Elimination of risks, hand safety, maritime operations, safe access, safety by design and lifting were just some of those highlighted.

We are very proud that one of our Stories, 'A retractable ladder for excavators', won the IADC Safety Award.

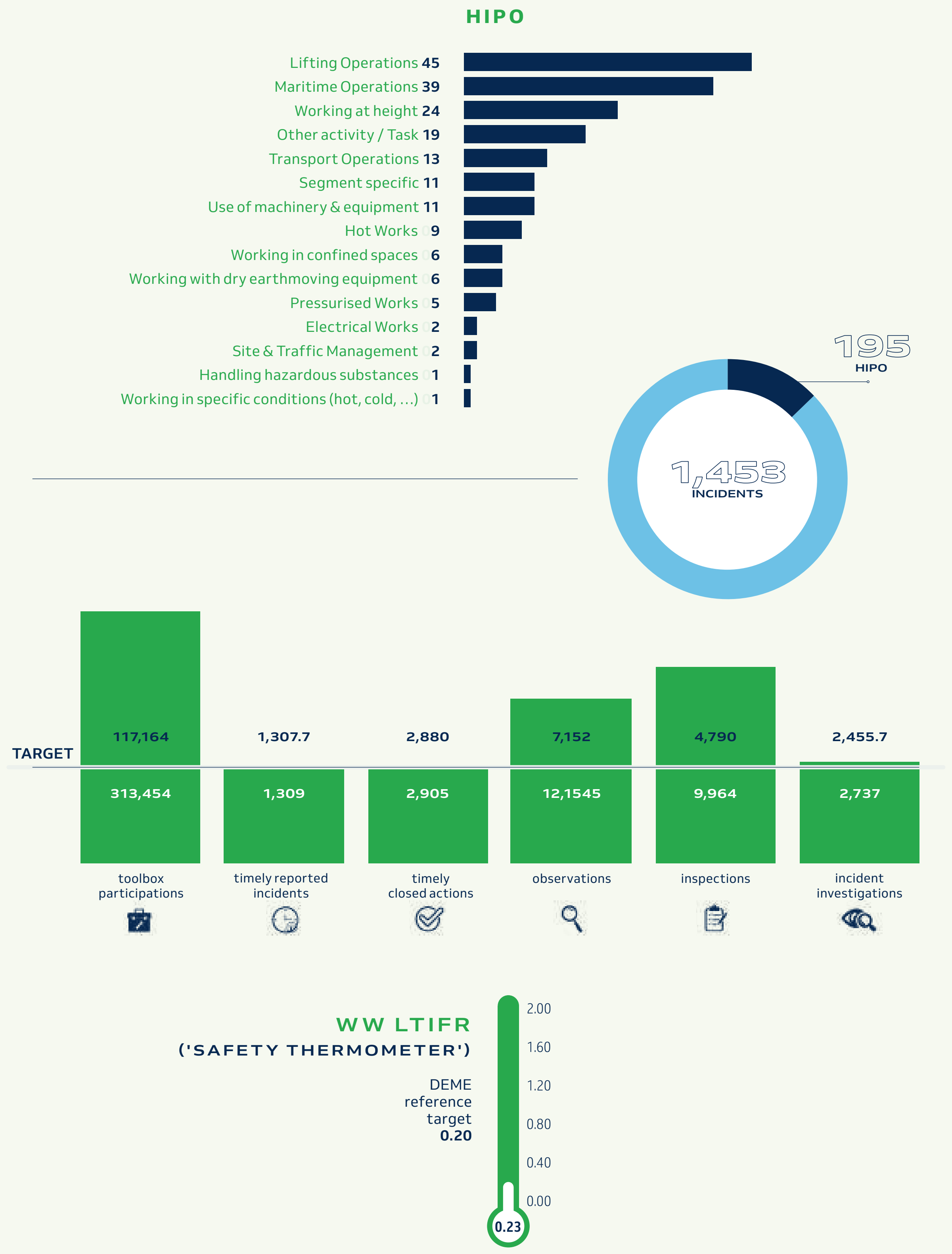
Safety Moment Day

In December our annual Safety Moment Day took place. This not only told us more about our Safety Success Stories but also about two major incidents. Lessons learnt were successfully communicated through several sources: firstly, via e-learning for all of DEME's operational leaders and management and through great initiatives introduced by the Safety Success Stories.

The video message of Luc Vandenbulcke, DEME's CEO, is very clear: "When it comes to safety, there is no space for negligence."

DEME's QHSE-S worldwide performance dashboard

(January 1, 2022 - December 31, 2022)



Collaboration with stakeholders

As a global company operating in many different markets and locations, it is essential to maintain good working relationships with all our stakeholders.

DEME strongly believes in joining forces to enlarge the overall sustainability impact. Our approach is to participate in multistakeholder partnerships and inter- and intra-industry collaborations to drive the transition towards holistic, sustainable solutions.

An extensive list of partnerships related to energy and emissions reduction is available on our website, www.deme-group.com.

STAKEHOLDER GROUP	EXPECTATIONS TOWARDS DEME	OUR ENGAGEMENT TOWARDS STAKEHOLDER	INTEREST IN DEME	INFLUENCE ON DEME	EXAMPLES & BEST PRACTICES 2022
CLIENTS	Offering most sustainable and innovative solution to respond to client's expectations.	Educate clients and collect feedback on sustainability proposal. Collaborate and partner in industry initiatives.	●●●	●●●	DEME Offshore has joined the Powering Net Zero Pact initiative together with a global group of energy sector companies to transition to net zero. We are participating in the working groups for circular economy and emissions. More information on the pact can be found at https://www.sse.com/sustainability/poweringnetzeropact.
EMPLOYEES	Creating healthy & safe working conditions. Enabling career development. Informing about key sustainability themes.	HIPO and Green Initiative communications. Offering more than 600 different training courses. Providing career development plan. Creating sustainability awareness.	●●●	●●●	Creating more transparency with the launch of our internal Career Map for staff which provides an overview of all available staff positions within DEME. More information can be found under the theme Diversity & Opportunity in Chapter 5. Launch of an internal DEME Sustainability Awareness Campaign 'Everyday Forward' to ensure our employees get to know our 8 key sustainability themes. In case an employee wishes to report or discuss an issue, even anonymously: — They can talk to our confidential advisors — They can report the issue to the Compliance@deme-group.com mailbox.
INVESTORS & SHAREHOLDERS	Enhance transparency, governance and management focus. Better alignment of capital investment decisions with sustainability strategy Increase exposure.	Integration of ESG topics in the long-term strategy. Disclosure of financial and non-financial indicators and targets. Sustainability linked loans. Code of Ethics and Business Integrity.	●●●	●●●	Organising Initial Public Offering of DEME as a separately listed company. We have added a section Investor Relations on our DEME website and will further develop this section in the coming years. Organising outreach to investment community: — The Annual General Meeting of Shareholders; — Capital Markets Day, investor conferences and roadshows; — Semester conference calls, one-on-one (virtual) meetings. More information about our shareholder and investor relations can be found on the Investor portal.
SUPPLIERS	Improving transparency. Strengthening long-term relationship. Sharing a common vision.	Code of Ethics and Business Integrity for business partners. Monitoring supplier safety performance.	●●○	●○○	We include the Code of Ethics and Integrity for business partners in our contracts with suppliers. We monitor and evaluate supplier safety performance via our internal audit system.
PUBLIC AUTHORITIES	Ensuring compliance with legislation. Ethical business behaviour.	External assurance and audits. Compliance with ISO standards. Code of Ethics and Business Integrity.	●○○	●●●	Follow-up of general sustainability regulatory framework (CSRD, CSDD, EU Taxonomy...) and sector guidelines.
NGOs & COMMUNITIES	Building collaboration with shared values. Strengthening local communities to sustain projects we complete.	Supporting charitable organisations and campaigns for local communities. Supporting social projects around the globe.	●●○	●○○	Including philanthropy or public-private stakeholder engagement into our projects. Best practices and more information on local communities can be found in Chapter 5.
PEERS	Shaping a sustainable market.	Participation in trade associations.	●●●	●○○	DEME is participating in different sector organisations, as an example we participate in the Sustainability Committee of IADC and the Environmental Sustainability Committee of IMCA.
ACADEMICS & RESEARCHERS	Encouraging sustainable innovation. Building long-term partnerships and strengthening collaboration.	Partnerships with universities (guest lectures, internship support, sponsoring…). Joint project initiatives. Thesis support. Conducting studies with universities.	●○○	●○○	More information and examples of our partnerships with universities and research institutions can be found in Chapter 5 under Sustainable Innovation.

EU Taxonomy

The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. The goal of this new European legislation is to play an important role in helping the EU scale up sustainable investment and to support the implementation of the European Green Deal.

For the financial year 2022, DEME is reporting according to the EU Taxonomy standards in compliance with the Non-Financial Reporting Directive and the EU Taxonomy Regulation. DEME performed an eligibility assessment based on the EU Taxonomy Delegated Acts on Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA) to disclose the proportion of Taxonomy-eligible and non-eligible activities of the total turnover, capital expenditure (CapEx) and operational expenditure (OpEx). In addition, DEME performed an alignment assessment on its Taxonomy-eligible activities to disclose the share of Taxonomy-aligned activities.
The assessments were carried out on projects executed in 2022, starting from the investigation of the final project purpose, connecting it with the relevant contributing sector, Taxonomy-eligible activity and NACE Code(s) and, consequently, the evaluation of the Do Not Significant Harm (DNSH) criteria. Finally, compliance with the Minimum Social Safeguards has been verified.
The calculation of the proportion of the Taxonomy-eligible and -aligned activities in turnover is based on DEME's official IFRS reporting as per December 31, 2022 and for capital expenditure, this calculation is based on DEME's CapEx plan as of December 31, 2022.

The table below summarises the results of these evaluations. The official EU Taxonomy reporting tables are in Annexes.

Climate delegated act	Proportion of turnover (in %)		Proportion of CapEx (in %)		Proportion of OpEx (in %)	
	2022	2021	2022	2021	2022	2021
A. Taxonomy-eligible activities (codes)	29	28	52	32	0	/
Electricity generation from wind power (4.3) – Climate Change Mitigation						
Infrastructure for rail transport (6.14) – Climate Change Mitigation						
B. Taxonomy non-eligible activities	71	72	48	68	100	/
Total (A+B)	**100**	**100**	**100**	**100**	**100**	
C. Taxonomy-aligned activities	26	24	52	32	0	/
D. Taxonomy non-aligned activities	74	76	48	68	100	/
Total (C+D)	**100**	**100**	**100**	**100**	**100**	

29% of DEME's consolidated turnover can be regarded as taxonomy-eligible turnover. This percentage is directly related to DEME's activities making a substantial contribution to climate change mitigation and includes projects for the construction and installation of foundations and wind turbines and their shore connections, as well as projects for railway tunnel infrastructure. **26%** of the total turnover is aligned.

52% of DEME's CapEx can be regarded as both eligible and aligned. This percentage of capital expenditure comprises tangible and intangible assets directly related to DEME's eligible and aligned activities.

Certificates, awards & ratings

Certificates

DEME meets international and local legal regulations but it always aims to operate at higher standards than only meeting the mandatory requirements. DEME holds an ISO Group certificate including more than 50 entities.

All certified entities are compliant with the following standards:

ISO 9001 — Quality Management Systems
ISO 14001 — Environmental Management Systems
ISO 45001 — Occupational Health and Safety Management Systems
ISO 50001 — Energy Management Systems.

Additionally, local certificates are in place, such as:

— CO_2 Performance Ladder
— SHE Checklist for Contractors (SCC)

Recognitions & Awards

— DEME Building Materials obtained the CSC Certificate for responsibly sourced marine aggregates with a score of 91.85, the highest score for marine aggregates to date under the CSC certification system.

— DEME received the 2022 IADC Safety Award for its retractable ladder for track excavators which provides a safe way for the operator to step on and off the machinery.

— DEME has won the first Trends Global Impact Awards, the most prestigious awards in Belgium for companies that create sustainable value for society.

— DEME also received the International Marine Contractors Association (IMCA) Award for its internal Environmental Campaign. This campaign aimed to increase environmental awareness and encouraged project sites, vessels and offices worldwide to take action on seven themes, from energy consumption to preventing water or soil emissions.

— DEME received the Corporate Blue Innovation Wave Award for the groundbreaking drilling solution to install foundations at wind farms in a rocky seabed and the successful completion of the Saint-Nazaire wind farm. This technology enables us to install offshore wind farms directly into rock in an economical and environmentally friendly manner, where conventional installation methods are not suitable. With this expertise we can carry out installation works in similar challenging conditions across the globe.

Environmental, social, and corporate governance (ESG) Ratings

DEME's sustainability performance has been assessed by multiple ESG analysts. The ESG ratings indicate the sustainability performance of a company based on publicly available information. During 2022, we maintained or improved our positioning in the ESG ratings as shown in the table below.

	Rating scale	Rating score 2022	Rating score 2021	Rating score 2020	Sector ranking 2022	Sector average rating 2022	DEME Trend vs 2021
CDP*	(D<A)	B	C	-	-	C	Positive
Ecovadis*	(0<100)	Gold (71)	Silver (63)	-	-	45	Positive
Sustainalytics**	(100<0)	26,1*** Medium risk	27,8*** Medium risk	-	21st Construction & engineering"	-	Positive
MSCI	(CCC<AAA)	AA	AA***	BBB***	-	-	Stable

* The scope is limited to the company DEME Offshore.
** The Sustainalytics ESG Rating gives a lower score to companies with less exposure and better management of their ESG risks.
*** Scores given are covering the scope of the CFE Group before DEME's separate listing.

Trends Impact Awards

On November 30, 2022, DEME won the first Trends Global Impact Awards, the most prestigious awards in Belgium for companies that create sustainable value for our society with their projects. In addition to that we were also awarded the Trends Impact Award in the category Ecology.

Back in September, DEME was nominated based on a submission about the transformation of DEME from a dredging company with more than 145 years of experience into a provider of sustainable solutions for global challenges such as greenhouse gas emissions, rising sea levels, a growing population and polluted soils, rivers and seas.

To illustrate this transformation, DEME put forward its pioneering role in unique sustainable business solutions such as building offshore wind farms, developing green hydrogen production facilities and energy islands in addition to its investments and research and development efforts in soil recycling centres, sustainable coastal and riverbank protection and major infrastructure works for rail traffic.

Next to exploring sustainable business solutions, we also demonstrated the progress we made in our operations and project execution with well-defined sustainability programmes connecting ambitions with clear targets, action plans and performance indicators in a coherent and structured way.

We see this as a 'journey' where we have already taken a lot of steps but of course, we will continue to work steadily in the coming years to do better every day ('#everydayforward').

Good governance every step of the way

Our sustainability governance model focuses on two core elements

01

EXPLORE SUSTAINABLE BUSINESS SOLUTIONS (CONTINUOUSLY CHALLENGE OURSELVES TO DEVELOP MORE SUSTAINABLE SOLUTIONS)

02

TO EXCEL IN OUR OPERATIONS (SUSTAINABLE PERFORMANCE IN OUR DAILY OPERATIONS)

There are four main layers within our governance structure: the Executive Committee, Sustainability Board, Sustainability Team and Process Owners of the different Segments and supporting services.

Executive Committee

Every year, the Executive Committee reviews and approves our sustainability programmes, along with the related objectives and targets. The progress is discussed at Board meetings.

Sustainability Board

The Sustainability Board provides guidance on both strategic and operational sustainability topics to ensure that any decisions are aligned with our values, sustainability strategy and objectives. In 2022, the Sustainability Board met every two months to evaluate the sustainability performance of our project portfolio and the progress made towards our objectives from both a strategic and operational perspective.

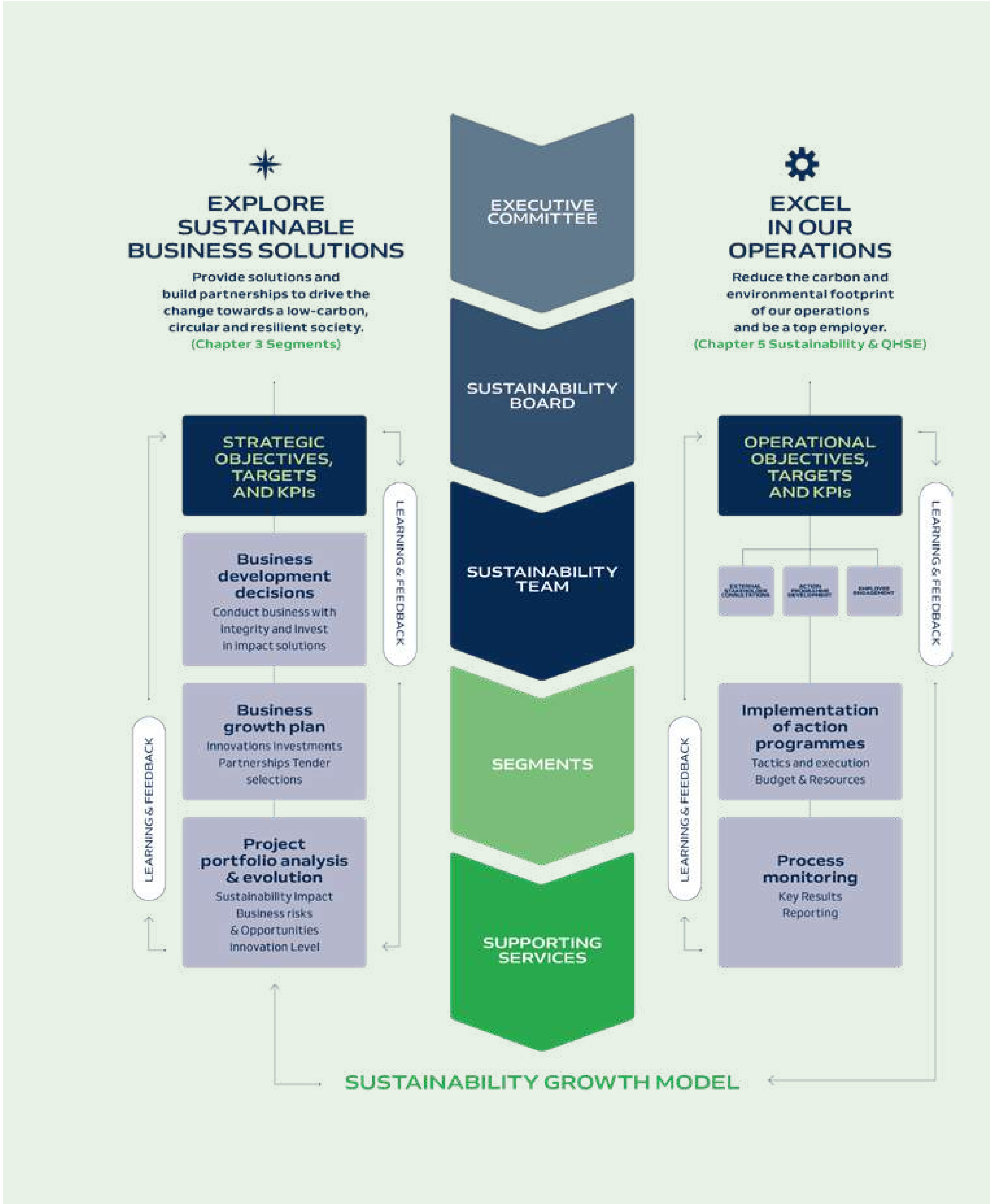
Sustainability Team

The Sustainability Team is responsible for embedding sustainability into our business operations.

Process Owners

Sustainability Ambassadors within the segments and Theme Leads within the supporting services have been appointed to support the further implementation of the operational sustainability objectives, targets and measures across the organisation. Additionally in 2022 every segment has its own Tender Sustainability Single Point of Contacts (SPOCs) to serve as a first point of contact for sustainability related questions in tender phase.

CEO	Luc Vandenbulcke – Executive Director	
Other members	Christopher Iwens – Managing Director Dredging	Koen Vanderbeke – Strategic Operations Director
	Els Verbraecken – Chief Financial Officer	Jiska Verhulst – Sustainability Director
	Eric Tancré – Managing Director Dredging, Managing Director Infra	Olivier Maes – Strategic Planning & Growth Director
	Jan Gabriel – Head of Fleet Construction & Conversion Department	Dirk Poppe – Area Director Asia Pacific, Managing Director Environmental
	Hans Casier – Chief Human Resources Officer	Hugo Bouvy – Managing Director Offshore Energy



CHAPTER

06

FINANCIAL REPORT

I love the entrepreneurial spirit within the DEME Group, it leaves room for creativity and self-development.

CLAUDE PANNIER | **GROUP FINANCE DIRECTOR FLEET & SUPPORTING SERVICES**

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

As of December 31 (in thousands of EUR)

	Notes	2022	2021
REVENUES		**2,710,796**	**2,580,773**
Turnover	(1)	2,654,725	2,510,607
Other operating income	(2)	56,071	70,166
OPERATING EXPENSES		**-2,555,560**	**-2,437,492**
Raw materials, consumables, services and subcontracted work		-1,704,618	-1,575,624
Personnel expenses	(3)	-505,743	-488,896
Depreciation and amortisation expenses	(4)/(6)/(7)	-318,240	-291,108
Impairment of property, plant and equipment and right-of-use assets	(6)/(7)	-430	-34,608
Impairment of goodwill and intangible assets	(4)/(5)	-	-311
Other operating expenses	(2)	-26,529	-46,945
OPERATING RESULT		**155,236**	**143,281**
FINANCIAL RESULT (*)		**-24,311**	**-5,412**
Interest income		6,026	4,181
Interest expense		-14,914	-6,920
Realised/unrealised foreign currency translation effects		-11,134	6,130
Other financial income and expenses		-4,289	-8,803
RESULT BEFORE TAXES		**130,925**	**137,869**
Current taxes and deferred taxes	(10)	-31,361	-31,079
RESULT AFTER TAXES		**99,564**	**106,790**
Share of profit (loss) of joint ventures and associates	(8)	15,827	10,548
RESULT FOR THE PERIOD		**115,391**	**117,338**
Attributable to non-controlling interests		2,671	2,757
SHARE OF THE GROUP		**112,720**	**114,581**
Number of shares	(17)	25,314,482	4,538,100
Earnings per share (basic and diluted)	(17)	4.45	25.25

(*) Net financial result of the year amounts to -24.3 million EUR. More information about the evolution of the financial income and financial expenses is given in the comparative financial statement analysis.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As of December 31 (in thousands of EUR)

	Notes	2022	2021
Result attributable to non-controlling interests (*)		2,671	2,757
Share of the Group		112,720	114,581
RESULT FOR THE PERIOD		**115,391**	**117,338**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Changes in fair value related to hedging instruments	(19)	45,455	4,582
Share of other comprehensive income of joint-ventures and associates	(8)	50,416	10,343
Changes in cumulative translation adjustment reserve		3,101	3,855
Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods			
Remeasurement of net liabilities relating to defined benefit plans	(21)	3,953	-846
Share of other comprehensive income of joint-ventures and associates	(8)	100	27
TOTAL OTHER COMPREHENSIVE INCOME		**103,025**	**17,961**
TOTAL COMPREHENSIVE INCOME		**218,416**	**135,299**
Attributable to non-controlling interests		3,168	2,827
SHARE OF THE GROUP		**215,248**	**132,472**

(*) In both 2022 and 2021 an amount of 2.6 million EUR is coming from the Environmental segment.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31 (in thousands of EUR)

ASSETS	Notes	2022	2021
NON-CURRENT ASSETS		2,969,289	2,694,235
Intangible assets	(4)	24,315	25,513
Goodwill	(5)	13,028	13,028
Property, plant and equipment	(6)	2,422,048	2,259,041
Right-of-use assets	(7)	98,994	90,620
Investments in joint ventures and associates	(8)	202,748	132,781
Other non-current financial assets	(9)	32,540	33,451
Non-current financial derivatives	(19)	39,336	613
Interest rate swaps		*39,127*	*-*
Forex/fuel hedges		*209*	*613*
Other non-current assets	(9)	11,892	4,239
Deferred tax assets	(10)	124,388	134,949
CURRENT ASSETS		1,540,489	1,355,362
Inventories	(11)	25,696	12,168
Contract assets	(12)	344,751	326,685
Trade and other operating receivables	(13)	469,529	384,022
Current financial derivatives	(19)	22,022	3,207
Interest rate swaps		*17,638*	*-*
Forex/fuel hedges		*4,384*	*3,207*
Assets held for sale	(14)	31,997	32,456
Other current assets	(15)	124,233	68,192
Cash and cash equivalents	(18)/(19)	522,261	528,632
TOTAL ASSETS		4,509,778	4,049,597

GROUP EQUITY AND LIABILITIES	Notes	2022	2021
SHAREHOLDERS' EQUITY	(16)	1,753,947	1,579,543
Issued capital		33,194	31,110
Share premium		475,989	5,645
Retained earnings and other reserves		1,218,272	1,618,824
Hedging reserve		70,020	-25,872
Remeasurement on retirement obligations		-37,458	-41,283
Cumulative translation adjustment		-6,070	-8,881
NON-CONTROLLING INTERESTS		22,318	19,696
GROUP EQUITY		1,776,265	1,599,239
NON-CURRENT LIABILITIES		1,015,460	786,718
Retirement obligations	(21)	60,523	65,267
Provisions	(23)	42,985	39,572
Interest-bearing debt	(18)	789,904	577,970
Non-current financial derivatives	(19)	53,661	26,868
Interest rate swaps		*-*	*2,608*
Forex/fuel hedges		*53,661*	*24,260*
Other non-current financial liabilities	(8)	1,238	2,827
Deferred tax liabilities	(10)	67,149	74,214
CURRENT LIABILITIES		1,718,053	1,663,640
Interest-bearing debt	(18)	252,870	343,340
Current financial derivatives	(19)	31,579	12,368
Interest rate swaps		*-*	*1,892*
Forex/fuel hedges		*31,579*	*10,476*
Provisions	(23)	4,714	3,738
Contract liabilities	(12)	323,300	181,095
Advances received	(12)	72,539	101,067
Trade payables		777,705	772,905
Remuneration and social debt		98,793	94,026
Current income taxes	(10)	66,571	76,370
Other current liabilities	(22)	89,982	78,731
TOTAL LIABILITIES		2,733,513	2,450,358
TOTAL GROUP EQUITY AND LIABILITIES		4,509,778	4,049,597

CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31 (in thousands of EUR)

	Notes	2022	2021
CASH AND CASH EQUIVALENTS, OPENING BALANCE		**528,632**	**621,937**
Operating result		155,236	143,281
Dividends from participations accounted for using the equity method	(8)	10,651	10,479
Reclassification of (income) loss from sales of property, plant and equipment and financial participations to cash flow from divestments		-5,692	-16,159
Interest received		6,026	4,181
Interest paid		-15,653	-4,383
Foreign currency translation effects and other financial income (costs)		-15,423	-2,673
Income taxes paid	(10)	-42,962	-38,422
NON-CASH ADJUSTMENTS		**319,293**	**344,052**
Depreciation and amortisation expenses		318,240	291,108
Impairment of property, plant and equipment and right-of-use assets		430	34,608
Impairment of goodwill and intangible assets		-	311
(Decrease) increase of retirement obligations	(21)	505	1,146
(Decrease) increase of provisions	(2)/(23)	-1,034	13,013
Other non-cash operating expenses (income) (*)		1,152	3,866
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**411,476**	**440,356**
CHANGES IN WORKING CAPITAL		**24,893**	**-20,782**
Decrease (increase) in inventories and advances received		-42,056	38,773
Decrease (increase) in amounts receivable		-85,874	-90,181
Decrease (increase) in contract assets		-18,066	-74,938
Increase (decrease) in current liabilities (other than borrowings)		28,684	81,268
Increase (decrease) in contract liabilities		142,205	24,296
CASH FLOW FROM OPERATING ACTIVITIES		**436,369**	**419,574**
INVESTMENTS		**-512,855**	**-298,660**
Acquisition of intangible assets		-2,115	-1,908
Acquisition of property, plant and equipment	(6)	-481,807	-280,136
Cash (out) inflows on acquisition of subsidiaries		4,433	-
Cash (out) inflows on acquisition of associates and joint ventures	(8)	-22,667	-15,632
New borrowings given to joint ventures and associates	(9)	-10,097	-595
Cash outflows of other financial assets	(9)	-602	-389
DIVESTMENTS		**24,001**	**32,248**
Sale of intangible assets		-	-
Sale of property, plant and equipment	(6)	8,320	28,446
Cash (out) inflows on disposal of subsidiaries		965	-
Cash (out) inflows on disposal of associates and joint ventures	(8)	-	-2,539
Repayment of borrowings given to joint ventures and associates	(9)	14,716	6,341
Cash inflows of other financial assets		-	-
CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (**)		**-488,854**	**-266,412**
New interest-bearing debt	(18)	465,000	51,344
Repayment of interest-bearing debt	(18)	-380,488	-278,875
Gross dividend paid to the shareholders	(16)	-40,843	-20,421
Gross dividend paid to non-controlling interests		-504	-
CASH FLOW (USED IN) / FROM FINANCIAL ACTIVITIES		**43,165**	**-247,952**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**-9,320**	**-94,790**
Impact of exchange rate changes on cash and cash equivalents		2,949	1,485
CASH AND CASH EQUIVALENTS, ENDING BALANCE		**522,261**	**528,632**

(*) Other non-cash operating expenses (income) mainly relate to bad debt allowances and the gain or losses resulting from the time value of financial derivative instruments.
(**) The amounts of cash flow from investments and divestments can differ from the amounts invested or divested in the notes to which reference is made, due to non-cash corrections such as additions of the year that are not yet paid for.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022 (in thousands of EUR)	Share capital and share premium	Hedging reserve	Remeasurement on retirement obligations	Retained earnings and other reserves	Cumulative translation adjustment	Shareholders' equity	Non-controlling interests	Group equity
Ending, December 31, 2021	**36,755**	**-25,872**	**-41,283**	**1,618,824**	**-8,881**	**1,579,543**	**19,696**	**1,599,239**
Impact IFRS amendments	-	-	-	-	-	-	-	-
Opening, January 1, 2022	**36,755**	**-25,872**	**-41,283**	**1,618,824**	**-8,881**	**1,579,543**	**19,696**	**1,599,239**
Profit	-	-	-	112,720	-	112,720	2,671	115,391
Other comprehensive income	-	95,892	3,825	-	2,811	102,528	497	103,025
Total comprehensive income	**-**	**95,892**	**3,825**	**112,720**	**2,811**	**215,248**	**3,168**	**218,416**
Dividends paid	-	-	-	-40,843	-	-40,843	-504	-41,347
Other	472,428	-	-	-472,429	-	-1	-42	-43
Ending, December 31, 2022	**509,183**	**70,020**	**-37,458**	**1,218,272**	**-6,070**	**1,753,947**	**22,318**	**1,776,265**

Share capital amounts to 31,110 thousand EUR and **share premium** amounts to 5,645 thousand EUR in 2021 and up to June 29, 2022 before partial demerger of CFE NV. After partial demerger of CFE NV, a new holding company DEME Group NV replaces DEME NV and the equity components of the new parent company are now reflected in the DEME Group consolidated figures. After partial demerger of CFE NV, share capital amounts to 33,194 thousand EUR and share premium amounts to 475,989 thousand EUR. This is reflected in the line 'Other' as a transfer between retained earnings and other reserves and share capital and share premium. Reference is also made to note (16) Share capital, dividends and reserves.

The **hedging reserve** includes the fair value fluctuations of effective cash flow hedges, net from income taxes. Reference is made to note (19) Financial risk management and financial derivatives. The general increase in market interest rates compared to the hedged interest rates had a positive impact on the hedging reserve. The movement of the year, 95.9 million EUR, also includes the changes in the hedging reserve for joint ventures and associates (50.4 million EUR) for which reference is made to note (8). Some joint ventures and associates, mainly in the DEME Concessions segment, finance significant assets such as infrastructure works, offshore wind farms or vessels and therefore hold interest rate swaps (IRS).

Remeasurement on retirement obligations relates to the defined benefit plans (including the Belgian contribution-based plans which are considered to be defined benefit plans under IFRS) actuarial gains/losses (-) and asset limitation, after income taxes. For more information, reference is made to note (21) Retirement benefit obligations, where the remeasurement is shown before income taxes.

Retained earnings and other reserves include the revaluation surplus, legal reserve, available reserves, untaxed reserves and retained earnings of the parent company, before result appropriation of the year, as well as the consolidation reserves. More detail can be found in note (16) Share capital, dividends and reserves.

Non-controlling interests totalling 22.3 million EUR at December 31, 2022, are related to the Environmental segment for an amount of 18.9 million EUR and to the Dredging & Infra segment for an amount of 2.8 million EUR.

2021 (in thousands of EUR)	Share capital and share premium	Hedging reserve	Remeasurement on retirement obligations	Retained earnings and other reserves	Cumulative translation adjustment	Shareholders' equity	Non-controlling interests	Group equity
Ending, December 31, 2020	**36,755**	**-40,978**	**-40,454**	**1,524,664**	**-12,495**	**1,467,492**	**17,840**	**1,485,332**
Impact IFRS amendments	-	-	-	-	-	-	-	-
Opening, January 1, 2021	**36,755**	**-40,978**	**-40,454**	**1,524,664**	**-12,495**	**1,467,492**	**17,840**	**1,485,332**
Profit	-	-	-	114,581	-	114,581	2,757	117,338
Other comprehensive income		15,106	-829	-	3,614	17,891	70	17,961
Total comprehensive income	**-**	**15,106**	**-829**	**114,581**	**3,614**	**132,472**	**2,827**	**135,299**
Dividends paid	-	-	-	-20,421	-	-20,421	-1,008	-21,429
Other	-	-	-	-	-	-	37	37
Ending, December 31, 2021	**36,755**	**-25,872**	**-41,283**	**1,618,824**	**-8,881**	**1,579,543**	**19,696**	**1,599,239**

SEGMENT REPORTING

DESCRIPTION OF OPERATING SEGMENTS

DEME has evolved into a global marine sustainable solutions provider organised around four distinct segments. For management purposes, the Group is organised into four business units based on its products and services. The four reportable segments are:

OFFSHORE ENERGY

This segment provides engineering and contracting services globally in the offshore renewables and oil & gas industry. Those activities are executed with specialised offshore vessels. In the offshore renewables, the Group is involved in the full Balance of Plant scope for offshore wind farms. This includes the engineering, procurement, construction and installation of foundations, turbines, inter-array cables, export cables and substations. The Group also offers operations and maintenance, logistics, repair and decommissioning as well as salvage services to the market. In the oil & gas industry, the Group performs landfalls and civil works, rock placement, heavy lift, umbilicals, as well as installation and decommissioning services. In addition to these main activities, the Group also provides specialised offshore services, including geoscience services and the installation of suction pile anchors and foundations.

DREDGING & INFRA

In this segment the Group performs a wide variety of dredging activities worldwide, including capital and maintenance dredging, land reclamation, soil improvement, port construction, coastal protection and beach nourishment works. These activities are executed with specialised dredging vessels and various types of auxiliary vessels and earth-moving equipment. The Group also provides contracting services for marine infrastructure projects. This includes the engineering, design and construction of complex marine structures such as jetties, port terminals, locks and weirs, infrastructural works such as bored and immersed tunnels, foundation and marine works for bridges or other constructions in a marine or fluvial environment, and civil works for harbour construction, dams and sea defences, canal construction, revetment, quay wall construction and shore protection. In addition, the Group is active in the marine aggregate business, which includes dredging, processing, storage and transport of aggregates. Finally, the Group provides maritime services for port terminals.

ENVIRONMENTAL

The Environmental segment focuses on innovative environmental solutions for soil remediation and brownfield redevelopment, environmental dredging and sediment treatment and water treatment. It is mainly active in the Benelux, France, as well as in other European countries on a project- by-project basis. An external partner participates in the Environmental segment. The segment can be considered as a material partly owned aggregated level of subsidiaries with non-controlling interests of 25.1%.

CONCESSIONS

The Concessions segment, unlike the contracting segments, invests in and develops projects in wind, port infrastructure, green hydrogen and other special projects. It operates through participations in special purpose companies – greenfield and brownfield. Besides creating economic value on its projects and generating equity returns on its investments, it also aims to secure regular activities for the Group contracting activities in the EPC phases of its projects. Within its concessions activities, the Group holds also concessions of seabed areas which contain polymetallic nodules and develops a technology to collect and process these polymetallic nodules containing nickel, cobalt, manganese and copper from the deep ocean floor.

Each of the four abovementioned segments has its own market, asset base and revenue model and is managed separately requiring different strategies. Dredging & Infra activities are complementary as the marine infrastructure works that DEME Infra undertakes are often combined with a dredging or land reclamation scope. The Offshore Energy segment is involved in and serves the offshore energy industry, both renewables and oil & gas sectors. The Environmental segment focuses on environmental solutions. The Concessions segment, unlike the contracting segments, invests in and develops projects in wind, port infrastructure, green hydrogen and other special projects.

The segment reporting comprises financial information of these four segments that are separate operating segments. On a quarterly basis, separate operating results are prepared and reported to the Chief Operating decision maker, the DEME Executive Committee, as well as the Board of Directors.

For the segment reporting, some activity lines, that are the lowest level of reportable activities within DEME, are aggregated. As such the activities of CTOW (maritime services for port terminals) and DBM (marine aggregate business) are aggregated in the Dredging & Infra segment. The works performed by Scaldis (salvage works) are aggregated in the Offshore Energy segment.

The reporting of the management accounts (reporting on operating results) is an integral part of the financial reporting. At any time, the consolidated management report can be reconciled with the consolidated financial statements, both resulting in the same IFRS net result of the year (as such one version of the truth).

The Group's company structure is mostly, but not completely, built around the different segments. It is possible that a company of the Group is executing projects in both the Dredging & Infra and Offshore Energy segment and also one project can trigger cost and income in different companies of the Group worldwide. The DEME operational and management structure however is aligned with the DEME operational segments as well as the management reporting that is based on a worldwide uniform analytical accounting system. The analytical result by company, that gives a breakdown by project and cost center, is the basis for the segment reporting that can always be reconciled with the income statement of the company.

For projects in which two segments are involved (for instance an offshore contract with a dredging scope), the segments only report their own share in revenue and result. When one segment is working for another segment as a subcontractor or when a segment hires equipment to use on projects that is dedicated to another segment, this is remunerated at arm's length basis. Inter-segment revenues are included in the revenues of the segment performing the work, but are eliminated in the segment that is invoicing to the external customer. Currently intercompany sales for major projects are within the same segment (dredging and infrastructure works; offshore and salvage works) so there is no inter-segment revenue to report on separately.

For each segment the turnover, EBITDA, depreciation and impairment cost and EBIT is reported. For the Concessions segment these measures of performance are only applicable to the subsidiaries (fully consolidated entities included in this segment). As the business of the Concessions segment is often resulting in a minority stake in participations, the operating result of these participations is reflected in the result from associates and joint ventures that is also segmented. The basis for the segment reporting is the management reporting system. Next to all activities done by our subsidiaries, the management report also includes the projects executed by joint ventures, showing the DEME's share of revenues and expenses in the joint venture. This proportionate consolidation method whereby the Group accounts for the assets, liabilities, revenues and expenses according to its share in the joint venture, is not allowed under IFRS for joint ventures. Management however has to monitor the performance of the entire business, both executed in control as in a joint venture. In the segment reporting the joint ventures are consolidated according to the proportionate consolidation method and the intercompany transactions between the joint ventures and DEME subsidiaries are eliminated following the rules of proportionate consolidation. The total of the reported segment amounts is reconciled with the corresponding amounts in the DEME consolidated financial statements. The Share of the Group (IFRS net result) is not affected by the difference in consolidation method, only the presentation of the result of the year is different.

As for the net result from joint ventures and associates and the carrying amount of joint ventures and associates, the reconciliation column includes the net result and carrying amount of joint ventures that are consolidated according to the equity method in the financial statements but according to the proportionate consolidation method in the segment reporting. Reference is made to note (8) for more information about joint ventures and associates.

DEME's management reporting focuses on both the current and future (financial) performance and on the current and future assets deployed for the execution of projects. The financing activities and monitoring of our working capital is performed centrally at DEME group level, and therefore no segmented financial information is presented for those activities.

The segmentation of DEME's fleet is done based upon the nature of the equipment dedicated to a specific segment. An overview of the DEME fleet per nature is attached earlier in the annual report. A geographical segmentation of the fleet is not applicable for DEME as its vessels are continuously working on different projects around the world.

FINANCIAL INFORMATION OF OPERATING SEGMENTS

2022 (in thousands of EUR)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total Segments	Reconciliation	Group Financial Statements
Turnover	957,810	1,524,316	206,336	2,214	**2,690,676**	-35,951	**2,654,725**
EBITDA	221,967	254,889	24,974	-12,675	**489,155**	-15,249	**473,906**
Depreciation and& Impairment	-104,851	-210,002	-8,502	-61	**-323,416**	4,746	**-318,670**
EBIT	117,116	44,887	16,472	-12,736	**165,739**	-10,503	**155,236**
Financial result					**-25,490**	1,179	**-24,311**
RESULT BEFORE TAXES					**140,249**	**-9,324**	**130,925**
Current taxes and deferred taxes					**-34,498**	3,137	**-31,361**
Net result from joint ventures and associates	26	108	547	9,255	**9,936**	5,891	**15,827**
RESULT FOR THE PERIOD					**115,687**	**-296**	**115,391**
Attributable to non-controlling interests					**2,967**	-296	**2,671**
NET RESULT SHARE OF THE GROUP					**112,720**	-	**112,720**
Net book value intangible assets	14,488	8,112	1	1,744	**24,345**	-30	**24,315**
Net book value property, plant and equipment and right-of-use assets	1,168,802	1,375,574	55,306	159	**2,599,841**	-78,799	**2,521,042**
Carrying amount of joint ventures and associates	27	5,471	3,135	98,258	**106,891**	94,619	**201,510**
Booked as non-current asset	*27*	*5,471*	*3,135*	*99,496*	***108,129***	*94,619*	***202,748***
Booked as non-current financial liability (- is credit)	-	-	-	*-1,238*	***-1,238***	-	***-1,238***
Acquisition of property, plant and equipment and right-of-use assets (*)	351,501	170,877	19,630	87	**542,095**	-14,062	**528,033**
Capital investments in joint ventures and associates	-	-	-	18,771	**18,771**	3,893	**22,664**

(*) Acquisitions according to balance sheet (rollforward property, plant and equipment and right-of-use assets) and not according to cash flow statement.

The financial information disclosed in the segment reporting (using the proportionate consolidation method for joint ventures) is reconciled with the financial information as reported in the consolidated statement of financial position and the consolidated statement of income (using the equity consolidation method as required under IAS 28) above. The impact of the different consolidation method for joint ventures is included in the **'Reconciliation'** column. The proportionate (line-by-line) integrated amounts of joint ventures are deducted and replaced by the Group's share in the result of the joint ventures. In addition, turnover of fully consolidated entities towards joint ventures (that is proportionally eliminated in the segment reporting), is added again to the turnover in the Group financial statements, as this turnover is not eliminated any longer when joint ventures are consolidated according to the equity method. Therefore the ratio between EBITDA/EBIT and turnover of the 'Reconciliation' column is not reflecting the ratio of the joint ventures itself. Associates are consolidated according to the equity method in both the segment reporting and the Group financial statements. The lines referring to 'Net result from joint ventures and associates' or 'Capital investments in joint ventures and associates' in the segment reporting only include associates, while the joint ventures are added in the reconciliation items. Reference is made to note (8) for more information about joint ventures and associates.

2021 (in thousands of EUR)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total Segments	Reconciliation	Group Financial Statements
Turnover	916,354	1,478,306	166,163	1,467	**2,562,290**	-51,683	**2,510,607**
EBITDA	170,888	305,848	16,834	-12,529	**481,041**	-11,733	**469,308**
Depreciation & Impairment	-96,277	-231,806	-8,037	-89	**-336,209**	10,182	**-326,027**
EBIT	74,611	74,042	8,797	-12,618	**144,832**	-1,551	**143,281**
Financial result					**-7,447**	2,035	**-5,412**
RESULT BEFORE TAXES					**137,385**	**484**	**137,869**
Current taxes and deferred taxes					**-31,637**	558	**-31,079**
Net result from joint ventures and associates	-	1	624	11,068	**11,693**	-1,145	**10,548**
RESULT FOR THE PERIOD					**117,441**	**-103**	**117,338**
Attributable to non-controlling interests					**2,860**	-103	**2,757**
NET RESULT SHARE OF THE GROUP					**114,581**	-	**114,581**
Net book value intangible assets	17,084	8,462	2	-	**25,548**	-35	**25,513**
Net book value property, plant and equipment and right-of-use assets	722,997	1,661,329	44,783	132	**2,429,241**	-79,580	**2,349,661**
Carrying amount of joint ventures and associates	-	5,020	2,768	31,602	**39,390**	90,564	**129,954**
Booked as non-current asset	-	*5,020*	*2,805*	*34,392*	***42,217***	*90,564*	***132,781***
Booked as non-current financial liability (- is credit)	-	-	*-37*	*-2,790*	***-2,827***	-	***-2,827***
Acquisition of property, plant and equipment and right-of-use assets (*)	128,705	189,244	14,226	37	**332,212**	-10,774	**321,438**
Capital investments in joint ventures and associates	-	70	-	347	**417**	15,215	**15,632**

(*) Acquisitions according to balance sheet (rollforward property, plant and equipment and right-of-use assets) and not according to cash flow statement. In comparison with the Financial Report 2021, an amount of 62,291 thousand EUR is transferred from Dredging & Infra to Offshore Energy.

SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

GENERAL STATEMENT

DEME is a world leader in the highly specialised fields of dredging, solutions for the offshore energy market, environmental and infra marine works.

The company can build on more than 140 years of know-how and experience and is a front runner in innovation and new technologies. The sub-holding company DEME NV originated on April 5, 1930. DEME's vision is to work towards a sustainable future by offering solutions for global challenges: a rising sea level, a growing population, reduction of CO_2 emissions, polluted rivers, seas and soils and the scarcity of natural resources.

While the company's roots are in Belgium, DEME has built a strong presence in all of the world's seas and continents.

Up to June 29, 2022, the parent company of the DEME Group was Dredging, Environmental and Marine Engineering NV (DEME NV). Since then, a new holding company, DEME Group NV, has come on top of DEME NV as a result of the partial demerger of CFE NV, that transferred its 100% stake in DEME NV to DEME Group NV. Reference is made to note (16) Share capital and reserves, for more information about this transaction and the current shareholder structure of the DEME Group.

Both the head office and registered address of the new parent company, DEME Group NV, as well as DEME NV, a 100% affiliate of DEME Group NV, are Scheldedijk 30, Zwijndrecht, Belgium.

The companies are registered at the Chamber of Commerce in Antwerp, Belgium with number BE 0787829347 and BE 0400473705 respectively. The legal entity identifier (LEI) of DEME Group NV at the Crossroad Bank of Enterprises is 549300FPFPQPKI3PJV37.

DEME Group NV is listed since June 30, 2022, on Euronext Brussels under the symbol 'DEME' with ISIN code BE0974413453. For the purposes of the EU Directive 2004/109/EC in respect of the harmonisation of transparency requirements relating to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, the Home Member State is Belgium. DEME Group NV shall notify the Belgian Financial Services and Market Authority (FSMA), as competent supervisory market authority of its Home Member State.
DEME Group's securities are only admitted to trading in Belgium.

The website of the Group is www.deme-group.com.

The consolidated financial statements of DEME Group NV for 2022 and 2021 include the Company and group companies hereinafter referred to jointly as the 'Group' and individually as subsidiaries, joint ventures and associates. The section 'principles of consolidation' explains how group companies are included in the consolidated financial statements.

The consolidated key figures, consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows together with the management reporting and segment reporting were presented to the Board of Directors of February 17, 2023. The full financial information report including all explanatory notes is presented and authorised for publication by the Board of Directors on March 27, 2023.

STATEMENT OF COMPLIANCE

The consolidated financial statements and the accompanying explanatory notes have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS).

BASIS OF PREPARATION

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements are presented in thousands of EUR. They are prepared on the historical cost basis except for derivative financial instruments which are stated at fair value.

The consolidated financial statements are prepared as of and for the period ending December 31,2022.

They are presented before the effect of the profit appropriation proposed to the Shareholders' General Meeting.

In application of IFRS 1 *first-time adoption of International Financial Reporting Standards,* the Group has applied consistent accounting principles, based on IFRS-EU, for all the periods presented in these financial statements except for the adoption of new standards effective as of January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Below amendments apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group:

- Amendments to IFRS 3 *business combinations,* reference to the conceptual framework;
- Amendments to IAS 16 *property, plant and equipment,* proceeds before intended use;
- Amendments to IAS 37 *provisions,* onerous contracts and costs of fulfilling a contract;
- IFRS 9 *financial instruments,* fees in the '10 per cent' test for derecognition of financial liabilities;
- IAS 41 *agriculture,* taxation in fair value measurements;
- IFRS 16 *leases,* the amendment to "illustrative example 13".

The standards and interpretations that are issued, but not yet effective, as of December 31, 2022, are disclosed below:

- Amendments to IAS 1 *presentation of financial statements* and IFRS practice statement 2*: disclosure of accounting policies*, effective January 1, 2023;
- Amendments to IAS 8 *accounting policies, changes in accounting estimates and errors*: definition of accounting estimates, effective January 1, 2023;
- Amendments to IAS 12 *income taxes:* deferred tax related to assets and liabilities arising from a single transaction, effective January 1, 2023;
- IFRS 17 *insurance contracts*, effective January 1, 2023;
- Amendments to IFRS 17 *insurance contracts*: initial application of IFRS 17 and IFRS 9, comparative information, effective January 1, 2023;
- Amendments to IFRS 16 *leases*: lease liability in a sale and leaseback, effective January 1, 2024 (*);
- Amendments to IAS 1: non-current liabilities with covenants and classification of liabilities as current or non-current (deferred), effective January 1, 2024 (*).

(*) The amendments to the standard have not yet been endorsed.

The Group intends to adopt these standards and interpretations, if applicable, when they become effective. None of these standards issued, but not yet effective, are expected to have a material impact on the financial statements.

SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of financial statements under IFRSs requires estimates to be used and assumptions to be made that affect the amounts shown in those financial statements, particularly with regard to the following items:

- the assessment of projects revenue according to the percentage of completion: in accordance with the provisions of IFRS 15, the revenue of projects is measured according to the estimated revenue at the completion of the project, according to the percentage of completion at the closing date. The identified additional costs are incorporated in the estimated revenue at completion. On the basis of the contractual conditions that are defined for each contract, any compensation granted or, conversely, penalties charged for delays are also incorporated in the estimated revenue at completion in line with the valuation rules of the DEME group. In the event that the forecast at the completion of the project shows a deficit, the expected loss on completion is immediately recognised as an expense for the period. The costs of labour or material/equipment that are not allocated to the projects are excluded from the percentage of completion of the project, and are directly recognised as an expense for the period;
- the period over which non-current assets are depreciated or amortised;
- the estimate being the discount rate and the judgment of the lease term;
- the measurement of provisions and pension obligations;
- the estimates used in impairment tests that have been carried out. For assets where the lower of the value in use or the fair value less costs to sell was lower than the carrying amount, impairment losses were recognised. The main assumptions applied are described in note (5);
- the estimates used in the assessment of income taxes or uncertain tax positions;
- the assessment of control.

These estimates assume the operation is a going concern and are based on the basis of the information available at the time.

Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Estimates take into account changes in the macroeconomic and geopolitical environment. Actual results may be different from these estimates.

RISKS AND UNCERTAINTIES

Reference is made to chapter 'Risk management & control processes' earlier in this Annual Report and to note (23) Provisions and contingent assets and liabilities.

DISCLOSURES RELATED TO 2022 SPECIFIC TOPICS

The construction industry still dealt with the COVID-crisis and its consequences like delays and prevention caused by the various public health measures, and in the aftermath of the imposed restraints, a surge of inflation, increasing interest rates and supply chain bottlenecks. The conflict between Russia and Ukraine has reinforced existing disruption but also generated a new wave of disruptions such as international sanctions against Russia, stringent compliance issues and increasing energy prices. All this led to higher costs for DEME as hedges and pass on clauses to customers do not provide a perfect match and it also resulted in project delays and cautious customers. The macroeconomic situation however did not have a major impact on negotiations of contract terms or investment or financing decisions.

In addition, DEME refrained from performing dredging works in Russia in 2022 and currently has no contracts or contractual obligations related to the performance of works. The Group has no significant exposure left in Russia and the situation in Ukraine and the consequences deriving from the sanctions taken towards Russia have no material direct impact on the Group's activity or its financial results.

For above topics and for climate related matters, reference is made to note (1) Turnover, note (5) Goodwill, note (6) Property, plant and equipment, note (8) Investments in joint ventures and associates, note (18) Interest-bearing debt and net financial debt, and note (21) Retirement benefit obligations.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and of subsidiaries which are entities controlled by the Company (fully consolidated entities).

Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full in the consolidated financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

An investment retained is initially measured at fair value. This fair value becomes the initial carrying amount at the date when control is lost and for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Associated companies are those in which the DEME Group has significant influence. The significant influence is the power to take part in financial and operating policies of a company without having control or joint control over these policies.

A **joint venture** is a joint arrangement whereby the parties exerting joint control over the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Assets, liabilities, revenues and expenses from joint ventures and associates are accounted for under the equity method in the consolidated financial statements. Under the equity method, an investment in a joint venture or associate is firstly recorded at cost in the consolidated financial statement and then adjusted to record the share of the Group in the net result and in the comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. These losses are recorded as other non-current financial liability on the balance sheet instead of a negative investment within non-current financial assets (note (8)).

The proportionate consolidation method whereby the Group accounts for the assets, liabilities, revenues and expenses according to its interest in the joint venture, is not allowed under IFRS but is still applied in the management reporting which is the basis for the segment reporting. Interests in joint ventures or associates are accounted for from the date when the entity becomes a joint venture or associate. At the acquisition of the interest, any surplus between the cost of the investment and the share in the fair value of net assets of the entity is recorded as goodwill included in the carrying amount of the investment. Any surplus between the share of the Group in the fair value of net assets and the cost of the investment after remeasurement is immediately recorded

in the income statement during the period of acquisition of the investment.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests. When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group. The gross amount on transactions with associates or joint ventures is not eliminated; only any gain or loss on these transactions is eliminated.

A **joint operation** is a joint arrangement in which the parties (joint operators) have direct rights over the assets and direct obligations with respect to the entity's liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When a DEME Group entity starts activity in a joint operation, the Group recognises, in relation to its interest in the joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred held jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of its share of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Within the DEME Group there are also project driven construction consortiums that are not structured as a separate legal entity. They are directly integrated in the figures of the DEME subsidiary that is participating in the consortium. They are considered as joint operations and thus follow the accounting method described above (integration on a line-by-line basis).

BUSINESS COMBINATIONS POLICY

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the income statement as OPEX expenses as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, with the exception of:
- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *income taxes* and IAS 19 *employee benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *share-based payment* at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *non-current assets held for sale and discontinued operations* are measured in accordance with that standard.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Non-controlling interests that represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made transaction by transaction.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 *provisions, contingent liabilities and contingent assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

As current IFRSs do not specify recognition and measurement principles in respect of business combinations between entities under common control (these are excluded from the scope of IFRS 3 *business combinations*), the Group applies predecessor accounting. This means that the assets and liabilities of the acquiree are initially recognised at their carrying amount without fair value adjustments. The difference between the acquisition/selling price and the carrying amount of the net assets acquired/disposed of is accounted for in equity as a compensation to the shareholder.

FOREIGN CURRENCIES

The Group's consolidated financial statements are presented in euro, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Financial statements of foreign entities with a functional currency not equal to the euro, are translated as follows:
- assets and liabilities are translated at the year-end rate;
- income and expenses are translated at the average exchange rate for the year;
- shareholders' equity accounts are translated at historical exchange rates.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In case of a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non- monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In note (19) a table with currency rates from foreign currency to EUR can be found as per December 31, 2022 and 2021.

INTANGIBLE ASSETS

Acquired concessions, patents, licences and similar rights

These intangibles, that are separately acquired and that have a finite useful life, are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. These intangibles mainly relate to the acquired technology of the SPT Offshore business that is amortised over the economic lifetime of 10 years.

Costs for configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement is determined as a service contract and expensed.

Research and development

Expenditure on research activities is recognised in the income statement as an OPEX expense as incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Impairment testing is done during the development at each closing period.

In the segment Concessions, some development expenses are capitalised in the associates DEME Concessions participates in, as well as in the participating entity itself that is fully consolidated. For each project, initial recognition has to be approved by the Audit Committee and impairment testing is discussed in the meeting on a semi-annual basis.

Exploration for and evaluation of mineral resources

In the segment Concessions, DEME expenses costs incurred for the exploration and evaluation of mineral resources on the seabed since the recognition criteria are not met.

GOODWILL

Goodwill arising from a business combination is recognised as an asset on the date on which control was obtained (the acquisition date). Goodwill is measured at cost being the excess of the consideration transferred, the non-controlling interests in the acquired company and the fair value of the stake already owned by the Group in the acquired company (if any) over the net amount of identifiable assets acquired and liabilities assumed on the acquisition date.

Non-controlling interests are initially measured either at fair value, or at the non-controlling interests' share of the acquiree's recognised identifiable net assets. The basis of measurement is selected transaction by transaction.

If, after reassessment, the net balance, at the acquisition date, of identifiable assets acquired and liabilities assumed is higher than the sum of the consideration transferred, non-controlling interests in the acquiree and the fair value of the stake in the acquiree previously owned by the Group (if any), the surplus is recognised immediately in the income statement as a gain from a bargain purchase.

Goodwill is not amortised but is subject to impairment tests taking place annually or more frequently if there is an indication that the cash-generating unit to which it is allocated could have suffered a loss of value.

Goodwill is stated on the balance sheet at cost less accumulated impairment losses, if any. Impairment of goodwill is not reversed in future periods.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at historical cost, less accumulated depreciation and impairment losses. Historical cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location, as well as for its intended use. Historical cost includes the original purchase price, borrowing costs incurred during the construction period, and related direct costs. Main dredging and offshore equipment consists of components with different useful lives that are accounted for as separate items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The wear and tear of dredging equipment is highly dependent on project-specific combinations of soil conditions, material to be processed, maritime circumstances, and the intensity of the deployment of the equipment (factors that are difficult to predict). Due to these erratic and time-independent patterns, the maintenance and repair costs for upkeep of the assets during the operation of the vessel are predominantly expensed.

Dry-docking costs of main production equipment (major repair costs) are recognised in the carrying amount of the vessel when incurred and depreciated over the period until the next dry-docking.

Depreciation is charged to the income statement on a straight line basis over the useful lives taking into account an estimated residual value. Land is not depreciated as it is deemed to have an infinite life, except for landfills used for sand production that are depreciated according to the tonnes extracted. Buildings are depreciated over 25 years. The depreciation periods of the floating and other construction materials range from 3 years (such as for pipelines) to 21 years. The principal component of trailing suction hopper dredgers and cutter suction dredgers is depreciated over a period of 18 years. For new hopper dredgers, cutter suction dredgers, cable lay vessels and DP3 offshore crane vessels in production since 2019, the principal component is depreciated over a period of 20 years and a second component is amortised over a period of 10 years. For major jack-up vessels this depreciation rule was already applicable. The principal component mainly includes the hull and machinery and the second component relates to parts of a vessel for which the lifespan is shorter than the economic life cycle of the vessel. Furniture and other fixed assets are depreciated over a period between 3 and 10 years.

For all equipment with a residual value, this amount has been estimated as 1% of the investment value from 2019 onwards. DEME will apply this 1% residual value for older vessels as an extra year of depreciation beyond the useful life of the vessel.

Methods for depreciation, useful life and residual value are reassessed at the end of each financial year and amended if necessary.

Property, plant and equipment under construction are included based on the instalments paid and the capitalised interests during the construction period.

Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amount and are recognised within other operating income or other operating expenses.

THE GROUP AS LESSEE, RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (less than one year) and leases of low-value assets.

Right-of-use assets and lease liabilities

Assets, representing the right to use the underlying leased asset, are capitalised as right-of-use assets at cost, comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The corresponding lease liabilities, representing the net present value of the lease payments to be made over the lease term, are recognised as long-term or current liabilities depending on the period in which they are due. The lease payments are discounted using the lessee's incremental borrowing rate. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease liabilities are included in interest-bearing debt. Lease interest is charged to the income statement as an interest expense. Leased assets are depreciated, using straight line depreciation over the shorter of the lease term and the estimated useful life of the assets, including the period of renewable options, in case it is reasonably certain that the option will be exercised. When there is reasonable certainty that ownership will be obtained by the end of the lease term, the depreciation policy for the leased asset is consistent with that for depreciable assets which are owned. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, the asset is depreciated over the shorter of the lease term and its expected useful life. The right-of-use assets are also subject to impairment.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

The weighted average cost method is used to calculate the cost for raw materials, whereas the cost of consumables is determined using the FIFO method.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale.

When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write down or loss occurs.

The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets concern the gross amount yet to be charged which is expected to be received from customers for contractual work performed up to the reporting date (hereinafter: "work in progress") and services rendered. Work in progress is valued as the sum of the cost price of the work performed, plus a part of the expected results upon completion of the project in proportion to the progress made and less progress billings, and less potential provisions for losses. **Provisions** are recognised **for expected losses** on work in progress as soon as they are anticipated and if applicable, any profits already recognised are reversed. As long as the project is not started and the assumptions re execution of the work are not final yet (hence a loss to completion provision is difficult to measure reliably), no loss to completion provision is accounted for, unless there is a certain event supporting the provision. A loss to completion provision is accounted for **as a contract liability**. Revenues for additional work and claims are included in the overall contract revenues if the client has formally accepted the sum involved. The cost price includes project costs, consisting of payroll costs, materials, costs of subcontracted work, rental charges and maintenance costs of the equipment used and other project costs. The vessel rates used are based on the expected average vessel occupation in the long run. The progress of a project is measured as the ratio of the basis of the cost of the work performed in relation to the total expected cost price of the project as a whole. Profits are not recognised unless a reliable estimate of the end of project result can be made. DEME considers that no such reliable estimate can be made as long as the percentage of completion remains below 10% of the total expected cost price of the project or if the installation vessels for offshore wind farm foundation projects has not yet been mobilised. The balance of the value of work in progress is determined per project. For projects where the progress billings and advance payments exceed the value of work in progress, the balance is recognised under **contract liabilities** instead of under contract assets. **Advances** are amounts received by the Group (no significant financing component) before the related work is performed. The Group presents those separately from other contract liabilities.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated initially at fair value and subsequently at amortised cost less accumulated impairment losses. For the impact of IFRS 9 and the application of the expected credit loss model, reference is made to note (19) of this report where we elaborate on the credit and counterparty risk. Amortised cost is determined using the effective interest rate.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets and disposal groups as **held for sale** if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of income. All notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and on bank accounts and short-term investments with an initial term of less than three months. Cash, cash equivalents and short-term deposits are carried in the balance sheet at nominal value.

IMPAIRMENT TANGIBLE AND INTANGIBLE ASSETS INCLUDING GOODWILL

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets and intangible assets to determine whether there is any indication of impairment. If such indication exists or when it is required, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, and for goodwill, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

When there is an indication that prior recognition impairment losses no longer exist, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement. An impairment loss on goodwill is never reversed.

PROVISIONS

Provisions are recognised in the balance sheet when the Group has a present obligation (legal or constructive) resulting from a past event, when it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

The unwinding of discount on provisions is recognised as a financial expense.

Warranty provisions
Provisions for warranties are recognised based on the best estimate of the expected cash outflows or cost of repair to settle contractually agreed warranties during the defect notification period for completed projects. The carrying amount of these provisions is estimated based on common industry practice and the Group's experience with warranty claims for relevant projects. Initial recognition of these assurance-type warranties is based on historical experience and the estimate of warranty-related costs is revised annually.

Restructuring provisions
Restructuring provisions will be recognised (but do currently not apply) when the Group has a constructive obligation, meaning when there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs and the timeline. The Group must also notify all the employees affected about this plan's main features.

Other provisions
Other provisions, more specifically in the Environmental segment, relate to the legal provision for the capping of the landfill when the dumping areas are full or to the provision for end of contract reinstatement of a site. Other provisions, which are explained in note (23), can also be provisions for a legal proceeding.

EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plans without interest guarantee by the employer
Contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

Belgian defined contribution plans with interest guarantee by the employer
By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Consequently, these 'defined contribution' plans classify as 'defined benefit' plans.

Defined benefit plans
For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected as a separate reserve in equity and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

– service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
– net interest expense or income;
– remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are recognised initially at fair value adjusted for the attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between the proceeds (adjusted for transaction costs) and redemption value being recognised in the income statement over the period of the loan or borrowings on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortised cost.

INCOME TAXES

Income taxes are classified as either current or deferred taxes. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in OCI or equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes include expected tax charges based on the accounting profit for the current year and adjustments to tax charges of prior years. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred taxes are calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment, provisions for defined benefit plans, fair value measurement of derivatives and tax losses carried forward.

Deferred taxes are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realised or settled, based on tax rates enacted or substantively enacted by the balance sheet date. A deferred tax asset shall be recognised for the carryforward of the unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised unless the deferred tax assets arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax assets are also recognised for all deductible differences arising from investments in subsidiaries, joint ventures and associates to the extent that, it is probable that the temporary difference will reverse in the foreseeable future and the taxable profit will be available against which the temporary difference can be utilised. At each balance sheet date the Group reassess if all the above criteria are met.

IFRIC 23, which became effective as from January 1, 2019 onwards, clarifies how to apply the recognition and measurement requirements in IAS 12 *income taxes* when an uncertainty over current and deferred income tax treatments exists. The acceptability of a particular tax treatment under tax law may not be known until the relevant taxation authority or a court takes a decision in the future. In assessing whether and how an uncertain tax treatment affects the determination of taxable results, the Group assumes that a taxation authority will examine amounts it has a right to examine and has full knowledge of all related information when making those examinations. If the Group concludes it is probable that the taxation authority will accept an uncertain tax treatment, it determines the taxable result consistently with the tax treatment used or planned to be used in its income tax filings. If the Group concludes that it is not probable that a taxation authority will accept an uncertain tax treatment, it reflects the effect of uncertainty in determining its accounting tax position. If the possible outcomes are binary or concentrated to one value, the uncertain tax position is measured using the most likely amount. In case there exists a range of possible outcomes that are neither binary nor concentrated on one value, the sum of the weighted amounts in a range of possible outcomes might best predict the resolution of the uncertainty.

INVESTMENT TAX CREDITS

Investment tax credits are excluded from the scope of IAS 12 *income taxes* and IAS 20 *accounting for government grants and disclosure of government assistance*. In accordance with IAS 8 *accounting policies*, changes in accounting estimates and errors, the Group defined an accounting policy in respect of investment tax credits by making an analogy to IAS 12 *income taxes*. By making this analogy and when the entity satisfies the criteria to receive the credit, this will be recognised in the income statement (deferred taxes), and the related assets in the statement of financial position (deferred tax asset).

RISKS FROM FINANCIAL INSTRUMENTS

The Group's financial instruments are cash and cash equivalents, trade and other receivables, interest- bearing loans, trade and other payables and derivatives. Derivatives are used exclusively as hedging instruments and not for trading or other speculative purposes.

The Group is exposed to the following risks from financial instruments which will be further elaborated in note (19):

– credit and counterparty risk;
– liquidity risk;
– market risk consisting of currency risk, interest rate risk and price risks.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The company uses derivative financial instruments primarily to reduce exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks. As already mentioned above, the Group's policy prohibits the use of derivatives for speculation. The company does not hold or issue derivative financial instruments for trading purposes. However, derivatives which do not qualify as hedging instruments as defined by IFRS 9 are presented as instruments held for trading. Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Recognition of any resulting unrealised gain or loss depends on the nature of the derivative and the effectiveness of the hedge. The fair value of interest-rate swaps is the estimated amount that the company would receive or pay when exercising the swaps at the closing date, taking into account current interest rates and the solvency of the swap counterparty. The fair value of a forward-exchange contract is the quoted value at the closing date, and therefore the present value of the quoted forward price.

Hedge accounting is applicable if all criteria in the IFRS 9 standard are fulfilled:
- there is formal designation and documentation for the hedging relationship at the inception of this relationship;
- the economic relationship between the hedged item and the hedging;
- instrument and the potential sources of ineffectiveness must be documented;
- the retrospective ineffectiveness must be assessed at each closing.

Variations of fair value between periods are recognised differently according to the accounting classification.

Cash flow hedges
When a derivative financial instrument hedges variations in cash flows relating to a recognised liability, a firm commitment or an expected transaction, the effective part of any gain or loss resulting from the derivative financial instrument is recognised directly in other elements of the comprehensive income and is presented in a separate reserve in equity. When the firm commitment or the expected transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from the comprehensive income and is reported under a separate reserve in the equity. Otherwise, the cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss on the financial instrument is taken into result. Gains or losses resulting from the time value of financial derivative instruments are recognised in the income statement in interest income or interest expense. When a hedging instrument or hedge relationship expires but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss (at that point) remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is expected not to occur, the cumulative unrealised gain or loss recognised in equity is immediately taken to income.

Fair value hedges
When a derivative financial instrument hedges variations in the fair value of a recognised receivable or payable, any gain or loss resulting from the remeasurement of the hedging instrument is recognised in the income statement. The hedged item is also stated at the fair value attributable to the risk hedged, with any gain or loss being recognised in the income statement. The fair value of hedged items, in respect of the risk hedged, is their carrying amount at the balance sheet date translated into euro at the exchange rate on that date.

Instruments related to construction contracts
If a derivative financial instrument hedges variations in cash flows relating to a recognised liability, a firm commitment or an expected transaction in the framework of a construction contract (mainly forward purchases of raw materials, or foreign exchange purchases or sales), a documentation of the cash flow hedge relationship as described above will not be prepared. Any gain or loss resulting from the derivative financial instrument is recognised in the income statement. These instruments are, however, submitted to a test of efficiency based on the same methodology as utilised for hedge accounting. The effective part of any gain or loss on the financial instrument is considered as construction cost and is presented as an operational result based upon the percentage of completion of the contract.
The fair value variation itself however is not considered for determining the percentage of completion of the contract and deferred hedge charges and income are not part of contract assets or contract liabilities as these are stated at hedge rate and not at market rate. Deferred hedge charges and income are included in other current assets and other current liabilities.

REVENUES

Turnover or revenue from contracts with customers
All segments, except for the Concessions segment, which is the Group's investment and development vehicle, are contributing to the Group's turnover.

Consolidated turnover comprises the total of the work and services realised by DEME and its subsidiaries pursuing their main activity.

DEME's activities encompass dredging, land reclamation, hydraulic engineering, construction and services for the offshore oil & gas and renewable energy industries, civil engineering and environmental works. These activities being construction or execution of a service are executed following a contract with the customer.

The consolidated revenue is recognised in accordance with IFRS 15. Revenues do not have any significant financing component. Most construction and service contracts with the customers involve only one performance obligation, which is fulfilled progressively **over time.** For a limited number of "EPCI" contracts in the renewable business (offshore wind farms), multiple performance obligations were identified. In those contracts the EPC and T&I part for the monopiles can be separated, as well as the cable laying part and the EPC and T&I part for the offshore substations (OSS). Those parts of the contract are capable of being distinct, and are distinct in the context of the contract, and accordingly are considered as separate performance obligations.

Where a contract includes several distinct performance obligations, the Group allocates the overall price of the contract to each performance obligation in accordance with IFRS 15. That price corresponds to the amount of the consideration to which it expects to be entitled. The most common variable considerations such as the steel price, fuel consumption or design price modifications shall only be included in the transaction price to the extent that it is highly probable that a significant reversal in the revenue recognised will not occur. When the price includes a variable component, such as a performance bonus or a claim, the Group only recognises that consideration from the moment that agreement is reached with the client.

There are no IFRS 15 service-type warranties.

The Group has concluded that revenue from construction and service contracts should be recognised **over time.** As such, the revenue recognition reflects the rate at which our performance obligations are fulfilled corresponding to the transfer of control of a good or service to our customers. When there is no transfer of control throughout the contract revenue is still recognised over time, based on the fact that the asset created has no alternative use, as well as the fact that an enforceable right to payment exists for performance completed to date.

Revenue from construction and service contracts is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. A correction is made for the cost of material (e.g. steel) that is purchased but not yet manufactured or utilised in the production process at the reporting date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of project costs incurred that will probably be recoverable. Project costs are recognised as expenses in the period in which they are incurred. Management concluded that costs to fulfil a contract that are not incurred in respect of the satisfaction of the performance obligation have no material impact on the recognition of revenues and margin of the project. As such, these costs are also recognised when incurred and are included computing the stage of completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When there are major constraints on transferring cash from the working country to the head office, the profit on a contract is only recognised on a cash basis.

Other operating income
Other operating income includes the gain on sale of intangible assets, the gain on sale of property, plant and equipment as well as the gain on sale of financial assets, next to other non recurring income.
The latter includes the insurance income received with respect to damages to our vessels and equipment, as well as liquidated damages received in the context of a construction contract of new equipment only if it compensates incremental charges incurred due to late delivery of the new equipment.

OPERATING EXPENSES

Raw materials, consumables, services and subcontracted work
This category in the consolidated statement of income is the OPEX of the Group. All operating expenses (also SG&A expenses incurred through our normal business operations) are included except for personnel expenses, depreciation, amortisation and impairment costs and other operating expenses that are disclosed in a separate note.

Research and development, advertising and promotional costs and IT systems development costs
Research, advertising and promotional costs are expensed in the year in which they are incurred. Development costs and IT systems development costs are expensed in the year in which they are incurred if they do not meet the criteria for capitalisation. These costs are included in the operating expenses (OPEX) of the Group.

Other operating expenses
Other operating expenses include the loss on sale of intangible assets and the loss on sale of property, plant and equipment. The non-cash movements in amounts written off inventories and trade receivables, in retirement benefit obligations and in provisions is also recorded as other operating expenses. Next to above, other costs such as various taxes, import and stamp duties are also included in other operating expenses.

FINANCIAL RESULT

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

All interest expenses and other costs incurred in connection with borrowings, except those which were eligible to be capitalised, are expensed. The interest expense is recognised in the income statement using the effective interest rate method.

Interest income and interest expense also include gains or losses resulting from the time value of financial derivative instruments.

Dividend income (from non-consolidated participations) is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be reliably measured).

Other financial expenses mainly relate to costs incurred for project related bank guarantees.

GROUP STRUCTURE AND CHANGES IN THE REPORTING PERIOD

CHANGES IN THE CONSOLIDATION SCOPE IN THE REPORTING PERIOD

The following subsidiaries and jointly controlled entities were **liquidated** during 2022:
Subsidiaries:
- Berin Engenharia Dragagens e Ambiente SA (Portugal) (100%);
- DEC do Brasil Engenharia Ambiental LTDA (Brazil) (74.90%);
- DEME Concessions Merkur BV (The Netherlands) (100%);
- Marine Construction & Solution Holding LLC (USA) (100%);
- Marine Construction & Solution LLC (USA) (100%);

Jointly controlled entities:
- DEME Brazil Servicos de Dragagem LTDA (Brazil) (50%);
- Transterra NV (Belgium) (50%).

The following 100% **subsidiaries** were **merged** with another entity of the DEME Group during 2022:
- DEME Offshore DE GmbH merged with Nordsee Nassbagger- und Tiefbau GmbH (both Germany);
- DEME Offshore LU SA merged with DEME Offshore LU Procurement & Shipping SA (both Luxembourg).

The following subsidiaries and associates were **created** during 2022:
Subsidiaries:
- DEME Group NV (Belgium) (100%), the new DEME parent company;
- DEME Dredging NV (Belgium) (100%), within Dredging & Infra;
- DEME Hyport Energy NV (Belgium) (100%), within the Concessions segment;
- DEME Japan Ltd (Japan) (100%), within Offshore Energy;
- Innovation Shipping SA (Luxembourg) (100%), within Offshore Energy;

Associates:
- Cedar Luxembourg SARL (Luxembourg) (1.8%), within Offshore Energy;
- Thistle Wind Partners Cluaran Deas Ear LTD (United Kingdom) (42.50%), within Concessions;
- Thistle Wind Partners Cluaran Ear-Thuath LTD (United Kingdom) (42.50%), within Concessions.

The **percentage** of shareholding in or the **consolidation method** of the following subsidiary and associate **changed** in the course of 2022:
Subsidiary:
- Dragafi Asia Pacific Pte Ltd (Singapore) and its subsidiary, within segment Dredging & Infra, from 40% to 100% and from equity method consolidation to full consolidation;

Associate:
- Thistle Wind Partners Ltd (United Kingdom), within Concessions, from 100% to 42.50% and from fully consolidation to equity method consolidation.

The **name** of the 100% **subsidiary changed** in the course of 2022:
- DEME Offshore Equipment SA (Belgium) (formerly G-tec Offshore SA), within the Offshore segment.

The shares in Filterres SA (Belgium) (74.90%), within the Environmental segment, were **sold** in the course of 2022 to the partner in the company. The same applied for Hydrogeo SARL (Morocco) (40%), a dormant company in the Offshore Energy segment. In 2022, Seatec Holding BV and its 100% affiliate Seatec Subsea Systems BV, within the Offshore segment, were externally sold.

The changes in the consolidation scope described above have no material impact on the financial statements.

CHANGES IN THE CONSOLIDATION SCOPE IN THE PREVIOUS REPORTING PERIOD

The following **subsidiaries** were **liquidated** during 2021:
- DEME Concessions Infrastructure NV (Belgium) (100%);
- DEME Shipping Company LTD (Cyprus) (100%);
- Dredging International Services Middle East DMCEST (UAE) (100%);
- Mascarenes Dredging & Management LTD (Mauritius) (100%);
- Middle East Marine Contracting LTD (Cyprus) (100%).

The following **subsidiaries** were **merged** with another entity of the DEME Group during 2021:
- Agroviro NV and Purazur NV both merged with DEME Environmental NV (all Belgium);
- Dredging International Luxembourg SA and Société de Dragage Luxembourg SA both merged with DEME Luxembourg SA (all Luxembourg).

The following subsidiaries, jointly controlled entities and associates were **newly created** during 2021:
Subsidiaries:
- Hyport Oostende Holdco NV (Belgium) (70%);
- Thistle Wind Partners LTD (United Kingdom) (100% in 2021, but changed to 42.5% in 2022);

Jointly controlled entities:
- CDWE Green Jade Shipowner LTD (Taiwan) (49.99%);
- Japan Offshore Marine LTD (Japan) (49%);
- Wérisol SA (Belgium) (37.45%);

Associates:
- Asyad Terminals DUQM LLC (Oman) (14.70%);
- Duqm Logistic Lands and Investment Company LLC (Oman) (26%);
- Hyport Coordination Company LLC (Oman) (50%);
- Hyve BV (Belgium) (16.67%);
- Nou Vela SA (France) (46.60%);
- Port-La Nouvelle SEMOP (France) (23.77%);
- Rhama Port Hub SRL (Italy) (28%);
- Zeeboerderij Westdiep BV (Belgium) (20%).

The **percentage** of shareholding in or the **consolidation method** of the following companies **changed** in the course of 2021:
- DIAP Thailand Co Ltd (Thailand) (from fully consolidation to equity method consolidation; from 98% to 48.90%);
- G-tec Offshore SA / G-tec SAS / G-tec NV / G-tec BV (from 72.5% to 100%); as a consequence of the above, Hydrogeo SARL changed from 43.50% to 60% and from consolidation according to the equity method towards fully consolidation;
- High Wind NV (Belgium) (from 99.1% to 100%);
- PT Dredging International Indonesia (Indonesia) (from 60% to 95%).

The **name** of the following **subsidiaries changed** in the course of 2021:
- DEME Environmental NV (Belgium) (prior DEME Environmental Contractors NV);
- DEME Luxembourg SA (Luxembourg) (prior Safindi SA);
- Spartacus Shipping SA (Luxembourg) (prior Maritime Services & Solutions SA).

LIST OF THE GROUP'S SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The classification to one or another 'operational segment' of a company within the Group can vary each year based upon the projects performed by that company and is not necessarily the same as the operational segment of its legal parent company. A company can also execute projects for more than one operational segment. In that case the main operational segment for the current year is disclosed in the table below.

All subsidiaries, joint ventures and associates have the same year-end closing date as at December 31, except for those in India and Zeeboerderij Westdiep BV (Belgium) where the year-end closing date is March 31. When the year-end closing date differs from the December 31 closing date, the figures included in the consolidation are those for the period ended December 31 calendar date.

Further on, within the DEME Group there are no significant restrictions to transfer funds in the form of cash and dividends.

SUBSIDIARIES (FULLY CONSOLIDATED)

As of December 31, 2022

Until June 29, 2022, **Dredging, Environmental & Marine Engineering NV** (DEME NV), was the parent company of the Group. On that date CFE NV transferred its 100% stake in DEME NV to a newly created company, DEME Group NV, by means of a partial demerger and as such **DEME Group NV** became the new parent company. DEME NV, as a subholding, is now included in the list as a subsidiary compared to prior year. Reference is made to note (16) Share capital, dividends and reserves for more information.

DEME Environmental NV, the parent company of the Environmental segment, is owned for 25.1% by a third party. In the Dredging & Infra segment there are some **non-controlling interests** in the marine aggregate and maritime services business and in the dredging business only some minor interests are hold by third parties. In the Concessions segment the same external partner holds interests in two subsidiaries of the Group. In the Offshore segment there are no non-controlling interests at December 31, 2022. Reference is made to the consolidated statement of comprehensive income and the consolidated statement of changes in equity for more information about the non-controlling interests.

Name	Country	2022 % of Share-holding	2021 % of Share-holding	Main Operational Segment 2022
Dredging, Environmental & Marine Engineering NV	Belgium	100%	100%	
Baggerwerken Decloedt en Zoon NV	Belgium	100%	100%	Dredging & Infra
Cathie Associates Holding CVBA	Belgium	100%	100%	Offshore Energy
Deeptech NV	Belgium	100%	100%	Concessions
DEME Building Materials NV	Belgium	100%	100%	Dredging & Infra
DEME Concessions NV	Belgium	100%	100%	Concessions
DEME Concessions Wind NV	Belgium	100%	100%	Concessions
DEME Coordination Center NV	Belgium	100%	100%	Dredging & Infra
DEME Dredging NV	Belgium	100%	0%	Dredging & Infra
DEME Hyport Energy NV	Belgium	100%	0%	Concessions
DEME Infra Marine Contractors NV	Belgium	100%	100%	Dredging & Infra
DEME Infrasea Solutions NV	Belgium	100%	100%	Dredging & Infra
DEME Offshore BE NV	Belgium	100%	100%	Offshore Energy
DEME Offshore Equipment SA (formerly G-tec Offshore SA)	Belgium	100%	100%	Offshore Energy
DEME Offshore Holding NV	Belgium	100%	100%	Offshore Energy
Dredging International NV	Belgium	100%	100%	Dredging & Infra
Geowind NV	Belgium	100%	100%	Offshore Energy
Global Sea Mineral Resources NV	Belgium	100%	100%	Concessions
G-tec SA	Belgium	100%	100%	Offshore Energy
High Wind NV	Belgium	100%	100%	Offshore Energy
Logimarine NV	Belgium	100%	100%	Dredging & Infra
DEME Environmental NV	Belgium	74.90%	74.90%	Environmental
Ecoterres SA	Belgium	74.90%	74.90%	Environmental
Ekosto NV	Belgium	74.90%	74.90%	Environmental
Hyport Oostende Holdco NV	Belgium	70%	70%	Concessions
DEME Blue Energy NV	Belgium	69.99%	69.99%	Concessions
Combined Marine Terminal Operations Worldwide NV	Belgium	54.38%	54.38%	Dredging & Infra
Grond Recyclage Centrum NV	Belgium	52.43%	52.43%	Environmental
GRC Zolder NV	Belgium	36.70%	36.70%	Environmental
Filterres SA	Belgium	0%	56.10%	Environmental
Soyo Dragagem LDA	Angola	100%	100%	Dredging & Infra
Dragagem Angola Serviços Lda	Angola	100%	100%	Dredging & Infra
Dredging International Argentina SA	Argentina	100%	100%	Dredging & Infra
Dredging International Australia Pty Ltd	Australia	100%	100%	Dredging & Infra
GeoSea Australia Pty Ltd	Australia	100%	100%	Offshore Energy
Dredging International Bahrain WLL	Bahrain	49%[1]	49%[1]	Dredging & Infra
Dragabras Serviços de Dragagem Ltda	Brazil	100%	100%	Dredging & Infra
DEC do Brasil Engenharia Ambiental Ltda	Brazil	0%	74.90%	Environmental

(1) The economic rights in this company are 100%.

Name	Country	2022 % of Share-holding	2021 % of Share-holding	Main Operational Segment 2022
DEME Offshore CA Ltd	Canada	100%	100%	Offshore Energy
Dredging International Management Consulting Shanghai Ltd	China	100%	100%	Dredging & Infra
Far East Dredging Ltd	Hong Kong SAR China	100%	100%	Dredging & Infra
Bellsea Ltd	Cyprus	100%	100%	Dredging & Infra
DEME Cyprus Ltd	Cyprus	100%	100%	Dredging & Infra
DEME Offshore CY Ltd	Cyprus	100%	100%	Offshore Energy
Dredging International Cyprus Ltd	Cyprus	100%	100%	Dredging & Infra
Dredging International Services Cyprus Ltd	Cyprus	100%	100%	Dredging & Infra
Novadeal Ltd	Cyprus	100%	100%	Dredging & Infra
T.C.M.C. The Channel Management Company Ltd	Cyprus	100%	100%	Dredging & Infra
DEME Offshore DK SAS	Denmark	100%	100%	Offshore Energy
DEME Offshore FR SAS	France	100%	100%	Offshore Energy
G-tec SAS	France	100%	100%	Offshore Energy
Société de Dragage International SA	France	100%	100%	Offshore Energy
Nordsee Nassbagger- und Tiefbau GmbH	Germany	100%	100%	Dredging & Infra / Offshore Energy
Oam-Deme Mineraliën GmbH	Germany	70%	70%	Dredging & Infra
DEME Offshore DE GmbH	Germany	0%	100%	Offshore Energy
DEME Building Materials Ltd	United Kingdom	100%	100%	Dredging & Infra
NewWaves Solutions Ltd	United Kingdom	100%	100%	Offshore Energy
SPT Offshore UK Ltd	United Kingdom	100%	100%	Offshore Energy
Dredging International India Pvt Ltd	India	99.97%	99.97%	Dredging & Infra
International Seaport Dredging Pvt Ltd	India	93.64%	93.64%	Dredging & Infra
PT Dredging International Indonesia	Indonesia	49%[3]	49%[3]	Dredging & Infra
Societa Italiana Dragaggi Spa	Italy	100%	100%	Dredging & Infra
DEME Japan Ltd	Japan	100%	0%	Offshore Energy
Apollo Shipping SA	Luxembourg	100%	100%	Offshore Energy
Bonny River Shipping SA	Luxembourg	100%	100%	Dredging & Infra
CRiver Shipping SA	Luxembourg	100%	100%	Dredging & Infra
Delta River Shipping SA	Luxembourg	100%	100%	Dredging & Infra
DEME Luxembourg SA	Luxembourg	100%	100%	Dredging & Infra
DEME Offshore LU Procurement & Shipping SA	Luxembourg	100%	100%	Offshore Energy
Innovation Shipping SA	Luxembourg	100%	0%	Offshore Energy
Meuse River Shipping SA	Luxembourg	100%	100%	Dredging & Infra
Safindi RE SA	Luxembourg	100%	100%	Dredging & Infra
Spartacus Shipping SA	Luxembourg	100%	100%	Dredging & Infra
DEME Offshore LU SA	Luxembourg	0%	100%	Offshore Energy
SPT Offshore Sdn Bhd	Malaysia	100%	100%	Offshore Energy
Dredging International Malaysia Sdn Bhd	Malaysia	30%[1]	30%[1]	Dredging & Infra
Hydrogeo SARL	Morocco	0%	60%	Offshore Energy
Dredging International Mexico SA de CV	Mexico	100%	100%	Dredging & Infra
Logimarine SA de CV	Mexico	100%	100%	Dredging & Infra
Dragamoz Lda	Mozambique	100%	100%	Dredging & Infra
Earth Moving International Nigeria Ltd	Nigeria	100%	100%	Dredging & Infra
Novadeal EKO FZE	Nigeria	100%	100%	Dredging & Infra
Dredging and Environmental Services Nigeria Ltd	Nigeria	39%[1]	39%[1]	Dredging & Infra
Dredging International Services (Nigeria) Ltd	Nigeria	39%[1]	39%[1]	Dredging & Infra
Combined Marine Terminal Operators Nigeria Ltd	Nigeria	21.25%[2]	21.25%[2]	Dredging & Infra
Dredging International de Panama SA	Panama	100%	100%	Dredging & Infra

(1) The economic rights in this company are 100%.
(2) The economic rights in this company are 54.375%.
(3) The economic rights in this company are 95%.

Name	Country	2022 % of Share-holding	2021 % of Share-holding	Main Operational Segment 2022
Corporacion Arenera Marina SA	Panama	100%	100%	Dredging & Infra
Dredeco PNG Ltd	Papua New Guinea	100%	100%	Dredging & Infra
Berin Engenharia Dragagens e Ambiente SA	Portugal	0%	100%	Dredging & Infra
Middle East Dredging Company QSC	Qatar	49%(3)	49%(3)	Dredging & Infra
Dragmorstroy LLC	Russia	100%	100%	Dredging & Infra
Mordraga LLC	Russia	100%	40%	Dredging & Infra
Dredging International Saudi Arabia Co Ltd	Saudi Arabia	100%	100%	Dredging & Infra
Dragafi Asia Pacific Pte Ltd	Singapore	100%	40%	Dredging & Infra
Dredging International Asia Pacific Pte Ltd	Singapore	100%	100%	Dredging & Infra
Dredging International South Africa PTY Ltd	South-Africa	100%	100%	Dredging & Infra
Dredging International España SA	Spain	100%	100%	Dredging & Infra
Naviera Living Stone SLU	Spain	100%	100%	Offshore Energy
DEME Building Materials BV	The Netherlands	100%	100%	Dredging & Infra
DEME Concessions Netherlands BV	The Netherlands	100%	100%	Concessions
DEME Infra Marine Contractors BV	The Netherlands	100%	100%	Dredging & Infra
DEME Offshore NL BV	The Netherlands	100%	100%	Offshore Energy
DEME Offshore Shipping BV	The Netherlands	100%	100%	Offshore Energy
Dredging International Netherlands BV	The Netherlands	100%	100%	Dredging & Infra
G-tec BV	The Netherlands	100%	100%	Offshore Energy
SPT Equipment BV	The Netherlands	100%	100%	Offshore Energy
SPT Offshore Holding BV	The Netherlands	100%	100%	Offshore Energy
SPT Offshore BV	The Netherlands	100%	100%	Offshore Energy
Aannemingsmaatschappij De Vries & van de Wiel BV	The Netherlands	74.90%	74.90%	Environmental
De Vries & van de Wiel Beheer BV	The Netherlands	74.90%	74.90%	Environmental
De Vries & van de Wiel Kust- en Oeverwerken BV	The Netherlands	74.90%	74.90%	Environmental
Zandexploitatiemaatschappij De Vries & van de Wiel BV	The Netherlands	74.90%	74.90%	Environmental
Milieutechniek De Vries & van de Wiel BV	The Netherlands	74.90%	74.90%	Environmental
DEME Concessions Merkur BV	The Netherlands	0%	100%	Concessions
Seatec Holding BV	The Netherlands	0%	100%	Offshore Energy
Seatec Subsea Systems BV	The Netherlands	0%	100%	Offshore Energy
Dredging International Ukraine LLC	Ukraine	100%	100%	Dredging & Infra
Dredging International RAK FZ LLC	United Arab Emirates	100%	100%	Dredging & Infra
DEME Offshore US INC	USA	100%	100%	Offshore Energy
DEME Offshore US LLC	USA	100%	100%	Offshore Energy
Marine Construction & Solutions Holding LLC	USA	0%	100%	Dredging & Infra
Marine Construction & Solutions LLC	USA	0%	100%	Dredging & Infra
Servicios Maritimos Servimar SA	Venezuela	100%	100%	Dredging & Infra

(3) The economic rights in this company are 95%.

JOINT VENTURES (EQUITY METHOD IN FINANCIAL STATEMENTS BUT PROPORTIONATE METHOD IN SEGMENT REPORTING)

As of December 31, 2022

Name	Country	2022 % of Share-holding	2021 % of Share-holding	Main Operational Segment 2022
Scaldis Salvage & Marine Contractors NV	Belgium	54.38%	54.38%	Offshore Energy
Sédisol SA	Belgium	37.45%	37.45%	Environmental
Blue Site SA	Belgium	37.45%	37.45%	Environmental
Wérisol SA	Belgium	37.45%	37.45%	Environmental
Silvamo NV	Belgium	37.45%	37.45%	Environmental
Top Wallonie NV	Belgium	37.45%	37.45%	Environmental
Transterra NV	Belgium	0%	50%	Dredging & Infra
MSB Minerações Sustentáveis do Brasil SA	Brazil	51%	51%	Dredging & Infra
DEME Brazil Serviços de Dragagem Ltda	Brazil	0%	50%	Dredging & Infra
Guangzhou Coscocs DEME New Energy Engineering Co. Ltd	China	49.99%	49.99%	Offshore Energy
Earth Moving Worldwide Cyprus Ltd	Cyprus	50%	50%	Dredging & Infra
Japan Offshore Marine Ltd	Japan	49%	49%	Offshore Energy
BNS JV Ltd	United Kingdom	50%	50%	Dredging & Infra
Normalux Maritime SA	Luxembourg	37.50%	37.50%	Offshore Energy
Combined Marine Terminal Operations Marafi LLC	Oman	37.68%	37.68%	Dredging & Infra
Gulf Earth Moving Qatar WLL	Qatar	50%	50%	Dredging & Infra
DIAP Thailand Co Ltd	Thailand	48.90%	48.90%	Dredging & Infra
CSBC DEME Wind Engineering Co Ltd (CDWE)	Taiwan	49.99%	49.99%	Offshore Energy
CDWE Green Jade Shipowner Ltd	Taiwan	49.99%	49.99%	Offshore Energy
DBM-Bontrup BV	The Netherlands	50%	50%	Dredging & Infra
K3 DEME BV	The Netherlands	50%	50%	Dredging & Infra
Deeprock Beheer BV	The Netherlands	50%	50%	Offshore Energy
Deeprock CV	The Netherlands	50%	50%	Offshore Energy
Overseas Contracting & Chartering Services BV	The Netherlands	50%	50%	Offshore Energy
Earth Moving Middle East Contracting DMCEST	United Arab Emirates	50%	50%	Dredging & Infra

ASSOCIATES (EQUITY METHOD)

As of December 31, 2022

Name	Country	2022 % of Share-holding	2021 % of Share-holding	Main Operational Segment 2022
Consortium Antwerp Port (Oman) NV	Belgium	60%	60%	Concessions
Power@Sea NV	Belgium	51.10%	51.10%	Concessions
Consortium Antwerp Port Industrial Port Land NV	Belgium	50%	50%	Concessions
Blue Open NV	Belgium	49.94%	49.94%	Environmental
Bluepower NV	Belgium	35%	35%	Concessions
Bluechem Building NV	Belgium	25.47%	25.47%	Environmental
Blue Gate Antwerp Development NV	Belgium	25.46%	25.46%	Environmental
Terranova NV	Belgium	24.96%	24.96%	Environmental
Zeeboerderij Westdiep BV	Belgium	20%	20%	Concessions
Feluy M2M SA	Belgium	19.47%	19.47%	Environmental
Otary BIS NV	Belgium	18.89%	18.89%	Concessions
Otary RS NV	Belgium	18.89%	18.89%	Concessions
Rentel NV	Belgium	18.89%	18.89%	Concessions
Hyve BV	Belgium	16.67%	16.67%	Concessions
Terranova Solar NV	Belgium	16.01%	16.01%	Environmental
North Sea Wave NV	Belgium	13.22%	13.22%	Concessions
SeaMade NV	Belgium	13.22%	13.22%	Concessions
La Vélorie SA	Belgium	12.48%	12.48%	Environmental
C-Power Holdco NV	Belgium	10%	10%	Concessions
C-Power NV	Belgium	6.46%	6.46%	Concessions
Nou Vela SA	France	46.60%	46.60%	Concessions
Port-La Nouvelle SEMOP	France	23.77%	23.77%	Concessions
Thistle Wind Partners Ltd	United Kingdom	42.50%	100%	Concessions
Thistle Wind Partners Cluaran Deas Ear Ltd	United Kingdom	42.50%	0%	Concessions
Thistle Wind Partners Cluaran Ear-Thuath Ltd	United Kingdom	42.50%	0%	Concessions
West Islay Tidal Energy Park Ltd	United Kingdom	35%	35%	Concessions
Rhama Port Hub SRL	Italy	28%	28%	Dredging & Infra
Cedar Luxembourg SARL	Luxembourg	1.80%	0%	Offshore Energy
Hyport Coordination Company LLC	Oman	50%	50%	Concessions
Port of Duqm Company SAOC	Oman	30%	30%	Concessions
Duqm Industrial Land Company LLC	Oman	27.55%	27.55%	Concessions
Duqm Logistic Lands and Investment Company LLC	Oman	26%	26%	Concessions
DIAP-Daelim Joint Venture Pte Ltd	Singapore	51%	51%	Dredging & Infra
DIAP-SHAP Joint Venture Pte Ltd	Singapore	51%	51%	Dredging & Infra
BAAK Blankenburg-Verbinding BV	The Netherlands	15%	15%	Concessions

BUSINESS COMBINATIONS AND DISPOSALS IN THE COURSE OF 2022 AND 2021

Business combinations and disposals in the course of 2022

There were no business combinations in 2022.

Within the Offshore Energy segment the company Seatec Holding BV and its affiliate Seatec Subsea Systems BV were sold as part of a management buyout. This sale has an immaterial impact on the financial statements. The manufacturing and trading vehicle Seatec was acquired in 2020 as part of the SPT Offshore Group. DEME secured exclusivity on the suction pump equipment manufacturing executed by Seatec through a framework agreement.

The shares in Filterres SA (Belgium) (74.90%), within the Environmental segment, were sold in the course of 2022 to the partner in the company. The same applied for Hydrogeo SARL (Morocco) (40%), a dormant company in the Offshore Energy segment. These sales had a very immaterial impact on the financial statements.

Business combinations and disposals in the course of 2021

There were no business combinations, nor disposals in 2021.

COMPARATIVE FINANCIAL STATEMENT ANALYSIS

This part has to be read together with the 'Group Performance 2022' earlier in this annual report where the major contributors to the result of the year are explained. In the 'Group Performance 2022' when elaborating on the performance of the segments separately, as well as in the segment reporting, management report figures are used. The only reconciling item between these figures and the figures as in the financial statements is the impact of the different consolidation method for joint ventures.

Joint ventures are consolidated proportionally in the management report figures, whereas according to equity method in the financial statements. The result for the period (share of the Group) is not affected by the difference in consolidation method, only the presentation is different.

In the notes and in this comparative financial statement analysis, the figures as per financial statements are disclosed.

CONSOLIDATED STATEMENT OF INCOME COMPARATIVE ANALYSIS

As of December 31 (in thousands of EUR)

	Notes	2022	2021	DELTA
REVENUES		**2,710,796**	**2,580,773**	**130,023**
Turnover	(1)	2,654,725	2,510,607	144,118
Other operating income	(2)	56,071	70,166	-14,095
OPERATING EXPENSES		**-2,555,560**	**-2,437,492**	**-118,068**
Raw materials, consumables, services and subcontracted work		-1,704,618	-1,575,624	-128,994
Personnel expenses	(3)	-505,743	-488,896	-16,847
Depreciation and amortisation expenses	(4)/(6)/(7)	-318,240	-291,108	-27,132
Impairment of property, plant and equipment and right-of-use assets	(6)/(7)	-430	-34,608	34,178
Impairment of goodwill and intangible assets	(4)/(5)	-	-311	311
Other operating expenses	(2)	-26,529	-46,945	20,416
OPERATING RESULT		**155,236**	**143,281**	**11,955**
FINANCIAL RESULT		**-24,311**	**-5,412**	**-18,899**
Interest income		6,026	4,181	1,845
Interest expense		-14,914	-6,920	-7,994
Realised/unrealised foreign currency translation effects		-11,134	6,130	-17,264
Other financial income and expenses		-4,289	-8,803	4,514
RESULT BEFORE TAXES		**130,925**	**137,869**	**-6,944**
Current taxes and deferred taxes	(10)	-31,361	-31,079	-282
RESULT AFTER TAXES		**99,564**	**106,790**	**-7,226**
Share of profit (loss) of joint ventures and associates	(8)	15,827	10,548	5,279
RESULT FOR THE PERIOD		**115,391**	**117,338**	**-1,947**
Attributable to non-controlling interests		2,671	2,757	-86
SHARE OF THE GROUP		**112,720**	**114,581**	**-1,861**

Total revenues in 2022 increased with 130 million EUR. **Turnover** increased with 144 million EUR or 6% compared to 2022, whereas **other operating income** decreased with 14 million EUR. Operating income of 2022 includes liquidated damages received as compensation for the incremental costs incurred as a result of the late delivery of installation vessel 'Orion' (Offshore Energy segment) for 19 million EUR, whereas the operating income of 2021 included 15 million EUR of liquidated damages received relating to cutter suction dredger 'Spartacus' (Dredging & Infra segment).

The **operating result** or EBIT increased with 12 million EUR but the EBIT margin remained the same, due to a higher number of vessel dockings and overhauls, inflation, consumables and commodity price increases. The **depreciation expenses** increased due to the new vessels 'Orion', 'Spartacus' and 'Groenewind'. On the other hand, no significant **impairments** are recorded in 2022 while in 2021, 35 million EUR of impairments were included. **Other operating expenses** decreased with 20 million EUR and will be further explained in the notes.

The decrease of the **financial result** with 19 million EUR is mainly caused by negative realised/unrealised foreign currency translation effects of -11.1 million EUR in 2022, in comparison with positive effects of 6 million EUR in 2021 (difference -17.3 million EUR). This mainly results from the devaluation of the Egyptian Pound, leading to a negative remeasurement of the cash and outstanding receivables for the Abu Qir project in Egypt. Furthermore, interest expenses increased with 8 million EUR, due to a higher debt position as a consequence of the issuance of new term loan facilities of 440 million EUR (referring to note (18)) and less capitalised interest expenses in 2022. Interests for the 'Orion' vessel financing were not longer capitalised as from June, as all activities to prepare the vessel for its intended use were then completed.

The **result before taxes** is 6.9 million EUR lower than last year and the effective tax rate increased to 24.0% compared to 22.5% last year.

The **share of profit of joint ventures and associates** increased with 5.3 million EUR mainly due to an increase of the result of the joint ventures. The amount attributable to non-controlling interests remained stable compared to last year.

The **result for the period (share of the Group)** decreased with 1.9 million EUR compared to last year and amounts to 112.7 million EUR which is 4.45 EUR per share.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION COMPARATIVE ANALYSIS

As of December 31 (in thousands of EUR)

ASSETS	Notes	2022	2021	DELTA
NON-CURRENT ASSETS		2,969,289	2,694,235	275,054
Intangible assets	(4)	24,315	25,513	-1,198
Goodwill	(5)	13,028	13,028	-
Property, plant and equipment	(6)	2,422,048	2,259,041	163,007
Right-of-use assets	(7)	98,994	90,620	8,374
Investments in joint ventures and associates	(8)	202,748	132,781	69,967
Other non-current financial assets	(9)	32,540	33,451	-911
Non-current financial derivatives	(19)	39,336	613	38,723
Interest rate swaps		*39,127*	*-*	*39,127*
Forex/fuel hedges		*209*	*613*	*-404*
Other non-current assets	(9)	11,892	4,239	7,653
Deferred tax assets	(10)	124,388	134,949	-10,561
CURRENT ASSETS		1,540,489	1,355,362	185,127
Inventories	(11)	25,696	12,168	13,528
Contract assets	(12)	344,751	326,685	18,066
Trade and other operating receivables	(13)	469,529	384,022	85,507
Current financial derivatives	(19)	22,022	3,207	18,815
Interest rate swaps		*17,638*	*-*	*17,638*
Forex/fuel hedges		*4,384*	*3,207*	*1,177*
Assets held for sale	(14)	31,997	32,456	-459
Other current assets	(15)	124,233	68,192	56,041
Cash and cash equivalents	(18)/(19)	522,261	528,632	-6,371
TOTAL ASSETS		4,509,778	4,049,597	460,181

Total assets of the year increased with 460.2 million EUR, of which the net increase in **property, plant and equipment** represents the largest increasing category of the balance sheet (+ 163 million EUR). Main investments for 2022 include the 'Orion', DEME's revolutionary offshore installation vessel which officially was added to the fleet in the second quarter of 2022, the acquisition and conversion of cable-laying vessel 'Viking Neptun', the investment in a new rock dumping vessel and the upgrade of the offshore installation vessel 'Sea Installer'. Also significant maintenance investments in DEME's existing fleet were capitalised.

The increase in **investments in joint ventures and associates** is, next to capital increases, mainly related to the increase of other comprehensive income (because of the increase in the fair value of interest-rate hedges). Because of the same reason, we also observe an increase in **non-current and current financial derivatives** due to the positive evolution of the fair value of the interest rate hedges, in 2022.

Inventories, contract assets and trade and other operating receivables increased with respectively 13.5, 18.1 and 85.5 million EUR. The increase in trade and other operating receivables is partly due to an increase in activities but mainly due to the progress of major projects and the timing of invoicing as contract assets are transferred to receivables upon acceptance by the client. The increase in trade receivables is not caused by an increase in overdue amounts.

Assets held for sale remained stable. In 2021 the amount was related to the reclassification of the net book value of the 'Thor' vessel (sold in April 2022) from property, plant and equipment. In 2022 the amount is related to another vessel within the Offshore Energy segment.

Other current assets increased with 56 million EUR compared to 2021, mainly related to an increase in deferred hedge cost on the US projects Vineyard and Coastal Virginia.

GROUP EQUITY AND LIABILITIES	Notes	2022	2021	DELTA
SHAREHOLDERS' EQUITY	(16)	1,753,947	1,579,543	174,404
Issued capital		33,194	31,110	2,084
Share premium		475,989	5,645	470,344
Retained earnings and other reserves		1,218,272	1,618,824	-400,552
Hedging reserve		70,020	-25,872	95,892
Remeasurement on retirement obligations		-37,458	-41,283	3,825
Cumulative translation adjustment		-6,070	-8,881	2,811
NON-CONTROLLING INTERESTS		22,318	19,696	2,622
GROUP EQUITY		1,776,265	1,599,239	177,026
NON-CURRENT LIABILITIES		1,015,460	786,718	228,742
Retirement obligations	(21)	60,523	65,267	-4,744
Provisions	(23)	42,985	39,572	3,413
Interest-bearing debt	(18)	789,904	577,970	211,934
Non-current financial derivatives	(19)	53,661	26,868	26,793
Interest rate swaps		-	*2,608*	*-2,608*
Forex/fuel hedges		*53,661*	*24,260*	*29,401*
Other non-current financial liabilities	(8)	1,238	2,827	-1,589
Deferred tax liabilities	(10)	67,149	74,214	-7,065
CURRENT LIABILITIES		1,718,053	1,663,640	54,413
Interest-bearing debt	(18)	252,870	343,340	-90,470
Current financial derivatives	(19)	31,579	12,368	19,211
Interest rate swaps		-	*1,892*	*-1,892*
Forex/fuel hedges		*31,579*	*10,476*	*21,103*
Provisions	(23)	4,714	3,738	976
Contract liabilities	(12)	323,300	181,095	142,205
Advances received	(12)	72,539	101,067	-28,528
Trade payables		777,705	772,905	4,800
Remuneration and social debt		98,793	94,026	4,767
Current income taxes	(10)	66,571	76,370	-9,799
Other current liabilities	(22)	89,982	78,731	11,251
TOTAL LIABILITIES		2,733,513	2,450,358	283,155
TOTAL GROUP EQUITY AND LIABILITIES		4,509,778	4,049,597	460,181

Total liabilities increased with 283 million EUR.

Group equity increased with 177 million EUR and is next to the result of the year of 112.7 million EUR positively impacted by an increase of other comprehensive income (hedging reserve, remeasurement on retirement obligations and cumulative translation adjustments) for an amount of 102.5 million EUR, compensated by the payment of a dividend of 40.8 million EUR in 2022. Note that due to the partial demerger of CFE NV, a transfer from retained earnings and other reserves to share capital and share premium has been recorded.

Non-current liabilities increased with 228.7 million EUR of which 211.9 million EUR is related to the increase in non-current interest-bearing debt. The increase in interest-bearing debt is related to additional term loan facility agreements of 440 million EUR partly offset by reimbursements for 246 million EUR. The current interest-bearing debt decreased with 90.4 million EUR.

The **contract liabilities** increased with 142 million EUR, partly due to an increase in activities but mainly due to the timing (e.g. new projects starting up where the invoicing is ahead of the operational execution of the project for some major US offshore projects).

CONSOLIDATED STATEMENT OF CASH FLOWS COMPARATIVE ANALYSIS

As of December 31 (in thousands of EUR)

	Notes	2022	2021	DELTA
CASH AND CASH EQUIVALENTS, OPENING BALANCE		528,632	621,937	-93,305
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		411,476	440,356	-28,880
CHANGES IN WORKING CAPITAL		24,893	-20,782	45,675
CASH FLOW FROM OPERATING ACTIVITIES		436,369	419,574	16,795
Investments		-512,855	-298,660	-214,195
Divestments		24,001	32,248	-8,247
CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES		-488,854	-266,412	-222,442
New interest-bearing debt	(18)	465,000	51,344	413,656
Repayment of interest-bearing debt	(18)	-380,488	-278,875	-101,613
Gross dividend paid to the shareholders	(16)	-40,843	-20,421	-20,422
Gross dividend paid to non-controlling interests	(16)	-504	-	-504
CASH FLOW (USED IN) / FROM FINANCIAL ACTIVITIES		43,165	-247,952	291,117
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-9,320	-94,790	85,470
Impact of exchange rate changes on cash and cash equivalents		2,949	1,485	1,464
CASH AND CASH EQUIVALENTS, ENDING BALANCE		522,261	528,632	-6,371

Cash flow from operating activities
Cash flow from operating activities increased from 419.6 million EUR in 2021 to 436.4 million EUR in 2022.

This mainly relates to the higher activity level and corresponding increase in the net operating result from 143.3 million EUR in 2021 to 155.2 million EUR in 2022. The aforementioned net operating result includes items reclassed to investing cash flow for an amount of 5.7 million EUR in 2022 compared to 16.2 million EUR in 2021. The increased working capital per December 31, 2022 is mainly caused by an increase in contract liabilities and current liabilities partly offset by an increase in trade debtors and deferred hedge charges. The effect of the changes in working capital on the cash flow from operating activities amounts to 24.9 million EUR in 2022 compared to 20.8 million EUR in 2021. Other material cash flows from operating activities in 2022 include an inflow of ca. 10.7 million EUR of dividends received from participations in joint ventures and associates, and an outflow of ca. 43 million EUR of income taxes.

The material non-cash adjustments from operating activities in 2022 include 318.2 million EUR of depreciation and impairment cost and ca. 1 million EUR decrease of provisions.

Cash flow (used in) / from investing activities
Cash flow used in investing activities increased by 83% in 2022, amounting to 488.9 million EUR in 2022 compared to 266.4 million EUR in 2021.

The considerable increased cash outflow in 2022 was mainly driven by the following factors:
- increased investments in the DEME fleet (PP&E), reaching ca. 482 million EUR of cash spent in 2022 compared to ca. 280 million EUR in 2021. This is mainly driven by the 'Orion' which came into the fleet in Q2 2022, the acquisition and conversion of cable-laying vessel 'Viking Neptun', the investment in a new rock dumping vessel, the conversion of offshore installation vessel 'Sea Installer' and maintenance investments in DEME's existing fleet;
- investments in joint ventures and associates (ca. 23 million EUR), compared to ca. 16 million EUR in 2021;
- divestments for an amount of 24.0 million EUR in 2022, which is a decrease compared to the cash inflow realised in 2021 (32.2 million EUR).

Cash flow (used in) / from financial activities
Cash flow used in financial activities considerably increased from 248.0 million EUR net cash-out flow in 2021 to a net cash-in flow of 43.2 million EUR in 2022.

The main 2022 cash flows from financial activities relate to:
- interest-bearing debt raised in 2022 amounting to 465.0 million EUR, compared to 51.3 million EUR in 2021;
- dividend payments for ca. 41 million EUR in 2022, compared to ca. 20 million EUR in 2021;
- debt repayments performed in 2022 amounting to ca. 380 million EUR compared to ca. 279 million EUR in 2021.

As a net result of the above-mentioned cash flows, the cash and cash equivalents balance decreased from 528.6 million EUR in 2021 to 522.3 million EUR in 2022.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – TURNOVER AND ORDERBOOK

Balance at December 31

TURNOVER

Below a split by nature, segment and geographical market can be found.

Turnover by nature (in thousands of EUR)	2022	2021
Revenue from contracts with customers	2,644,257	2,498,256
Revenue from ancillary activities	10,468	12,351
Total turnover as per financial statements	**2,654,725**	**2,510,607**

Revenue from contracts with customers mainly comprises the net revenue from the operational activities of the segments. For most contracting activities the contract is based on a fixed/lump sum price. The Group acts as contractor and principal of the engagement.

Revenue from ancillary activities is revenue that can be very divers such as sale of equipment or fees. It is turnover that is not followed up as a separate project in the management reporting system.

The Group has determined that the disaggregation of revenue by product line is best reflected by the revenue information that is disclosed for each reportable segment under IFRS 8, as this information is regularly reviewed by the chief decision makers (see also separate chapter on Segment Reporting) and best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Turnover by segment (in thousands of EUR)	2022	2021
Offshore Energy	957,810	916,354
Dredging & Infra	1,524,316	1,478,306
Environmental	206,336	166,163
Concessions	2,214	1,467
Total turnover by segment	**2,690,676**	**2,562,290**
Reconciliation	-35,951	-51,683
Total turnover as per financial statements	**2,654,725**	**2,510,607**

The reconciliation between the segment turnover and the turnover in the consolidated statement of income is the turnover of joint ventures. These are consolidated according to the proportionate method in the segment reporting but according to the equity consolidation method (application of IAS 28) in the financial statements.

Turnover by geographical market (in thousands of EUR)	2022	2021
Belgium	354,439	279,248
Europe - EU	1,271,034	976,939
Europe - non EU	362,975	608,708
Africa	319,256	491,058
Asia & Oceania	136,069	93,700
America	124,832	42,359
Indian subcontinent	81,023	17,317
Middle East	5,097	1,278
Total turnover as per financial statements	**2,654,725**	**2,510,607**

A geographical market is determined as the area (location) where projects are realised and services are provided or the project location for offshore works. A large part of the Group's turnover is generated on projects for a variety of clients in various countries and geographical areas.

Unlike in 2021, no single client contributed more than 10% in the Group's turnover of 2022. The Abu Qir Port Expansion Project in Egypt (Dredging & Infra segment), contributed between 10% and 15% in the Group's turnover last year and qualified as such as a **material client** in relation to the total turnover of the Group.

However, because of the **occasional nature and spread of the contracts**, none of the DEME's clients will eventually qualify as a material client in relation to the total turnover of the Group.

As a result of the **military conflict between Russia and Ukraine**, the Group refrained from performing dredging works in Russia in 2022 and currently has no contracts or contractual obligations related to the performance of works in Russia.

Additionally, 29% of DEME's consolidated turnover can be regarded as **taxonomy-eligible turnover**. This percentage is directly related to DEME's activities making a substantial contribution to climate change mitigation and includes projects for the construction and installation of foundations and wind turbines and their shore connections, as well as projects for railway tunnel infrastructure. Further on, 26% of total DEME turnover is also **aligned**.

ORDERBOOK

The Group's **orderbook** is the contract value of assignments acquired as of December 31 but that is not yet accounted for as turnover because of non-completion. The orderbook also includes the Group's share in the orderbook of joint ventures, but not of associates.

Contracts are not included in the orderbook until the agreement with the client is signed. A letter of award is not sufficient to include the contract in the orderbook according to the Group. Additionally financial close must be reached when projects will be executed in 'uncertain' countries before including them in the orderbook.

Further on, experience shows that once an agreement has been reached, cancellations or substantial reductions in the scope or size of contracts are quite rare, but they do occur, certainly in markets that are under severe pressure.

Orderbook by segment (in thousands of EUR)	2022	2021
Offshore Energy	3,260,909	2,816,564
Dredging & Infra	2,615,713	2,833,296
Environmental	313,378	255,330
Concessions	-	-
Total orderbook	**6,190,000**	**5,905,190**

The orderbook as per December 31, 2022, is record strong at 6.2 billion EUR, up 5% compared to last year (2021: 5.9 billion EUR). Projects with a total value of 2.2 billion EUR were acquired in the course of 2022 (2021: 3.1 billion EUR). The orderbook is reflecting continued healthy demand, strong market positioning and sizeable wins mainly in the Offshore Energy segment. The overall orderbook at year-end is 2.3 times the 2022 turnover. The increase compared to last year is mainly led by strong demand in both the Environmental and the Offshore Energy segments, the latter including the addition of major long-term projects in South-East Asia (amongst others in Taiwan and Australia), United States and Europe.

Orderbook by geographical market (in thousands of EUR)	2022	2021
Europe - EU	2,467,294	2,866,266
Europe - non EU	898,747	814,462
Africa	306,325	414,346
Asia & Oceania	752,385	325,516
America	1,692,695	1,454,872
Indian subcontinent	68,033	25,786
Middle East	4,521	3,942
Total orderbook	**6,190,000**	**5,905,190**

From a geographical perspective the Europe and Africa region shows a decline in 2022 compared to 2021, largely offset by strong wins in the Asia and America region. Europe still represents more than half of the orderbook.

Orderbook 2022 split in time (in thousands of EUR)	2023	2024	2025	Beyond	Total
Total orderbook	2,307,546	1,612,426	1,448,181	821,847	6,190,000

Orderbook 2021 split in time (in thousands of EUR)	2022	2023	2024	Beyond	Total
Total orderbook	2,021,167	1,456,930	1,079,065	1,348,028	5,905,190

The Group estimates that 37.3% of the orderbook will be executed in the next year (2021: 34.2%). Actual execution depends on several factors, such as weather circumstances, soil and technical conditions, vessel availability and a lot of other factors.

NOTE 2 – OTHER OPERATING INCOME AND EXPENSES

Balance at December 31

OTHER OPERATING INCOME

(in thousands of EUR)	2022	2021
Gain on sale of property, plant and equipment	7,752	3,983
Gain on disposal of financial fixed assets	9	12,186
Other operating income	48,310	53,997
Total other operating income	**56,071**	**70,166**

In 2022 the **gain on sale of property, plant and equipment** is mainly related to the sale of the jack-up installation vessel 'Thor' (Offshore Energy segment), that was classified as assets held for sale at December 31, 2021. Sale took place in April 2022. Other gain was realised on the sale of old equipment (Dredging & Infra segment). In 2021 the gain on sale of property, plant and equipment was mainly related to the sale of the drilling platform 'Li Ya' (formerly 'Goliath').

Gain on disposal of financial fixed assets in 2022 is related to the profit on the sale of all the shares in Filterres to our partner in the company. In 2021 the amount relates to the gain on the sale of 12.5% participation in Merkur Offshore Gmbh, a German windfarm. Although the sale took place in 2020, an additional capital gain of 12.1 million EUR was recognised in 2021 as the result of a favourable and final settlement of a contingent consideration previously accounted for.

Other operating income in 2022 includes delay damages of 18.8 million EUR related to the delivery of the vessel 'Orion' (Offshore Energy segment) whereas the 2021 figures include received delay damages of 15 million EUR related to the delivery of the vessel 'Spartacus' (Dredging & Infra segment). Both delay damages compensate the incremental costs incurred because of the late delivery of the vessels.

OTHER OPERATING EXPENSES

(in thousands of EUR)	2022	2021
Loss on disposal of financial fixed assets	17	-
Loss on sale of property, plant and equipment	440	10
Movement in amounts written off inventories and trade receivables	-5,428	3,185
Movement in retirement benefit obligations	505	1,146
Movement in provisions	4,389	13,013
Other operating expenses	26,607	29,591
Total other operating expenses	**26,529**	**46,945**

Loss on sale of property, plant and equipment is mainly related to the disposal of the old crane of the offshore installation vessel 'Sea Installer'.

The decrease **of amounts written off for inventories and trade receivables** is partially caused by the final write-off of a customer receivable and the related bad debt allowance. The allowance recognised as a cost in prior years is now reversed within amounts written off for trade receivables, whereas the write-off of the customer is booked as a service cost in the consolidated statement of income. The other movement in amounts written off for inventories and trade receivables is the reversal of the allowance for bad debtors that are no longer uncollectable.

For the movement in **provisions (mainly warranty provisions)** reference is made to note (23) Provisions. More information about the **retirement benefit obligations** can be found in note (21).

Other operating expenses mainly include various taxes, import and stamp duties. The decrease in 2022 compared to 2021 is related to the deployment of several cutter and hopper suction dredgers in Egypt and their related other operating expenses incurred in 2021.

NOTE 3 – PERSONNEL EXPENSES AND EMPLOYMENT

Balance at December 31

Average number of persons employed during the year (in FTE)	2022	2021
Employees	2,985	2,797
Workers	2,168	2,083
Total	**5,153**	**4,880**

The average headcount reported in this note is based upon the consolidation scope whereby only the average headcount of entities controlled by the Group are included.

Personnel expenses (in thousands of EUR)	2022	2021
Remuneration	428,954	416,972
Social charges	61,769	57,649
Pension expenses	15,020	14,275
Total	**505,743**	**488,896**

In 2021 DEME paid an amount to the Belgian tax authorities after the receipt of corrective tax assessments regarding prior years. The amount paid is included in remuneration. This explains why the increase in personnel expenses is lower than the increase in average headcount.

NOTE 4 – INTANGIBLE ASSETS

2022 (in thousands of EUR)		Development costs	Concessions, patents, licences, etc.	Other intangible assets	Total
Acquisition cost at January 1, 2022		**4,096**	**47,025**	**12,283**	**63,404**
Movements during the year	Additions, including fixed assets, own production	1,744	371	-	2,115
	Sales and disposals	-	-12,136	-19	-12,155
	Transfers from one heading to another	-	-	1,324	1,324
	Translation differences	-	1	-	1
	Additions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-	-853	-	-853
At December 31, 2022		**5,840**	**34,408**	**13,588**	**53,836**
Cumulative amortisation and impairment at January 1, 2022		**4,096**	**24,717**	**9,078**	**37,891**
Movements during the year	Amortisation of the year	-	3,056	885	3,942
	Written down after sales and disposals	-	-12,136	-19	-12,155
	Transfers from one heading to another	-	-	-	-
	Translation differences	-	1	-	1
	Additions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-	-156	-	-156
At December 31, 2022		**4,096**	**15,482**	**9,944**	**29,522**
Net book value at the end of prior year		**-**	**22,308**	**3,205**	**25,513**
Net book value at the end of the year		**1,744**	**18,926**	**3,644**	**24,315**

The concessions, patents and licences do not include indefinite useful lives intangible assets.

In the line **'Transfers from one heading to another',** also transfers from assets under construction originally booked within property, plant and equipment are included.

In the **addition of the year** 2022, an amount of 1.7 million EUR is related to the capitalisation of development costs in the Concessions segment.

Amortisation of the year is recognised under 'depreciation and amortisation expenses' in the consolidated income statement for an amount of 3.9 million EUR. Amortisation of development costs starts at the earliest on the date financial close of the related project is reached.

In the **sales and disposals** of the year 2022, a fully amortised licence fee, that expired was disposed of for an amount of 12 million EUR.

An amount of 14.4 million EUR out of the 24.3 million EUR total net book value of intangibles at the end of the year 2022 is related to the purchase price allocation (PPA)-exercise of the SPT Offshore group (at the end of 2020). These intangibles are amortised over the economic lifetime of 10 years.

2021 (in thousands of EUR)		Development costs	Concessions, patents, licences, etc.	Other intangible assets	Total
Acquisition cost at January 1, 2021		**4,007**	**48,557**	**7,963**	**60,527**
Movements during the year	Additions, including fixed assets, own production	-	1,620	288	1,908
	Sales and disposals	89	-1,185	-33	-1,129
	Transfers from one heading to another	-	-1,968	4,065	2,097
	Translation differences	-	1	-	1
	Additions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-	-	-	-
At December 31, 2021		**4,096**	**47,025**	**12,283**	**63,404**
Cumulative amortisation and impairment at January 1, 2021		**4,004**	**23,625**	**7,963**	**35,592**
Movements during the year	Amortisation of the year	3	2,936	474	3,413
	Written down after sales and disposals	89	-1,185	-33	-1,129
	Transfers from one heading to another	-	-660	674	14
	Translation differences	-	1	-	1
	Additions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-	-	-	-
At December 31, 2021		**4,096**	**24,717**	**9,078**	**37,891**
Net book value at the end of prior year		**3**	**24,932**	**-**	**24,935**
Net book value at the end of the year		**-**	**22,308**	**3,205**	**25,513**

The **addition of the year** 2021 of 1.9 million EUR is primarily related to the capitalisation of software licences.

Amortisation charge of the year is recognised under 'depreciation and amortisation expenses' in the consolidated income statement for an amount of 3.4 million EUR.

An amount of 17 million EUR out of the 25.5 million EUR total net book value of intangibles at the end of the year 2021 is related to the purchase price allocation (PPA)-exercise of the SPT Offshore group (at the end of 2020). These intangibles are amortised over the economic lifetime of 10 years.

NOTE 5 – GOODWILL

(in thousands of EUR)		2022	2021
Balance at January 1		**13,028**	**13,339**
Movements during the year	Acquisitions through business combinations	-	-
	Disposals	-	-
	Impairment losses	-	-311
Balance at December 31		**13,028**	**13,028**

IMPAIRMENT TESTING OF GOODWILL

In accordance with IAS 36 *impairment of assets*, goodwill was tested for impairment at December 31, 2022 and 2021. In 2022 no impairment losses were recognised. In 2021 impairment losses of 0.3 million EUR were recognised in the Environmental segment.

Within the DEME Group, goodwill is tested for impairment annually. The impairment tests are based on figures and insights of the third quarter of the annual reporting year. If there is an indication that the cash generating unit to which the goodwill is allocated could have suffered a loss of value, impairment testing is done more frequently than once a year. In 2022, there were no such indicators and no additional impairment tests have been prepared.

Significant judgement by management is required to estimate the impact of macroeconomic and other factors on future cash flows, including those related to the COVID-19 pandemic, the war in Ukraine and climate related matters (more detailed in section 'risk and uncertainties' above). The Group believes the estimates and assumptions used in the impairment testing are reasonable and are comparable to those that would be used by competitors. Management does not foresee activities negatively being impacted by climate related business requirements, leading to an impairment loss, as the Group continues its strategy to promote the transition to clean energy worldwide to its customers.

CARRYING AMOUNT OF GOODWILL

Goodwill is allocated to the cash generating unit that will benefit most of the knowledge acquired upon the acquisition. Management has identified the **lowest level of cash generating units** based on the most appropriate and most detailed level of information about operations available for internal reporting purposes. The current outstanding goodwill of the DEME Group is allocated as follows:

Carrying amount of goodwill (in thousands of EUR)	2022	2021
CGU Infra	3,536	3,536
CGU Dredging – Asia Pacific	3,024	3,024
CGU Environmental Ecoterres	2,496	2,496
CGU Offshore	1,943	1,943
CGU Offshore Foundations	1,256	1,256
CGU Concessions	605	605
CGU Dredging DBM	168	168
Total	**13,028**	**13,028**

The comparison of the carrying amount of each mentioned cash generating unit with the recoverable amount of the respective cash generating unit did not result in an impairment need for the annual reporting year 2022.

The recoverable amount of each cash generating unit is based on a discounted cash flow model that represents the fair value minus the cost of disposal. The projected cash flows used are obtained from the budgets, prepared by management, of the respective cash generating unit and approved by the Board of Directors. These budgets cover a three-year period. Cash flows beyond the three-year period are extrapolated using a cautious growth rate of 1%. The discount rate used equals the weighted cost of capital (WACC) calculated on the consolidated DEME Group figures, as per the third quarter of 2022, amounting to 5.55% compared to the WACC of 6.46% used in 2021.

SENSITIVITY ANALYSIS

A sensitivity analysis has been performed by adjusting important assumptions used in the calculation of the recoverable amount.

Gross margin
The gross margin used in the discounted cash flow model is based upon the estimates of management and has been approved by the Board of Directors for a period of three years to come.
Sensitivity is tested by reducing the estimated gross margins to 95% of their initial value. Adjusting the gross margin downwards did not result in impairment for any of the mentioned cash generating units.

Discount rate
The discount rate used is the weighted average costs of capital, calculated on DEME Group figures. Future cash flows will negatively be impacted if the discount rate rises.

Sensitivity is tested by increasing the weighted average cost of capital with 1%. Adjusting the weighted average cost of capital to a higher value did not result in an impairment for any of the mentioned cash generating units.

Growth rate
The DEME Group assumes a careful growth of 1% of its gross margin in the years to come. Should the growth percentage be lower, the recoverable amount of each cash generating unit will drop.
Sensitivity is tested by reducing the growth rate to 0%. Adjusting the growth rate did not result in an impairment for any of the mentioned cash generating units.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

2022 (in thousands of EUR)		Land and buildings	Floating and other construction equipment	Furniture and vehicles	Other tangible assets	Assets under construction	Total property, plant and equipment
Acquisition cost at January 1, 2022		**107,910**	**4,272,250**	**20,221**	**1,911**	**308,955**	**4,711,247**
Movements during the year	Additions, including fixed assets, own production	12,970	154,614	1,983	70	316,342	485,980
	Sales and disposals	-1,169	-95,700	-1,711	-996	-	-99,576
	Transfer to 'Assets held for Sale'	-	-34,314	-	-	-	-34,314
	Transfers from one heading to another	55	394,451	8	6,311	-402,149	-1,324
	Translation differences	-14	3,381	1	-	-	3,367
	Acquisitions through business combinations	-	-	-	-	-	-
	Changes in consolidation scope or method	171	-	62	-40	-106	87
At December 31, 2022		**119,923**	**4,694,683**	**20,564**	**7,256**	**223,042**	**5,065,468**
Cumulative depreciation and impairment at January 1, 2022		**49,098**	**2,385,178**	**16,198**	**1,732**	**-**	**2,452,206**
Movements during the year	Depreciation charge of the year	4,483	278,818	2,425	422	-	286,147
	Written down after sales and disposals	-17	-94,353	-1,591	-996	-	-96,956
	Transfer to 'Assets held for Sale'	-	-2,316	-	-	-	-2,316
	Transfers from one heading to another	-	-2,056	-	2,056	-	-
	Translation differences	-13	4,248	16	-	-	4,250
	Acquisitions through business combinations	-	-	-	-	-	-
	Changes in consolidation scope or method	84		46	-40	-	90
At December 31, 2022		**53,635**	**2,569,518**	**17,094**	**3,174**	**-**	**2,643,420**
Net book value at the end of prior year		**58,812**	**1,887,072**	**4,023**	**179**	**308,955**	**2,259,041**
Net book value at the end of the year		**66,288**	**2,125,165**	**3,470**	**4,082**	**223,042**	**2,422,048**

At December 31, 2022, **the net book value of 'Floating equipment' as part of 'Floating and other construction equipment'** contributes 99% to the total of this category. Other construction equipment within 'Floating and other construction equipment' consists amongst other of dry earth moving equipment, pipelines and equipment of DEME Infra.

In the first half of 2022 the DP3 offshore installation vessel **'Orion' joined the fleet** and was transferred from 'Assets under construction' to 'Floating and other construction equipment'.

In January 2022, DEME has entered into an agreement with the Norwegian shipping company Eidesvik to **acquire the DP3 offshore installation vessel 'Viking Neptun'.** DEME is upgrading the vessel into a cable laying vessel and will integrate the vessel into the DEME fleet in the first quarter of 2023.

In light of upgrading its fallpipe vessel fleet, DEME also **invested in a new DP fallpipe vessel** by purchasing and converting a bulk carrier. The vessel will be equipped with a central fallpipe system with a large inclined fallpipe in order to allow pre- and post-lay activities using rocks with larger diameters, close to subsea structures. This vessel will join the DEME fleet in the first half of 2024.

The amounts invested in 2022 in the 'Orion', 'Viking Neptun' and the fallpipe vessel (all assets of the Offshore Energy segment), are included in the additions in 'Assets under construction'.

The DP2 jack-up installation vessels **'Sea Challenger' and 'Sea Installer' are currently undergoing an extensive upgrade,** preparing them for offshore wind farm projects in Japan and US. For both vessels, the crane's lifting capacity will be increased from 900 tonnes to 1,600 tonnes and a wider beam and longer legs will enable the vessels to handle the next generation of mega wind turbines.

The amount invested in the 'Sea Installer' is included in the additions in 'Floating and other construction equipment'.

The investment in the 'Sea Challenger' is carried out within a Japanese joint venture between DEME (49%) and partner Penta-Ocean Construction. The company will upgrade and take possession of the 'Sea Challenger' in 2024 and reflag the vessel to the

Japanese flag. As the joint venture is consolidated according to equity method, the investment is not included in 'Property, plant and equipment'of the consolidated statement of financial position. DEME is however financing the vessel through capital and shareholders loan included in the financial assets.

In 2020 CDWE, the Taiwanese joint venture between DEME (49.99%) and partner CSBC, ordered the offshore wind installation vessel 'Green Jade' in Taiwan. The floating heavy-duty crane and installation vessel with DP3 capacity will be equipped with a high-tech crane with a lifting capacity of 4,000 tonnes. Starting in 2023, the vessel will be deployed in the thriving local offshore wind market. As the joint venture is integrated according to equity method, the new vessel is not included in 'Property, plant and equipment' of the consolidated statement of financial position. DEME however invested itself approximately 30 million EUR in CDWE in 2020 and 13.3 million EUR in 2021 as capital for the joint venture. No additional capital was invested by DEME in 2022. The joint venture itself secured a long-term bank loan that will be drawn in 2023 for further payment of the 'Green Jade'.

In 2022, 1.5 million EUR **borrowing costs** related to assets under construction were capitalised.

The **depreciation cost** of 2022 includes 0.4 million EUR impairment cost.

A vessel within the Offshore Energy segment, with a net book value of 32 million EUR, has been transferred to **'Assets held for sale'** (note (14)).

In 2021 the jack-up installation vessel 'Thor', with a net book value of 32.5 million EUR, was transferred to 'Assets held for sale' and was sold in 2022 (note (2)).

In the line **'Transfers from one heading to another',** also transfers to intangible assets are included. The transfer to 'other tangible assets' relates to the transfer of a vessel that is leased to an associate of the Group for a period of more than one year.

The line **'sales and disposals'** of 'floating and other construction equipment' includes 52 million EUR (both acquisition cost and cumulative depreciation) of priorly activated and fully depreciated dry-docking costs.

In the second half of 2022, an amount of 18.3 million EUR **mortgage on vessels** was released following the early repayment of the related long-term loan.

At December 31, 2022, **the commitment made for investments** in the coming years amounts to 192.6 million EUR, mainly for the upgrades for vessels 'Viking Neptun', 'Sea Installer', the new fallpipe vessel and some additional modifications to the 'Orion'.

52% of DEME's CAPEX can be regarded as **taxonomy-eligible & aligned CAPEX** (2021: 32%). This percentage (increased compared to last year as a result of the investment in the 'Viking Neptun') is directly related to DEME's fleet working on climate change mitigation projects such as the construction and installation of foundations and wind turbines and their shore connections. Furthermore, at current, climate risks do not have any significant impact on the useful life of the Group's assets.

2021 (in thousands of EUR)		Land and buildings	Floating and other construction equipment	Furniture and vehicles	Other tangible assets	Assets under construction	Total property, plant and equipment
Acquisition cost at January 1, 2021		**98,742**	**3,998,148**	**19,153**	**1,911**	**505,821**	**4,623,775**
Movements during the year	Additions, including fixed assets, own production	8,750	142,770	2,266	-	126,372	280,158
	Sales and disposals	-1,013	-136,246	-2,077	-	-26	-139,362
	Transfer to 'Assets held for Sale'	-	-58,699	-	-	-	-58,699
	Transfers from one heading to another	1,423	320,950	724	-	-323,212	-115
	Translation differences	8	5,327	155	-	-	5,490
	Acquisitions through business combinations	-	-	-	-	-	-
	Changes in consolidation scope or method	-	-	-	-	-	-
At December 31, 2021		**107,910**	**4,272,250**	**20,221**	**1,911**	**308,955**	**4,711,247**
Cumulative depreciation and impairment at January 1, 2021		**45,882**	**2,223,883**	**15,253**	**1,668**	**-**	**2,286,686**
Movements during the year	Depreciation charge of the year	4,035	294,135	2,332	64	-	300,566
	Written down after sales and disposals	-827	-111,879	-2,184	-	-	-114,890
	Transfer to 'Assets held for Sale'	-	-26,242	-	-	-	-26,242
	Transfers from one heading to another	-	1,140	671	-	-	1,811
	Translation differences	8	4,141	126	-	-	4,275
	Acquisitions through business combinations	-	-	-	-	-	-
	Changes in consolidation scope or method	-	-	-	-	-	-
At December 31, 2021		**49,098**	**2,385,178**	**16,198**	**1,732**	**-**	**2,452,206**
Net book value at the end of prior year		**52,860**	**1,774,265**	**3,900**	**243**	**505,821**	**2,337,089**
Net book value at the end of the year		**58,812**	**1,887,072**	**4,023**	**179**	**308,955**	**2,259,041**

In 2021 the cutter suction dredger **'Spartacus' and the service operation vessel 'Groenewind' joined the fleet** and were transferred from 'Assets under construction' to 'Floating and other construction equipment'.

End of 2021, **the net book value of the 'Floating equipment'** amounts to 97% of the total net book value of 1,887 million EUR for the 'Floating and other construction equipment'. Other construction equipment within 'Floating and other construction equipment' consists amongst other of dry earth moving equipment, pipelines and equipment of DEME Infra.

In 2021, 4.4 million EUR **borrowing costs** related to assets under construction were capitalised.

The depreciation cost of 2021 includes 34.6 million EUR impairment cost of which 25.5 million EUR relates to the impairment of the cutter suction dredgers 'Al Mahaar' and 'Al Jarraf'. This impairment is exceptional and resulting from a strategic rebalancing of our fleet upon the delivery of the cutter section dredger 'Spartacus'.

The DP2 offshore installation vessel 'Thor', with a net book value of 32.5 million EUR, has been transferred to **'Assets held for sale'** (note (14)).

In 2021 the offshore **vessels 'Li Ya' (formerly 'Goliath') and 'Omalius' were sold.** No gain on sale was realised for the 'Omalius'. See note (2) Other operating income.

In the line **'Transfers from one heading to another'**, also transfers to and from intangible assets and right-of-use assets are included.

At December 31, 2021, an amount of 18.3 million EUR **mortgage on vessels** is outstanding, which is a decrease of 37.4 million EUR compared to 55.7 million EUR at December 31, 2020.

At December 31, 2021, **the commitment made for investments** in the coming years amounts to 251.7 million EUR, mainly for the 'Orion' and the upgrades for vessels 'Viking Neptun' and 'Sea Installer'.

NOTE 7 – RIGHT-OF-USE ASSETS

2022 (in thousands of EUR)		Land and buildings	Floating and other construction equipment	Furniture and vehicles	Total Right-of-use assets
Acquisition cost at January 1, 2022		**90,204**	**10,376**	**34,143**	**134,722**
Movements during the year	Additions, including fixed assets, own production	19,843	13,958	8,252	42,052
	Sales and disposals	-10,332	-3,309	-4,308	-17,948
	Transfers from one heading to another	-	-	-	-
	Translation differences	-391	385	124	118
	Acquisitions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-22	-	-63	-84
At December 31, 2022		**99,303**	**21,410**	**38,148**	**158,860**
Cumulative depreciation and impairment at January 1, 2022		**23,090**	**5,367**	**15,645**	**44,102**
Movements during the year	Depreciation charge of the year	13,632	6,404	8,547	28,582
	Written down after sales and disposals	-7,051	-2,216	-3,704	-12,971
	Transfers from one heading to another	-	51	-51	-
	Translation differences	-141	153	51	63
	Acquisitions through business combinations	-	-	-	-
	Changes in consolidation scope or method	109	-	-20	89
At December 31, 2022		**29,639**	**9,759**	**20,468**	**59,866**
Net book value at the end of prior year		**67,114**	**5,008**	**18,498**	**90,620**
Net book value at the end of the year		**69,664**	**11,650**	**17,680**	**98,994**

The net carrying amount of right-of-use assets amounts to 99 million EUR at December 31, 2022, compared to 90.6 million EUR at the end of 2021.

At December 31, 2022, the net book value of 'Land and buildings' can be split in 52.6 million EUR land and 17 million EUR buildings.

The category 'Floating and other construction equipment' includes amongst others support vessels, accommodation vessels and dry earth equipment. The major increase in 'Floating and other construction equipment' in 2022 is related to the hire of vessels.

Lease liabilities that correspond with the right-of-use assets are disclosed in note (20).

2021 (in thousands of EUR)		Land and buildings	Floating and other construction equipment	Furniture and vehicles	Total Right-of-use assets
Acquisition cost at January 1, 2021		**74,909**	**10,952**	**24,969**	**110,830**
Movements during the year	Additions, including fixed assets, own production	25,974	3,428	11,878	41,280
	Sales and disposals	-11,805	-2,332	-2,806	-16,943
	Transfers from one heading to another	-	-1,967	-	-1,967
	Translation differences	1,126	295	101	1,522
	Acquisitions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-	-	-	-
At December 31, 2021		**90,204**	**10,376**	**34,142**	**134,722**
Cumulative depreciation and impairment at January 1, 2021		**18,475**	**5,980**	**10,458**	**34,913**
Movements during the year	Depreciation charge of the year	10,543	3,364	7,831	21,738
	Written down after sales and disposals	-6,386	-2,332	-2,642	-11,360
	Transfers from one heading to another	-	-1,760	-51	-1,811
	Translation differences	458	115	49	622
	Acquisitions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-	-	-	-
At December 31, 2021		**23,090**	**5,367**	**15,645**	**44,102**
Net book value at the end of prior year		**56,434**	**4,972**	**14,511**	**75,917**
Net book value at the end of the year		**67,114**	**5,009**	**18,497**	**90,620**

The net carrying amount of right-of-use assets amounts to 90.6 million EUR at December 31, 2021, compared to 75.9 million EUR at the end of 2020.

At December 31, 2021, the net book value of 'Land and buildings' can be split in 52.0 million EUR land and 15.1 million EUR buildings (2020: 37.9 million EUR land and 18.5 million EUR buildings). A major increase in land in 2021 is related to the long-term hire (till 2040) of a yard in Vlissingen (The Netherlands).

NOTE 8 – INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The list of the companies contributing to DEME's investments in joint ventures and associates, the percentage of shareholding by the DEME Group, the segment in which they operate and the country of incorporation can be found earlier in this report. None of the companies are listed on a public market. The joint ventures and associates have other contingent liabilities or commitments for which the Group has a corresponding commitment for an amount of 80.0 million EUR (about 67.5 million related to Dredging & Infra).

In the financial statements, all investments in joint ventures and associates are accounted for using the equity method. Only in the segment reporting, a separate chapter in this report, joint ventures are accounted for using the proportionate consolidation method.

The **changes over the period** are explained below.

The amount of goodwill included in the carrying amount of the Group's interest in joint ventures is 0.3 million EUR with no change in that amount in 2022 nor in 2021. There is no goodwill included in the carrying amount of associates.

Changes over the period (in thousands of EUR)		Investments in joint ventures	Investments in associates	**2022**	Investments in joint ventures	Investments in associates	**2021**
Balance at January 1		**90,564**	**39,390**	**129,954**	**71,248**	**28,737**	**99,985**
Movements during the year	Additions	3,893	18,772	22,665	15,215	417	15,632
	Disposals (-)	-1,613	-	-1,613	4,057	-	4,057
	Share in the result of participations accounted for using the equity method	5,891	9,936	15,827	-1,145	11,693	10,548
	Dividends distributed by the participations	-2,781	-7,870	-10,651	-3,694	-6,785	-10,479
	Other comprehensive income	1,177	49,339	50,516	344	10,026	10,370
	Other movements	336	-3,406	-3,070	-207	-5,367	-5,574
	Translation differences	-2,849	730	-2,119	4,746	669	5,415
Balance at December 31		**94,619**	**106,891**	**201,510**	**90,564**	**39,390**	**129,954**
Booked as a non-current asset		94,619	108,129	**202,748**	90,564	42,217	**132,781**
Booked as a non-current financial liability (- is credit)		-	-1,238	**-1,238**	-	-2,827	**-2,827**

Most of the **result of the year of the associates** (9.3 million EUR) is related to the Concessions segment and its participations in Rentel NV and Seamade NV that operate offshore wind farms, as well as to its participation in BAAK Blankenburgverbinding BV and in Port of Duqm Company SAOC. The Offshore Energy segment contributes for 5.6 million EUR to the result of the year of joint ventures.

As for the **dividends distributed by the participations** in 2022, the amount received from associates comes from the participations Rentel NV, Seamade NV and C-Power NV, whereas the dividend received from joint ventures mainly comes from Transterra NV.

Some joint ventures and associates finance significant assets such as infrastructure works, offshore wind farms or vessels and therefore hold interest rate swaps (IRS). Per December 31, 2021, the **other comprehensive income (OCI)** of the current period includes a positive amount of 28.3 million EUR compared to a negative amount of -22.2 million EUR at the end of 2021 (+50.5 million EUR movement of the year). This reflects DEME's share in the fair value of the IRSs of Rentel NV, C-Power NV, Seamade NV, Normalux SA, BAAK Blankenburg-Verbinding BV and Port-La Nouvelle SEMOP, net of deferred tax assets. A minor amount of -0.02 million EUR relates to the remeasurement of net liabilities relating to defined benefit and contribution plans. The fair value (DEME share) is indirectly reflected in the consolidated balance sheet in the net assets of the investee for the same amount. The major positive movement of the year of the hedging reserve of joint ventures and associates (+ 50.5 million EUR) is related to the general increase in market interest rates compared to the hedged interest rates.

There are no equity accounted for investees where DEME has not recorded the share in the negative equity of the joint venture or associate. The equity accounted for investees for whom the share in the net assets is negative, are allocated to other components of the investor's interest in the equity accounted investee such as shareholder loans on equity accounted investees. This allocation is presented in the line **'other movements'**. The amount can be positive or negative as the transfer from receivable to investment in joint ventures and associates is reversed once the net assets of the equity accounted investees are positive again. If after allocation the negative net asset exceeds the investor's interest, a corresponding liability (non-current financial liability) is recorded instead of a negative investment within non-current assets.

Additions of the year in 2022 includes investments in associates for 18.8 million EUR and investments in joint ventures for 3.9 million EUR. The investments in associates are mainly related to the Concessions segment and more specifically to the investment in Thistle Wind Partners. In the beginning of 2022 this consortium had been awarded 2GW worth of option areas in Scotland's highly competitive Scotwind seabed leasing process. The investment in joint ventures relates to a capital increase in Scaldis NV, within the Offshore Energy segment. In 2021 an amount of 13.3 million EUR was invested in CDWE Taiwan. The Taiwanese joint venture between DEME (49.99%) and partner CSBC, ordered the offshore wind installation vessel 'Green Jade' in Taiwan. As the joint venture is consolidated according to the equity method, this new vessel is not included in 'Property, plant and equipment' but DEME's funding in the new vessel is reflected through the addition of the year in the investments in joint ventures.

2022 SUMMARISED FINANCIAL INFORMATION AND RECONCILIATION TO THE CARRYING AMOUNT

Summarised financial information of the Group's associates and joint ventures by segment is set out below. This information represents 100% amounts in associates and joint ventures financial statements prepared in accordance with IFRS Standards. Intercompany transactions are not eliminated.

Summarised financial information of associates 2022 (in thousands of EUR) (100% standalone amounts)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total
Financial position					
Non-current assets	-	-363	30,610	2,796,443	**2,826,690**
Current assets	14,063	53,552	43,967	1,361,206	**1,472,788**
Equity	1,506	10,949	16,224	1,031,499	**1,060,178**
Non-current liabilities	9,388	90	21,016	2,736,867	**2,767,361**
Current liabilities	3,169	42,149	37,337	389,282	**471,937**
Net financial debt (+ is net debt)	12,528	-7,407	10,114	2,604,622	**2,619,857**
Income statement					
Revenues	-	47,027	19,566	698,325	**764,918**
Result for the period	1,494	319	3,625	56,213	**61,651**

The Group's associates can be mainly found in the Concessions segment and the non-current assets and liabilities (financial debt) of them are mainly related to the offshore wind farms C-Power, Rentel and Seamade as well as to building of the roadway and tunnel of Blankenburg in the Netherlands (BAAK).

Summarised financial information of main associates 2022 (in thousands of EUR) (100% standalone amounts)	Concessions				
	C-Power NV	Rentel NV	Seamade NV	BAAK Blankenburg-Verbinding BV	Total
Financial position					
Non-current assets	594,813	762,021	1,062,573	-	**2,419,407**
Current assets	112,689	119,503	177,893	852,010	**1,262,095**
Equity	282,760	158,769	187,090	57,132	**685,751**
Non-current liabilities	352,347	647,613	925,233	770,671	**2,695,864**
Current liabilities	72,395	75,143	128,143	24,208	**299,889**
Net financial debt (+ is net debt)	318,371	624,735	924,504	738,086	**2,605,696**
Income statement					
Revenues	129,235	123,211	140,683	260,341	**653,470**
Result for the period	5,787	21,460	11,676	12,321	**51,244**

Summarised financial information of joint ventures 2022 (in thousands of EUR) (100% standalone amounts)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total
Financial position					
Non-current assets	252,247	2,542	5,070	-	**259,859**
Current assets	104,258	28,124	8,914	-	**141,296**
Equity	254,829	19,696	8,352	-	**282,877**
Non-current liabilities	67,058	2,144	1,783	-	**70,985**
Current liabilities	34,617	8,826	3,849	-	**47,292**
Net financial debt (+ is net debt)	26,817	-1,740	-2,633	-	**22,444**
Income statement					
Revenues	110,669	16,650	7,132	-	**134,451**
Result for the period	12,201	-1,244	2,353	-	**13,310**

The Group's joint venture activities relate to offshore works (CDWE Taiwan and Deeprock BV) and salvage works (Scaldis NV), both within the Offshore Energy segment. In the Dredging & Infra segment most activity was noted in the joint venture K3 DEME BV, a 50% joint venture with DEME Building Materials BV. There was no activity in Russia (Mordraga LLC) anymore in 2022.

The reconciliation of the total net assets to the carrying amount of the Group's interests in the associates and joint ventures is as follows.

Reconciliation to the carrying amount of associates 2022 (in thousands of EUR)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total
Net assets of associates: 100% standalone amounts	1,506	10,949	16,224	1,031,499	**1,060,178**
Proportion of the Group's ownership interests in the standalone amounts	**27**	**5,471**	**2,938**	**162,679**	**171,115**
Reconciliation items	-	-	198	-64,423	**-64,225**
Carrying amount of the Group's interest in associates	**27**	**5,471**	**3,135**	**98,256**	**106,889**
Booked as a non-current asset	27	5,471	3,135	99,494	**108,127**
Booked as a non-current financial liability (- is credit)	-	-	-	-1,238	**-1,238**

Reconciliation to the carrying amount of joint ventures 2022 (in thousands of EUR)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total
Net assets of associates: 100% standalone amounts	254,829	19,696	8,352	-	282,877
Proportion of the Group's ownership interests in the standalone amounts	**122,119**	**9,901**	**3,128**	**-**	**135,148**
Reconciliation items	-41,491	38	925	-	-40,528
Carrying amount of the Group's interest in associates booked as a non-current asset	**80,628**	**9,939**	**4,053**	**-**	**94,620**

The reconciliation items are related to the recognition of the income in accordance with the DEME Group accounting policies and to the intercompany eliminations.

2021 SUMMARISED FINANCIAL INFORMATION AND RECONCILIATION TO THE CARRYING AMOUNT

Summarised financial information of associates 2021 (in thousands of EUR) (100% standalone amounts)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total
Financial position					
Non-current assets	-	125	34,884	2,917,740	**2,952,749**
Current assets	-	37,547	42,363	966,044	**1,045,954**
Equity	-	9,955	13,470	651,486	**674,911**
Non-current liabilities	-	1,715	23,059	2,887,892	**2,912,666**
Current liabilities	-	26,002	40,719	344,405	**411,126**
Net financial debt (+ is net debt)	-	-7,556	12,140	2,508,011	**2,512,595**
Income statement					
Revenues	-	43,789	28,379	673,026	**745,194**
Result for the period	-	2	3,171	67,077	**70,250**

Summarised financial information of joint ventures 2021 (in thousands of EUR) (100% standalone amounts)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total
Financial position					
Non-current assets	156,776	19,266	5,266	-	**181,308**
Current assets	91,429	37,812	7,157	-	**136,398**
Equity	155,586	29,751	6,499	-	**191,836**
Non-current liabilities	57,921	5,466	2,136	-	**65,523**
Current liabilities	34,697	21,862	3,787	-	**60,346**
Net financial debt (+ is net debt)	27,497	-1,965	-2,227	-	**23,305**
Income statement					
Revenues	87,630	148,722	5,780	-	**242,132**
Result for the period	4,790	-4,958	817	-	**649**

The reconciliation of the total net assets to the carrying amount of the Group's interests in the associated and joint ventures is as follows:

Reconciliation to the carrying amount of associates 2021 (in thousands of EUR)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total
Net assets of associates: 100% standalone amounts	-	9,955	13,470	651,486	**674,911**
Proportion of the Group's ownership interests in the standalone amounts	-	**5,020**	**2,571**	**91,902**	**99,493**
Reconciliation items	-	-	197	-60,300	**-60,103**
Carrying amount of the Group's interest in associates	-	**5,020**	**2,768**	**31,602**	**39,390**
Booked as a non-current asset	-	5,020	2,805	34,392	**42,217**
Booked as a non-current financial liability (- is credit)	-	-	-37	-2,790	**-2,827**

Reconciliation to the carrying amount of joint ventures 2021 (in thousands of EUR)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total
Net assets of associates: 100% standalone amounts	155,586	29,751	6,499	-	**191,836**
Proportion of the Group's ownership interests in the standalone amounts	**73,052**	**14,618**	**2,434**	**-**	**90,104**
Reconciliation items	-	-465	925	-	**460**
Carrying amount of the Group's interest in associates	**73,052**	**14,153**	**3,359**	**-**	**90,564**

NOTE 9 – OTHER NON-CURRENT ASSETS

OTHER NON-CURRENT FINANCIAL ASSETS

(in thousands of EUR)		**2022**	**2021**
Balance at January 1		**33,451**	**32,813**
Movements during the year	Additions	10,699	984
	Disposals (-)	-14,716	-6,341
	Transfer (to) from other items	3,081	5,995
	Other movements	-19	-
	Translation differences	44	-
Balance at December 31		**32,540**	**33,451**
Of which	Loans to joint ventures and associates	24,173	**25,668**
	Other non-current financial assets	8,367	**7,783**

Additions of 10.7 million EUR in 2022 are mainly loans granted to Thistle Wind Partners (2.3 million EUR) and Japan Offshore Marine (6.8 million EUR).

Disposals include an amount of 11.5 million EUR in 2022 and 6.3 million EUR in 2021 for repayment of loans that have been granted to the companies developing and meanwhile operating the Rentel and Seamade offshore wind farms. In 2022 also a shareholders loan of 3 million EUR was paid back within the Dredging & Infra segment.

No expected credit losses are recorded on other non-current financial assets as the repayment of the loans follows a solid business plan.

The equity accounted investees for whom the share in the net assets is negative, are allocated to other components of the investor's interest in the equity accounted investee such as shareholder loans on equity accounted investees. This allocation is presented in the line **'Transfer (to) from other items'.** The amount can be positive or negative as the transfer from receivable to investment in joint ventures and associates is reversed once the net assets of the equity accounted investees are positive again.

The non-current financial assets, other than loans to joint ventures and associates mainly include long-term deposits and guarantees.

OTHER NON-CURRENT ASSETS

(in thousands of EUR)		2022	2021
Balance at January 1		**4,239**	**3,221**
Movements during the year	Additions	7,963	1,018
	Disposals (-)	-310	-
	Transfer (to) from other items	-	-
	Other movements	-	-
	Translation differences	-	-
Balance at December 31		**11,892**	**4,239**

Other non-current assets are non-current operating receivables and loans.

The **addition** of 7.9 million EUR is mainly related to the long term part of the 10 million loan granted to the buyer of the 'Thor' vessel.

NOTE 10 – CURRENT TAXES AND DEFERRED TAXES

Balance at December 31

CURRENT TAXES AND DEFERRED TAXES RECOGNISED IN COMPREHENSIVE INCOME

(in thousands of EUR)	2022	2021
Current tax expense	36,558	45,979
Reclassification of deferred income taxes regarding prior financial years	-	-
Adjustments in respect of current income tax of previous years	7,353	-1,281
Total current tax expense / (income)	**43,911**	**44,698**
Relating to origination and reversal of temporary differences	-11,003	-11,570
Movement of recognised tax losses carried forward	-1,547	-2,049
Total deferred tax expense / (income)	**-12,550**	**-13,619**
Current taxes and deferred taxes recognised in the income statement	**31,361**	**31,079**
- Employee benefits	1,294	-259
- Financial derivatives	15,122	1,826
Current taxes and deferred taxes recognised in other elements of the comprehensive income (+ is liability)	**16,416**	**1,567**
Current taxes and deferred taxes recognised in comprehensive income	**47,777**	**32,646**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income is recognised in OCI and not in the statement of income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The operational activities of the Group are subject to various tax regimes with tax rates ranging from 0% to 41.5%.

CURRENT INCOME TAX RECEIVABLES AND PAYABLES

Balance at December 31

(in thousands of EUR)	2022	2021
Current income tax receivables (+ is debet)	21,593	32,303
Current income tax payables (+ is credit)	66,571	76,370

Current income tax receivables are included in trade and other operating receivables in the consolidated statement of financial position.

RECONCILIATION OF THE EFFECTIVE TAX RATE

Below a reconciliation between the effective tax rate and the tax rate applicable in Belgium is made.

(in thousands of EUR)	2022	2021
Result before taxes	**130,925**	**137,869**
Tax expense at nominal tax rate in Belgium which is 25% in 2022 and 2021	**32,731**	**34,467**
Increase (decrease) in tax rate resulting from:		
Tax effect of non-deductible expenses	2,916	2,039
Tax effect of non-taxable revenue (1)	-3,711	-9,525
Tax credits and impact of notional interest	-	-
Effects of different tax rates applicable to subsidiaries operating in other jurisdictions or income taxable under special tax regimes such as tonnage tax (2)	-4,134	-7,823
Tax impact of (de)recognition of provisions for uncertain tax positions	-6,648	-10,429
Tax impact of adjustments to current and deferred tax relating to previous periods	7,353	-1,281
Tax impact on losses for which no deferred tax assets were recognised (3)	2,854	23,631
Tax expense	**31,361**	**31,079**
Effective tax rate for the period	**23.95%**	**22.54%**

(1) The main components of the tax effect on non-taxable revenue are tax-deductible losses on capital in 2022 and tax-deductible losses on receivables and random depreciations in 2021.

(2) The effective tax rate (2022: 23.95%) is lower than the nominal tax rate in Belgium (25%), because in several countries where we operated in 2022 the nominal tax rate is relatively low and because of the application of tonnage tax. The same applied for 2021 (effective tax rate of 22.54%).

(3) The difference between 2022 and 2021 is caused by on the one hand the reassessment of recognised deferred tax assets relating to tax losses carried forward in 2021 (increasing the effective tax rate) and on the other hand the usage of unrecognised tax losses in 2022 (for a corresponding tax effect of 6.4 million EUR), decreasing the effective tax rate.

DEFERRED TAX ASSETS AND LIABILITIES SPLIT BY ORIGIN

The changes of the period of deferred tax assets and liabilities split by their origin is set out below.

Deferred taxes (both assets and liabilities) related to fixed assets are presented separately. These deferred tax positions relate to both temporary differences between the statutory carrying amount and the carrying amount under the DEME group depreciation policy and impairment corrections on fixed assets.

Deferred taxes regarding employee benefits (only deferred tax assets) are related to the provision booked for employee benefits according to to IAS 19 *employee benefits.*

The column **reversal statutory provision** is mainly related to the reversal of the statutory provisions for repair and maintenance which are not allowed under IFRSs.

Deferred taxes on **other timing differences** mainly relate to consolidation adjustments on running projects.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. These **provisions for uncertain tax positions (UTP)** are booked as a deferred tax liability. In this regard, management considers UTP's individually, based on an approach which provides the best prediction of the resolution of the uncertainties with the tax authority. For 2022 (and 2021) each UTP has been measured using the most likely single amount. Currently, the major UTP's relate to ongoing tax litigations in the Philippines, India, and Nigeria.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused **tax credits** and any unused **tax losses**. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The deferred tax assets for tax losses and tax credits are booked separately. For a breakdown of the (un)recognised tax losses, see further section in this note.

Deferred tax assets and liabilities regarding **financial derivatives** only concern fully consolidated companies, see also the section regarding other comprehensive income.

2022 (in thousands of EUR) **Deferred tax liabilities related to**	Tangible fixed assets	Employee benefits	Financial derivatives	Reversal statutory provision	Long term tax accruals (UTP)	Other timing differences	Netting	Total
Balance at January 1	**54,217**	**-**	**65**	**7,577**	**29,627**	**9,126**	**-26,399**	**74,213**
Recognised in income statement	-19,975	-	14,350	-7,113	-5,549	4,144	-	**-14,143**
Charged to equity	-	-	-	-	-	-	-	**-**
Changes in consolidation scope or method	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	-388	-	**-388**
Netting (*)	-	-	-	-	-	-	7,467	**7,467**
Transfer	-	-	-	-	-	-	-	**-**
Balance at December 31	**34,242**	**-**	**14,415**	**464**	**24,078**	**12,882**	**-18,932**	**67,149**

Deferred tax assets related to	Tangible fixed assets	Employee benefits	Financial derivatives	Tax losses	Tax credits and impact of notional interest	Other timing differences	Netting	Total
Balance at January 1	**26,180**	**13,218**	**1,293**	**48,773**	**17,634**	**54,251**	**-26,399**	**134,950**
Recognised in income statement	-3,685	-19	14,193	1,547	-450	-13,179	-	**-1,593**
Charged to equity	-	-1,294	-15,122	-	-	-	-	**-16,416**
Changes in consolidation scope or method	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	-20	-	**-20**
Netting (*)	-	-	-	-	-	-	7,467	**7,467**
Transfer	-	2,306	-	-	-	-2,306	-	**-**
Balance at December 31	**22,495**	**14,211**	**364**	**50,320**	**17,184**	**38,746**	**-18,932**	**124,388**

(*) The tax netting item reflects the netting of deferred tax assets and liabilities per entity.

2021 (in thousands of EUR) **Deferred tax liabilities related to**	Tangible fixed assets	Employee benefits	Financial derivatives	Reversal statutory provision	Long term tax accruals (UTP)	Other timing differences	Netting	Total
Balance at January 1	**60,676**	**-**	**364**	**570**	**36,748**	**6,676**	**-57,677**	**47,358**
Recognised in income statement	-6,460	-	-299	7,007	-7,120	2,073	-	**-4,799**
Charged to equity	-	-	-	-	-	-	-	**-**
Changes in consolidation scope or method	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	377	-	**377**
Netting (*)	-	-	-	-	-	-	31,278	**31,278**
Transfer	-	-	-	-	-	-	-	**-**
Balance at December 31	**54,216**	**-**	**65**	**7,577**	**29,628**	**9,126**	**-26,399**	**74,214**

Deferred tax assets related to	Tangible fixed assets	Employee benefits	Financial derivatives	Tax losses	Tax credits and impact of notional interest	Other timing differences	Netting	Total
Balance at January 1	**27,546**	**12,584**	**3,467**	**46,723**	**16,231**	**47,544**	**-57,677**	**96,418**
Recognised in income statement	-1,366	375	-348	2,049	1,403	6,707	-	**8,820**
Charged to equity	-	259	-1,826	-	-	-	-	**-1,567**
Changes in consolidation scope or method	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	-	-	**-**
Netting (*)	-	-	-	-	-	-	31,278	**31,278**
Transfer	-	-	-	-	-	-	-	**-**
Balance at December 31	**26,180**	**13,218**	**1,293**	**48,772**	**17,634**	**54,251**	**-26,399**	**134,949**

(*) The tax netting item reflects the netting of deferred tax assets and liabilities per entity.

DEFERRED TAX ASSETS AND LIABILITIES RECORDED IN OTHER COMPREHENSIVE INCOME

The following movements in deferred tax assets and liabilities, as well as the items they relate to, were recorded in other comprehensive income:

2022 (in thousands of EUR)	Before income tax	Income tax	Net of income tax
Changes in fair value related to hedging instruments	60,577	-15,122	45,455
Remeasurement of net liabilities relating to defined benefit plans	5,247	-1,294	3,953
Total	**65,824**	**-16,416**	**49,408**

2021 (in thousands of EUR)	Before income tax	Income tax	Net of income tax
Changes in fair value related to hedging instruments	6,408	-1,826	4,582
Remeasurement of net liabilities relating to defined benefit plans	-1,105	259	-846
Total	**5,303**	**-1,567**	**3,736**

INCOME TAX LOSSES CARRIED FORWARD

In 2022, income tax losses carried forward of **subsidiaries** amount to 460 million EUR. For 200 million EUR of these tax losses, deferred tax assets have been recognised. The table below provides a breakdown by maturity of the recognised tax losses of subsidiaries and the amounts (share of the Group) related to joint ventures and associates. For an amount of 260 million EUR of tax losses of subsidiaries, no deferred tax assets is recognised.

In 2021, income tax losses carried forward of subsidiaries for which no deferred tax assets are recognised amount to 241 million EUR.

(in thousands of EUR)	2022
Expiration date within 1 year	-
Expiration date after 1 year but not later than 5 years	32,613
Expiration date after 5 years and tax losses without an expiration date	167,257
Total recognised tax losses from subsidiaries	**199,870**
Recognised tax losses from joint ventures and associates (share of the Group)	190
Total recognised tax losses	**200,060**
Unrecognised tax losses from subsidiaries	260,291
Unrecognised tax losses from joint ventures and associates (share of the Group)	39,196
Total unrecognised tax losses	**299,487**
Total tax losses	**499,547**

NOTE 11 – INVENTORIES

Balance at December 31

(in thousands of EUR)	2022	2021
Raw materials	2,779	2,683
Consumables	22,917	9,485
Total inventories	**25,696**	**12,168**
Movement of the year recorded in statement of income	**13,528**	**1,712**

Inventories can be split into 'Raw materials' and 'Consumables'. **Raw materials** are mainly related to ballast & dredged material and sand from the marine aggregate business within the segment "Dredging & Infra". **Consumables** mainly consist out of fuel, auxiliary materials and spare parts.

The movement of the year of consumables (13.4 million EUR) is mainly impacted by the moment of refueling of the vessels and the fuel usage up till closing date. Also the start-up of some major projects and preparation of the fleet explain the increase of the year.

No inventories are pledged as security for liabilities.

NOTE 12 – CONTRACT ASSETS AND CONTRACT LIABILITIES

Balance at December 31

Contract assets and **contract liabilities** relate in compliance with IFRS 15 *revenue from contracts with customers* to the work in progress of construction projects executed by the Group and services rendered. Work in progress shows the balance of revenue recognised on those contracts less progress billings, advance payments and potential provisions for losses. **Advances received** are amounts received by the Group before the related work is performed. The Group presents those separately from other contract liabilities.

The Group carries out a diversity of projects, all with different aspects regarding e.g. nature and scope, type of clients, type of contract and payment conditions and geographical location. Most of the turnover is paid with an advance received at the beginning of the project followed by milestone payments after execution of the work and approval by the client.

(in thousands of EUR / (-) is credit)	2022	2021
Contract assets	344,751	326,685
Contract liabilities	-323,300	-181,095
Advances received	-72,539	-101,067
Net balance	**-51,088**	**44,523**

Contract assets are the Group's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. A contract asset arises when the Group performed works for a customer that are recognised as revenue to date but are not yet invoiced or paid. As such the revenue recognition reflects the rate at which the Group's performance obligations are fulfilled corresponding to the transfer of control of a good or service to the customers. When there is no transfer of control throughout the contract, revenue is still recognised over time, based on the fact that the asset created has no alternative use, as well as the fact that the Group has an enforceable right to the payment for performance completed to date. Contract assets turn into receivables when those works are accepted by the client.

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. A contract liability arises when the Group has invoiced the customer or received payment from them while the work was not done yet and the invoices and/or payments exceed the revenue recognised to date. Provisions are recognised for expected losses on work in progress as soon as they are foreseen and if necessary, any profit already recognised is reversed. Those are also recognised as contract liabilities for an amount of 24.8 million EUR as of December 31, 2022, compared to 8.1 million EUR at the end of 2021.

The determination of estimated profit (or loss) is based on estimated costs and revenues of the related projects and for profitable projects only, in proportion to the stage of completion. These estimates and judgments may contain some uncertainties.

2022 CONTRACT ASSETS AND CONTRACT LIABILITIES BY SEGMENT

(in thousands of EUR / (-) is credit)

2022 Contract assets	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Offshore Energy	68,174	34,387	-	102,561
Dredging & Infra	239,379	-37,082	-	202,297
Environmental	19,132	20,761	-	39,893
Concessions	-	-	-	-
Total	**326,685**	**18,066**	**-**	**344,751**

2022 Contract liabilities	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Offshore Energy	-51,075	-180,716	-	-231,791
Dredging & Infra	-124,693	41,126	-	-83,567
Environmental	-5,327	-2,615	-	-7,942
Concessions	-	-	-	-
Total	**-181,095**	**-142,205**	**-**	**-323,300**

2022 Advances received	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Offshore Energy	-79,490	26,392	-	-53,098
Dredging & Infra	-20,464	1,496	-	-18,968
Environmental	-1,113	640	-	-473
Concessions	-	-	-	-
Total	**-101,067**	**28,528**	**-**	**-72,539**

2022 Net balance	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Offshore Energy	-62,391	-119,937	-	-182,328
Dredging & Infra	94,222	5,540	-	99,762
Environmental	12,692	18,786	-	31,478
Concessions	-	-	-	-
Total	**44,523**	**-95,611**	**-**	**-51,088**

'Business-related changes' relate to cumulative catch up adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification.

The increase in contract liabilities as of December 31, 2022, is mainly related to the US offshore contracts that are not yet fully operational at the end of 2022, but for which a consideration was already received.

Due to the high number of individual projects (with all different aspects regarding nature, type of clients, contract and payment conditions) a more detailed description of changes in contract assets and contract liabilities compared to prior year is not deemed relevant.

Around 55% of the performance obligations, meaning the turnover to be executed in the upcoming years regarding the current ongoing construction contracts for which contract assets and contract liabilities are booked, is expected to be fulfilled by the Group next year, followed by 20% in 2024, 15% in 2025 and 10% beyond. The related contract assets and contract liabilities as of December 31, 2022 are expected to follow a similar timing for run-off.

2021 CONTRACT ASSETS AND CONTRACT LIABILITIES BY SEGMENT

(in thousands of EUR / (-) is credit)

2021 Contract assets	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Offshore Energy	108,331	-40,157	-	68,174
Dredging & Infra	135,310	104,069	-	239,379
Environmental	8,106	11,026	-	19,132
Concessions	-	-	-	-
Total	**251,747**	**74,938**	**-**	**326,685**

2021 Contract liabilities	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Offshore Energy	-7,779	-43,296	-	-51,075
Dredging & Infra	-144,269	19,576	-	-124,693
Environmental	-4,751	-576	-	-5,327
Concessions	-	-	-	-
Total	**-156,799**	**-24,296**	**-**	**-181,095**

2021 Advances received	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Offshore Energy	-33,211	-46,279	-	-79,490
Dredging & Infra	-26,941	6,477	-	-20,464
Environmental	-430	-683	-	-1,113
Concessions	-	-	-	-
Total	**-60,582**	**-40,485**	**-**	**-101,067**

2021 Net balance	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Offshore Energy	67,341	-129,732	-	-62,391
Dredging & Infra	-35,900	130,122	-	94,222
Environmental	2,925	9,767	-	12,692
Concessions	-	-	-	-
Total	**34,366**	**10,157**	**-**	**44,523**

NOTE 13 – TRADE AND OTHER OPERATING RECEIVABLES

Balance at December 31

(in thousands of EUR)	2022	2021
Trade receivables gross amount	424,476	314,175
Amounts written off	-13,018	-18,423
Trade receivables net amount	**411,458**	**295,752**
Corporation taxes	21,593	32,302
Value added tax (VAT)	27,642	41,354
Other operating receivables	8,836	14,614
Total trade and other operating receivables	**469,529**	**384,022**

The increase in trade receivables of 115.7 million EUR at the end of 2022 is partially compensated by a decrease in all other operating receivables for an amount of 30.2 million EUR. The increase in trade and other operating receivables is partly due to an increase in activities but mainly due to the progress of major projects and the timing of invoicing as contract assets are transferred to receivables upon acceptance by the client. The increase in trade receivables is not caused by an increase in overdue amounts.

The ageing balance of outstanding trade receivables is included in note (19). The Group carries out a **diversity of projects,** all with different characteristics regarding e.g. nature and scope, type of clients, type of contract and payment conditions and geographical location. A large part of the consolidated turnover is realised through public or semi-public sector customers. The level of counterparty risk is also limited by the large number of customers. The Group applies procedures to monitor its outstanding receivables and as such to limit the residual risk. Based upon both historical and current assessments taking into account macro-economic developments and industry risk factors, credit losses within the Group remain insignificant compared to the level of activity.

Reference is made to note (10) for **current income tax receivables.**

Other operating receivables mainly relate to amounts due from joint ventures, current accounts with consortium partners and personnel advances.

Note (26) Related parties disclosure summarises all receivables and payables towards joint ventures and associates.

NOTE 14 – ASSETS HELD FOR SALE

Balance at December 31

(in thousands of EUR)	2022	2021
Assets held for sale	**31,997**	**32,456**

According to IFRS 5 *non-current assets held for sale and discontinued operations* the following conditions must be met for an asset (or 'disposal group') to be classified as held for sale:

- management is committed to a plan to sell;
- the asset is available for immediate sale;
- an active program to locate a buyer is initiated;
- the sale is highly probable, within 12 months of classification as held for sale;
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value;
- actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.

Per December 31, 2022, DEME management is of the opinion that all of the conditions have been fulfilled and a sale within the next 12 months is highly probable for a vessel within the Offshore Energy segment. The net book value of the vessel is 32 million EUR, which is the lower of the carrying amount and fair value at closing date.

In August 2021, a Memorandum of Agreement was signed under which the jack-up vessel 'Thor', another vessel belonging to the Offshore Energy segment, was sold to a Dutch third party on the condition that the buyer obtained the necessary funding for the vessel. As such, the 'Thor' vessel was classified as assets held for sale at the end of December, 2021. On April 21, 2022, the 'Thor' vessel was sold, the resulting gain on disposal is included in 'other operating income'.

NOTE 15 – OTHER CURRENT ASSETS

Balance at December 31

(in thousands of EUR)	2022	2021
Deferred charges and accrued income	100,950	45,710
Environmental landfill volume reservation fee	8,320	7,530
Advance payments on purchases and cost of material regarding construction contracts for costs not incurred	14,963	14,952
Other current assets	**124,233**	**68,192**

Deferred charges and accrued income include amongst others deferred hedge charges for construction contracts, only for their percentage not completed. The hedge charges of construction contracts are recorded as construction cost for the percentage completed. The increase in 2022 compared to 2021 is related to deferred hedge charges for the new offshore energy contracts in the US.

NOTE 16 – SHARE CAPITAL, DIVIDENDS AND RESERVES

SHAREHOLDER STRUCTURE AND SHARE CAPITAL

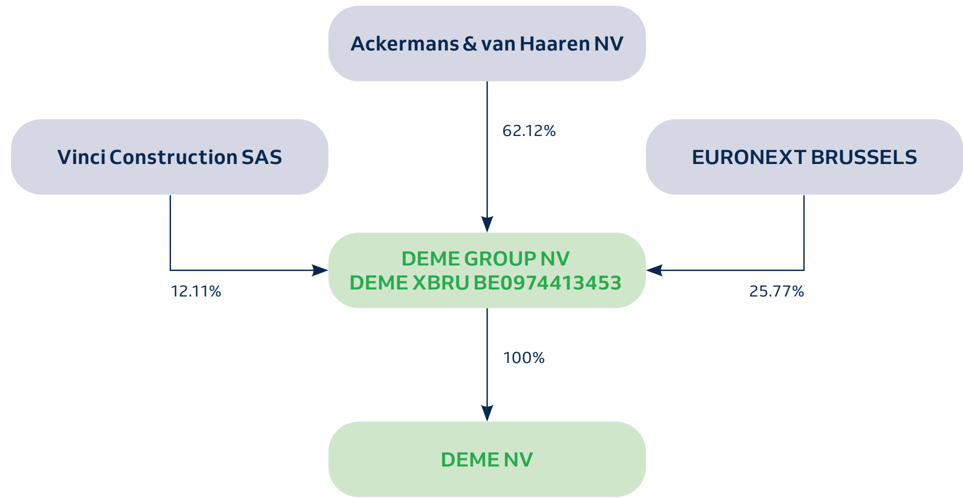
Until June 29, 2022, **DEME NV** was the parent company of the DEME Group and DEME's 100% shareholder was the Brussels-based civil engineering contractor CFE NV, which is controlled by the Belgian investment group Ackermans & van Haaren NV. Both CFE NV and Ackermans & van Haaren NV are publicly listed companies on Euronext Brussels. The share capital of DEME NV amounts to 31,110,010 EUR and is represented by 4,538,100 ordinary shares without nominal value.

On June 29, 2022, CFE NV, transferred its 100% stake in DEME NV to a new company, DEME Group NV, by means of a partial demerger and as such the DEME Group became listed as well. The first day of trading of the DEME Group NV shares was June 30, 2022. DEME Group NV shares are listed on Euronext Brussels under the symbol "DEME" with ISIN code BE0974413453.

DEME Group NV is now 100% shareholder of DEME NV and at the date of the demerger the participation in DEME NV was the only asset of the company booked against equity.

Per December 31, 2022, the share capital of **DEME Group NV** amounts to 33,193,861 EUR and is represented by 25,314,482 ordinary shares without nominal value. The owners of ordinary shares have the right to receive dividends and all shares are of the same class and are entitled to one vote per share in Shareholders' General Meetings.

At December 31, 2022, the shareholder structure of DEME Group NV is as follows:



The shareholders holding 5% or more of total voting rights for the shares they hold are:

Ackermans & van Haaren NV
15,725,684 shares (or 62.12%)
Begijnenvest, 113
B-2000 Antwerp (Belgium)

VINCI Construction SAS
3,066,460 shares (or 12.11%)
5, cours Ferdinand-de-Lesseps
F-92851 Rueil-Malmaison Cedex (France)

PROPOSED AND DISTRIBUTED DIVIDENDS

For the financial year 2020 a dividend of 20,421,450 EUR was paid to CFE NV on May 14, 2021, corresponding to 4.5 EUR gross dividend per share. An intermediary dividend, paid out of the accumulated results at the end of the financial year 2020, was approved by DEME NV's shareholder for an amount of 40,842,900 EUR, corresponding to 9 EUR gross dividend per share. This dividend was paid to CFE NV on March 25, 2022. No additional dividend was decided upon by DEME NV's shareholder on the results at the end of financial year 2021.

DEME Group's Board of Directors will propose to the General Assembly, on May 17, 2023, to distribute a gross dividend of 1.5 euro per share. Subject to the approval of the General assembly and the Board of Directors, the record date is proposed to be set at July 4, 2023.

RETAINED EARNINGS AND OTHER RESERVES

Balance at December 31

The consolidated statement of changes in equity is presented earlier in this report. In the table below, we further detail the movement of the period in **retained earnings and other reserves.**

2022 (in thousands of EUR)	Revaluation surplus	Legal reserves	Untaxed reserves	Available reserves	Retained earnings	Consolidation reserves	Retained earnings and other reserves
	Parent company reserves before profit distribution						
Balance at January 1, 2022		**3,111**	**28,922**	**3,270**	**267,027**	**1,316,494**	**1,618,824**
Parent company result 2021					79,217	-79,217	-
Dividends paid					-40,843		**-40,843**
Result share of the Group						112,720	**112,720**
Other	487,400	208	-27,206	-1,356	-249,776	-681,699	**-472,429**
Balance at December 31, 2022	**487,400**	**3,319**	**1,716**	**1,914**	**55,625**	**668,298**	**1,218,272**

The line 'Other' relates to the fact that since June 29, 2022, there is a new parent company DEME Group NV on top of DEME NV that was the parent company at the beginning of the year. The retained earnings and other reserves at the end of 2022 are those of the new parent company DEME Group NV.

2021 (in thousands of EUR)	Legal reserves	Untaxed reserves	Available reserves	Retained earnings	Consolidation reserves	Retained earnings and other reserves
	Parent company reserves before profit distribution					
Balance at January 1, 2021	**3,111**	**28,922**	**3,270**	**225,435**	**1,263,926**	**1,524,664**
Parent company result 2020				62,013	-62,013	-
Dividends paid				-20,421		**-20,421**
Result share of the Group					114,581	**114,581**
Balance at December 31, 2021	**3,111**	**28,922**	**3,270**	**267,027**	**1,316,494**	**1,618,824**

NOTE 17 – EARNINGS PER SHARE

Balance at December 31

(in thousands of EUR)	**2022**	**2021 pro forma (*)**	**2021**
Result for the period from continuing operations - Share of the Group	112,720	114,581	114,581
Result for the period - Share of the Group	112,720	114,581	114,581
Comprehensive income - Share of the Group	215,247	132,472	132,472
Number of ordinary shares at balance sheet date	25,314,482	25,314,482	4,538,100
Earnings per share, based on the number of ordinary shares at the end of the period (both basic and diluted) in EUR:			
Earnings per share from continuing operations (Share of the Group)	**4.45**	**4.53**	**25.25**
Earnings per share (Share of the Group)	**4.45**	**4.53**	**25.25**
Comprehensive income (Share of the Group) per share	**8.50**	**5.23**	**29.19**

(*) Pro forma assuming the same amount of shares for 2021 as for 2022 (25,314,482 shares at the end of 2022).

Basic earnings per share is calculated by dividing the 'Result for the period – Share of the Group' attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

NOTE 18 – INTEREST-BEARING DEBT AND NET FINANCIAL DEBT

Balance at December 31

NET FINANCIAL DEBT AS DEFINED BY THE GROUP

(in thousands of EUR / (-) is debit balance)	2022 Non-current	2022 Current	2022 Total	2021 Non-current	2021 Current	2021 Total
Subordinated loans	677	-	677	542	135	677
Lease liabilities (note (20))	76,382	24,960	101,342	72,275	20,118	92,393
Credit institutions	711,441	227,910	939,351	503,649	217,637	721,286
Long-term loan facility 1	*6,286*	*31,315*	*37,601*	*37,601*	*57,942*	*95,543*
Long-term loan facility 2	*19,476*	*31,408*	*50,884*	*50,883*	*41,407*	*92,290*
Long-term loan facility 3	*109,375*	*31,250*	*140,625*	*140,625*	*31,250*	*171,875*
Long-term loan facility 4	*157,054*	*44,196*	*201,250*	*201,250*	*44,196*	*245,446*
Long-term loan facility 5	*357,500*	*55,000*	*412,500*	*-*	*-*	*-*
Asset-based loan 1 (*)	*-*	*-*	*-*	*100*	*4,573*	*4,673*
Asset-based loan 2	*100*	*2,344*	*2,444*	*2,443*	*4,687*	*7,130*
Asset-based loan 3	*100*	*3,813*	*3,913*	*3,913*	*3,813*	*7,726*
Asset-based loan 4	*3,666*	*3,566*	*7,232*	*7,232*	*3,566*	*10,798*
Asset-based loan 5	*5,423*	*4,192*	*9,615*	*9,615*	*4,192*	*13,807*
Asset-based loan 6	*25,220*	*12,560*	*37,780*	*37,780*	*12,560*	*50,340*
Asset-based loan 7	*18,775*	*6,225*	*25,000*	*-*	*-*	*-*
Other long-term bank loans	*8,466*	*2,041*	*10,507*	*12,207*	*9,451*	*21,658*
Other long-term loans	1,404	-	1,404	1,504	-	1,504
Short-term credit facilities	-	-	-	-	105,450	105,450
Short-term bank loans	*-*	*-*	*-*	*-*	*105,450*	*105,450*
Short-term commercial paper	*-*	*-*	*-*	*-*	*-*	*-*
Total interest-bearing debt	**789,904**	**252,870**	**1,042,774**	**577,970**	**343,340**	**921,310**
Short-term deposits	-	-31,646	-31,646	-	-14,026	-14,026
Cash at bank and in hand	-	-490,615	-490,615	-	-514,606	-514,606
Total cash and cash equivalents	**-**	**-522,261**	**-522,261**	**-**	**-528,632**	**-528,632**
Total net financial debt	**789,904**	**-269,391**	**520,513**	**577,970**	**-185,292**	**392,678**

(*) Initial maturity till 2026. Early repayment in 2022.

To finance the DEME Group capital expenditure (vessels and other equipment), equity participations (e.g. by DEME Concessions) and acquisitions, DEME sources its funding through term loan facilities, which are available for general corporate purposes as well as through asset-based loans.

The total subordinated loan is contracted by entity CTOW (and includes the part due to the partners in the company). As per contract modalities no fix instalments are due, therefore the loan is reported as long term debt and will be reported as short term the year before maturity date.

Currently, DEME Coordination Center NV, which serves as in-house bank financing the DEME-entities, has term loan facilities with eleven different commercial banks. Same as for the revolving credit facilities, the documentation is signed bilaterally (no club deal), catering for optimal financing conditions and maximum flexibility. The term loan facility documentation is identical for all banks, apart from the amount, tenor and commercial conditions.

On May 20th, 2022, DEME Coordination Center NV entered additionally into bilateral term loan facility agreements. These facilities were fully drawn on June 15th, 2022. The financing package amounting to 440 million EUR, is amortised over eight years (16 equal half-yearly capital instalments) and is based on the loan documentation that was used for previous transactions, updated to the new LMA-standard, including the sustainability KPI's that were introduced in all term loan facility agreements in February 2022. The financial covenants applying to the new credit facilities are the same as in previous transactions.

In line with DEME's sustainability goals, the Group converted its long-term loans into sustainability-linked loans, totalling 843 million EUR at the end of 2022. This major commitment highlights DEME's vision to realise a sustainable future. The two metrics required by the loan-agreements are the worldwide LTIFR and the low carbon fuels. With one metric above target and one below, the impact on the result for 2022 is neutral.

(in thousands of EUR)	Initial amount	Dating from	Maturity till
Long-term loan facilities			
Long-term loan facility 1	435,000	2015-2017	2024
Long-term loan facility 2	240,000	2018	2025
Long-term loan facility 3	250,000	2019	2027
Long-term loan facility 4	350,000	2019	2027
Long-term loan facility 5	440,000	2022	2030
	1,715,000		
Asset-based loans			
Asset-based loan 1 (*)	18,392	2018	2022
Asset-based loan 2	18,848	2019	2027
Asset-based loan 3	15,352	2019	2027
Asset-based loan 4	14,364	2020	2028
Asset-based loan 5	18,000	2020	2028
Asset-based loan 6	50,340	2021	2029
Asset-based loan 7	25,000	2022	2030
	160,296		

(*) Initial maturity till 2026. Early repayment in 2022.

The interest rate of the long-term loan facilities is based on EURIBOR plus a margin which is updated each semester following DEME's leverage ratio. The interest rate risk resulting from this floating interest rate base, is hedged through interest rate swaps (note (19)). The interest rate of the asset-based loans is fixed. Next to the long-term loan facilities and asset-based loans, DEME has lease liabilities and other long-term loans.

DEBT MATURITY SCHEDULE OF TOTAL LONG-TERM FINANCIAL LIABILITIES

(in thousands of EUR)	More than 5 years	Between 1 and 5 years	Less than one year	Total
Subordinated loans	-	677	-	677
Lease liabilities	35,315	41,067	24,960	101,342
Credit institutions	140,494	570,947	227,910	939,351
Other long-term loans	-	1,404	-	1,404
Total long-term financial liabilities	**175,809**	**614,095**	**252,870**	**1,042,774**

BANK DEBT SECURITIES

(in thousands of EUR)	2022			2021		
	Non-current	Current	Total	Non-current	Current	Total
Guaranteed debt	711,441	227,910	939,351	500,515	311,349	811,864
Secured debt	-	-	-	3,125	6,250	9,375
Unguaranteed-unsecured debt	78,463	24,960	103,423	74,330	25,741	100,071
Total interest-bearing debt	**789,904**	**252,870**	**1,042,774**	**577,970**	**343,340**	**921,310**

Contrary to the way DEME financed its assets before 2015, whereby for each investment, DEME looked for a bank (or a few banks) and provided hard securities in favour of the banks (such as mortgages on the vessels), no securities (other than the DEME NV parent company guarantee) are provided for the long-term loan facilities and for the asset-based loans listed above. This offers maximum flexibility with respect to the underlying assets, which can be sold intragroup and can be reflagged according to project needs.

CASH FLOWS RELATED TO FINANCIAL LIABILITIES

Total interest-bearing debt (in thousands of EUR)		2022	2021
Balance at January 1		921,310	1,110,967
Cash movements as per cash flow from financial activities			
Movements during the year	New interest-bearing debt	465,000	51,344
	Repayment of interest-bearing debt	-380,488	-278,875
Non-cash movements			
Movements during the year	Assumed in business combinations	-	-
	IFRS 16 *leases*	36,952	36,389
	Other	-	1,485
Balance at December 31		1,042,774	921,310

CASH AND CASH EQUIVALENTS

Cash and cash equivalents relate to cash and cash equivalents centralised at DEME's internal bank, DEME Coordination Center NV, but also at operational subsidiaries and joint ventures. Therefore, a portion of the consolidated cash and cash equivalents is not always immediately available as a result of transfer restrictions, joint control (in joint operations) or other legal restrictions.

At December 31, 2022, the amount of cash available for use by the Group amounted to 388.2 million EUR out of 522.3 million EUR cash & cash equivalents. As such an amount of 134.1 million EUR was not immediately available. At the end of 2021 the cash that is immediately available amounted to 405 million EUR out of 528.6 million EUR cash and cash equivalents. The cash not immediately available amounted to 123.6 million EUR.

CREDIT FACILITIES AND BANK TERM LOANS

At December 31, 2022, the Group has 125 million EUR available but undrawn bank credit facilities compared to 118 million EUR at the end of 2021. In addition, the Group has the possibility to issue commercial paper for amounts up to 125 million EUR.

FINANCIAL COVENANTS

The same set of financial covenants as for the revolving credit facilities is applicable for the long-term loan facilities. At December 31, 2022 as well as at December 31, 2021 the Group **complies** with the solvency ratio (>25%), the debt/EBITDA ratio (<3), and the interest cover ratio (>3), that were agreed upon within the contractual terms of the loans received.

The **solvency ratio** that should be higher than 25% is computed as shareholders' equity less intangible assets and goodwill divided by the balance sheet total adjusted for intangible assets and deferred tax assets. The solvency ratio at December 31, 2022 was 38.1% (identical to 2021: 38.1%).

The **debt/EBITDA ratio** computed as total net financial debt (without subordinated and other loans) divided by EBITDA, should be lower than 3. The debt/EBITDA ratio at December 31, 2022 was 1.09 (2021: 0.83).

The **interest cover ratio** computed as EBITDA divided by net financial interest charges (interest charges less interest income), should be higher than 3. The interest cover ratio at December 31, 2022 was 53.3 (2021: 171.3).

NOTE 19 – FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVES

The Group's financial instruments are cash and cash equivalents, trade and other receivables, interest-bearing loans and bank overdrafts, trade and other payables and derivatives. Derivatives are **designated** exclusively **as hedging instruments** and not for trading or other speculative purposes.

The Group is exposed to the following risks linked to financial instruments:

- Market risk consisting of:
  • Interest rate risk;
  • Currency risk;
  • Price risk/commodity risk;
- Credit and Counterparty risk;
- Liquidity risk.

MARKET RISK

To finance its investments and activities, DEME frequently makes use of external finance, both in the short and the long-term. The extent of leverage may expose the Group to various risks, including increasing its vulnerability to downturns or adverse changes in general economic, industry or competitive conditions and government regulations and requiring a substantial portion of its cash flows from operations to be dedicated to the payment of principal and interest on the Group's indebtedness, therefore reducing its ability to use its cash flows to fund its operations, capital expenditures and future business opportunities.

Market risk is the risk that changes in market prices (foreign exchange rates, interest rates, fuel prices,…) will affect the Group's income statement or the value of its assets and liabilities. The objective of market risk management is to manage and control market risk exposures and to keep the market risk position within acceptable boundaries while achieving the best possible return.

INTEREST RATE RISK

Balance at December 31

DEME contracts considerable financing for the acquisition of its fleet and related capital expenditure. Interest rate risk can be defined as the extent to which the results or value of a financial transaction are affected by a change in market interest rates. The interest rate risk management is centrally performed within the Group.

To achieve the best possible balance between financing costs and the volatility of the financial results for its long-term borrowings, DEME covers the vast majority of the risks of changes in the underlying floating interest rates through derivative financial instruments, mainly by using **interest rate swaps**. As for the uncovered part of the interest rate risks (which mainly relate to short-term borrowing if applicable) adverse changes in variable interest rates may lead to increases in the interest charges borne by DEME.

These hedging instruments generally equal the same notional amounts and generally have the same maturity dates as the hedged debts. As such the swaps are determined as an effective hedge of outstanding or anticipated borrowings and meet the hedge accounting requirements of IFRS 9. The fair values of the effective portion of the hedging instrument are therefore recognised directly in the other comprehensive income under hedge accounting treatment. The ineffective part of any gain or loss on the financial instrument will be taken in result.

At closing date, the instruments qualified as cash flow hedges have the following characteristics:

2022 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance fair value
Interest rate swaps	39,127	-	17,638	-	56,765

	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years	Notional amount
	193,169	150,913	361,278	137,500	842,860

2021 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance fair value
Interest rate swaps	-	-2,608	-	-1,892	-4,500

	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years	Notional amount
	181,045	141,294	255,003	37,188	614,530

Some joint ventures and associates finance significant assets such as infrastructure works, offshore windfarms or vessels and therefore also hold interest rate swaps (IRS). Per December 31, 2022, the other comprehensive income (OCI) of the current period includes an amount of +28.3 million EUR compared to -22.2 million EUR at the end of 2021. This reflects DEME's share in the positive fair value of the IRSs of Rentel NV, C-Power NV, Seamade NV, Normalux SA, BAAK Blankenburg-Verbinding BV and SEMOP Port-La Nouvelle, net of deferred tax assets.

At DEME the hedging instruments swap the variable interest rate into a fixed one as described in the tables below. Lease liabilities are not included in the tables below. Reference is also made to note (18) Interest-bearing debt and net financial debt.

2022

Effective average interest rate before considering derivatives products
(in thousands of EUR)

	Fixed Rate			Floating Rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	98,572	100.00%	1.75%	842,860	100.00%	3.01%	941,432	100.00%	2.88%
Short-term credit facilities	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
Total	**98,572**	**100.00%**	**1.75%**	**842,860**	**100.00%**	**3.01%**	**941,432**	**100.00%**	**2.88%**

Effective average interest rate after considering derivatives products

	Fixed Rate			Floating Rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	941,432	100.00%	1.58%	-	0.00%	-	941,432	100.00%	1.58%
Short-term credit facilities	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
Total	**941,432**	**100.00%**	**1.58%**	**-**	**0.00%**	**-**	**941,432**	**100.00%**	**1.58%**

Similar to 2021, almost the entire Group's outstanding debt portfolio (short and long-term) has a fixed interest rate character, which limits the exposure of the Group to **interest rate fluctuations**.

2021

Effective average interest rate before considering derivatives products
(in thousands of EUR)

	Fixed Rate			Floating Rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	101,230	48.98%	0.88%	622,237	100.00%	0.52%	723,467	87.28%	0.57%
Short-term credit facilities	105,450	51.02%	-0.64% (*)	-	-	-	105,450	12.72%	-0.64%
Total	**206,680**	**100.00%**	**0.43%**	**622,237**	**100.00%**	**0.52%**	**828,917**	**100.00%**	**0.42%**

Effective average interest rate after considering derivatives products

	Fixed Rate			Floating Rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	715,761	87.16%	1.07%	7,706	100.00%	0.75%	723,467	87.28%	1.07%
Short-term credit facilities	105,450	12.84%	-0.64% (*)	-	-	-	105,450	12.72%	-0.64%
Total	**821,211**	**100.00%**	**0.93%**	**7,706**	**100.00%**	**0.75%**	**828,917**	**100.00%**	**0.85%**

(*) On December 3rd, 2021, DEME Coordination Center NV entered into a short-term loan agreement, under the TLTRO-program (Targeted Longer-Term Refinancing Operation) of the European Central Bank, which offers DEME Coordination Center an interest rate of EURIBOR unfloored + a margin of *minus* 20 basis points.

SENSITIVITY TO THE INTEREST RATE RISK

Balance at December 31

The Group is subject to the risk of fluctuating interest rates for cash flows relating to financial instruments at floating rate that are not hedged.

As the entire Group's outstanding debt portfolio (short and long-term) after hedging, has a fixed interest rate character at year-end 2022, the exposure of the Group to interest rate fluctuations is eliminated. As such an increase of EURIBOR with 50 base points at closing date (assumed that underlying figures remain stable over the year), will not have an impact on the current interest charges in the income statement. In 2021 as a result of the high ratio of hedged financial instruments used, such increase of the EURIBOR could have had only a minor impact of 39 thousand EUR.

2022 (in thousands of EUR)	Result (- is debit/+ is credit) Impact of calculation +50 bp	Impact of calculation -50 bp
Non-current interest-bearing debts (+ current portion due in the year) after hedge accounting	-	-
Net short-term financial debts (*) after hedge accounting	-	-

(*) excluding cash at bank and in hand

2021 (in thousands of EUR)	Result (- is debit/+ is credit) Impact of calculation +50 bp	Impact of calculation -50 bp
Non-current interest-bearing debts (+ current portion due in the year) after hedge accounting	-39	+39
Net short-term financial debts (*) after hedge accounting	-	-

(*) excluding cash at bank and in hand

The Group does not maintain a **hedging ratio** as an instruction as such, although the hedge ratio is kept as high as possible. However as shown above, for interest rate risk the hedging ratio (almost) equals 100%. The funding activity with respect to the fully owned subsidiaries is fully centralised at DEME Coordination Center NV. DEME Coordination Center NV has taken out long- term loans from various banks at floating rates.

The cash flow schemes that are hedged by means of IRSs are one on one identical to the cashflow schemes representing each individual loan contract. When **in-effectiveness** occurs, the hedge is being amended accordingly. When loans are taken out on a joint venture level, DEME depends on the partner for hedging decisions.

CURRENCY RISK

DEME is exposed to risks associated with fluctuations in currency exchange rates. The Group's currency risk can be split into two categories: **translational** and **transactional** currency risk.

TRANSLATIONAL CURRENCY RISK

DEME's reporting currency is euro, however, given the Group's global operations, a significant portion of the Group's assets, liabilities, expenses and revenue are denominated in currencies other than euro. Such assets, liabilities, expenses and revenue are translated to euro at the applicable exchange rates to prepare the Group's consolidated financial statements. Therefore, fluctuations in exchange rates between euro and such other currencies affect the value of those items expressed in euro terms in the Group's consolidated financial statements. A change of one or more of the foreign currencies in which DEME's local subsidiaries operate against euro impacts its revenue and profitability expressed in euro terms accordingly. Changes in the euro values of the Group's consolidated assets and liabilities resulting from exchange rate movements may cause the Group to record foreign currency gains and losses through profit or loss, or through its cumulative translation adjustment reserve recognised in other comprehensive income and accumulated in equity.

The main foreign currency companies contributing to the Group's turnover have GBP, USD, INR, NGN, SGD, DKK, UYU, BRL, PLN, PGK, TWD, PEN and MXN as their currency. In 2022 these entities, especially in GBP & USD, contributed 21% to the Group's turnover. For 2021 this was even 34%. The Group does not hedge against translational currency risk.

Some of the main exchange rates that have been used to convert the financial statements:

Currency rates from foreign currency to EUR

	December 31, 2022		December 31, 2021	
	Closing rate	Average rate	Closing rate	Average rate
AED	0.2545	0.2576	0.2395	0.2303
AOA	0.0019	0.0021	0.0016	0.0014
AUD	0.6366	0.6570	0.6386	0.6333
BRL	0.1768	0.1835	0.1579	0.1570
CAD	0.6896	0.7268	0.6963	0.6743
CNY	0.1355	0.1408	0.1385	0.1313
EGP	0.0378	0.0498	0.0562	0.0540
HKD	0.1197	0.1208	0.1128	0.1088
INR	0.0113	0.0121	0.0118	0.0115
JPY	0.0071	0.0073	0.0076	0.0077
MXN	0.0480	0.0472	0.0429	0.0415
MYR	0.2124	0.2157	0.2113	0.2048
NGN	0.0021	0.0022	0.0021	0.0021
OMR	2.4289	2.4587	2.2866	2.1983
PGK	0.2584	0.2615	0.2432	0.2348
PHP	0.0168	0.0174	0.0173	0.0172
PLN	0.2135	0.2139	0.2182	0.2193
QAR	0.2549	0.2592	0.2416	0.2316
RUB	0.0129	0.0143	0.0118	0.0115
SGD	0.6974	0.6876	0.6521	0.6305
TWD	0.0306	0.0319	0.0317	0.0304
UAH	0.0253	0.0294	0.0323	0.0310
USD	0.9344	0.9462	0.8797	0.8459
UYU	0.0234	0.0230	0.0197	0.0195
ZAR	0.0550	0.0577	0.0550	0.0569

TRANSACTIONAL CURRENCY RISK

Balance at December 31

The global nature of DEME's activities means that payments made further to contracts may be in a variety of currencies, thus exposing DEME to exchange rate risks. Similarly, purchases and expenditure in foreign currencies also give rise to exchange rate risks. Most of the Group's purchases are typically transacted in euro or U.S. dollar. This means that the Group will face a risk of exchange rate fluctuation when the sales are made in a different currency than the purchase. DEME may be unable to pass along increased costs to its customers.

- **Financing & Investing:** DEME's transactional currency risk regarding financing and investing activities could arise from financial loans denominated in currencies other than the euro.
  - The financing transactional currency risk can be considered to be nil for the outstanding long-term debts (without considering lease debts which are mainly in euro).
  - Long-term loans given to joint ventures & associates (recorded as other non-current financial assets note (8)) are mainly in euro, minimising the exposure on transactional currency risk.
  - Capital funding in euro in joint ventures & associates denominated in other currencies (cfr. CDWE Taiwan Ltd) is subject to the translational currency risk as described above.

(in thousands of EUR)	2022	2021
EUR	941,432	723,467
USD	-	-
Other currencies	-	-
Total long-term debts (*)	**941,432**	**723,467**

(*) Lease liabilities are not included. Total long-term debts also includes the current portion of the long-term debts (note (18)).

- **Operational activities:** Given the international character of its business operations and the execution of contracts in foreign currency, DEME is exposed to currency risks. DEME's transactional foreign currency risk arises from commercial flows denominated in currencies other than the euro.
  - In 2022, 79% of the Group's turnover was contracted in EUR followed by USD, SGD, INR, GBP, DKK, BRL and UYU. In 2021 this was 62% in EUR, followed by USD, GBP, DKK, RUB, PLN, SGD, UYU and INR.
  - The Group's expenses are mainly in euro. To a lesser extent costs are charged in a currency not equal to the euro or in the currency of a country in which our activities are performed.
  - The residual foreign currency risk is assessed on a case-by-case basis and, if necessary, DEME uses forward exchange contracts to hedge its residual foreign currency risk on projected net commercial flows denominated in currencies other than the euro. The fair value variation of exchange rate instruments is considered as construction costs. This variation is presented as an operating result.
- Exchange rate risk for large projects and large investments are hedged as much as possible, also for smaller volumes hedging is taken out in most cases. When **in-effectiveness** occurs due to timing mismatches, the FX-trades are being rolled to the future. In-effectiveness in terms of volumes is in most cases an underhedge. When overhedge occurs due to underlying flow being cancelled or being paid in other currency than the hedged currency, the hedge will be amended accordingly.

The following tables disclose the fair value and the notional amount of exchange rate instruments (forex hedges) issued (forward sales/purchase agreements) (+ is asset / - is liability):

2022 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance fair value
Forex hedges	68	-53,661	2,481	-30,404	**-81,516**

2021 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance fair value
Forex hedges	114	-24,260	1,056	-10,162	**-33,252**

2022	Market value (in thousands of EUR)			Notional amount (in thousands of foreign currency)		
Currency	Forward purchase	Forward sale	Total amount	Forward purchase	Forward sale	Total amount
USD	463	-81,219	-80,756	-118,110	1,176,483	1,058,373
GBP	-91	177	86	-6,645	5,400	-1,245
AED	-	3	3	-	7,841	7,841
AUD	8	-	8	-5,407	-	-5,407
INR	-	113	113	-	505,000	505,000
SEK	-	-	-	-2	-	-2
DKK	1	-	1	-8,180	1,275	-6,905
SGD	-580	-	-580	-105,339	-	-105,339
JPY	-	-	-	-10,008	-	-10,008
EGP	-	-369	-369	-	150,000	150,000
NOK	-20	-	-20	-24,645	-	-24,645
Balance at December 31	**-221**	**-81,295**	**-81,516**			

2021	Market value (in thousands of EUR)			Notional amount (in thousands of foreign currency)		
Currency	Forward purchase	Forward sale	Total amount	Forward purchase	Forward sale	Total amount
USD	561	-32,816	-32,255	-48,067	1,314,750	1,266,683
AUD	-5	-	-5	-7,200	-	-7,200
PLN	70	-6	64	-31,178	24,600	-6,578
SGD	363	-	363	-77,229	-	-77,229
JPY	-12	-	-12	-95,009	-	-95,009
EGP	-	-1,121	-1,121	-	1,224,090	1,224,090
DKK	-	-	-	-19,039	3,639	-15,400
COP	-	19	19	-	10,800,000	10,800,000
GBP	-	-393	-393	-	36,993	36,993
TWD	196	-108	88	-	-	-
Balance at December 31	**1,173**	**-34,425**	**-33,252**			

SENSITIVITY

Balance at December 31

Sensitivity to currency fluctuations is mainly related to the evolution of a portfolio of foreign currencies versus the euro.

The fair value of foreign currency monetary items is impacted by currency fluctuations. In order to eliminate most of these effects in foreign currencies, the Group uses monetary items and/or derivative financial instruments as described above, which are meant to offset the impact of such results to a major extent.

The following analysis is performed supposing that the amount of financial assets/liabilities and derivatives as at December 31, 2022 and 2021 would remain stable over the year. A variation of 5% (appreciation of the EUR) at closing date would give an increase or a decrease in the balance sheet items as follows (mainly USD, EGP, GBP, SGD):

2022 (in thousands of EUR)	Balance sheet impact (+ is debit/- is credit) Impact of the sensitivity calculation- depreciation of 5% of the EUR	Impact of the sensitivity calculation- appreciation of 5% of the EUR
Non-current interest-bearing debts (+ current portion due in the year) after hedge accounting	-	-
Net short-term financial debts (*) after hedge accounting	+4,309	-3,899
Translational currency risk on outstanding trade receivables & payables	+11,871	-11,871

(*) including cash at bank and in hand

2021 (in thousands of EUR)	Balance sheet impact (+ is debit/- is credit) Impact of the sensitivity calculation- depreciation of 5% of the EUR	Impact of the sensitivity calculation- appreciation of 5% of the EUR
Non-current interest-bearing debts (+ current portion due in the year) after hedge accounting	-	-
Net short-term financial debts (*) after hedge accounting	+2,593	-2,346
Translational currency risk on outstanding trade receivables & payables	+18,894	-18,894

(*) including cash at bank and in hand

PRICE RISK/COMMODITY RISK

Balance at December 31

DEME is also exposed to commodity risks and hedges against oil price fluctuations by entering into forward contracts. The fair value variation of these instruments is considered as construction costs. This variation is presented as an operating result. The fair value and notional amount of these instruments can be found below (+ is asset / - is liability):

2022 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance fair value	Notional amount
Fuel hedges	141	-	1,903	-1,175	**869**	**18,111**

2021 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance fair value	Notional amount
Fuel hedges	500	-	2,151	-314	**2,337**	**16,292**

SUMMARISING ALL FINANCIAL INSTRUMENTS USED TO COVER MARKET RISK

Balance at December 31 (+ is asset / - is liability)

2022 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance fair value
Interest rate swaps	39,127	-	17,638	-	**56,765**
Forex hedges	68	-53,661	2,481	-30,404	**-81,516**
Fuel hedges	141	-	1,903	-1,175	**869**
Balance at December 31	**39,336**	**-53,661**	**22,022**	**-31,579**	**-23,881**

2021 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance fair value
Interest rate swaps	-	-2,608	-	-1,892	**-4,500**
Forex hedges	114	-24,260	1,056	-10,162	**-33,252**
Fuel hedges	500	-	2,151	-314	**2,337**
Balance at December 31	**614**	**-26,868**	**3,207**	**-12,368**	**-35,415**

CREDIT AND COUNTERPARTY RISK

A credit risk may arise in the event a customer or counterparty fails to perform its contractual obligations in respect of DEME in accordance with the provisions of the contract concerned.

Non-payment by a customer may be the consequence of a lack of liquidity, bankruptcy or fraud on the part of the customer or be attributable to the general political or economic situation in the customer's country. Although DEME aims to minimize the credit risks of its customers by examining their solvency prior to finalising the contract and putting the required payment guarantees in place (including credit insurance policies with public service credit insurers such as Credendo and private credit insurers, bank guarantees and through letters of credit) it is not possible to entirely exclude the credit risks of customers.

A large part of the consolidated turnover is realised through public or semi-public sector customers. The level of counterparty risk is limited by the large number of customers. To contain the risk, DEME constantly monitors its outstanding trade receivables and adjusts its position if necessary.

Overdue receivables in the table below, mainly covered by Credendo, relate to pending settlements, additional works & subsequent contract modifications accepted by the customers but to be recovered by an overall agreement with the client and that are all part of a broader negotiation process. Further on, revenues and earnings are only recognised in the accounts when it is probable that they will be realised.

DEME values all its financial assets (amongst others contract assets) in conformity with the expected credit loss model of IFRS 9. As such, the discounted effect of estimated losses, in case a debtor would default on its obligations, would be reflected in its book value. The credit history of the Group over recent years indicates **credit losses are insignificant** compared to the level of activity. Therefore management is of the opinion that credit risk is adequately controlled by the current applicable procedures. The payment behaviour of the Group's customers remains unchanged in 2022 and was not affected by macro-economic factors that could impact the ability of the customers to settle the receivables. At the reporting date there was no concentration of credit risk with any customers.

CREDIT RISK ON ACCOUNTS RECEIVABLE / COUNTERPARTY RISK:

Balance at December 31

The aging of trade receivables (net amount and excluding other operating receivables) (note (13)) is as follows:

2022 (in thousands of EUR)	Total	Not expired	Expired <1 month	Expired <2 months	Expired <3 months	Expired <6 months	Expired <1 year	Expired > 1 year
Trade receivables	424,476	272,694	30,038	46,527	26,076	8,509	14,610	26,024
Loss allowance	-13,018	-	-	-	-	-	-	-13,018
Total net amounts	**411,458**	**272,694**	**30,038**	**46,527**	**26,076**	**8,509**	**14,610**	**13,006**

2021 (in thousands of EUR)	Total	Not expired	Expired <1 month	Expired <2 months	Expired <3 months	Expired <6 months	Expired <1 year	Expired > 1 year
Trade receivables	314,175	217,102	10,470	14,421	5,372	9,573	10,244	46,993
Loss allowance	-18,423	-	-	-	-	-	-	-18,423
Total net amounts	**295,752**	**217,102**	**10,470**	**14,421**	**5,372**	**9,573**	**10,244**	**28,570**

All other financial assets of the consolidated balance sheet are considered as not expired.

CREDIT RISK ON CASH AND CASH EQUIVALENTS

DEME is also exposed to counterparty risks when investing its assets available to it and when subscribing to financial derivatives. DEME has a policy to minimise counterparty risk by avoiding concentrations of these and in such matters working only with banks with which it has a long-standing relationship, but it is not possible to entirely exclude credit risks of financial counter parties.

The Group has cash and cash equivalents of 522.3 million EUR at December 31, 2022 (2021: 528.6 million EUR). The cash and cash equivalents are held with reputable bank and financial institution counterparties that have good investment grade credit ratings.

LIQUIDITY RISK & CAPITAL MANAGEMENT

Although DEME operates strict financial policies and ensures that there is a diversity of sources of finance and repayment periods, it cannot be ruled out that the non-performance of significant payment obligations by customers or the inability to arrange adequate external financing subject to acceptable conditions could have a negative effect on the cash flow and liquidity of DEME and thus have a negative impact on the activities, financial situation and results of DEME.

All these factors might result in DEME having difficulties to comply with its credit facility covenants. If DEME's future cash flows from operations and other capital resources would be insufficient to comply with its payment obligations or to fund its liquidity needs, DEME may be forced to adapt its business activities and capital expenditures, sell assets, obtain additional debt or equity capital, restructure or refinance all or a part of its debt on or before maturity or forgo opportunities such as acquisitions.

The **liquidity risk** is limited by spreading borrowing among several banks, agreeing a variety of repayment periods and also by mitigating the credit risk as described above.

DEME aims to maintain a healthy balance between the consolidated Group equity and the consolidated net debt. DEME has significant credit facilities and guarantee facilities with various international banks. In addition, it has a commercial paper programme to cover its short-term borrowing requirements if needed. The risk on its current long-term variable interest bank loans has been entirely covered by making use of interest rate swaps (see interest rate risk factor).

DEME mainly invests in equipment with a long lifespan, which is written off over several years.

For that reason, DEME seeks to structure a substantial part of its debts as long-term debt. Since 2015, DEME has worked out a new bank financing structure, based on bilateral unsecured long-term financing with several banks. DEME must in the context of some of its long-term credit facilities respect certain covenants. Any breach of these covenants could give rise to the acceleration of the loans.

At December 31, 2022 as well as at December 31, 2021, the Group complies with the solvency ratio (>25%), the debt/EBITDA ratio (<3), and the interest cover ratio (>3), that were agreed upon within the contractual terms of the loans received (note (18)).

At year-end 2022, DEME has a **net financial debt** of -520,513 thousand EUR (note (18)) and a **Group equity** of 1,776,265 thousand EUR. The Group equity of the DEME group includes share capital, share premium, consolidated reserves and non-controlling interests. The entire equity is used to finance the operations described in the corporate purposes of the subsidiaries.

At December 31, 2022, the Group has 125 million EUR unused bank credit compared to 118 million EUR at the end of 2021.

The explanatory note (18) discloses the changes in liabilities arising from financing activities and the extent to which cash and cash equivalents are not not immediately available as a result of transfer restrictions, joint control (in joint operations) or other legal restrictions. Note (24) Working capital also elaborates on how DEME manages cash and liquidity.

FAIR VALUES & HIERARCHY

Balance at December 31

The fair values are classified in three levels according to the valuation hierarchy of IFRS 13, depending on the type of input used for the valuation of financial instruments.

- Level 1 instruments are unadjusted quoted prices in active markets for identical assets and liabilities. No valuation model is used. In level 1, we find all financial assets (valued at fair value) with a public listing in an active market;
- Level 2 instruments are prices quoted for similar assets and liabilities in active markets, or data based on or supported by observable market data. A valuation based on observable parameters such as discounted cashflow model, the comparison with another similar instrument, the determination of prices by third parties;
- Level 3 instruments are non-observable data for determining the fair value of an asset or liability, e.g. some financial assets for which no public listing is available, loans and advances to customers, valued at amortised cost etc.

Set out below is an overview of the carrying amounts of the Group's financial instruments that are shown in the financial statements. All fair values mentioned in the table below relate to Level 2. During the reporting periods, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

2022 (in thousands of EUR)	Derivatives designated as hedging instrument	Assets & liabilities at amortised cost	Book value	Fair value measurement by level	Fair value
Non-current assets	**39,336**	**44,432**	**83,768**		**83,092**
Other non-current financial assets	-	32,540	32,540	Level 2	33,002
Financial derivatives	39,336	-	39,336	Level 2	39,336
Other non-current assets	-	11,892	11,892	Level 2	10,754
Current assets	**22,022**	**1,116,023**	**1,138,045**		**1,138,193**
Trade receivables and other operating receivables	-	469,529	469,529	Level 2	469,677
Financial derivatives	22,022	-	22,022	Level 2	22,022
Cash and cash equivalents	-	522,261	522,261	Level 2	522,261
Other current assets	-	124,233	124,233	Level 2	124,233
Non-current liabilities	**53,661**	**791,142**	**844,803**		**798,295**
Interest-bearing debt	-	789,904	789,904	Level 2	743,396
Financial derivatives	53,661	-	53,661	Level 2	53,661
Other liabilities	-	1,238	1,238	Level 2	1,238
Current liabilities	**31,579**	**1,358,460**	**1,390,039**		**1,400,149**
Interest-bearing debt	-	252,870	252,870	Level 2	262,980
Financial derivatives	31,579	-	31,579	Level 2	31,579
Advances received	-	72,539	72,539	Level 2	72,539
Trade payables and other operating debts	-	777,705	777,705	Level 2	777,705
Remuneration and social debt	-	98,793	98,793	Level 2	98,793
Current income taxes	-	66,571	66,571	Level 2	66,571
Other current liabilities	-	89,982	89,982	Level 2	89,982

2021 (in thousands of EUR)	Derivatives designated as hedging instrument	Assets & liabilities at amortised cost	Book value	Fair value measurement by level	Fair value
Non-current assets	**613**	**37,690**	**38,303**		**38,303**
Other non-current financial assets	-	33,451	33,451	Level 2	33,451
Financial derivatives	613	-	613	Level 2	613
Other non-current assets	-	4,239	4,239	Level 2	4,239
Current assets	**3,207**	**980,846**	**984,053**		**984,053**
Trade receivables and other operating receivables	-	384,022	384,022	Level 2	384,022
Financial derivatives	3,207	-	3,207	Level 2	3,207
Cash and cash equivalents	-	528,632	528,632	Level 2	528,632
Other current assets	-	68,192	68,192	Level 2	68,192
Non-current liabilities	**26,868**	**580,797**	**607,665**		**620,631**
Interest-bearing debt	-	577,970	577,970	Level 2	590,936
Financial derivatives	26,868	-	26,868	Level 2	26,868
Other liabilities	-	2,827	2,827	Level 2	2,827
Current liabilities	**12,368**	**1,466,439**	**1,478,807**		**1,487,090**
Interest-bearing debt	-	343,340	343,340	Level 2	351,623
Financial derivatives	12,368	-	12,368	Level 2	12,368
Advances received	-	101,067	101,067	Level 2	101,067
Trade payables and other operating debts	-	772,905	772,905	Level 2	772,905
Remuneration and social debt	-	94,026	94,026	Level 2	94,026
Current income taxes	-	76,370	76,370	Level 2	76,370
Other current liabilities	-	78,731	78,731	Level 2	78,731

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade and other operating receivables, other current assets, trade payables and other operating debts, advances received, remuneration and social debts, current income taxes and other current liabilities approximate their carrying amounts because they have a short-term maturity;
- The fair value of interest-bearing debts is estimated by discounting future cash flows using the effective interest rates currently available for debt on similar terms, credit risk and remaining maturities; where the interest rate is variable (floating), the fair value is considered to be similar to the carrying amount. A similar approach is used for non-current financial assets;
- The Group enters into financial derivative instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, fuel hedges and foreign exchange forward contracts. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

NOTE 20 – LEASE LIABILITIES

Balance at December 31

(in thousands of EUR)	More than 5 years	Between 1 and 5 years	Less than 1 year	2022 Total	2021 Total
Gross lease payments	51,234	42,710	25,162	119,106	110,550
Interest payments	-15,919	-1,642	-202	-17,763	-18,157
Lease liabilities present value	**35,315**	**41,068**	**24,960**	**101,343**	**92,393**
Land and buildings				71,778	68,617
Floating and other construction equipment				11,627	4,974
Furniture and vehicles				17,938	18,802
Total lease payments per class of property, plant and equipment				**101,343**	**92,393**

There are no material leases concluded at reporting date that did not commence as of December 31, 2022. The amount of renewal options and termination options not reflected in the lease liabilities is immaterial.

The statement of income includes the following amounts relating to leases:

(in thousands of EUR)	2022	2021
Land and buildings	13,632	10,543
Floating and other construction equipment	6,403	3,364
Furniture and vehicles	8,547	7,831
Total depreciation charge of right-of-use assets	**28,582**	**21,738**
Interest expense (included in finance cost)	1,634	1,257
Expense relating to short-term leases	4,271	2,694
Expense relating to leases of low-value assets that are not short-term leases	131	76
Total expense related to leases	**34,618**	**25,765**

NOTE 21 – RETIREMENT BENEFIT OBLIGATIONS

The DEME Group contributes to pension and early retirement plans in several of the countries in which it operates. These benefits are recognised in accordance with IAS 19 *employee benefits*.

About 80% of the retirement benefit obligations is related to Belgian employees. The DEME Group currently foresees several occupational pension plans in favour of these employees:

- The pension schemes of the type **"defined benefit"** are funded either through a **group insurance** branch 21 either through a company pension fund. Assets of the **pension fund** "KBC Pension Fund Service deelvermogen Decloedt" have been estimated starting from the market value as at November 30, 2022, reported by the investment manager, taking into account the planned cash flows for the rest of the year and assuming a 0% financial return for the month of December 2022. Assets of the insured plans are calculated per person as the maximum of the mathematical reserves and the present value at the discount rate of the accrued benefits according to IAS 19 paragraph 115, with the application of a correction on the discount rate on the part of the present value that exceeds the mathematical reserves, to take into account the default risk of the insurance company. Total assets are then increased with the value of the financing funds;
- The DEME Group also sponsors pension schemes of the type **"defined contributions"** for Belgian employees, which are entirely employer funded through a **group insurance** branch 21. In accordance with Belgian social legislation, the employer has to guarantee an interest rate on the employer contributions paid in defined contributions plans of 3.25% for contributions paid until October 1, 2016. For contributions paid as from 2016 the Belgian legislation decided to use a yearly variable interest rate based on a Belgian state bond of 10 year, with an absolute minimum return of 1.75% and an absolute maximum return of 3.75% (0% as from the termination date of the labour contract). All contributions paid before a change in return rate will be held at the original interest rate in the future (legal horizontal guarantee). This horizontal guarantee is not fully covered by the rates provided by the insurance companies towards the employers regarding the effectuation of the group insurance contracts. The employer liabilities as at December 31, 2022, resulting from this legal guarantee, were valued with respect to the contributions attributed in the past and assuming that the interest rate with respect to the legal minimum guarantee increased from 1.75% to 2.50% for the future. Assets are calculated per person as the maximum of the mathematical reserves and the present value at the discount rate of the accrued benefits according to IAS 19 paragraph 115, with the application of a correction on the discount rate on the part of the present value that exceeds the mathematical reserves, to take into account the default risk of the insurance company. Total assets are then increased with the value of the financing funds.

DEME's subsidiaries in the Netherlands operate a number of defined benefit pension schemes. Without exception, these plans are insured with an authorised insurance company in the Netherlands and are closed for new entries and accruals. The net liabilities of the schemes arise from the obligation for the entities to index accrued pension benefits and benefits in payment and/or the obligation to pay guarantee costs to the insurance company.

Employee benefit obligations (in thousands of EUR)	2022	2021
Retirement obligations in Belgium and The Netherlands	56,902	62,213
Other retirement obligations	3,621	3,054
Balance at December 31	**60,523**	**65,267**

The decrease in retirement obligations in Belgium and The Netherlands is related to the evolution in the macro-economic environment and more specifically to the evolution of the interest rates and the inflation. Per December 31, 2022, the discount rate increased to 3.46% compared to 0.90% at the end of 2021. This resulted in a very negative return on assets on the one hand and in a significant gain in the remeasurement of retirement benefit plan obligations due to change in financial assumptions on the other hand. The net positive effect was only slightly reduced by the increase of the inflation rate from 1.90% to 2.16%.

Retirement benefit obligations in Belgium and The Netherlands (in thousands of EUR)	2022	2021
Present value of wholly or partially funded obligations	199,109	246,857
Fair value of plan assets	-142,560	-184,686
Impact of asset ceiling	353	42
Net funded benefit obligation as recorded in the balance sheet at December 31	**56,902**	**62,213**
MOVEMENT OF RETIREMENT BENEFIT PLAN OBLIGATIONS		
Balance at January 1	**62,213**	**60,026**
Charges recognised in income (1)	14,453	14,243
Charges recognised in other comprehensive income (2)	-5,248	1,073
Contributions from employer	-14,516	-13,136
Other movements	-	7
Balance at December 31	**56,902**	**62,213**
(1) Charges recognised in income		
Current service cost	13,851	13,916
Past service cost & other	102	86
Interest cost	2,225	1,223
Interest income on plan assets (-)	-1,725	-982
Total charges recognised in income	**14,453**	**14,243**

NOTE 21 - continued	2022	2021
(2) Charges recognised in other comprehensive income		
Actuarial (gains)/losses	-57,935	-4,945
Return on plan assets (-) (excluding interest income)	49,249	2,976
Other movements	3,438	3,042
Total charges recognised in other comprehensive income	**-5,248**	**1,073**
MOVEMENT IN RETIREMENT BENEFIT PLAN OBLIGATIONS AND ASSETS		
Retirement benefit plan obligations balance at January 1	**246,857**	**250,100**
Current service cost	13,851	13,916
Interest cost	2,225	1,223
Contributions from employees	123	137
Benefits paid to beneficiaries	-7,344	-14,740
Remeasurement of liabilities resulting in actuarial (gains)/losses	-54,809	-1,945
due to changes in demographic assumptions	*-*	*7,270*
due to changes in financial assumptions	*-70,842*	*-10,740*
due to experience adjustments	*16,033*	*1,525*
Past service cost	-	-
Other movements	-1,794	-1,834
Retirement benefit plan obligations balance at December 31	**199,109**	**246,857**
Retirement benefit plan assets balance at January 1	**184,686**	**190,074**
Return on plan assets (+) (excluding interest income)	-49,249	-2,976
Interest income on plan assets (+)	1,725	982
Contributions from employer/employees (*)	14,516	13,273
Benefits paid to beneficiaries	-7,344	-14,740
Other movements	-1,773	-1,927
Retirement benefit plan assets balance at December 31	**142,560**	**184,686**
MAIN ACTUARIAL ASSUMPTIONS AT THE END OF THE PERIOD		
Discount rate at December 31	3.46%	0.90%
Expected rate of salary increases (inflation included)	3.70%	3.40%
Long term inflation	2.16%	1.90%
Mortality tables BE-plans	MR/FR-5 yrs	MR/FR-5 yrs
Mortality tables NL-plans	AG2022 ES-P2A	AG2021 ES-P2A
OTHER INFORMATION		
Average duration in years of the benefit plan obligations	13.91	15.37
Average actual return on plan assets	-25.36%	-1.06%
Expected contribution in next financial year	14,287	12,029

NOTE 21 - continued	2022	2021
SENSITIVITY ANALYSIS (impact on amount of obligations)		
Discount rate		
25bp increase	-4.25%	-5.00%
25bp decrease	2.19%	2.78%
Salary growth rate		
25bp increase	0.76%	0.76%
25bp decrease	-2.87%	-3.11%
Life expectation		
increase by 1 year	-0.39%	-0.15%
Inflation rate		
25bp increase	0.39%	N.A.
25bp decrease	-2.53%	N.A.
ASSETS ALLOCATION		
Cash and cash equivalents	0.12%	0.07%
Equity instruments	0.91%	0.93%
Debt instruments	0.96%	0.82%
Insurance contracts	97.99%	98.18%

(*) In 2022 an amount of 10.9 million EUR relates to Belgian defined contribution plans (2021: 9.8 million EUR). Total contribution (defined benefit and contribution plans) expected for the next financial year is 14.3 million EUR.

NOTE 22 – OTHER CURRENT LIABILITIES

Balance at December 31

(in thousands of EUR)	2022	2021
Other current taxes and value added tax (VAT)	35,716	38,160
Other amounts payable	45,540	34,770
Accruals and deferred income	8,726	5,801
Other current liabilities	**89,982**	**78,731**

Other amounts payable relate to other operating payables and to amounts due to joint ventures. The latter are also included in the amount disclosed in note (26) Related parties.

NOTE 23 – PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

PROVISIONS

(in thousands of EUR)	Warranties	Other	2022	2021
Balance at January 1	**37,378**	**5,932**	**43,310**	**30,297**
Arising during the year	5,153	895	6,048	13,213
Utilised during the year	-1,659	-	-1,659	-200
Unused amounts reversed	-	-	-	-
Balance at December 31	**40,872**	**6,827**	**47,699**	**43,310**
Current	4,714	-	4,714	3,738
Non-current	36,158	6,827	42,985	39,572

Reference is made to the summary of principal accounting policies for information about the provisions.

There is no formal plan for restructuring. The dismissal provisions in the normal course of business that exist at the end of the period are immaterial and are booked as remuneration and social charges.

The other provisions are all related to the Environmental segment and the warranties (all assurance type warranties) are related to the Offshore Energy segment.

CONTINGENT ASSETS AND LIABILITIES

Based on available information at the date on which the financial statements were approved by the Board of Directors, we are not aware of any other contingent assets or liabilities than the one described below:

- Since 2018, the Group has been involved in discussions with Rijkswaterstaat in the Netherlands related to the execution by one of its subsidiaries of the Juliana Canal widening project. Based on the available information, DEME cannot make a reliable assessment of the financial consequences of these discussions. Despite various settlement discussions with the client Rijkswaterstaat having taken place, the issue has not been settled yet;
- One of the Group Companies is involved in legal proceedings initiated by the Dutch Waterboard (het Waterschap Vallei en Veluwe) against a consortium of which said Group Company is a member, due to allegedly unauthorized activities on the project Eemdijk. The alleged unauthorized activities were fully and solely executed by the Group Company's former partner in the consortium, as the Group Company withdrew from the project even before the start of the actual execution of any works. The Group Company was however not able to formally withdraw from the consortium as well. Meanwhile, said former partner has filed for bankruptcy. The outcome of this claim is still uncertain. However, based on the current circumstances and subject to the insurance policy conditions, the outcome of the aforementioned pending legal proceedings is not expected to have a material impact on the Company's future results and cash flows;
- In December 2022, the Chamber of Indictment at the Court of Appeal of Ghent decided to refer certain companies of the DEME Group to court. This decision follows a judicial investigation carried out in respect of the circumstances in which a contract was awarded by negotiated procedure to Mordraga, a former Russian joint venture company of the DEME group, for the execution of dredging works in the port of Sabetta (Russia) in April 2014. The works were carried out in the summer months of 2014 and 2015. The investigation was launched following a complaint lodged by a competitor, to whom said contract was not granted by negotiated procedure, and is based solely on selective information provided by this competitor. DEME emphasizes that the Chamber of Indictment has only decided on the referral to court. This means that none of the parties involved have yet had the opportunity to submit substantive arguments regarding the charges brought by the Public Prosecutor. In the current circumstances, it is therefore premature to speculate on the outcome of these proceedings.

The Group takes care that all its entities respect the laws and regulations in force, including the compliance rules.

NOTE 24 – WORKING CAPITAL

Balance at December 31

Net working capital (NWC) is current assets less current liabilities.

Operating working capital (OWC) is net working capital (current assets less current liabilities), *excluding* interest-bearing debt and cash and cash equivalents and financial derivatives related to interest rate swaps and *including* other non-current assets and non-current liabilities (if any) as well as non-current financial derivatives (assets and liabilities), except for those related to interest rate swaps.

In 2022 management changed the definition of operating working capital to *exclude* the impact of hedge accounting of interest rate swaps that are related to net financial debt and not to working capital, and to *include* all the non-current financial derivatives of forex/fuel hedges that are related to the works in progress. The operating working capital as reported last year amounted to -488.7 million EUR. According to the new definition the operating working capital at December 31, 2021 amounts to -511.1 million EUR.

Focus of the DEME Group is to find the balance between the operating working capital on the one hand and the net cash being the difference between cash and cash equivalents and short-term debt on the other hand. In the contracting business operating working capital is difficult to monitor as each project is different, not only in size and capital needs but also and more specifically in the way the Group is paid by its customers. Most of the turnover is paid with an advance payment at the beginning of the project followed by milestones payments after execution of the work and approval by the client.

When the operating working capital is under pressure and when it has to be increased, the Group can either grow its assets or reduce its liabilities. The Group can negotiate shorter milestones and payment terms with the customers or negotiate longer payment terms with the suppliers, however without putting a strain on the relationships with them. The Group can limit the non-project-related expenditure and review and limit the capital expenditure or sell excess equipment and convert them into working capital.

For the financing of its working capital needs, DEME sources its short-term funding through a commercial paper program and through revolving credit facilities. The commercial paper program at the end of 2022, that was not used, amounts to 125 million EUR and is accommodated by 3 agents (banks) that place DEME debt with external investors in tranches of different sizes and for tenors ranging from a few weeks up to maximum 1 year. The revolving credit facilities are contracted by DEME Coordination Center NV with 5 different commercial banks, all being relationship banks for DEME. In total, 125 million EUR of unused credit facilities were available at the end of 2022, for general corporate purposes. Besides short-term financing also long-term financing can be considered to fund raising working capital needs.

WORKING CAPITAL (in thousands of EUR)	2022	2021	DELTA
NON-CURRENT ASSETS	12,101	4,852	7,249
Non-current financial derivatives (forex/fuel hedges)	209	613	-404
Other non-current assets	11,892	4,239	7,653
CURRENT ASSETS	1,000,590	826,730	173,860
Inventories	25,696	12,168	13,528
Contract assets	344,751	326,685	18,066
Trade and other operating receivables	469,529	384,022	85,507
Current financial derivatives (forex/fuel hedges)	4,384	3,207	1,177
Assets held for sale	31,997	32,456	-459
Other current assets	124,233	68,192	56,041
TOTAL ASSETS	1,012,691	831,582	181,109
NON-CURRENT LIABILITIES	53,661	24,260	29,401
Non-current financial derivatives (forex/fuel hedges)	53,661	24,260	29,401
CURRENT LIABILITIES	1,465,183	1,318,408	146,775
Current financial derivatives (forex/fuel hedges)	31,579	10,476	21,103
Provisions	4,714	3,738	976
Contract liabilities	323,300	181,095	142,205
Advances received	72,539	101,067	-28,528
Trade payables	777,705	772,905	4,800
Remuneration and social debt	98,793	94,026	4,767
Current income taxes	66,571	76,370	-9,799
Other current liabilities	89,982	78,731	11,251
TOTAL LIABILITIES	1,518,844	1,342,668	176,176
OPERATING WORKING CAPITAL	-506,153	-511,086	4,933

The reconciliation of the operating working capital movement with the cash flow from changes in working capital can be found below.

RECONCILIATION OPERATING WORKING CAPITAL MOVEMENT WITH CASH FLOW FROM CHANGES IN WORKING CAPITAL (in thousands of EUR)	2022	2021	DELTA
OPERATING WORKING CAPITAL	-506,153	-511,086	4,933
CASH FLOW CORRECTIONS ON WORKING CAPITAL MOVEMENTS OF THE YEAR			
Addition assets held for sale			-31,997
Movements in amounts written off inventories and trade receivables			-5,428
Impact financial derivatives included in working capital			1,852
Correction unpaid taxes and interests			171
Correction unpaid investment in property, plant and equipment			4,173
Other corrections			1,403
CASH FLOW FROM CHANGES IN WORKING CAPITAL			-24,893

NOTE 25 – RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

Balance at December 31

(in thousands of EUR)	2022	2021
COMMITMENTS GIVEN		
Amount of real guarantees, given or irrevocably promised by the enterprises included in the consolidation on their own assets, as security for debts and commitments, of enterprises included in the consolidation.	-	18,281
Bank and insurance guarantees for commitments of enterprises included in the consolidation.	1,374,021	1,411,273
COMMITMENTS RECEIVED		
Bank guarantees received as security for commitments to enterprises included in the consolidation.	129,672	241,035
FUTURE OPERATIONAL OBLIGATIONS ENTERED INTO WITH SUPPLIERS		
In the environmental segment DEME has the obligation to pay a fee for landfill volume reservation over the next 8 years for an estimated amount of 9.1 million EUR.		

NOTE 26 – RELATED PARTY DISCLOSURES

Balance at December 31

JOINT VENTURES AND ASSOCIATES

Reference is made to the DEME Group structure and list of joint ventures and associates earlier in this report.

Transactions with joint ventures and associates are realised in the normal course of business and at arm's length. None of the related parties have entered into any other transactions with the Group that meet the requirements of IAS 24 *related party disclosures*.

(in thousands of EUR)	2022	2021
Assets related to joint ventures and associates		
Non-current financial assets	24,173	25,668
Trade and other operating receivables	31,465	13,889
Liabilities related to joint ventures and associates		
Trade and other current liabilities	34,606	20,996
Expenses and income related to joint ventures and associates (-) is cost and (+) is income		
Revenues	231,565	194,362
Operating expenses	-28,572	-17,456
Financial income and expenses	1,584	2,116

The non-current financial assets are the loans given to joint ventures and associates such as to Japan Offshore Marine Ltd, Seamade NV, Rentel NV, Deeprock BV, Thisle Wind Partners Ltd and Combined Marine Terminal Operations Marafi LLC.

The revenues realised towards joint ventures and associates are mainly related to BAAK Blankenburg-Verbinding BV, CDWE Taiwan LTD, SEMOP Port-La Nouvelle, DIAP-Daelim PTE LTD, K3 DEME BV, Scaldis NV, Deeprock BV and C-Power NV.

SHAREHOLDERS

CFE NV, DEME's previous shareholder before the public listing, is considered to be a fellow subsidiary as from June 29, 2022, date of the partial demerger of CFE NV. CFE NV and DEME Group NV have both Ackermans & van Haaren NV as their main shareholder.

Since 2001, DEME has an identical service agreement with Ackermans & van Haaren NV and CFE NV for services rendered. The service agreement covers specialised advice delivered by both Ackermans & van Haaren NV and CFE NV. The service agreement, that ended for CFE NV after the recent partial demerger, is subject to indexation on a yearly basis. The remuneration due by DEME in 2022 towards both parties upon the conditions of the contract amounts to 1,985 thousand EUR (AvH:1,323 thousand EUR and CFE: 662 thousand EUR; in comparison with 1,235 thousand EUR for each in 2021).

Additionally, DEME received invoices related to its recent IPO from CFE NV for an amount of 1,106 thousand EUR. On the other hand, DEME invoiced around 164 thousand EUR to its shareholder and fellow subsidiary, mainly related to IT licences and tax consulting services (2021: 877 thousand EUR).

Currently DEME is constructing a new office building. Execution of works is done by a subsidiary of CFE NV. At December 31, 2022 invoices received for an amount of 6,221 thousand EUR are recognised as assets under construction.

KEY MANAGEMENT PERSONNEL

DEME Group NV has a "one tier" governance structure consisting of a Board of Directors (as collegiate body). The Board of Directors is vested with the power to perform all acts that are necessary or useful for the realisation of the Company's corporate object, except for those actions that are specifically reserved by law for the Shareholders' Meeting.

On June 29, 2022, the Board of Directors has delegated the **daily management** of the Company from the Executive Committee to the CEO. The CEO is supported in the execution of his mandate by the Executive Committee, which operates as an **advisory committee** (separate from the Board of Directors). The Executive Committee, chaired by the CEO, is responsible for the general management of the Group.

For his role as Executive Director, Luc Vandenbulcke received a fixed and variable remuneration of 1,862 thousand EUR in 2022 (2021: 1,576 thousand EUR). Representatives who are members of the Board of Directors, Audit Committee and Remuneration Committee are only remunerated since the public listing of the Group.

(in thousands of EUR)	2022	2021
Remuneration of the directors	**360**	**-**
Director fees at the expense of DEME Group	360	-
Remuneration of the CEO	**1,862**	**1,576**
Fixed annual remuneration	343	330
Short-term variable remuneration	1,454	1,194
Long-term variable remuneration	-	-
Group insurance / Pension (Plan) contributions	62	50
Other benefits	3	3
Remuneration of the members of the Executive Committee (excluding CEO)	**5,676**	**4,581**
Fixed annual remuneration	1,260	1,197
Short-term variable remuneration	3,937	2,984
Long-term variable remuneration	-	-
Group insurance / Pension (Plan) contributions	463	383
Other benefits	17	18

NOTE 27 – AUDITOR REMUNERATION

Balance at December 31

An overview of the total remuneration paid to the auditors by DEME Group NV and its consolidated subsidiaries is presented below. A distinction (both in absolute figures and in percentage) is made between fees paid by the Group to the **statutory** auditor of DEME Group NV and fees paid to **other** audit firms.

For the financial year 2021, Deloitte and EY were jointly appointed as the statutory auditor of DEME NV (parent company before the public listing of the Group). For the financial year 2022, EY became the sole statutory auditor of DEME Group NV.

2022 (in thousands of EUR)	EY		Others		Total
	Amount	%	Amount	%	
Audit fees	999	40.0%	1,500	60.0%	**2,499**
Tax advisory services	368	23.5%	1,199	76.5%	**1,567**
Other non-audit services	100	2.4%	4,015	97.6%	**4,115**
	1,467	**17.9%**	**6,714**	**82.1%**	**8,181**

The amount of additional (non-) audit services provided by the statutory auditor and persons professionally related to him are in line with article 3:64 and 65 of the Code of Companies and Associates and approved by the Audit Committee in advance. They mainly relate to rendered tax services, ad-hoc attestations and additional audit works performed relating to the IPO.

The other non-audit services, performed by other auditors not being the statutory auditor of DEME Group NV, mainly relate to consulting services regarding the procurement transformation project (including a compliance component) started in 2021.

2021 (in thousands of EUR)	Deloitte		EY		Others		Total
	Amount	%	Amount	%	Amount	%	
Audit fees	1,059	47.1%	358	15.9%	833	37.0%	**2,250**
Tax advisory services	129	9.7%	357	26.9%	839	63.4%	**1,325**
Other non-audit services	78	1.7%	72	1.6%	4,394	96.7%	**4,544**
	1,266	**15.6%**	**787**	**9.7%**	**6,066**	**74.7%**	**8,119**

In 2021, additionally to the start of the procurement transformation project, the Group rolled-out a specialised software for guarantee management and further invested in a new treasury system for which consulting services were received.

NOTE 28 – EVENTS AFTER THE REPORTING PERIOD

Within the Concessions segment, the Group continues to work on the Global Sea Mineral Resources (GSR) initiative, which is helping to tackle the scarcity of our planet's resources and is continuing its research into the possibility of collecting metal-rich, polymetallic nodules from the deep ocean floor. In February 2023, the Group announced a strategic cooperation with Transocean Ltd. (NYSE: RIG) whereby Transocean contributes an ultra-deepwater drilling vessel and a cash investment.

There are no other signifant changes to be reported in the financial and commercial situation of the Group as of December 31, 2022.

MANAGEMENT DECLARATION

In accordance with Article 12, §2, 3° of the Royal Decree of November 14, 2007, L. Vandenbulcke (CEO) and E. Verbraecken (CFO) declare that, to their knowledge:

- the consolidated financial accounts contained in this report, which have been prepared in accordance with the applicable standards for annual accounts, give a true and fair view of the assets, financial situation and the results of DEME Group NV and the companies included in the consolidation;
- the consolidated financial accounts give a true overview of the development and the results of the company and of the position of DEME Group NV and the companies included in the consolidation, as well as a description of the main risks and uncertainties with which they are confronted.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL ASSEMBLY OF DEME GROUP NV FOR THE YEAR ENDED DECEMBER 31, 2022.

In the context of the statutory audit of the Consolidated Financial Statements) of DEME Group NV (the "Company") and its subsidiaries (together the "Group"), we report to you as statutory auditor. This report includes our opinion on Consolidated Statement of Financial Position as at December 31, 2022, Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended December 31, 2022 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of June 29, 2022, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending December 31, 2024. We performed the audit of the Consolidated Financial Statements of the Group for one year.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the Consolidated Financial Statements of DEME Group NV, that comprise of Consolidated Statement of Financial Position on December 31, 2022, Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows of the year and the disclosures, which show a consolidated balance sheet total of 4.509.778 thousand EUR and of which the consolidated income statement shows a profit for the year (share of the group) of 112.720 thousand EUR.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at December 31, 2022, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Revenue recognition and project accounting

Description of the key audit matter

For the majority of its contracts (hereafter the "contracts" or the "projects"), the Group recognizes revenue and profit on the stage of completion based on the proportion of contract costs incurred for the work performed to the balance sheet date, relative to the estimated total costs of the contract at completion. The recognition of revenue and profit therefore relies on estimates in relation to the forecasted total costs on each contract. Cost contingencies may also be included in these estimates to take specific uncertain risks into account, or disputed claims against the Group, arising within each contract. The revenue on contracts may also include variation order and claims, which are recognized on a contract-by-contract basis when the additional contract revenue can be measured reliably in line with the IFRS.
Revenue recognition and contract accounting often involves a high degree of judgment due to the complexity of projects, uncertainty about costs to complete and uncertainty about the outcome of discussions with clients on variation orders and claims. This is a key audit matter because there is a high degree of risk and related management judgement in estimating the amount of revenue and associated profit or loss to be recognized, and changes to these estimates could give rise to important variances.

Summary of the procedures performed

- We obtained an understanding of the process related to the contract follow up, the revenue and margin recognition and when applicable the provisions for losses at completion, and we assessed the design and the implementation of the related key internal controls, including management review controls.
- Based on quantitative and qualitative criteria, we selected a sample of contracts to assess the most significant and complex project estimates. For this sample, we obtained an understanding of the current status and history of the projects and discussed the judgments inherent to these projects with senior executive and financial management. We analyzed the differences with prior period project estimates and assessed consistency of reporting of the status of the projects with the actual developments of the project during the year.
- We analyzed the calculation of the percentage of completion used to recognize revenue and margin for a sample of projects.
- We compared the financial performance of projects against budget and historical trends.
- We completed site visits for certain projects to observe the stage of completion of these projects and discuss the status with site personnel as well as complexities of the project that could impact its total forecasted cost.
- We analyzed correspondence with customers around variation orders and claims and assessed whether this information was consistent with the estimates made by the management.
- We Inspected key clauses impacting the (un)bundling of contracts, delay penalties, bonuses or success fees. We assessed whether these key clauses have been appropriately reflected in the amounts recognized in the Consolidated financial statements.
- We assessed the adequacy of the information disclosed in the summary of principal accounting policies, note (1) and note (12) to the Consolidated Financial Statements.

Uncertain tax positions

Description of the key audit matter

DEME operates its global business across a variety of countries subject to different tax regimes. The taxation of its operations can be subject to judgements and might result in diverging views of local tax authorities and that may span multiple years to get resolved. Where the amount of tax payable is uncertain, management establishes an accrual based on its best estimate of the probable amount to settle the liability. This is a key audit matter because management exercises significant judgement in assessing the liability for uncertain tax positions at balance sheet date and changes to these estimates could give rise to important variances.

Summary of the procedures performed

- We obtained an understanding of the process in respect of accounting for (deferred) taxes and assessed the design and the implementation of the related key internal controls.
- We assessed the estimated probability of the identified tax risks and challenged management's estimates of the potential outflows trough management inquiry and inspection of the supporting documentation (changes in tax legislation, correspondence with tax authorities and tax advisors, available rulings).
- We involved our tax professionals to assist us in the evaluation of management's assumptions and application of relevant tax laws and regulations in the assessment of the Group's uncertain tax positions.
- We assessed the adequacy of the information disclosed in the summary of principal accounting policies and note (10) to the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the Board of Directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the Board of Directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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 selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group'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 Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

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

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Financial and non-financial key figures
- Group Performance 2022

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non–financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the annual report. The Company has prepared the Group's non-financial information based on "Sustainable Development Goals (SDG's)". However, in accordance with article 3:80 § 1, 5° of the Code of companies and associations, we do not express any opinion on the question whether this non-financial information has been established in accordance with the SDG framework. As requested by the Company, we have issued a separate limited assurance report on a low carbon fuel Key Performance Indicator ("KPI") in accordance with the International Standard on Assurance Engagements ISAE 3000. We do not express any assurance on the KPI's not covered by our separate limited assurance report.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of December 17, 2018 (hereinafter: "Delegated Regulation").

The Board of Directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements of DEME Group NV per December 31, 2022 included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal) are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other communications.

This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Diegem, March 30, 2023

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Patrick Rottiers* (Partner)
*Acting on behalf of a BV/SRL

Wim Van Gasse* (Partner)
*Acting on behalf of a BV/SRL

PARENT COMPANY FINANCIAL STATEMENTS

INTRODUCTION

In accordance with the Belgian Code on Companies and Associations, both the statutory annual accounts and the annual report of the Board of Directors of DEME Group NV are presented in a condensed form.

The statutory annual accounts of DEME Group NV are prepared in accordance with Belgian Generally Accepted Accounting Principles.

The statutory auditor has issued an unqualified audit opinion on the statutory annual accounts for the year ended December 31, 2022, as they give a true and fair view of the financial position and results of DEME Group NV in accordance with all legal and regulatory dispositions.

In accordance with the legislation, the complete financial statements (consolidated and statutory annual accounts), together with the annual report of the Board of Directors to the Annual General Meeting of Shareholders, as well as the Auditor's Report, will be filed at the National Bank of Belgium.

All these documents are available on the website of the Company (www.deme-group.com) or at the registered office of the company upon simple request.

Address: Scheldedijk 30 - 2070 Zwijndrecht, Belgium
Phone: +32 3 250 52 11 - Email: investor.relations@deme-group.com

STATEMENT OF FINANCIAL POSITION

as of December 31 (in thousands of EUR) (according to Belgian GAAP and after profit allocation)

ASSETS	2022	2021
FIXED ASSETS	1,100,000	-
FORMATION EXPENSES	-	-
INTANGIBLE ASSETS	-	-
PROPERTY, PLANT AND EQUIPMENT	-	-
FINANCIAL ASSETS	1,100,000	-
Affiliated enterprises	1,100,000	-
CURRENT ASSETS	50,148	-
AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR	-	-
INVENTORIES AND CONTRACTS IN PROGRESS	-	-
AMOUNTS RECEIVABLE WITHIN ONE YEAR	49,524	-
Other amounts receivable	49,524	-
OWN SHARES AND OTHER INVESTMENTS	-	-
CASH AT BANK AND IN HAND	-	-
DEFERRED CHARGES AND ACCRUED INCOME	624	-
TOTAL ASSETS	1,150,148	-

LIABILITIES	2022	2021
CAPITAL AND RESERVES	1,111,845	-
CAPITAL	33,194	-
Issued capital	33,194	-
Uncalled capital (-)	-	-
SHARE PREMIUM ACCOUNT	475,989	-
REVALUATION SURPLUS	487,400	-
RESERVES	6,949	-
Legal reserves	3,319	-
Reserves not available for distribution	-	-
Untaxed reserves	1,716	-
Reserves available for distribution	1,914	-
PROFIT CARRIED FORWARD	108,313	-
PROVISIONS AND DEFERRED TAXES	-	-
Provisions for liabilities and charges	-	-
Deferred tax liabilities	-	-
CREDITORS	38,303	-
AMOUNTS PAYABLE AFTER MORE THAN ONE YEAR	-	-
AMOUNTS PAYABLE WITHIN ONE YEAR	38,303	-
Trade payables	331	-
Other amounts payable	37,972	-
ACCRUED CHARGES AND DEFERRED INCOME	-	-
TOTAL LIABILITIES	1,150,148	-

STATEMENT OF INCOME

as of December 31 (in thousands of EUR) (according to Belgian GAAP)

	2022	2021
OPERATING INCOME	-	-
OPERATING CHARGES	-204	-
OPERATING RESULT	-204	-
FINANCIAL INCOME	50,022	-
Income from financial assets	50,022	-
FINANCIAL CHARGES	-	-
RESULT FOR THE FINANCIAL PERIOD BEFORE TAXATION	49,818	-
TRANSFER FROM (TO) DEFERRED TAXES	-	-
INCOME TAXES	-	-
RESULT FOR THE FINANCIAL PERIOD	49,818	-

SUMMARY OF THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

Until June 29, 2022, **DEME NV** was the holding company of the DEME Group, 100 % owned by the Brussels-based civil engineering contractor CFE NV, who is controlled by the Belgian investment Group Ackermans & van Haaren NV. Both CFE NV and Ackermans & van Haaren NV are publicly listed companies on Euronext Brussels.

On June 29, 2022, CFE NV, transferred its 100% stake in DEME NV to a new company, **DEME Group NV**, by means of a partial demerger and as such DEME became listed as well. The first day of trading of the DEME Group NV shares was June 30, 2022.

DEME Group NV is 100% shareholder of DEME NV and at the date of the demerger, the participation in DEME NV was the only asset of the company, booked against equity. During 2022 DEME Group NV received dividends for an amount of 50,000 thousand EUR from its subsidiaries and has an outstanding dividend to pay of 37,972 thousand EUR. As a result of cash pooling within the Group, all funds received are immediately transferred to the in-house bank of the Group, DEME Coordination Center NV, resulting in an 'other amounts receivable' on the balance sheet.

As DEME Group NV is a newly created company in 2022, no comparatives for 2021 are available.

Reference is also made to the section about 'Risk management & control processes', 'Strategy ', 'Sustainability & QHSE', 'Financial risk management and financial derivatives' earlier in this Annual Report of the Group.

APPROPRIATION ACCOUNT

as of December 31 (in thousands of EUR) (according to Belgian GAAP)

	2022	2021
RESULT FOR THE FINANCIAL PERIOD	**49,818**	**-**
TRANSFER FROM (TO) THE UNTAXED RESERVES	-	-
PROFIT FOR THE PERIOD AVAILABLE FOR APPROPRIATION	**49,818**	**-**
TRANSFER FROM PROFIT CARRIED FORWARD	96,467	-
TRANSFER TO LEGAL RESERVES	-	-
DISTRIBUTION OF DIVIDENDS	**-37,972**	**-**
TRANSFER TO PROFIT CARRIED FORWARD	**108,313**	**-**

The result for the financial period 2022 of DEME Group NV amounts to 49,818 thousand EUR. The transfer from profit carried forward originates from the partial demerger from CFE NV.

The Board of Directors will propose to the General Assembly, on May 17, 2023, to distribute a gross dividend of 1.5 euro per share. Subject to the approval of the General assembly and the Board of Directors, the record date is proposed to be set at July 4, 2023.

INTERESTS IN SHARE CAPITAL

In line with the Act of May 2, 2007, on the disclosure of major participations in listed companies (the Transparency Act), the Company uses the threshold of 5%. On December 31, 2022, the total number of shares amounts 25,314,482. The owners of ordinary shares have the right to receive dividends and all shares are of the same class and are entitled to one vote per share in the Shareholders' General Meetings.

Shareholders holding 5% or more of total voting rights for the shares they hold are:

Ackermans & van Haaren NV
15,725,684 shares (or 62.12%)
Begijnenvest, 113
B-2000 Antwerp (Belgium)

VINCI Construction SAS
3,066,460 shares (or 12.11%)
5, cours Ferdinand-de-Lesseps
F-92851 Rueil-Malmaison Cedex (France)

CHAPTER

07

APPENDIX

7.1

GLOSSARY

Glossary

Activity Line
An activity line is the lowest level of internal operating segment to report on.

Associated companies
Associated companies are those in which the Group has significant influence. The significant influence is the power to take part in the financial and operating policies of a company without having control or joint control over these policies.

AVISO
Alternatives, Value (creation, engineering), Innovation, Smarts & Optimisation. An internal innovation campaign focusing on attaining excellence in business by introducing novel solutions.

BOP
Balance of Plant

BBC
Big Bubble Curtain

CapEx
Capital Expenditure. In our reporting this is Capital Expenditure, excluding investments in financial fixed assets.

CCZ
Clarion Clipperton Zone of the Pacific Ocean. Relevant for DEME's GSR's activity. See GSR - Concessions Chapter.

Climate-neutrality
Achieving net zero greenhouse gas emissions by balancing those emissions so they are equal (or less than) the emissions that get removed through the planet's natural absorption.

CO_2 emissions Scope 1
For scope Benelux only - Scope 1 includes all direct GHG emissions. These occur from sources that are owned or controlled by DEME (e.g. combustion of fuel and natural gas).

CO_2 emissions Scope 2
For scope Benelux only - Scope 2 accounts for indirect GHG emissions from the generation of electricity purchased by DEME. Scope 2 emissions physically occur at the facility where electricity is generated.

CO_2 emissions Scope 3
For scope Benelux only - Scope 3 is a reporting category for all other indirect emissions. These emissions are a consequence of DEME's activities but occur through sources that are not owned or controlled by DEME. Here we report the emissions related to the purchase of goods and services such as steel and concrete, down- and upstream transport, business travel, etc.

CO_2 Performance Ladder
For the Netherlands and Belgium, we are certified in accordance with the CO_2 Performance Ladder standards (versions 3.1 lvl.5) and report CO_2 emissions on Scope 1, 2 and 3. More information and details on the CO_2 emissions and the 3 yearly verification can be found on www.deme-group.com/CO_2-prestatieladder and in particular, DEME's progress report 'Energy Performance' booklet).

Contributed Capacity ('MW Installed foundations')
Contributed capacity is calculated counting total number of foundations installed by DEME during the reporting period (between January 1 and December 31) and multiplying by the corresponding turbine capacity. The turbine capacity is also called the rated power of the turbine. It is the power that the turbine generates for wind speeds above the "rated" level. Each installed turbine has a specific rated power, expressed as a number of MW.

CSDD(D)
Corporate Sustainability Due Diligence Directive

CSRD
Corporate Sustainability Reporting Directive (CSRD) is the new EU legislation requiring all large companies to publish regular reports on their environmental and social impact activities. It helps investors, consumers, policymakers, and other stakeholders evaluate large companies' non-financial performance.

Cutter Suction Dredger (CSD)
A stationary hydraulic dredger, held in place using spuds and anchors, which makes use of a cutter head to loosen the material to be dredged. It cuts and pumps the dredged materials into a pressured pipeline ashore or into barges. While dredging the cutter head describes arcs and is swung around the spud-pole powered by winches. It combines powerful cutting with suction dredging techniques. The cutter head can be replaced by several kinds of suction heads for special purposes, such as environmental dredging. This kind of dredger is mainly used where the sea -and riverbed is hard and/or compact. Large heavy-duty cutter dredgers are capable of dredging some types of rock, which have not been pre-treated. Most of the DEME cutter suction dredgers are self-propelled to allow easy movement from site to site.

DF
Dual Fuel Main Engines (LNG/MGO)

DP/DT
Dynamic Positioning / Dynamic Tracking

EBIT
EBIT is the operating result or earnings before financial result and taxes and before our share in the result of joint ventures and associates.

EBITDA
EBITDA is the sum of operating result (EBIT), depreciation, amortisation expenses and impairment of goodwill.

Emission factors
Emission factors refer to both GHG emissions and CO_2 emissions.
For GHG emissions (worldwide): Sector-specific emission factors from the IMO are used for vessels. For all other equipment, the worldwide (direct CO_2) emission factors of Defra (the UK government's Department for Environment, Food and Rural Affairs) are used.
For CO_2 emissions (Benelux only): In line with the CO_2 Performance Ladder standards we use as a source "www.CO_2emissiefactoren.nl" and "www.CO_2emissiefactoren.be".

EPC project
An Engineering, Procurement and Construction Project is a contract type that defines the contractor's scope of work. A contractor provides the works for the Engineering, Procurement and Construction and hand-over to the owner for a start-up and operation.

EPCI project
An Engineering, Procurement, Construction and Installation Project is one of the typical contract types of the Offshore Energy segment that covers Engineering, Procurement, Construction, and Installation scope of works to be provided by a contractor.

Fallpipe Vessel
A self-propelled vessel designed specifically for dumping rocks on the seabed. The vessel is able to transport and dump rocks of variable size and is equipped with a flexible fallpipe which can be lowered into the water to install rock on pipelines and other subsea structures. The vessel is equipped with a dynamic positioning system, making it possible to position rocks very accurately. The fallpipe vessel can position rock to a depth of 2,000 meters by using an active heave compensated Remotely Operated Vehicle.

Fleet utilisation rate
The fleet utilisation rate is the weighted average operational occupation in weeks of the DEME fleet expressed over a given reporting period. It is calculated as a weighted average based upon internal rates of hire of the vessels.

FTE
Full time equivalent

Geographical market
Geographical market is determined as the area (location) where the projects are realised and services are provided or the project location for offshore works.

GHG emissions
Greenhouse gases, or GHG, are compound gases that trap heat or longwave radiation in the atmosphere. Their presence in the atmosphere makes the Earth's surface warmer. DEME follows the Greenhouse Gas Protocol and reports its GHG emissions according to three scopes.

DEME includes the Greenhouse gases carbon dioxide (CO_2), nitrous oxide (N_2O) and methane (CH_4) emissions in its carbon footprint.

GHG emissions Scope 1
For scope worldwide - Scope 1 includes all direct GHG emissions. These occur from sources that are owned or controlled by DEME (e.g.combustion of fuel and natural gas).

GHG emissions Scope 2
For scope worldwide - Scope 2 accounts for indirect GHG emissions from the generation of electricity purchased by DEME. Scope 2 emissions physically occur at the facility where electricity is generated.

GHG emissions Scope 3
For scope worldwide - Scope 3 is a reporting category for all other indirect emissions. These emissions are a consequence of DEME's activities but occur through sources that are not owned or controlled by DEME. On a worldwide level we only report the emissions which result from business air miles.

Green Initiatives
Any initiative, change or modifications to a process, equipment or setup that reduces the environmental impact of a project.

GSR
Global Sea Mineral Resources, DEME's deep-sea exploratory division which is part of DEME's Concessions segment.

GW
Gigawatt

Headcount
Total number of permanent employees on DEME's payroll on December 31, 2022. Headcount diverges from average FTEs accounted for in other non-financial KPIs. Temporary employees and subcontractors are not included.

HIPO
A High Potential Incident is an incident that could have had severe consequences, not only for people, but also for quality, assets, reputation and environment.

IEA
International Energy Agency

IFRS
International Financial Reporting Standards (IFRS) are a set of accounting rules adopted by the European Union for the financial statements of public companies that are intended to make them consistent, transparent, and easily comparable around the world. The IFRSs are issued by the London-based Accounting Standards Board (IASB) and address record keeping, account reporting, and other aspects of financial reporting. Since 2005, all publicly listed companies within the European Union need to comply with these standards in their external financial reporting.

IMO
International Maritime Organisation

Investments
Investments is the amount paid for the acquisition of 'intangible assets' and 'property, plant and equipment'. Reference is made to the consolidated cash flow from investing activities.

IP
Intellectual Property

ISA
International Seabed Authority

Joint Control
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint Venture
A joint venture is a joint arrangement whereby the parties exerting joint control over the arrangement, have rights to the net assets of the joint arrangement.

kW
Kilowatt

Li-ion
A lithium-ion (Li-ion) battery is an advanced battery technology that uses lithium ions as a key component of its electrochemistry

LNG
Liquified Natural Gas.

Low carbon fuels
Low carbon fuels combine the fuels for which the CO_2 emissions are lower compared to conventional fuel (marine gas oil). This category includes fuels such as LNG (Liquified Natural Gas) and blended bio-fuels.

LTI
A Lost Time Injury is an incident that results in an injury or disease resulting in time lost from work of ≥ 24 hours or ≥ 1 shift (the day of the incident not included). The declaration that the injured person is unable to work must have been made by a licensed medical professional. Commuting accidents, illnesses and other non-work related accidents are excluded.

Management Reporting
The management reporting of the Group is a quarterly internal reporting of the economic figures of the Group in which group companies jointly controlled by DEME are not consolidated by using the equity method (so in contradiction to the standards IFRS 10 and IFRS 11) but according to the proportionate method. As such turnover and result of projects executed in joint ventures are visible, closely followed up and reported within the Group. The presentation of the figures is also done by operational segment.

MP
Monopile

Multi-purpose Cable Installation Vessel
A multi-purpose Cable Installation Vessel is a deep-sea vessel designed and used to lay underwater cables for telecommunications, electric power transmission and many other purposes. This type of vessel is used for connecting offshore structures through intra-array (inter-turbine) cables and consequently bringing the offshore produced energy ashore through export cables. Beside cable laying activities, the vessel can be employed in a wide range of associated activities, such as offshore support, ploughing, subsea rock installation, offshore construction, floating windpark installation etc. The vessels are equipped with one or more turning tables allowing to continuously load and install very long cables.

MW
Megawatt

MWh
Megawatt hour - A megawatt hour (MWh) equals 1,000 kilowatts of electricity generated per hour and is used to measure electric output.

MW Beneficial Ownership
The amount of economic ownership of wind energy from offshore concessions in operation.

MW Installed wind turbines
The total turbine capacity installed by DEME during the reporting period (between January 1st and December 31st).
The turbine capacity is also called the rated power of the turbine.
It is the power that the turbine generates for wind speeds above the "rated" level. Each installed turbine has a specific rated power, expressed as a number of MW.

Nature-based Solutions
Solutions that are inspired and supported by nature , which are cost-effective, and simultaneously provide environmental, social and economic benefits and help build resilience.

NDF
A non-deliverable forward (NDF) is a foreign exchange derivatives contract whereby two parties agree to exchange cash at a given spot rate on a future date. The contract is settled in a widely traded currency, rather than the original currency.

Net financial debt
Net financial debt is the sum of current and non- current interest-bearing debt (that includes lease liabilities) decreased with cash and cash equivalents.

NOx
Nitrogen oxide (NO) and nitrogen dioxide (NO2) are collectively known as nitrogen oxides (NOx), which are a group of poisonous, highly reactive gases. NOx form when fuel is burned at high temperatures and are air pollutants that cause a local environmental impact, such as the formation of acid rain, respiratory health effects.

OCI (Other Comprehensive Income)
Revenues, expenses, gains and losses that are excluded from net income on the income statement.

Offshore Installation Vessel (Floating or Jack-up units)
An afloat or self-elevating vessel used for the installation and maintenance of offshore wind farms or any other offshore construction works. A Jack-up vessel or self-elevating unit is a self-propelled mobile platform consisting of a buoyant hull fitted with a number of movable legs, capable of raising its hull over the surface of the seabed. Once on location the hull is raised to the required elevation above the sea surface supported to the sea bed, leading to stable working conditions independent of any swell on the sea. Unlike a Self-elevating vessel, a Floating Offshore installation vessel can not lift herself above the sea surface, which means that the vessel is not dependent on the water depths and the seabed conditions.

OLO
OLO is the abbreviation for 'Obligation Linéaire/Lineaire Obligatie'. It are bonds issued by the Belgian government for normally a long time. OLO's on 10 year are common a general indicator for the overall bond interest levels.

Operating working capital (OWC)
Operating working capital (+ is receivable, - is payable) is net working capital (current assets less current liabilities), *excluding* interest-bearing debt and cash & cash equivalents and financial derivatives related to interest rate swaps and *including* other non-current assets and non-current liabilities (if any) as well as non-current financial derivatives (assets and liabilities), except for those related to interest rate swaps.

OpEx
OpEx are all the operating expenses of the Group. SG&A expenses incurred through normal business operations are also included except for personnel expenses, depreciation, amortisation & impairment costs and other operating expenses.

Opportunity and Risk Management (ORM) system
A system for the proper identification, assessment and management of risks and opportunities with respect to tendering, preparation and execution of projects.

Orderbook
The Group's orderbook is the contract value of assignments acquired as of December 31 but that is not yet accounted for as turnover because of non-completion. The orderbook also includes the Group's share in the orderbook of joint ventures, but not of associates. Contracts are not included in the orderbook until the agreement with the client is signed. A letter of award is not sufficient to include the contract in the orderbook according to the Group. Additionally financial close must be reached when projects will be executed in 'uncertain' countries before including them in the orderbook. 'Uncertain countries' are identified at the discretion of the Executive Committee.

OSS (offshore substation)
Offshore substations are dedicated platforms that collect energy generated from offshore wind farms and transfer it to shore through an export cable. The systems that collect and export the power generated by turbines through specialized submarine cables are an essential component of offshore wind farms, especially at large, multi-megawatt sites.

PM
Particle pollution — also called particulate matter (PM) — is made up of particles (tiny pieces) of solids or liquids that are in the air. These particles may include dust, dirt, soot, smoke or drops of liquid which have a local environmental impact and can be harmful for health when breathing them in.

PPP
Public-Private Partnership

R&D
Research & Development

Salvage works
Salvage works include the following activities: heavy lift support during salvage operations and wreck removals.

Segment
A segment is an aggregation of operating segments (activity lines) to report on. More information about the different DEME segments and their nature can be found in the chapter Financial Report of this Annual Report.

SEUs
Significant Energy Users

SG&A costs
Sales, General and Administrative expenses. All expenses made at DEME level related to Supporting Services Departments and Sales and Tender organisation. As such these expenses are not directly linked to any projects or type of equipment. They are expenses of a non-operational nature.

SOx
Sulphur oxides (SOx) are a group of molecules made of sulfur and oxygen atoms, such as sulfur dioxide (SO_2) and sulfur trioxide (SO_3). Sulfur oxides are air pollutants that cause a local environmental impact, such as the formation of acid rain, respiratory health effects.

Sustainability Board
The Sustainability Board provides guidance on both strategic and operational sustainability topics to ensure that any decisions are aligned with our values, sustainability strategy and objectives. The Executive Committee is part of the Sustainability Board.

Sustainable Ship 1
New class notation which is granted to vessels that are designed, built and equipped according to requirements focusing on the following sustainable aspects:
— Prevention of Sea & Air pollution
— Protection of the Marine Environment
— Reduction of greenhouse gas emissions
— Preparation of ship recycling
— Enhancement of wellbeing on board

TP
Transition Piece

T&I
Transport & Installation

Time To
Internal DEME system for career development. The Time To programme allows to have a formal feedback moment between Employee and Manager to capture all this feedback and discussions regarding your career and development.

Trailing Suction Hopper Dredger (TSHD)
A self-propelled vessel, which fills its hold or hopper during dredging activities. The vessel is equipped with either single or twin trailing suction dredge pipes that extend to the sea bottom. While trailing at low speed, using centrifugal pumps, the dredged materials are stored into the hopper. Afterwards the vessel can sail long distances and empty its hold by opening bottom doors or valves (dumping), by rainbowing or by pumping its load off ashore through the use of floating -and land pipelines. This kind of dredger, which can operate independently, is mainly used in open waters: rivers, canals, estuaries and the open sea.

UN SDGs
United Nations Sustainable Development Goals

WTG
Wind Turbine Generator

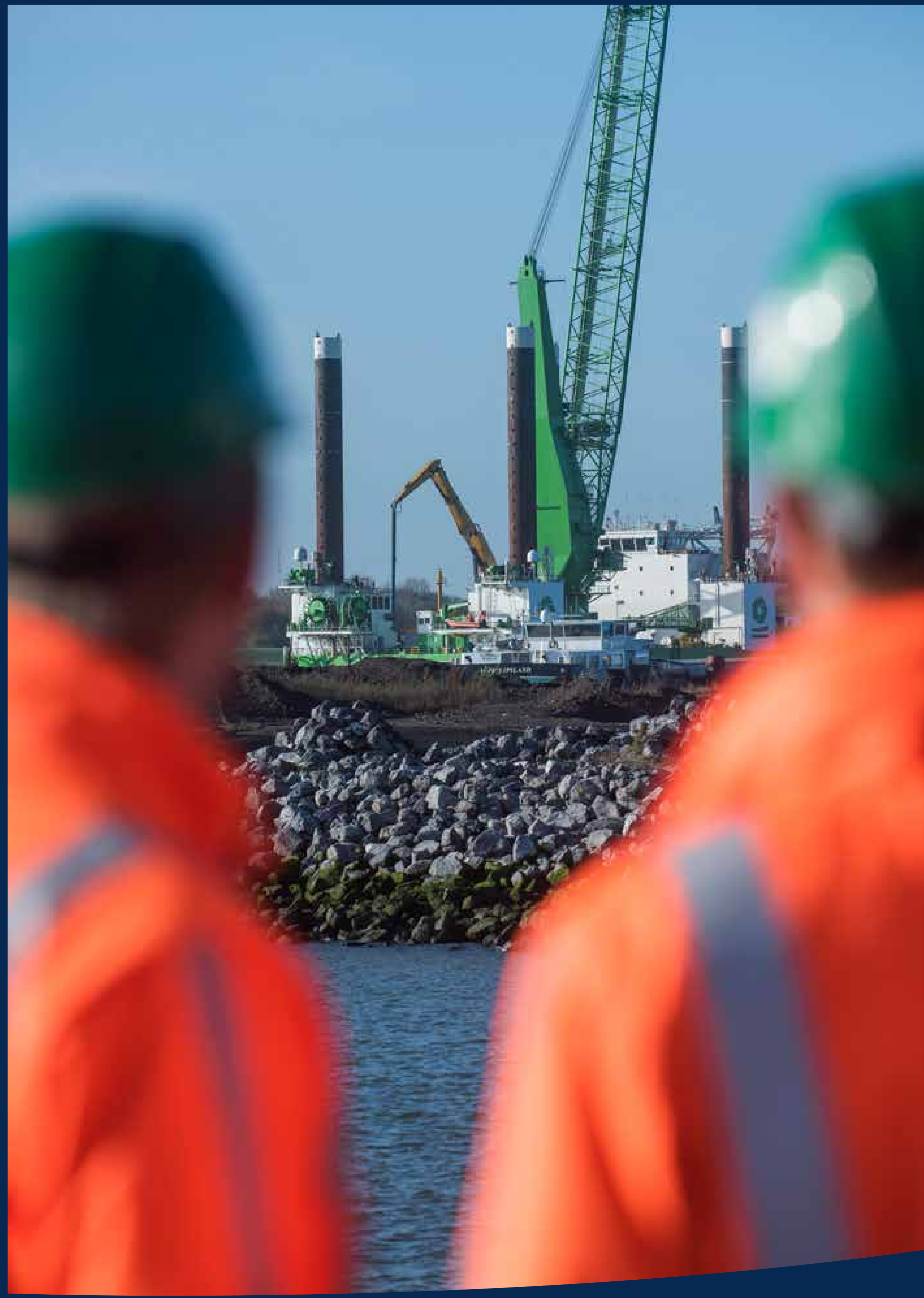
WW LTIFR ('Safety thermometer')
The Worldwide Lost Time Injury Frequency Rate (Worldwide LTIFR) is the metric reflecting accidents of DEME employees and DEME temporary employees involving work incapacity (≥ 24 hours or ≥ 1 shift) multiplied by 200,000 and divided by the number of hours worked. The 'Worldwide' method is a risk-based method that combines "risk level rate" (= event that resulted in the injury) and "injury rate" (= type of injury). To determine if an incident scores as 'Worldwide', the "risk level rate" and "injury rate" are multiplied.

Zero carbon fuels
Fuels that emit no carbon dioxide when consumed.

Zero-emission equipment/cars
Vehicles that use a propulsion technology which does not produce internal combustion engine exhaust or other carbon emissions when it operates, such as electric vehicles.

7.2

ESG APPENDIX



A. Summary table of all non-financial figures

OTHERS	Unit	2022	2021	2020
EU Taxonomy				
Turnover				
Eligible	%	29	28	-
Aligned	%	26	24	-
CapEx				
Eligible	%	52	32	-
Aligned	%	52	32	-
OpEx				
Eligible	%	0	-	-
Aligned	%	0	-	-
CLIMATE AND ENERGY	**Unit**	**2022**	**2021**	**2020**
Reduction of GHG emissions from our own operations and project supply chain				
Greenhouse gas emissions (total, worldwide)				
Scope 1 GHG emissions	kt CO_2e	652	832	659
Scope 2 GHG emissions	kt CO_2e	1	0.8	1.0
Scope 3 GHG emissions (limited to business air miles)	kt CO_2e	23	11	10
CO_2 emissions BE + NE + LUX (according to CO_2 Performance ladder scheme)				
Scope 1 CO_2 emissions	kt CO_2	108	133	191
Scope 2 CO_2 emissions	kt CO_2	2	0.7	2.0
Scope 3 CO_2 emissions	kt CO_2	98	10	22
Greenhouse gas emissions (%, worldwide, per asset type)				
Total worldwide GHG emissions (Scope 1 & 2 GHG emissions)	kt CO_2e	653	833	660
Vessels & auxiliary floating equipment	%	96	97.5	97
Machinery & equipment	%	3	2	1
Transport of people (lease cars)	%	1	0.5	1
Buildings	%	<0.5	<0.5	1
Low Carbon Fuel (% Low carbon fuels versus total consumed fuels (energy based))	%	6.0	-	-
Additional KPIs				
MW Installed wind turbines	MW	440	2,378	1,477
MW Installed foundations ('MW contributed capacity')	MW	2,798	1,867	2,499
MW Beneficial Ownership	MW	144	144	144
NATURAL CAPITAL	**Unit**	**2022**	**2021**	**2020**
Operational solutions to manage adverse environmental impacts on water, land and air				
Green Initiatives realised	**Number**	**127**	**125**	**128**
Green Initiatives per theme				
Minimising air emissions	Number	15	22	26
Preventing emissions in water	Number	6	7	0
Avoiding and reusing waste	Number	39	36	12
Preventing soil emissions	Number	2	1	13
Protecting fauna and flora	Number	18	20	13
Raising energy efficiency	Number	30	24	29
Smart use of natural resources	Number	17	15	35
Nature-based Solutions integrated into our operations				
Initiatives on Nature-based Solutions	Number	28	25	9
SUSTAINABLE INNOVATION	**Unit**	**2022**	**2021**	**2020**
Intrapreneurship on sustainability				
Approved innovation initiatives	Number	12	14	18
Partnerships with universities and research institutions				
Collaborations with universities and research institutes	Number	17	10	14
Master theses & PhDs	Number	26	14	22

WASTE AND RESOURCE MANAGEMENT	Unit	2022	2021	2020
Reuse of dredged materials, soils, water and materials from demolition works in our operations				
Green initiatives on smart use of natural resources	Number	17	15	35
Green initiatives on avoiding and reusing waste	Number	39	36	12
HEALTH AND WELLBEING	**Unit**	**2022**	**2021**	**2020**
Guaranteeing physical and mental health & wellbeing				
QHSE-S worldwide Performance Dashboard				
Worldwide Lost Time Injury Frequency Rate (WW LTIFR)	Number	0.23	0.19	0.19
Toolbox participation	Number	313,454	283,684	345,312
Timely reported incidents	Number	1,309	1,272	1,181
Timely closed actions	Number	2,905	2,260	1,394
Observations	Number	12,545	12,117	17,133
Inspections	Number	9,964	9,645	11,593
Incident Investigations	Number	2,737	2,869	379
DIVERSITY AND OPPORTUNITY	**Unit**	**2022**	**2021**	**2020**
Diversity and inclusion				
Total Headcount permanent employees	Headcount	5,207	5,090	4,976
Total Headcount staff	% (was Headcount)	56	56	54
Total Headcount crew and workmen	% (was Headcount)	44	44	46
Headcount by age group permanent employees				
under 30 years	%	16	16	17
30-49 years	%	59	59	58
50 years or more	%	25	25	25
Gender breakdown permanent employees				
Headcount male permanent employees	Headcount	4,426	4,334	4,226
Headcount male – staff	% (was Headcount)	49	49	47
Headcount male – crew and workmen	% (was Headcount)	51	51	53
Headcount female permanent employees	Headcount	781	756	750
Headcount female – staff	% (was Headcount)	95	95	93
Headcount female – crew and workmen	% (was Headcount)	5	5	7
Nationalities permanent employees (total)				
Total number of nationalities	Number	79	80	80
Crew & workmen - number of nationalities	Number	47	49	52
Staff - number of nationalities	Number	74	75	72
Full-time and part-time employees by gender				
Headcount of full-time permanent employees	Headcount	5,016	4,944	4,797
Female full-time	% (was Headcount)	14	13	13
Male full-time	% (was Headcount)	86	87	87
Headcount of part-time permanent employees	Headcount	191	146	179
Female part-time	% (was Headcount)	65	63	67
Male part-time	% (was Headcount)	35	37	33
Leadership training on diversity (total)	Hours	36	73	136
Hires - Total new permanent employee hires	Headcount	965	670	
New female hires	%	20	18	23
New male hires	%	80	82	77
Personal and professional opportunities				
Performance and career development permanent employees				
Participation rate 'Time to' Staff programme	%	70	71	86
Participation rate 'Time to' Crew programme	%	68	73	80
Length of service (Seniority) permanent employees				
Under 1 years	%	14	13	5
1-5 years	%	31	31	38
6-10 years	%	19	20	20
> 10 years	%	36	36	37
Training hours permanent employees				
Total training hours	Hours	148,056	208,766	98,055
Average hours of formal training per permanent employee	Hours/permanent employee	29	40	20
Training hours for male	Hours	127,402	192,504	87,551
Training hours for female	Hours	20,654	16,261	10,504
Training hours for crew and workmen	Hours	61,780	135,334	38,073
Training hours for staff	Hours	86,276	73,431	59,982
ETHICAL BUSINESS	**Unit**	**2022**	**2021**	**2020**
Clear guidance and minimum standards on business ethics & human rights for all parties involved in our operations				
DEME staff that received DEME Compliance Awareness training	%	99	99	97
DEME crew that received DEME Compliance Awareness training	%	82	-	-

B. EU Taxonomy reporting tables

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Proportion of turnover from products or services associated with Taxonomy-aligned economic activities (2022)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
	euro	euro	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Infrastructure for rail transport	F42.12	39,160,552.00	1.48%	1.48%	0.00%						Y	Y	Y	Y	Y	Y	1.48%			
Electricity generation from wind power	D35.11	649,369,509.00	24.46%	24.46%	0.00%						Y	Y	Y	Y	Y	Y	24.46%			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**688,530,061.00**	**25.94%**	**25.94%**	**0.00%**												**25.94%**			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Electricity generation from wind power	D35.11	80,442,467.00	3.03%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**80,442,467.00**	**3.03%**																	
Total (A.1 + A.2)		**768,972,528.00**	**28.97%**														**25.94%**		**0.00%**	**0.00%**

B. TAXONOMY NON-ELIGIBLE ACTIVITIES		
Turnover of Taxonomy non-eligible activities (B)	**1,885,752,511.00**	**71.03%**
Total (A + B)	**2,654,725,039.00**	**100.00%**

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities (2022)	Codes (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
	euro	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Electricity generation from wind power	D35.11	274,970,745.00	51.87%	51.87%	0.00%						Y	Y	Y	Y	Y	Y	51.87%			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**274,970,745.00**	**51.87%**	**51.87%**	**0.00%**												**51.87%**			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0,00**	**0.00%**																	
Total (A.1 + A.2)		**274,970,745.00**	**51.87%**														**51.87%**		**0.00%**	**0.00%**

B. TAXONOMY NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy non-eligible activities (B)		**255,177,292.00**	**48.13%**
Total (A + B)		**530,148,037.00**	**100.00%**

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities (2022)				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
	Codes (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
	euro	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.00**	**0.00%**	**0.00%**	**0.00%**												**0.00%**			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.00**	**0.00%**																	
Total (A.1 + A.2)		**0.00**	**0.00%**														**0.00%**		**0.00%**	**0.00%**
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		0.00	100.00%																	
Turnover of Taxonomy non-eligible activities (B)		**0.00**	**100.00%**																	
Total (A + B)		**0.00**	**100.00%**																	

C. Connection between DEME's Materiality Matrix and 8 key Sustainability Themes

This table clarifies how the different ESG topics in our Materiality Matrix are linked with our 8 key Sustainability Themes and corresponding SDGs. In addition it represents the ESG topics as either a risk or an opportunity for DEME.

KEY SUSTAINABILITY THEME & SDG(S)	ESG	RISK / OPPOR-TUNITY	ESG TOPIC IN MATERIALITY MATRIX	REFERENCE TO COMMITMENTS, TARGETS & PERFORMANCE
CLIMATE AND ENERGY	E	O	Energy transition	Reference to Chapter 03 Segments
	E	O	Resilient infrastructure	Reference to Chapter 03 Segments
	E	O	Energy efficiency	Reference to Chapter 05 Sustainability – climate & energy
	E	R	GHG emissions	Reference to Chapter 05 Sustainability – climate & energy
	E	R	Air Pollutants	Reference to Chapter 05 Sustainability – climate & energy
NATURAL CAPITAL	E	R	Biodiversity	Reference to Chapter 05 Sustainability – natural capital
WASTE AND RESOURCE MANAGEMENT	E	O	Land Restoration	Reference to Chapter 03 Segments
	E	O	Resource Management	Reference to Chapter 03 Segments
HEALTH AND WELLBEING	S	R	Safety	Reference to Chapter 05 QHSE Performance
	S	R	Health & Wellbeing	Reference to Chapter 05 Sustainability – health & wellbeing
DIVERSITY AND OPPORTUNITY	S	R	Talent Management	Reference to Chapter 05 Sustainability – diversity & opportunity
	S	R	Workplace Diversity & inclusion	Reference to Chapter 05 Sustainability – diversity & opportunity
LOCAL COMMUNITIES	S	O	Local community engagement	Reference to Chapter 05 Sustainability – local communities
SUSTAINABLE INNOVATION	G	O	Sustainable Innovation	Reference to Chapter 05 Sustainability – sustainable innovation
	G	O	Partnerships	Reference to Chapter 05 Sustainability – sustainable innovation
ETHICAL BUSINESS	S	R	Labour practices & human rights	Reference to Chapter 05 Sustainability – ethical business
	G	R	Responsible Business Conduct	Reference to Chapter 05 Sustainability – ethical business
	G	R	Supply Chain	Reference to Chapter 05 Sustainability – ethical business
	G	R	Corporate & ESG Governance	Reference to Chapter 05 Sustainability – Governance

D. Management systems

Our Integrated Management System incorporates several international standards and frameworks, enabling us to pursue our ambition of continuous improvement. QHSE and the eight key Sustainability Themes are also managed by the system (see table below).

CLIMATE AND ENERGY	POLICIES	Energy & Greenhouse Gas Emissions Policy
	INTERNATIONAL STANDARDS & FRAMEWORKS	— GHG Protocol — CO_2 Performance Ladder (Belgium and the Netherlands) Level 5 version 3.1 — ISO 14064 (reporting) — ISO 50001 (Energy Management System)
	MANAGEMENT SYSTEM APPROACH	The Energy Management System is integrated into DEME's Management System. We evaluate the effectiveness of our approach with the following validation and/or verification mechanisms: — Compliance with CO_2 Performance Ladder - Level 5 (Belgium & the Netherlands) based on ISO 14064 and GHG Protocol — External verification of emissions inventory (for Belgium and the Netherlands) every 3 years (Scope 1 & 2) — Limited Assurance by an independent third party of low carbon fuel target for vessels — Internal annual Energy Management Review — Compliance with IMO regulations by classification societies and flag states
NATURAL CAPITAL	POLICIES	Quality, Health, Safety and Environment Policy
	INTERNATIONAL STANDARDS & FRAMEWORKS	**1. Operational solutions to manage the adverse impacts** — ISO 14001 (Environmental Management) — International Safety Management (ISM) Code for the safe management and operation of ships and for pollution prevention — IMO Ballast Water Management Convention — IMO MARPOL Convention Annex VI **2. Nature-based Solutions** — IFC Environmental & Social Performance Standards — IUCN Global standards for Nature-based Solutions - EU Commission Definition of NbS — United Nations Nature-based Solutions for Climate Manifesto — EU Marine Strategy Framework Directive (2008/56/EC) — EU Biodiversity Strategy 2030 "Bringing nature back into our lives" — EU Adaptation Strategy on Climate Change — UN Kunming-Montreal Global Biodiversity Framework (GBF), 2022
	MANAGEMENT SYSTEM APPROACH	The Environmental Management System is integrated into DEME's Management System. — Starting from a basic template, we develop project specific Environmental Management and Engineering Plans for all relevant projects. — The target concerning Green Initiatives is linked to the QHSE-S Bonus. We evaluate our approach with the following validation and/or verification mechanisms in place: — Periodic external audits of the Environmental Management System according to ISO 14001 and the ISM Code — Internal annual QHSE-S Management Review, including environmental topics.
SUSTAINABLE INNOVATION	INTERNATIONAL STANDARDS & FRAMEWORKS	ISO 56002 as a guideline for innovation management.
	MANAGEMENT SYSTEM APPROACH	— Each corporate innovation campaign follows a stage-gate approval process. Initial approval of ideas and subsequent stage-gate approvals are controlled or carried out by the Innovation Board. — In order to make sure that all initiatives progress through this stage-gate process with due regard to sustainability, a Sustainability Readiness Level (SRL) system has been added to the existing Technical Readiness Level (TRL) and Commercial Readiness Level (CRL). — We have developed databases outlining collaborations between DEME and universities/research institutes, and about students and their thesis topics.

WASTE & RESOURCE MANAGEMENT	POLICIES	Quality, Health, Safety and Environment Policy
	INTERNATIONAL STANDARDS & FRAMEWORKS	ISO14001
	MANAGEMENT SYSTEM APPROACH	Waste & Use of Natural Resources are two of the environmental aspects defined within the QHSE management system. We evaluate our approach with the following external validation and/or verification mechanisms in place: — ISO 14001 external audits — Reporting to local authorities — Compliance with MARPOL regulations (e.g. Garbage Record Book) — Internal annual QHSE-S Management Review including waste and resource management topics
HEALTH AND WELLBEING	POLICIES	— Quality, Health, Safety and Environment Policy — Drugs & Alcohol Policy — Code of Ethics and Business Integrity
	INTERNATIONAL STANDARDS & FRAMEWORKS	— ISO 45001 - Occupational Health & Safety Management System — ISM Code
	MANAGEMENT SYSTEM APPROACH	We ensure a structural social dialogue in the organisation addressing welfare issues such as occupational safety, health, economic, psychosocial aspects at work (e.g. stress) and the environment. This dialogue leads to an action list which is addressed by our management. We evaluate our approach with the following external validation and/or verification mechanisms in place: — Periodic external audits of DEME's Management System according to ISO 45001 and ISM — Internal annual QHSE-S Management Review including health & safety topics
DIVERSITY AND OPPORTUNITY	POLICIES	— Code of Ethics and Business Integrity — Human Rights Policy (incl. policies on equal opportunities, hiring practices and discrimination, harassment and disciplinary measures, freedom of association and the right to collective bargaining)
	MANAGEMENT SYSTEM APPROACH	We ensure a structural social dialogue in the organisation. This dialogue leads to an action list which is addressed by our management. We evaluate our approach with the following external validation and/or verification mechanisms in place: — Periodic external audits of DEME's Management System according to ISO 9001 — Internal annual QHSE-S Management Review including training and skill management topics.
ETHICAL BUSINESS	POLICIES	— Code of Ethics and Business Integrity — Code of Ethics and Business Integrity for Business partners — Compliance Policy & practices — Human Rights Policy — Raising and Reporting Integrity Issues Policy & procedure
	INTERNATIONAL STANDARDS & FRAMEWORKS	— United Nations Universal Declaration of Human Rights — OECD Guidelines for Multinational Enterprises
	MANAGEMENT SYSTEM APPROACH	We perform due diligence procedures to ensure a robust sanction and anti-corruption screening of third parties. To evaluate the effectiveness of our approach we have the following validation and/or verification mechanisms in place: — Internal audits — Management Reviews — Ad hoc audits by some of our customers — External audit by a statutory auditor.
LOCAL COMMUNITIES	MANAGEMENT SYSTEM APPROACH	All decisions on community projects are based on DEME's core values and sustainability goals. We support projects that have a positive impact and improve the quality of life in the communities where we operate. Projects must have a definable and measurable social outcome. Requests for charitable sponsorships will only be considered from non-profit organisations.

7.3

ASSURANCE REPORT

In this section 'Assurance Report' we refer to Chapter 6 Financial report where the 'Independent Auditor's Report' has been included. See page 266-269.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking information. Forward-looking statements describe expectations, plans, strategies, goals, future events or intentions. The achievement of forward-looking statements contained in this report is subject to risks and uncertainties. Consequently, actual results or future events may differ materially from those expressed or implied by such forward-looking statements. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. DEME undertakes no obligation to publicly update or revise any forward-looking statements.

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