



DEME Group NV
Scheldedijk 30, 2070 Zwijndrecht, Belgium

Prospectus for the listing and admission to trading of all Shares on Euronext Brussels

This prospectus (the “**Prospectus**”) relates to the admission to trading of all Shares (as defined below) issued by DEME GROUP NV (the “**Company**”), a limited liability company organised under the laws of Belgium, on the regulated market of Euronext Brussels (the “**Listing**”).

This Prospectus has been prepared following the partial demerger of Compagnie D’Entreprises CFE SA (“**CFE**”), a limited liability company organised under the laws of Belgium and listed on Euronext Brussels, pursuant to which the entire participation of CFE in Dredging, Environmental & Marine Engineering NV (“**DEME NV**”), a limited liability company organised under the laws of Belgium (as well as the proportional part of the capital and reserves of CFE) has been contributed from CFE to the Company, in accordance with article 12:8, 1° of the Belgian Code of Companies and Associations (the “**Partial Demerger**”). The Company has been incorporated upon the Partial Demerger.

The term “**Shares**” refers to the 25,314,482 ordinary shares issued by the Company (upon its incorporation) to CFE’s existing shareholders (on 1:1 basis) as consideration for the contribution of the shares issued by DEME NV (as well as the proportional part of the capital and reserves of CFE) to the Company in the context of the Partial Demerger. This Prospectus constitutes a listing prospectus for purposes of Article 3 of Regulation 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “**Prospectus Regulation**”) and complies with the Prospectus Regulation, its Delegated Regulations (as defined below) and any other applicable legal and regulatory provisions. The English language version of this Prospectus was approved by the Belgian Financial Services and Market Authority (the “**FSMA**”) on 29 June 2022.

Prior to the Listing, there has been no public market for the Shares. An application has been made to list all of the Company’s Shares on the regulated market of Euronext Brussels under the symbol “DEME”. Trading of the Shares on Euronext Brussels is expected to commence on or about 30 June 2022 (the “**Listing Date**”).

An investment in the Shares involves substantial risks and uncertainties. Prospective investors should read the entire Prospectus, and, in particular, should read Chapter 1.B.3 (What are the key risks that are specific to the Company?) and Chapter 2 (Risk Factors) for a discussion of certain factors that should be considered in connection with an investment in the Shares. All of the risk factors included in Chapter 2 (Risk Factors) should be considered before investing in the Shares. Such risk factors include the risks that: (i) DEME’s business and growth opportunities are subject to macroeconomic developments, (ii) DEME’s business and growth opportunities are subject to geopolitical developments, (iii) DEME faces project management and execution risks, (iv) DEME faces significant competition in its industry, (v) DEME is subject to third-party risks in respect of the contractors, suppliers, vendors, joint venture partners or other parties of its projects. All of these risk factors should be considered before investing in the Shares. Prospective investors must be able to bear the economic risk of an investment in the Shares and should be able to sustain a partial or total loss of their investment.

This Prospectus has been drafted in accordance with the provisions of the Prospectus Regulation and in accordance with Annex 1 and Annex 11 of the Commission Delegated Regulation (EU) No 2019/980 of 14 March 2019 supplementing the Prospectus Regulation (the “**Delegated Regulation 2019/980**”), and the key financial information contained in the summary of this Prospectus (the “**Summary**”) was prepared in accordance with Annex 1 to Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing the Prospectus Regulation (the “**Delegated Regulation 2019/979**”) and together with the Delegated Regulation 2019/980, the “**Delegated Regulations**”).

Neither the Company nor any of its representatives is making any representation to any investor regarding the legality of an investment in the Shares by such investor under the laws applicable to such investor. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of an investment in the Shares in their country of residence arising from the acquisition, holding or disposal of the Shares.

Without prejudice to the Company’s obligation to publish supplements to the Prospectus when legally required, neither the delivery of this Prospectus nor any sale made at any time after the date hereof shall, under any circumstances, create any implication that there has not been any change in the Company’s or the Group’s affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

This Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer to sell, or an invitation of an offer to purchase, any Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company requires persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Any failure to comply with these restrictions may constitute a

violation of the securities laws of any such jurisdiction. The Company accepts no legal responsibility for any violation by any person, whether or not a prospective purchaser of Shares, of any such restrictions.

The Company has not authorised any offer of the Shares to the public in any Member State of the European Economic Area or elsewhere.

The Shares have not been and will not be registered under the U.S. Securities Act or the applicable securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Prospective purchasers are hereby notified that sellers of the Shares may be relying on an applicable exemption from the provisions of Section 5 of the U.S. Securities Act.

The contents of this Prospectus are not to be construed as investment, legal, business or tax advice. Each prospective investor should consult their own legal advisor, financial advisor or tax advisor for legal, financial or tax advice respectively.

The Prospectus shall be made available to investors upon request and free of charge at the registered office of the Company (Scheldepark 30, 2070 Zwijndrecht, Belgium). The Prospectus can also be consulted on the website of the Company (www.deme-group.com).

In accordance with Article 12.1 of the Prospectus Regulation, this Prospectus is valid for a period of 12 months from the date on which it was approved by the FSMA, which was on 29 June 2022. The obligation to publish a supplement to the Prospectus in accordance with Article 23 of the Prospectus Regulation in the event of an important new factor, a material mistake or a material inaccuracy is not applicable when the validity of this Prospectus has expired.

Prospectus dated 29 June 2022

TABLE OF CONTENTS

1.	SUMMARY	4
2.	RISK FACTORS	11
3.	IMPORTANT INFORMATION	29
4.	REASONS OF THE TRANSACTION AND LISTING	35
5.	DIVIDENDS AND DIVIDEND POLICY	36
6.	CAPITALISATION AND INDEBTEDNESS	38
7.	SELECTED CONSOLIDATED FINANCIAL INFORMATION	40
8.	BUSINESS.....	48
9.	OPERATING AND FINANCIAL REVIEW	94
10.	MANAGEMENT AND CORPORATE GOVERNANCE.....	120
11.	GROUP STRUCTURE.....	144
12.	MAJOR SHAREHOLDERS	148
13.	RELATED-PARTY TRANSACTIONS.....	150
14.	DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION	151
15.	THE PARTIAL DEMERGER.....	163
16.	TAXATION.....	166
17.	LEGAL MATTERS.....	179
18.	GENERAL INFORMATION	180
19.	GLOSSARY OF SELECTED TERMS	182

1. SUMMARY

A. Introduction and warnings

1. Introduction

Name and international securities identification code	25,314,482 ordinary shares, with ISIN code BE0974413453.
Identity and contact details of the issuer	DEME Group NV - enterprise number: 0787.829.347 - registered office: Scheldedijk 30, 2070 Zwijndrecht, Belgium – request for Legal Entity Identifier (“LEI”) number is pending – Common Code: 249531545 – telephone number: +32 3 250 52 11.
Competent authority	Financial Services and Markets Authority (“FSMA”), rue du Congrès 12-14, 1000 Brussels, Belgium.
Date of prospectus approval	The FSMA approved the English version of this Prospectus (including the Summary) in accordance with Article 20 of the Prospectus Regulation on 29 June 2022.

Unless otherwise stated in this Summary, the capitalised terms used in this Summary shall have the meaning as defined in the Prospectus.

2. Warnings

This Summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole by the investor and not just the Summary. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in, or incorporated by reference into, the Prospectus is brought before a court, the plaintiff investor might, under national law of the Member States of the European Economic Area, have to bear the costs of translating the Prospectus and any documents incorporated by reference in it before the legal proceedings can be initiated. Civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

B. Key Information on the Company

1. Who is the issuer of the Shares?

Identification. The Company is a limited liability company (*naamloze vennootschap/société anonyme*) incorporated and operating under the laws of Belgium and is domiciled in Belgium. The Company is registered with the legal entities register (Antwerp) under enterprise number 0787.829.347. The Company’s registered office is located at Scheldedijk 30, 2070 Zwijndrecht. The request for the Company’s LEI number is pending. The Company’s Common Code is 249531545.

Principal activities. DEME has evolved into a global marine sustainable solutions provider. The Company is proud of and continues to grow its dredging activities. The expansion of Singapore, the widening of Suez and Panama canals and the construction of New Doha Port are just a few examples of projects on which DEME has been involved. Along its dredging activities, DEME builds marine infrastructure such as locks, quay walls and tunnels. The Fehmarnbelt project, one of the world’s largest immersed tunnels between Denmark and Germany, is perhaps one of the projects with the highest visibility. DEME has also successfully expanded its Offshore construction activities, with a focus on offshore renewable energy projects. It has contributed to the construction of an impressive 21 GW of

offshore projects and is confirming its market leadership in this fast-growing market with its expansion into the US and Asia. Another activity of DEME is the cleaning of polluted soils within DEME Environmental. The depollution of the London Olympics' site exemplifies this expertise. Besides contracting, DEME is growing its concessions activities in offshore wind, infra, green hydrogen and deep-sea harvesting. With a portfolio of operational assets and assets under development (i.e. renewable energy development pipeline of over 5 GW), the group's ambitions are strong.

Major shareholders. The following table presents an overview of the shareholders owning 5% or more of the Company's Shares (on an undiluted basis):

Shareholder	Number of Shares	Shares % (rounded)
Ackermans & van Haaren SA	15,720,684	62.10
VINCI Construction SAS	3,066,460	12.11

The Company is controlled in the sense of Article 1:14 of the Belgian Code of Companies and Associations by Ackermans & van Haaren SA (i.e. with a participation of 62.10%). Ackermans & van Haaren is also controlling shareholder of CFE at the date of this Prospectus (i.e. with its current participation of 62.10% in CFE).

Key directors. At the date of this Prospectus, the Company's Board of Directors consists of the following seven members: Luc Bertrand, Piet Dejonghe, Luc Vandebulcke, John-Eric Bertrand, Koen Janssen, Tom Bamelis and Christian Labeyrie.

Statutory auditor. The Company's statutory auditor is Ernst & Young Bedrijfsrevisoren BV, with registered office at De Kleetlaan 2, 1831 Machelen, Belgium, represented by Patrick Rottiers and Wim Van Gasse, auditor.

2. What is the key financial information regarding the Company?

Selected financial information.

The tables below show selected items from DEME Group's Consolidated Financial Statements for annual reporting years 2021, 2020 and 2019.

The consolidated Financial Statement for 2021, prepared in accordance with International Financial Reporting Standards (IFRS). The Consolidated Financial Statements for the financial year ended on 31 December 2020 and 31 December 2019, were prepared in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), the major difference relates to some explanatory notes, such as segment reporting.

Selected items from the Consolidated Statement of Income (kEUR)	31/12/2021	31/12/2020	31/12/2019
Total revenue	2,580,773	2,335,944	2,660,659
Operating profit	143,281	64,281	141,146
Net profit (share of the group)	114,581	50,410	125,041

Selected items from the Consolidated Statement of Financial Position (kEUR)	31/12/2021	31/12/2020	31/12/2019
Total assets	4,049,597	3,919,954	3,944,779
Group Equity	1,599,239	1,485,332	1,447,154
Net financial debt (1)	392,678	489,030	708,453

(1) Net Financial Debt is the sum of current and non-current interest-bearing debt (including debt related to leasing) decreased with cash and cash equivalents

Selected items from Consolidated Statement of Cash-flow, (kEUR)	31/12/2021	31/12/2020	31/12/2019
Cash and cash equivalents, opening balance	621,937	475,135	287,395
Cash flow from operating activities	419,574	376,421	374,418
Cash flow (used in) from investing activities	-266,412	-147,139	-370,322
Cash flow (used in) from financial activities	-247,952	-78,386	183,016
Net increase (decrease) in cash and cash equivalents	-94,790	150,896	187,112
Change in consolidation scope or method	0	-37	0
Impact of exchange rate changes on cash and cash equivalents	1,485	-4,057	628
Cash and cash equivalents, ending balance	528,632	621,937	475,135

Other financial information. No *pro forma* financial information is provided in the Prospectus.

3. What are the key risks that are specific to the Company?

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, financial condition, results of operations and prospects.

- **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 raw materials, and the development of international trade and shipping.
- **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).
- **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.

- **DEME faces significant competition in its industry:** DEME faces competition from other local and international market players active in the same industry.
- **DEME is subject to third-party risks in respect of the contractors, suppliers, vendors, joint venture partners or other parties of its projects:** The successful completion of projects depends on the ability of third parties on the projects to perform their contractual obligations and is subject to factors beyond DEME's control, including actions or omissions by these parties and their subcontractors.

C. Key Information on the Shares

1. What are the main features of the Shares?

Type, class and ISIN. All Shares are ordinary shares of the same class, without nominal value and are fully paid up. The Shares are expected to be listed under the symbol "DEME" with ISIN code BE0974413453.

Currency, Denomination, Par Value, Number of Shares Issued and Share Capital. The Shares are denominated in euros. As at the date of this Prospectus, the share capital of the Company amounts to 33,193,861.28 EUR and is represented by 25,314,482 fully paid-up ordinary Shares, without nominal value, each representing an equal part of the capital.

Rights Attaching to the Shares. Each Share entitles the shareholder to one vote at the general meeting of shareholders of the Company. There are no restrictions on voting rights. All of the Shares carry the right to participate in dividends declared in respect of the financial year ending 31 December 2022 and future years. Each shareholder has the right to attend a general shareholders' meeting and to vote at the general shareholders' meeting in person or through a proxy holder, who need not be a shareholder. Within the limits of article 7:139 of the BCCA, holders of securities have a right to ask questions to the directors in connection with the report of the Company's Board of Directors or the items on the agenda of such general shareholders' meeting. In principle, changes to the share capital are decided by the shareholders and the general shareholders' meeting may at any time decide to increase or reduce the share capital of the Company. In the event of a capital increase for cash with the issue of new Shares, or in the event of an issue of convertible bonds or subscription rights, the existing shareholders in principle have a preferential right to subscribe, pro rata, to the new Shares, convertible bonds or subscription rights. If the Company is dissolved for any reason, any balance remaining after discharging all debts, liabilities and liquidation costs must first be applied to reimburse, in cash or in kind, the paid-up capital of the Shares not yet reimbursed. Any remaining balance shall be equally distributed among all the shareholders.

Ranking. All Shares represent an equal share of the share capital and shall all rank junior to all debt (instruments) of the Company. All Shares are entitled to a share of any distributable liquidation proceeds or insolvency surpluses at the ratio of their share in the share capital.

Restrictions on Transferability. There are no restrictions on the transferability of the Shares other than certain lock-up undertakings of Ackermans & van Haaren SA and VINCI Construction SAS, as major shareholders, and those applicable by law.

Dividend policy. As the Company has only been incorporated as part of the Partial Demerger, 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 reported net profit.

2. Where will the Shares be traded?

An application has been made for the admission to trading on the regulated market of Euronext Brussels of all Shares ("the **Listing**"). The Shares are expected to be listed under the symbol "DEME" with ISIN code BE0974413453. Trading is expected to commence on or about 30 June 2022 (the "**Listing Date**").

3. Key risks that are specific to the Shares

The following is a summary of selected key risks that relate to the Shares and the Partial Demerger as such:

- although the CFE Shares are currently listed on the regulated market of Euronext Brussels, there was no public market for the Shares prior to their listing on the regulated market of Euronext Brussels and, no guarantee can be provided that any market will develop or be maintained for the Shares;
- following the Transaction, only 25.80% of the Company's share capital will be freely tradable and such limited free float may have a negative impact on the liquidity of the Shares and result in a low trading volume of the Shares; and
- the price of the Shares might not reflect the value of the Company and may be influenced by many changes and developments, including factors which are beyond the control of the Company.

D. Key Information on the Partial Demerger and Listing

General. The Prospectus constitutes (and this Summary therefore concerns a summary of) a listing prospectus for purposes of Article 3(3) of the Prospectus Regulation and has been prepared in accordance with the Prospectus Regulation and its Delegated Regulations in relation to the admission to trading on the regulated market of Euronext Brussels of 100% of the Shares issued by the Company upon its incorporation (the "**Listing**"). This Prospectus has been prepared following the partial demerger of Compagnie D'Enterprises CFE SA ("**CFE**"), a limited liability company organised under the laws of Belgium and listed on Euronext Brussels, whereby all shares issued by Dredging, Environmental & Marine Engineering NV ("**DEME NV**"), a limited liability company organised under the laws of Belgium (as well as the proportional part of the capital and reserves of CFE) have been contributed from CFE to the Company (such shares of DEME NV, the "**DEME Shares**") (together, the "**Contribution**") in accordance with article 12:8, 1° of the Belgian Code of Companies and Associations (the "**Partial Demerger**").

The board of directors of CFE has drafted the proposal in respect of the Partial Demerger (the "**Partial Demerger Proposal**"), which was filed with the registry of its respective competent enterprise court on 17 May 2022. On 29 June 2022, the extraordinary general meeting of CFE approved the Partial Demerger (the "**Partial Demerger EGM**"). Immediately thereafter, the incorporation deed of the Company was passed and the Shares were subsequently issued to CFE's existing shareholders (on a 1:1 basis).

Expected timetable. Certain key dates in connection with the Transaction are summarized in the following table. The Company can adjust the dates and times indicated in the timetable below, in the Prospectus and in this Summary. In that case, the Company will inform Euronext Brussels and the

investors thereof through a press release and on the website of the Company. Insofar as legally required, the Company will furthermore publish a supplement to the Prospectus.

17 May 2022	Filing of the Partial Demerger Proposal
19 May 2022	Convocation of the Partial Demerger EGM
29 June 2022, 5.30 p.m. CEST	Holding of Partial Demerger EGM
29 June 2022	Approval of the Prospectus by the FSMA
30 June 2022	Expected Listing Date
30 June 2022	Expected publication of press release on the Listing and the new denominator for the purposes of transparency regulation
4 July 2022	Expected settlement date

Exchange Ratio. In consideration for the Contribution in the context of the Partial Demerger, each of the existing CFE shareholders has received Shares in the Company, on the basis of their respective current shareholding in CFE and the Exchange Ratio (as defined below). As indicated above, 25,314,482 Shares have been issued in the Company (upon its incorporation) as a compensation for the Contribution. The exchange ratio is determined on a 1:1 basis, meaning that CFE's shareholders have received 1 Share in the Company for each share that they hold in the CFE (the **Exchange Ratio**). As a consequence, for instance, CFE's current controlling shareholder, Ackermans & van Haaren SA holds 15,720,684 out of 25,314,482 Shares in the Company, corresponding to 62.10% of the shares in the Company. The consideration for the Contribution solely consists of Shares. The CFE shareholders have not received any additional cash amount (premium).

Dilution. The existing shareholders of CFE have not undergone any dilution of their voting and dividend rights as a result of the Partial Demerger and the issuance of the Shares as, on the basis of the Exchange Ratio, they received one (1) New Share in the Company per share that they hold in the CFE.

No offering. All Shares are issued to CFE's shareholders. No public offering of the Shares has or will be made and no one has taken any action that would, or is intended to, permit a public offering in any country or jurisdiction where any such action for such purpose is required. The distribution of the Prospectus and this Summary may be restricted in certain countries (other than Belgium) by legal or regulatory provisions. The Company does not represent that the Prospectus or the Summary may be lawfully distributed in compliance with any applicable registration or other requirements in any jurisdiction other than Belgium, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Company which is intended to permit a public offering of any Shares or the distribution of the Prospectus or this Summary in any jurisdiction where action for that purpose is required.

Estimated expenses of the Transaction. The aggregate of the administrative, legal, and audit expenses as well as the other costs in connection with the Transaction estimated at approximately 2,800,000 EUR are shared between the Company and CFE. The majority (around 2,300,000 EUR) is borne by DEME NV.

No proceeds. Neither the Company nor CFE will receive proceeds in connection with the Partial Demerger.

Reasons of the Transaction. The Prospectus constitutes the prospectus in relation to the Listing, which is part of a broader transaction, i.e. the preceding Partial Demerger. The purpose of the Partial Demerger and the subsequent Listing is the spin-off of DEME NV from CFE and the transformation of the Company into the new listed holding company for the DEME NV activities. As DEME NV and CFE operate in different segments and geographical markets, each with their own distinct management and strategic priorities, the Partial Demerger will allow both companies to further develop their activities and to grow as two solid listed companies with their own governance. It is expected that such

deconsolidation of DEME NV will, overall, be shareholder value accretive. Finally, the Transaction structure is believed to provide a proportional value-enhancing proposition to the shareholders of CFE (who were all treated equally as part of the Partial Demerger) and the separate listing should allow the Company to attract the most appropriate investor base.

2. RISK FACTORS

Every investment in securities entails, by its very nature, significant risks. This Chapter sets out risk factors, divided in categories depending on their nature, that the Company believes may affect the value of an investment in the Shares or may be material for the purpose of assessing the market risks associated with the Shares. The risks and uncertainties described below are those relating to the Company and its business and activities as a result of the completion of the Transaction.

The risk factors included in this Chapter are presented in accordance with Article 16 of the Prospectus Regulation. As a result, in each category, the risk factors that the Company considers to be most relevant on the basis of the likelihood of the risk actually materialising, the potential significance of the risk and the scope of any potential harm to its business, results of operations, financial condition and prospects as a result of the risk are listed first. 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 Company's business, results of operations, financial condition and prospects. While the risk factors have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this Part.

Any of the following risks, individually or together, could adversely affect the Company and the Company's business, financial condition and results of operations and, accordingly, the value of the Shares. Investors are urged to carefully consider the described risks, the uncertainties they entail and the uncertainties that are inherent to an investment in securities, and all other relevant information provided in the Prospectus, prior to taking an investment decision. If these risks would materialise, they could result in investors losing all or part of their investment.

Investors should carefully read the entire Prospectus (including any documents incorporated by reference herein) and form their own opinions about, and should reach their own view on the merits and risks of investing in the Shares in light of their personal circumstances prior to making any investment decision with respect to the Shares. Furthermore, before making an investment decision with respect to any Shares, investors should consult their financial, legal and tax advisors for a careful assessment of the risks associated with investing in the Shares.

Investors are reminded that the list of risks described hereafter is not exhaustive and that the list is based on the information known on the date of this Prospectus. It is possible that certain other risks exist that are currently unknown, cannot be foreseen, are considered as remote or not significant for the Company, its activities or its financial condition.

Investors should note that the risks summarised in the Summary are the risks that the Company believes to be the most essential for a prospective investor when assessing or considering an investment in the Shares. However, as the risks that the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the Summary but also, among other things, the risks and uncertainties described below.

2.1 Risks related to DEME's industry and the market

2.1.1 DEME's business and growth opportunities are subject to macroeconomic developments

DEME is a worldwide player and consequently vulnerable to negative developments that may arise on the macroeconomic level. For the year ended 31 December 2021, 50% of DEME's consolidated turnover was generated in the EU, 24% in Europe outside the EU (including the UK, Russia, and Turkey), 19% in Africa, 4% in Asia and Oceania, 2% in the Americas and 1% in the Indian subcontinent

(see Section 9.1.1 for a detailed geographic distribution of DEME's activities). 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 (mainly ports, land for goods-handling operations, and maritime access routes), the increasing demand for energy and the transition to renewable energy and climate neutrality, the scarcity of specific raw materials, and the development of international trade and shipping. An important factor for dredging has been the growth in seaborne trade with an increasing size of the largest tankers and container ships which have also led to rising investments in the canals that are crucial for international trade.

Part of the demand for DEME's services typically reflects changes in the economic growth rates of the region in which it is active. Demand for DEME's services is also dependent on developments in the respective industries to which the services relate and the levels of investment in such industries, such as services provided to the energy, ports and land reclamation and coastal protection industries, which are dependent on the development and investment in these industries. In addition, a considerable portion of DEME's activities is driven by governmental policies and public spending. As such, 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.

A slowing of growth or negative growth prospects in one or more of the geographic markets or sectors in which DEME is active may have a negative impact on the demand for the services that DEME offers and consequently on its activities, financial situation and results (see Section 9.5 for more details on events and uncertainties after the reporting period).

2.1.2 DEME's business and growth opportunities are subject to geopolitical developments

Because of its global footprint 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). 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, ships, financial condition or results of operations.

DEME aims to mitigate these risks in such areas 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 (e.g. Taiwan, Japan, US). Moreover, DEME may – should the need arise – suspend a project in order to bring its personnel, equipment and vessels into safety. Nonetheless the possibility remains that these risks could have a negative effect on the performance of contracts in the areas concerned and consequently impact DEME's financial results. Insurance against any of the foregoing risks may be impossible to take out, or inadequate to protect DEME against losses for ongoing projects. These risks may also limit DEME's growth prospects in certain areas.

DEME's assets (primarily its vessels) are highly mobile. However, their presence in certain jurisdictions is always dependent on the geographical distribution of the projects currently in progress, so geopolitical issues could cause the necessity to move vessels from one geography to another. This takes time and could cause considerable costs.

2.1.3 DEME faces significant competition in its sectors

The sectors in which DEME operates are highly competitive, and DEME faces competition from other local and international market players active in those sectors. DEME is mainly active in/an important part of its revenues comes from activities in Europe (e.g. in 2021 52% of the segment turnover was

realised in Europe), which is an open market where international companies can compete for contracts and where DEME's market position is under pressure by international competing players.

The competitive landscape for the main segments Dredging & Infra and Offshore Energy is as follows: (i) regarding DEME's Dredging & Infra segment, there are some main worldwide players, some regional competitors and some smaller players and (ii) regarding DEME's Offshore Energy segment, there are historical dredging contractors, Oil & Gas installation contractors that have stepped into this market, as well as new entrants such as pure-play charterers.

The capital intensity of the sectors in which DEME is active, the resulting limited number of players (see risk factor under Section 2.1.4), and DEME's leading position in both the dredging and offshore wind markets (see Section 8.2 and Section 8.3), alleviate to some extent potential competitive pressure.

Competitive factors include price, service quality, scope of activities (incl. geographically), reputation, experience and environmental impact by other market players and the availability of favourable payment and credit terms. DEME's competitors may also engage in aggressive pricing which could result in DEME having to lower its price or improve credit terms significantly in order to secure projects, thereby lowering its gross profit margins and cash flow. In particular, DEME's ability to compete will largely depend on its ability to continue to innovate and provide state-of-the-art solutions to its customers. However, if DEME fails to keep up with the evolving technologies (both hardware and software), its technology or equipment may become obsolete and it may lose market share and harm its reputation and position (see also risk factor under Section 2.1.6). Consequently, its business, results of operations and financial condition may be materially adversely affected. At present DEME owns a renewed and competitive fleet as a result of an intensive programme of investments in recent years (see Section 8.2.4 and Section 8.3.4). In view of expected market growth, the ambition to increase its market share and to meet the increasing demand in the market, DEME envisages investing in vessels and other technology to extend its execution capacity amongst others by investing on a continuous basis in the replacement and maintenance of the existing fleet. The specific investment amount varies from year to year depending on the circumstances. It is possible that unanticipated costs may be incurred.

If DEME fails to compete successfully against existing competitors and/or new market entrants, this could result in a loss in market share, decreased revenue or decreased profitability.

2.1.4 The industry in which DEME is active is capital intensive and may require additional financing in the future for growth

The capital-intensive nature of the industry in which DEME is active calls for very considerable investments (specifically, in dredging and offshore vessels). To remain competitive DEME must successfully develop, finance and implement new technologies, including both hardware and software (see also risk factor under Section 2.1.3).

Investment projects in the industry are often highly complex from both the technical and financial points of view. Cost control during the construction phase of new vessels, specifically for dredging and offshore vessels, requires close monitoring and coordination with the shipyard. 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 underutilisation should the market conditions have changed in the meantime.

In the same spirit, concessions activities and project development may also be subject to uncertainty as to whether the necessary financing for the new project will be obtained (see also risk factor under Section 2.2.4).

The expansion and development of DEME's business (see Chapter 8) may 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 (see also risk factor under Section 2.3.1). These covenants may include, among others, restrictions on payment of dividends or requirements to dedicate a substantial portion of its cash flow from operations to the payment of its debt. These restrictions may reduce the availability of DEME's cash flow to fund capital expenditures, working capital and other general corporate purposes and limit its flexibility in planning for, or reacting to, changes in its business and industry.

The specific characteristics of the vessels 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 have to be sold to attract new liquidities.

As a result of the capital-intensive nature of the industry, DEME has had and may continue to have a significant amount of borrowings (see also risk factors under Sections 2.3.1). DEME's ability to service these debts and other contractual obligations will depend on future operations and cash flow generation. In addition, DEME cannot ensure the evolution of its profitability and ability to generate positive cash flows after its capital investment due to, among other things, a potential increase in its operating and financing costs incurred to finance DEME's growth and expansion or lower than expected increase in revenue. Any increase in operating and financing costs without a corresponding increase in revenue will have a negative impact on DEME's operating results. In the event that any of the above events materialises, DEME's business and financial performance will be adversely affected.

Considerable part of DEME's revenue is subject to tender procedures which include price as one of the main criteria. 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. Reference is made to risk factor under Section 2.2.4. As fleet utilisation is important, some of DEME's competitors may sometimes adopt a strategy of tendering for projects at lower prices. However, tender procedures do increasingly also take into account other criteria such as track-record, methodologies, ESG factors, level of sustainability in the offering, etc.

2.1.5 DEME is exposed to risks associated with fluctuations of prices for raw materials and energy

Raw materials and energy are for DEME essential to the performance of its activities and the implementation of its projects and as such are an important element of its costs. The component of it may vary per type of activity, equipment employed and other circumstances such as for example how far the dredged substance needs to be deposited. Key raw materials include construction materials required for infrastructure projects or steel required for the construction of offshore wind foundations. When it comes to energy, this primarily refers to the use of fuel oil or LNG by DEME's vessels and earth-moving 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 programs, etc.), thus exposing DEME to price risks.

Although contracts can allow cost increases for raw materials and energy to be passed on to the customer by means of price-review mechanisms and although in certain other cases DEME makes use of hedging to cover potential price rises, this practice becomes more costly and therefore unsuitable when it spans a lengthy amount of time or when quantities cannot be estimated reliably. Hence the risks related to price fluctuations in this area cannot be entirely eliminated.

For instance, for projects of a substantial size, DEME often enters into fuel/LNG hedging to compensate for unfavourable changes in the market prices. In principle energy price hedging applies only to committed flows, so the price fluctuation risk is particularly relevant in the pre-committed period.

There is always a risk that DEME may not be able to manage effectively significant and sustained movements or volatility in prices, which could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

2.1.6 DEME invests in unproven markets which may become obsolete in the future

In its business development and diversification initiatives, DEME invests in industries and markets that have not materialised and/or rely on unproven technology to date (e.g. deep sea harvesting, and Green Hydrogen). See Section 8.5.2.

DEME's ability to compete will, among other things, depend largely on its ability to continue to innovate and provide state-of-the-art solutions to its customers (see also risk factor under Section 2.1.3). However, there can be no assurance that other companies will not succeed in developing or marketing technologies or business solutions that are more effective than the future technologies or solutions in which DEME is currently investing or that would render such future technologies or solutions obsolete or non-competitive. Accordingly, DEME's success will depend in part on its ability to respond quickly to business developments in the market.

As such, DEME dedicates resources in projects that (i) have little visibility on long-term profitability (e.g. there is no view on whether these projects will be commercially successful in the future), and (ii) rely on technology that is not fully developed yet. Those investments are risky by nature and could affect DEME's returns, debt position, and overall longer-term profitability.

2.2 Risks related to DEME's Business

2.2.1 DEME faces project management and execution risks

DEME's core business revolves around projects in the order book. As is customary for the business in which DEME operates, 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. Sometimes such contracts also include the obligation for DEME to design the object to be delivered and/or to arrange for the necessary financing for the performance of its obligations under the contract. Risks can arise throughout the entire project management and execution process, from tendering to contract negotiation and, upon award, the execution of engineering, procurement, construction, commissioning and delivery.

Some of the risks associated with projects include:

- possible cost overruns, particularly for those projects with fixed-price contracts with limited price escalation provisions, where the actual costs of a project may exceed the cost estimation made by DEME at the initiation of the project due to unanticipated additional costs for DEME (e.g. resulting from supply price increases, additional work, delays in performance, improper management cost components etc.). Such additional costs cannot always be passed on to the customer, resulting in DEME bearing all, or at least a portion of, these additional costs. Depending on the size of a project, variations from estimated costs for the contract performance could have a material adverse effect on DEME's financial performance, results of operations or cash flows. In particular, projects based on new designs may entail higher risks to cost overruns as, in such instance, DEME may be less able to make a proper cost estimate for the project beforehand, especially, when it ventures into new business activities for the first time;

- inability for the client or customer to obtain the necessary financing for the project or to obtain such financing in a timely manner, should the contractor assume the burden of the financing under the contract (see also risk factor Section 2.2.4);
- construction and project management risks associated with the actual execution of projects and maintenance of operations, including risks relating to the execution of engineering, procurement, construction, commissioning and delivery of a project;
- delay (due to possible internal and/or external factors) in meeting delivery performance requirements of contracts (e.g. “milestones”) which may 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, thereby causing delays (see also risk factor under Section 2.1.6). For instance, this could happen when substitute manufacturers are limited, especially for specialised equipment;
- failure to meet other performance requirements under the contract (e.g. in terms of quality, performance period etc.) and the direct and indirect consequences arising therefrom, such as potential penalties or damages, additional costs etc.;
- failure to comply with the warranty obligations under the contract (e.g. responsibility for maintenance, etc.) for the duration of such warranty (e.g. 10 years) and the direct and indirect consequences arising therefrom, such as potential penalties or damages, and any cost overruns resulting from the performance of such warranty obligations due to, for example, unanticipated additional costs;
- adverse effects on DEME’s business resulting from failure to comply with, compliance with or any changes in the applicable regulations and legislations in the relevant jurisdiction regulating, for example, safety and social obligations vis-à-vis subcontractors (see also risk factor under Section 2.4.2); and
- some contracts, in particular public contracts, may not have limitation of liability clauses which means there is no cap on the penalties or damages to be paid.

In addition, during the 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). More specifically, DEME may be subject to increased project costs due to, for example, possible non-working days, a possible delay in the delivery of the works, injuries to DEME employees or to 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 the nature and the composition of the soil and/or specific site conditions;
- the climatic and meteorological condition including extreme climate events (storms, tsunamis, earthquakes, etc.);
- the 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, collision);

- 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; and
- the relationship with and reliance on subcontractors, suppliers and (joint-venture) partners, particularly in the context of Engineering, Procurement, Construction and Installation (EPCI) projects (see also risk factor under Section 2.1.6).

All of the risks aforementioned in this Section 2.2.1 may result in reduced profitability or losses on projects, which in turn may materially and adversely affect DEME's financial condition, operating results and cash flows. Although DEME tries to manage these operational risks as best as possible, including taking out insurance policies whenever possible, the possibility that the agreed insurance policies should fail to provide sufficient cover for the consequences of these operational risks, should they arise, cannot be excluded (e.g. decennial liability for off-shore works is non-insurable)..

2.2.2 DEME is subject to third-party risks in respect of the contractors, suppliers, vendors, joint venture partners or other parties of its projects

DEME relies on third-party contractors, suppliers, vendors, joint venture partners or other parties for the engineering design, procurement of materials, equipment, and services for the performance of work on DEME's projects. The successful completion of these projects depends on the ability of these third parties on the projects to perform their contractual obligations and is subject to factors beyond DEME's control, including actions or omissions by these parties and their subcontractors.

Any non-performance, or a failure of such third parties to perform their contractual obligations to a satisfactory standard could result in delays to the planned project timelines, which could in turn result in late penalties or fines being imposed on DEME. For example, on a foundations installation work a subcontractor that fabricates monopiles could have its production delayed, which could in turn put pressure on DEME's timeline of operations.

Where delays occur, DEME may also face difficulties in sourcing other third-party alternatives, especially where the project requires specialised equipment. Any setbacks or delays in construction, delivery of equipment or supplies or any problems relating to the work performed by third parties could also result in unforeseen construction costs or budget overruns (see also risk factor under Section 2.2.1). For example, the late delivery of 'Orion' caused cost overruns for the Moray East project (see also Section 9.2.2A), which DEME could not pass on to the customer. At the very last moment, DEME had to source a third-party vessel capable of installing the wind turbines at sea. While DEME has implemented measures to minimise potential third-party risks, there is no assurance that such risks will not materialise in the future, the occurrence of which could have a material adverse effect on DEME's business, results of operations, financial condition and prospects.

2.2.3 Dredging, land reclamation, offshore works, infrastructure and environmental projects are activities which impact the environment, and which face specific environmental and/or climate risks

Like other groups active in dredging, land reclamation, offshore works, infrastructure and/or environmental projects, 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 (see Section 8.4.2) must by the very nature of their activities – soil and sediment 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. Moreover, unanticipated or unforeseeable elements in the nature and extent of the contamination may have an impact on the profitability of the remediation project. The pollution of soils may, for example, be worse than expected which would lead to costlier treatment and/or the volume of soils that need treatment may be underestimated.

Secondly, the infra business of DEME (see Section 8.2) active 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 to re-use certain resources. The client for example will either impose minimum values of re-use or favour tenders which have the highest value of re-used materials. As a consequence, DEME has to organise itself on this circular economy and find ways to recycle materials, which may ultimately be more costly.

Thirdly, climate-related risks such as global warming cause more frequent extreme weather conditions such as storms and heavy rainfall with flooding, which could result in more operational downtime for DEME (of, e.g. DEME's vessels, windfarms, infrastructure or dredging activities). This may lead to increased costs or reduced profitability or losses on any of DEME's projects.

Any of the above risks could affect DEME in multiple ways, such as reputational damage, fines, legal proceedings, increased costs or reduced profitability or losses on projects, which in turn may materially and adversely affect DEME's financial performance, operating results and cash flows (see also risk factor under Section 2.4.1). Despite contractual precautions that DEME includes in its project contracts and its focus on sustainability as an integral part of DEME's strategy (see Section 8.10), any of the above environmental risks can never be fully excluded when performing a project.

2.2.4 The development of a new project is subject to a variety of risks, which may lead to uncertainty as to whether the 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 (see Section 8.5). 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 such new project development process without having the assurance that the project would effectively materialise. This could give rise to increased costs or reduced profitability, which in turn may adversely affect DEME's business, results of operations, financial position and prospects.

DEME may not succeed, at all or in a timely fashion, in obtaining the required concession for the new project from the relevant governmental authority, 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 (see also risk factor under Section 2.1.2). Further, much of DEME's work depends on its compliance with environmental and other regulations (see also risk factor under Section 2.4.2). Any claim by the government that DEME would have violated any laws or regulations could result in DEME's suspension or debarment from tendering for or being awarded concessions. DEME's inability to qualify as an eligible bidder under concession requirements could preclude DEME from competing for concession awards. In addition, DEME could not be awarded with a concession for reasons of competitive pressures (see also risk factor under Section 2.1.3).

There is also uncertainty when commencing the development of a new project as to whether the necessary financing for the project will be obtained and whether financial institutions will be willing to finance the new project. In view to such financing, a new project is typically structured by means of the set-up of a project company or "*special purpose vehicle*", through which DEME, together with third parties (e.g. project sponsors, equity partners, etc.) invests and raises capital on a non-recourse basis. The special purpose vehicle, in which DEME invests, typically arranges the financing of the project independently with a banking consortium. However, the banking consortium – in the event of the non-

performance of the credit agreement – will generally not be able to exercise any recourse against the special purpose vehicle’s shareholders. The special purpose vehicle will nonetheless often be required to provide project-linked securities to the banking consortium in the context of such project financing. When a special purpose vehicle of this kind fails, there is a risk that even when the project-related securities have all been exhausted there will be insufficient liquidities left to repay the banking consortium and that after the consortium has been repaid, the remaining assets will be insufficient to repay either wholly or in part the equity made available by DEME to the special purpose vehicle.

More in general, DEME’s ability to renew or replace expiring projects or obtain new projects, and the terms of any project contracts, will depend on various other factors, including market conditions and the specific needs of customers (see also risk factors under Sections 2.1.1 and 2.1.2). Given the competitive and historically cyclical nature of the industry (see Chapter 8), DEME may not be able to renew or replace expiring projects or may be required to renew or replace expiring projects or obtain new projects at rates that are below, and potentially substantially below, existing rates, or that have terms that are less favourable to DEME than existing contracts, or DEME may suffer from overcapacity where it is unable to secure sufficient contracts to meet its available capacity (e.g. meaning that a number of its operational vessels are not being utilised). Seasonal volatility can create additional unpredictability in activity and utilisation rates, which could have a material adverse effect on DEME’s business, financial position, results of operations, cash flows and prospects.

2.2.5 If DEME is not able to obtain, maintain or renew the approvals, licences, permits and certificates required to operate its business, this may have an adverse effect on its business

DEME requires various approvals, licenses, 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 is renewable every five years. Comparable requirements exist for the activities of the foreign operating companies too.

With respect to the ships, the flying of a flag is always accompanied by the completion of a registration procedure and a technical survey (the ship must comply with specific technical standards). Upon the successful completion of the procedure the ship is granted a “Certificate of Registry”, which gives the ship 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.

Authorities in jurisdictions in which DEME operates may impose onerous approval, licensing, permit or certificate requirements. If DEME fails to obtain the relevant approvals, licences, permits or certificates, it may be forced to delay or cease all or part of its operations in these jurisdictions which may adversely affect the results of its operations, financial performance and financial position. There can be no assurance that DEME will receive the necessary approvals, licences, permits or certificates in a timely fashion or at all or that such approvals, licences, permits or certificates will not contain onerous restrictions or conditions. There is no assurance that the governments of the countries in which DEME operates will not postpone or review projects or will not make any changes to government policies, in each case which could adversely affect DEME’s business, results of operations, financial position and prospects.

Even after DEME has obtained the required licences, permits and approvals, the operations are subject to continued review and the governing regulations may change. For example, as of September 2024 the ballast water performance standard will come into play, a regulation adopted by the International Maritime Organisation to reduce the environmental impact of ships. Therefore, DEME cannot assure that it will be able to obtain or comply with all necessary licences, permits and approvals in a timely

manner to allow uninterrupted operations in the future. Furthermore, it cannot assure that the approvals, licences, registrations and permits issued to DEME would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions of regulation(s), or pursuant to any regulatory action. Flying the French flag for example, requires at least 25% of the crew to be EU or EAA nationals. If DEME fails to comply with all applicable regulations or if the regulations governing the business or their implementation change, it may incur increased costs, suffer a disruption in its operations and/or could be subject to civil remedies including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, any of which could materially and adversely affect the business and results of operations of DEME.

Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licences, registrations or permits, or any suspension or revocation of any of the approvals, licences, registrations and permits that have been or may be issued to DEME, may also adversely affect the operations and financial performance of DEME.

2.3 Financial risks

2.3.1 DEME faces risks in relation to the financing of its future capital needs, including the risk that it may not continue to be able to secure financing on favourable terms, or at all

To finance its investments and activities, DEME frequently makes use of external financing sources, both for short and long-term financing. The Group's net financial debt amounted to 392.7 million EUR as at 31 December 2021 (see Chapter 9).

Although DEME's financial leverage (i.e. covenant leverage ratio) is currently below one (see Chapter 9), 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. Reference is made to note 10 ("Financial risk management and financial derivatives" – "Market Risk") of the Consolidated Financial Statements as of 31 December 2021 and 2020, which can be found in the F-pages, for further detail. If the Group's cash flows and capital resources are insufficient to fund its debt service obligations or if the Group is unable to refinance its indebtedness, the Group may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure its indebtedness. These alternative measures may not be successful and may not permit the Group to meet its scheduled debt service obligations.

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.

For its financing, DEME currently taps the commercial bank market and it has the possibility to obtain alternative funding (e.g., *Schuldschein Darlehen*, private placement, corporate bond) should the commercial banking market dry up.

Where DEME would require additional capital to finance acquisitions, as well as for refinancing needs or unforeseen circumstances, it may decide to engage in equity or debt financings or enter into credit facilities for other reasons.

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), which may make it more difficult

for DEME to obtain additional capital and to pursue business opportunities, including potential acquisitions (see also risk factor under Section 2.1.4). Furthermore, any breach of these covenants could give rise to the acceleration of the loans. There has been no breach of the covenants in the past and the covenants were respected on 31 December 2021 (see also Section 9.1.2). While DEME's leverage could be considered as high, compared to DEME's peers, DEME still has considerable headroom as compared to the leverage and solvency covenants under its relevant long term-term credit facilities.

DEME may not be able to secure any such debt or equity financing or refinancing at favourable terms, in a timely manner, or at all. In particular, DEME's ability to obtain external financing in the future is subject to a variety of uncertainties, including with respect to its financial condition, results of operations and cash flows, bank credit risks assessments and general market conditions. If DEME is unable to obtain adequate financing or financing on terms satisfactory to DEME when it requires it, its ability to continue to grow or support its business plan and to respond to business challenges could be significantly limited.

2.3.2 DEME is exposed to risks associated with fluctuations in currency exchange rates and with its currency hedging, which could result in increases to DEME's costs

The global nature of DEME's activities means that payments made further to contracts, purchases and expenditures may be in a variety of currencies, thus exposing DEME to exchange rate risks. For the year ended 31 December 2021, approximately 62% of DEME's consolidated revenue was earned in EUR, followed by USD, GBP, DKK, RUB, PLN, SGD, UYU and INR. Most of the Group's purchases are typically transacted in EUR or USD. This means that the Group will face a risk of exchange rate fluctuation when the sales are made in a different currency to the purchase, this is especially true for the dredging activities, which have a broad geographical spread, where DEME may be unable to pass along increased costs to its customers. Reference is made to note 10 ("Financial risk management and financial derivatives" – Price Risk / Commodity Risk) of the Consolidated Financial Statements as of 31 December 2021 and 2020, which can be found in the F-pages, for further detail.

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 only for 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 NDF (non-deliverable forward) hedging. The Group's hedging and financial strategy may prove ineffective or may subject the Group to increased costs or other risks, including the possibility that its counterparties to hedging contracts will default on their obligations. In addition, DEME does not hedge against translational currency risks. Reference is made to note 10 ("Financial risk management and financial derivatives" – "Currency Risk") of the Consolidated Financial Statements as of 31 December 2021 and 2020, which can be found in the F-pages, for further detail.

There is always a risk that DEME may not be able to manage effectively significant and sustained movements or volatility in currency exchange rates, which could have a material effect on the Group's business, financial condition, results of operations and prospects.

DEME's reporting currency is euros. 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 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 euros impacts its revenue and profitability expressed in euro accordingly. Exchange rate changes also affect the Group's consolidated statement of 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.

2.4 Legal and regulatory risks

2.4.1 DEME may be involved in costly and burdensome 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 its course of business (see Section 8.15). The outcome of such proceedings, investigations and enforcement actions cannot be predicted with certainty.

Disputes and legal proceedings in which the Group may be involved are subject to many uncertainties, and their outcomes are often difficult to predict. 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. Disputes may, for instance, arise around different interpretations of new circumstances arising during the performance of the contract, or around misinterpretations of contractual clauses.

Furthermore, DEME's business is subject to operational risks, including environmental hazards, accidents, disruption or flooding, which could result in damage to, or destruction of, equipment, structures or buildings, environmental damage or personal injuries, or legal liability towards third parties (see also risk factors under Sections 2.2.1 and 2.2.2).

DEME may also be involved in proceedings initiated by, among others, 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) and tax or regulatory authorities. Certain of these proceedings can notably lead to DEME having to pay damages, remedies or criminal or civil sanctions, fines or disgorgement of profit.

Unfavourable results of current or future claims, litigation or other legal proceedings could harm DEME's reputation and in certain cases may also lead to exclusion from tenders or the revocation or loss of business licenses or permits, which could have a material adverse effect on DEME's business, results of operations, financial condition and prospects.

2.4.2 DEME's business is subject to various legal and regulatory compliance risks, including those involving antitrust, anti-money laundering, anti-bribery or anti-corruption laws and regulations and sanctions

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. DEME may be unaware of, or unable to timely anticipate and prepare for, developments in such laws, regulations and sanctions.

DEME's subsidiaries and joint ventures (see Chapter 11) work autonomously in an international environment with a multitude of stakeholders who 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. Therefore, the risk of exposure to internal or external fraud, to infringements of the Group's ethical principles or of regulations, in particular with regard to corruption, is imminent.

Despite the fact that DEME operates a global compliance program (through, for instance, DEME's Code of Ethics & Business Integrity (see Chapter 10 (Management and Corporate Governance)) 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, there can be no assurance, however, that such codes, policies and procedures will be complied with at all times or will effectively detect and prevent violations of the applicable laws by one or more of DEME's employees, agents, third-party providers or any other representatives involved in DEME's business.

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. As a result, DEME's policies, procedures, internal controls and risk management may not always be adequate.

Therefore, DEME could be subject to penalties (including civil penalties, fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, revocations or restrictions of licences, as well as criminal fines and imprisonment) and material adverse consequences on its business, financial condition or results of operations. In addition, any major violations could have a significant impact on DEME's reputation and consequently on its ability to win future business. The trust of all stakeholders, including clients, employees, suppliers, business partners, shareholders and lenders, is key for DEME's success.

2.4.3 Compliance with and changes to environmental, health and safety laws, including laws relating to the investigation and remediation of contamination, could have a material effect on DEME's cost of doing business

DEME is active in a large number of countries in all parts of the world and is subject to, and may incur substantial costs in order to comply with, a wide variety of legislation and regulations in each of the jurisdictions in which it operates in areas such as industrial law, commercial law, corporate and bankruptcy law, contract law, liability law, competition law, tax law, administrative law, environmental law, security and safety laws, regulations and standards, and the regulations and practices governing concession awards.

Moreover, the regulations to which DEME is subject vary from jurisdiction to jurisdiction, and may change over time, regarding, among others, 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.

The ordinary course of operation of DEME's business involves certain inherent risks related to the environment and 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 any such event is not a result of any fault on DEME's part. See also risk factor under Section 2.4.1. 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.).

Even though it is DEME's policy to strictly abide by all the applicable legislation and regulations in every jurisdiction in which DEME is active (see also risk factor under Section 2.4.2), ensuring compliance with this complex array of laws and regulations is a heavy process and requires significant resources and results in material costs. The possibility of a breach of such complex and mutable legislation and regulation in the context of a project cannot be excluded. In such a case DEME could possibly be held liable or required to pay fines or other penalties that could have a negative effect on DEME's activities, financial situation and results. 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 execute the cleaning up works and bear the cost thereof.

Such events might affect DEME in several ways such as, among others, investigations from authorities, exclusion from future tender processes, legal proceedings, fines, operational disruption, increased scrutiny, bad publicity, etc. Although DEME adopts various measures, including to address and remediate identified risks of accidents, risks for injury and health impacts, in the event of accidents, injuries in which DEME's employees or subcontractors would be involved cannot be entirely excluded and DEME could be held liable as a result thereof. DEME could also be required to pay substantial indemnities to the victims or to the relevant beneficiaries under local law.

DEME seeks to monitor and adapt to changes in the legal systems, regulatory controls and customs and practices in the jurisdictions where it operates; however, DEME cannot ensure that applicable laws and regulations will not be further revised or that new laws and regulations will not be adopted or become applicable to DEME (see also risk factor under Section 2.4.2). New laws and regulations, amendments to existing laws and regulations, increased government enforcement or other developments could require DEME to make additional unforeseen expenditures or could also impact DEME's ability to maintain its current operations or develop new businesses. Any of these events materialising could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

DEME's expenses associated with these risks, if not covered or not completely covered by DEME's insurance, could have a material adverse effect on DEME's business, financial condition, results of operations or prospects. Any liability incurred by DEME, the increased costs of compliance and damage to DEME's reputation could have a material adverse effect on DEME's business, financial condition, results of operations or prospects.

2.4.4 The implementation by governments or the interpretation by tax authorities of changes in tax rates, tax liabilities or tax accounting rules could affect future results

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. Significant judgement is required to determine worldwide tax liabilities, because (among other reasons) tax laws and regulations in effect in the various countries in which DEME operates do not always provide clear and definitive guidelines. DEME's effective tax rates and tax exposure could be affected by changes in the composition of its earnings in countries or jurisdictions with higher or lower tax rates, changes in applicable tax rates, changes to transfer pricing rules, changes 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 tax laws are applied by tax administrations (possibly with retroactive effect), including through tax arrangements issued by the

relevant competent tax authorities and corresponding challenges by tax authorities to DEME's judgement or interpretation in tax matters.

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. "Uncertain tax positions" is a key audit matter for DEME. 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 are recorded accordingly. From time-to-time various governments, make substantive changes to tax rules and the application of rules to companies, including changes potentially impacting the Group's ability to defer taxes on international earnings. Although DEME believes its tax estimates are reasonable, due to continuous screening by its Tax Department, any final determination could be materially different from the treatment reflected in DEME's historical income tax provisions and accruals. Any of the foregoing could result in a material increase to DEME's effective tax rate and have an ensuing material adverse effect on DEME's business, results of operations, financial condition and prospects.

2.5 Other risks

2.5.1 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 its IT systems and other related risks

DEME increasingly relies on digital communication, connectivity, and the use of technology to run its worldwide business, further catalysed by remote working. Information technology is crucial in supporting and protecting core and supporting processes. This has enabled DEME to work more fluidly and efficiently, and makes it possible to follow up its local operations as good as in real time from its headquarters, but it also leads to a vulnerability linked to cybersecurity challenges and dependency on digitalised processes. In 2021, DEME's firewall was attacked over 23,000 times, whilst blocking more than 7,500 viruses. Monthly over 500,000 emails are blocked, however some phishing emails still get delivered and require individual mitigation measures. Internal policies, procedures and instructions are in place to mitigate the information technology risk, in addition to, among others, 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, up to regular "Ethical hacking" exercises, awareness campaigns and penetration testing by the Enterprise Security Office. However, malfunction in, or any attack against, DEME's information systems may result in significant costs (outage as well as remediation) or a significant delay in the execution of projects. The occurrence of any of these events could harm DEME's reputation and materially adversely affect DEME's business, financial condition or results of operations.

2.5.2 DEME relies significantly on qualified personnel, professionals and managers for its business and the success of DEME may depend on its ability to retain or attract such persons

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 works in the talent market to recruit enough skilled employees and must motivate and retain them, even for work far from home. Offering attractive conditions of employment and holiday arrangements is not always enough to recompense the long working hours, shift working, and the night-time and weekend work. Furthermore, DEME must recruit and retain adequate numbers of highly qualified engineers, professionals and managers for the performance of the technical, support and managerial functions. The number of vacancies has increased to about 250 staff positions, of which half are engineering or technical profiles, and approximately 10% middle management vacancies. Scarcity of profiles is most notable in Europe. 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. The company invests in the development

of employees through various training programmes and prepares candidates for key promotions to improve leadership.

Should DEME not be able to recruit and retain the right employees, on terms acceptable to it, this could have a material adverse effect on the activities and results of the Group.

2.5.3 DEME's intellectual property and know-how may be inadequately protected or infringed upon

DEME makes use of certain proprietary technology and know-how, including the intellectual property and know-how that it has developed itself. For instance, the technology developed at the occasion of the design of DEME's newest Dredging and Offshore vessels or the intellectual property it uses in its operations (see Section 8.5.2). To the extent that this intellectual property and know-how might be inadequately protected or infringed upon, there could be a negative impact on the competitive position of DEME and its financial results. See also risk factor under Section 2.1.3. Also, court proceedings to enforce intellectual property rights or defend against infringement claims could result in significant costs.

DEME enters into confidentiality agreements with third parties that are involved in Research & Development ("R&D"), but the compliance by third parties may be difficult to monitor and to enforce. The intellectual property rights arising from such R&D accrues to DEME on the basis of a standard contract, with the inventing party. Depending on the type and value of the intellectual property it may be protected further by filing a patent application. DEME currently holds about 800 patents and patent applications for about 124 innovations. However, not all jurisdictions provide an adequate level of protection for intellectual property rights. If the intellectual property rights were to be considered invalid, cannot be protected or the protection cannot be adequately enforced, DEME's competitors could make use of the technology, which could have an adverse effect on DEME's business and prospects.

2.6 Risks related to the Partial Demerger

2.6.1 Joint liability for certain debts of CFE

Pursuant to article 12:15 of the Belgian Code of Companies and Associations (the **BCCA**), creditors of CFE or the Company who have a claim which has been established before the publication of the Partial Demerger in the Annexes to the Belgian Official Gazette but which is not yet due and payable, or whose claim has been the subject of legal action brought in court or arbitration by the creditor before the deed enacting the Partial Demerger, have the right to demand security from the Company and CFE, within two months of said publication in order to safeguard their original claims or rights.

The Company and CFE may each set aside such claim for security by paying the claim at its discounted value. If no agreement can be reached about the claim for security, or the payment of the discounted value, the creditor and, as the case may be, CFE or the Company may bring their dispute before the President of the Enterprise Court of Brussels, Belgium, in accordance with the procedural rules for summary proceedings. The President of the Enterprise Court may impose security or dismiss the claim for security, in light of the guarantees and privileges already available to the creditor, or the debtor's creditworthiness. If the security imposed by the President is not provided within the time stipulated by the Court, the original debt will immediately fall due. In this case, the Company and CFE will be jointly and severally liable to settle the original debt.

Pursuant to article 12:17 of the BCCA, following the Partial Demerger, the Company remains jointly and severally liable with CFE for CFE's debts which are certain and payable on the day of publication in the Annexes to the Belgian Official Gazette of the deed enacting the Partial Demerger, as well as debts for which legal action has been brought in court or arbitration by the creditor before the deed

enacting the Partial Demerger; the Company's liability in this respect is limited to the net assets attributed to it under the Partial Demerger.

2.7 Risks related to the Shares to be listed

2.7.1 No prior market for the Company's Shares

Although the CFE Shares are currently listed on the regulated market of Euronext Brussels, there was no public market for the Shares prior to their listing on the regulated market of Euronext Brussels.

The Company can give no assurance that an active trading market for the Shares will develop after the distribution or, if it does develop, that it will be sustained or be liquid, in particular given that the free float will be approximately 25.78% of the issued ordinary share capital of the Company following the implementation of the distribution. If such a market fails to develop or is not sustained, the liquidity and trading price of the Shares could be adversely affected, as well as increase their price volatility.

The trading prices of the Shares and the CFE Shares may fluctuate significantly after the Partial Demerger and the first listing of the Shares. The initial reference price of the Shares, and the initial reference price of the CFE Shares derived therefrom, were determined solely to allow trading of the Shares to commence on Euronext Brussels immediately after the Partial Demerger, and should not be construed as indicative of the future prices of the Shares and the CFE Shares.

After the listing, the Company's share price may fluctuate significantly as a result of the sale or purchase of an important quantity of Shares on the public market, or because the perception would exist that a large number of Shares is being or will be offered for sale or subject to purchase.

Accordingly, investors trading in the Shares or CFE Shares in the secondary market during the first days of trading of the Shares or CFE Shares after the Partial Demerger should carefully consider the risks associated with placing orders "au cours", and may wish to set their own price limits. Investors who are in doubt about the trading strategy best suited to their circumstances should consult with their financial advisor.

2.7.2 Risks related to the limited free float

Following the Transaction, only 25.78% (rounded) of the Company's share capital will be freely tradable. A limited free float may have a negative impact on the liquidity of the Shares and result in a low trading volume of the Shares, which could have an adverse effect on the prevailing market price of the Shares and could result in increased volatility of the market price for the Shares. This may negatively impact the price at which an investor can dispose of the Shares where the investor is seeking to achieve a sale within a short time frame.

Future sales of a significant number of Shares by the shareholders, or the perception that such sales could occur, may, in particular taking into account a limited free float, adversely affect the market price of the Shares. In addition, such sales could make it more difficult for the Company itself to issue new Shares or to sell existing treasury Shares at a time and a price that it deems appropriate.

2.7.3 The stock price of the Shares is subject to fluctuations

The price of the Shares might not reflect the value of the Company and may be influenced by many changes and developments such as the materialisation of one of the risk factors described in this Prospectus or publications about the Company. Moreover, certain operational, market, financial, legal

or other factors, which are beyond the control of the Company, can result in significant fluctuations in volume and price on the stock market, including, but not limited to:

- the COVID-19 pandemic;
- market expectations for the Company's financial performance;
- actual or anticipated fluctuations in the Company's results of operations and financial condition;
- changes in the estimates of the Company's results of operations by securities analysts;
- potential or actual sales of blocks of Shares in the market by any shareholder or short-selling of Shares. Any such transaction could occur at any time or from time to time, with or without notice;
- the volatility in the market as a whole or investor perception of the marine engineering business or the Company competitors; or
- the occurrence of any of the matters mentioned in the Chapter "Risk Factors" of this Prospectus.

2.7.4 Risks relating to controlling shareholder Ackermans & van Haaren SA

On the date of this Prospectus, following the Partial Demerger Ackermans & van Haaren SA ("AvH") holds 62.10% and VINCI Construction SAS holds 12.10% of the Shares. AvH thus controls the Company within the meaning of article 1:14 of the BCCA.

As controlling shareholder of the Company, AvH has (i) the ability to take certain shareholders' decisions that require at least 50% of the votes of the shareholders that are present or represented at general meetings where such items are submitted to voting by the shareholders, and (ii) through its shareholding, a de facto veto-right for each item that is submitted to voting by the shareholders. AvH will, for example, effectively control the election of the board of directors of the Company.

In addition, and notwithstanding the fact that the Company, as of the date of this Prospectus, is not aware of shareholders having entered into or considering to enter into a shareholders' agreement or agreeing to act in concert following the closing of the Transaction, AvH and Vinci Construction, when taken together and depending on how broadly DEME's other Shares are held, could collectively have sufficient voting rights to take shareholders' decisions that require at least 75% or even 80% of the votes of the shareholders that are present or represented at general meetings where such items are submitted to voting by the shareholders.

Any such voting by such significant shareholders may not be in accordance with the interests of the Company or the minority shareholders of DEME.

Based on the identity and intentions of its current significant shareholders, DEME believes that the probability that the interests of such shareholders will differ materially from those of minority shareholders is low.

Furthermore, the concentration of ownership may have a material adverse effect on the market price of the Shares by, among other things, delaying or deterring a change of control (including deterring a third party from making a takeover offer), depriving shareholders of an opportunity to receive a premium for their Shares in such circumstances and affecting the liquidity of the Shares.

3. IMPORTANT INFORMATION

3.1 Responsibility statement

In accordance with Article 26, §1 and §2 of the Belgian Act of 11 July 2018 on the public offering of securities and the admission of securities to trading on a regulated market (the “**Prospectus Act**”), the Company, represented by its Board of Directors, assumes responsibility for the completeness and accuracy of all of the contents of this Prospectus. The Company attests that to the best of its knowledge, the information contained in the Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

In making an investment decision, investors must rely on their own assessment, examination, analysis and enquiry of the Company, the contents of this Prospectus, including the merits and risks involved. Any purchase of the Shares should be based on the assessments that an investor may deem necessary, including the legal basis and consequences of the Transaction, and including possible tax consequences that may apply, before deciding whether or not to invest in the Shares. In addition to their own assessment of the Company and the terms of the Transaction, investors should rely only on the information contained in this Prospectus, including the risk factors described herein, any supplements to this Prospectus as may be published (if any) and any notices that the Company may publish under applicable law or the relevant rules of Euronext Brussels.

Neither the Company nor any of its respective representatives is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

No person has been authorised to give any information or to make any representation in connection with the Transaction other than those contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorised. Without prejudice to the Company’s obligation to publish supplements to the Prospectus when legally required (as described below), neither the delivery of this Prospectus nor any sale made at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in the Company’s affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of the Listing. It contains selected and summarised information, does not express any commitment or acknowledgment or waiver, and does not create any right, express or implied, towards anyone other than a potential investor. Investors must assess, with their own advisors if necessary, whether the Shares are a suitable investment for them, considering their personal income and financial situation. In case of doubt about the risk involved in investing in the Shares, investors should abstain from investing in the Shares.

The summaries and descriptions of legal provisions, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may under no circumstances be interpreted as a basis for credit or other evaluation, or as investment, legal or tax advice for prospective investors. Prospective investors are urged to consult their own financial advisor, accountant or other advisors concerning the legal, tax, economic, financial and other aspects associated with the trading or investment in the Shares.

3.2 Prospectus approval

The FSMA, as competent authority under the Prospectus Regulation, approved the English version of this Prospectus on 29 June 2022 in accordance with Article 20 of the Prospectus Regulation. The FSMA only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The FSMA's approval does not imply any opinion by the FSMA on the suitability and the quality of the Transaction or on the status of the Company and should not be considered as an endorsement of the Company that is the subject of this Prospectus nor the quality of the Shares.

This Prospectus has been prepared in English and translated into Dutch. The Summary of the Prospectus has also been translated into Dutch and French. The Company is responsible for the consistency between the French, English and Dutch versions of the Summary of the Prospectus. Without prejudice to the responsibility of the Company for inconsistencies between the different language versions of the Prospectus or the Summary of the Prospectus, in the case of discrepancies between the different versions of this Prospectus or the Summary of the Prospectus, the English version will prevail.

The information in this Prospectus is as of the date printed on the front cover, unless expressly stated otherwise. The delivery of this Prospectus at any time does not imply that there has been no change in the business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

In accordance with Article 23.1 of the Prospectus Regulation, if, between the date on which this Prospectus is approved and the start of trading of the Shares on the regulated market of Euronext Brussels, a significant new factor, material mistake or material inaccuracy in relation to the information included in the Prospectus which could affect the assessment by investors of the Shares, arises or is noted, then, this must be mentioned in a supplement to the Prospectus. Any supplement to the Prospectus must be approved by the FSMA and will, in the same manner as the Prospectus, be published and notified to ESMA.

The Company is not offering any new shares nor any other securities in connection with the admission to trading on the regulated market of Euronext Brussels. This document does not constitute an offer to sell or the solicitation of an offer to purchase any Shares. No public offering of the Shares has or will be made and no one has taken any action that would, or is intended to, permit a public offering in any country or jurisdiction where any such action for such purpose is required. The Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the United States. The Shares have not been and will not be registered under the US Securities Act or the applicable securities laws of any state or other jurisdiction of the United States of America. Accordingly, the Shares shall not be offered, issued, sold, pledged or transferred in any way in the United States of America. This document may not be distributed or otherwise made available in Canada, Australia, Switzerland, the United Kingdom, Japan or South Africa and the Shares may not be offered, sold or advertised, directly or indirectly, by any person in Canada, Australia, Switzerland, the United Kingdom, Japan or South Africa unless such distribution, offer or sale is permitted under the applicable securities laws of the relevant jurisdiction. The Company requires persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any applicable jurisdiction. The Company does not accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Shares, of any such restrictions.

3.3 Available information

3.3.1 Availability of the Prospectus

This Prospectus is available in English and Dutch. The Summary of the Prospectus is available in English, Dutch and French.

The Prospectus shall be made available to investors upon request at no cost at the Company's registered office, located at Scheldedijk 30, 2070 Zwijndrecht, Belgium.

The Prospectus and the Summary of the Prospectus shall also be made available to investors in English, Dutch and French (only the Summary) on the website of the Company: www.deme-group.com.

The posting of the Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares to or from any person in any jurisdiction. The electronic version may not be copied, made available or printed for distribution.

Information on the website of the Company (www.deme-group.com) or any other website does not form part of the Prospectus. The information on the Company's website has not been scrutinised or approved by the FSMA.

3.3.2 Availability of the Company's documents

The Company has filed its deed of incorporation and must file its coordinated Articles of Association and all other deeds that are to be published in the Annexes to the Belgian State Gazette with the clerk's office of the enterprise court of Antwerp, where they are available to the public. The Company is registered with the register of legal entities (Antwerp) under enterprise number [●]. A copy of the Company's most recent Articles of Association and Corporate Governance Charter will also be available on its website.

In accordance with Belgian law, the Company must also prepare audited annual statutory and consolidated financial statements. The audited annual statutory financial statement and the consolidated financial statements, together with the report of the Board of Directors and the audit opinion of the statutory auditor, will be filed with the National Bank of Belgium ("NBB"), where they will be available to the public. Furthermore, as a listed company, the Company must publish a consolidated annual report (comprising the consolidated financial statements to be filed with the NBB and a responsibility statement) and a consolidated semi-annual report (comprising condensed financial statements, the report of the statutory auditor, if audited or reviewed, and a responsibility statement). These reports will be made publicly available on the website of the Company and on STORI.

As a listed company, the Company must also disclose "inside information", information about its shareholder structure and certain other information to the public. In accordance with the Belgian Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (*Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een Belgische gereguleerde markt/Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis aux négociations sur un marché réglementé belge*), such information and documentation will be made available through the Company's website, press releases, the communication channels of Euronext Brussels, on STORI, or a combination of these means. All press releases published by the Company will be made available on its website.

3.4 Presentation of financial and other information

The Company was incorporated on 29 June 2022 (immediately after the Partial Demerger EGM), and has no annual or interim financial statements yet available.

DEME NV has prepared statutory financial statements for the financial years ended on 31 December 2021, 2020 and 2019 in accordance with Belgian GAAP and which were audited by Deloitte Bedrijfsrevisoren CV for the financial years ended on 31 December 2019 and 31 December 2020 and by Deloitte Bedrijfsrevisoren CV and Ernst & Young Bedrijfsrevisoren CV, together, for the financial year ended on 31 December 2021. These statutory financial statements are available on the website of the NBB.

DEME NV has prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) for the financial year ended on 31 December 2021. DEME NV has also prepared consolidated financial statements in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) for the financial years ended on 31 December 2019 and 31 December 2020.

Prior to the Partial Demerger, DEME NV was a 100% subsidiary of CFE. CFE's statutory financial statements for the financial years ended on 31 December 2021, 2020 and 2019 have been prepared in accordance with Belgian GAAP and CFE's consolidated financial statements for the financial years ended on 31 December 2021, 2020 and 2019 have been prepared in accordance with IFRS. Both the statutory and the consolidated financial statements have been audited (i) for the financial year ended on 31 December 2021, by Ernst & Young Bedrijfsrevisoren CV, and (ii) for the financial years ended 31 December 2020 and 2019 by Deloitte Bedrijfsrevisoren CV, and can all be accessed on the website of NBB and on the website of CFE (www.cfe.be). As a listed company, the CFE has published a consolidated annual report for the financial years ending on 31 December 2021, 2020 and 2019. These reports are available on the website of CFE (www.cfe.be) and on STORI.

For the purpose of the Listing, the Group has prepared the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS).

As the Company will have no other activities than the ownership (holding) of 100% of the shares in DEME (following the Partial Demerger), the pro-forma accounts of the Company including DEME will be similar to the financial statements of DEME for the financial year ended on 31 December 2021 (which accurately reflect the effect and outcome of the Partial Demerger). The Partial Demerger will not have an effect on the liabilities of DEME. Furthermore, DEME already has prepared consolidated financial statements in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS).

Rounding adjustments have been made in calculating some of the financial information included in this Prospectus. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

3.5 Other Information

In this Prospectus, references to the "Company" are to DEME Group NV and references to "we", "us" or "our" are to the Company together with its consolidated subsidiaries.

References to "Euros" or "€" are to the common currency of the member states of the EU that are part of the Eurozone. References to the "United States" or the "U.S." are to the United States of America and references to "U.S. dollars", "U.S. \$" or "\$" are to the lawful currency of the United States.

3.6 Industry and market data

This Prospectus includes market share and industry data, which were obtained by the Group from industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. The market, economic and industry data have primarily been derived and extrapolated from corporate presentations of competitors and white papers, as well as market research

reports from 4C Offshore market share analysis, 4C Offshore installation vessel supply and demand, and International Associations of Dredging Companies (IADC).

The third-party sources the Company has used generally state that the information they contain has been obtained from sources believed to be reliable. These third-party sources also state, however, that the accuracy and completeness of such information are not guaranteed and that the projections they contain are based on significant assumptions. As the Company does not have access to the facts and assumptions underlying such market data, or statistical information and economic indicators contained in these third-party sources, it is unable to verify such information and, while the Company believes it to be reliable, it cannot guarantee its accuracy or completeness.

However, where information has been sourced from a third party, the Company confirms that the information has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by its third-party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, certain information in this Prospectus is not based on published data obtained from independent third parties or extrapolations therefrom, but rather is based upon the Company's best estimates, which are in turn based upon information obtained from trade and business organisations and associations, consultants and other contacts within the industries in which the Company competes, information published by its competitors and its own experience and knowledge of conditions and trends in the markets in which it operates.

The Company cannot provide any assurance that any of the assumptions that it has made while compiling this data from third-party sources is accurate or correctly reflects its position in the industry and none of its internal estimates has been verified by any independent sources. The Company does not make any representation or warranty as to the accuracy or completeness of this information. The Company has independently verified this information and, while the Company believes it to be reliable, the Company cannot guarantee its accuracy.

3.7 Forward-looking statements

This Prospectus contains "forward-looking statements" within the meaning of the securities laws of certain jurisdictions, including statements under the captions "Summary", "Risk Factors", "Operating and Financial Review", "Business" and in other Sections. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "continue", "ongoing", "potential", "predict", "project", "target", "seek" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements appear in a number of places throughout this Prospectus. Forward-looking statements include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, its results of operations, prospects, growth, strategies and dividend policy and the industry in which it operates. In particular, certain statements are made in this Prospectus regarding management's estimates of future growth.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Prospective investors should not place undue reliance on these forward-looking statements. Any forward-looking statements are made only as of the date of this Prospectus and the Company does not intend, and does not assume any obligation, to update forward-looking statements set forth in this Prospectus, unless required by law.

Many factors may cause the results of operations, financial condition, liquidity and the development of the industries in which the Company competes to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

These risks described under “Risk Factors” are not exhaustive. Other Sections of this Prospectus describe additional factors that could adversely affect the results of operations, financial condition, liquidity and the development of the sectors in which the Company operates. New risks can emerge from time to time, and it is not possible for the Company to predict all such risks, nor can it assess the impact of all such risks on the business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not rely on forward-looking statements as a prediction of actual results.

4. REASONS OF THE TRANSACTION AND LISTING

4.1 Reasons of the Transaction

The principal purpose of the Transaction is the spin-off of DEME from CFE and the transformation of the Company into the new listed holding company for the DEME activities. In addition, in the Board Report, the board of directors of CFE sets out the following reasons for the Partial Demerger:

- the rationale behind the Partial Demerger is the view that CFE's perimeter prior to the Partial Demerger, combining DEME, CFE Contracting and BPI in one holding structure, was deemed to lead to a structural undervaluation of DEME, on the one hand, and CFE's other activities, on the other hand. As DEME and CFE operate in different segments and geographical markets, each with their own distinct management and strategic priorities, the Partial Demerger will allow both companies to further develop their activities and to grow as two solid listed companies with their own governance. It is expected that a deconsolidation of DEME will, overall, be shareholder value accretive (i.e. the sum of the parts is expected to exceed the market valuation of CFE until now);
- in addition, the Transaction aims to allow for both the Company and CFE to unlock their full potential and to specialise in their respective industries, with enhanced governance and management focus and better alignment of capital allocation decisions;
- furthermore, the Transaction will also allow the Company and CFE to better articulate their respective purpose and ambitions to shareholders, employees and other stakeholders and to help the stock market to fully recognize the true value of both entities;
- finally, the Transaction structure is believed to provide a proportional value-enhancing proposition to the shareholders of CFE (who were all treated equally as part of the Partial Demerger) and the separate listing should allow the Company to attract the most appropriate investor base.

4.2 Expenses of the Transaction / No proceeds

Neither the Company nor CFE will receive proceeds in connection with the Partial Demerger. The aggregate of the administrative, legal and audit expenses as well as the other costs in connection with the Transaction (including but not limited to financial and legal advice, legal publications, printing and translation of the Prospectus and Partial Demerger related documents) estimated at approximately 2,800,000 EUR are shared between the Company and CFE. The majority (around 2,300,000 EUR) is borne by DEME NV.

5. DIVIDENDS AND DIVIDEND POLICY

5.1 Dividends

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).

Pursuant to the Belgian Companies and Associations Code, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual general shareholders' meeting, based on the most recent statutory audited financial statements, prepared in accordance with Belgian GAAP and based on a (non-binding) proposal of the Company's Board of Directors. The Articles of Association also authorise the Board of Directors to declare interim dividends without shareholder approval. The right to pay such interim dividends is, however, subject to certain legal restrictions.

The Company's ability to distribute dividends is subject to availability of sufficient distributable profits as defined under Belgian law on the basis of the Company's stand-alone statutory accounts prepared in accordance with Belgian GAAP. In particular, dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory non-consolidated financial statements (i.e. summarised, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all in accordance with Belgian accounting rules), decreased with the non-amortised costs of incorporation and extension and the non-amortised costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the issued capital), increased with the amount of non-distributable reserves.

In addition, pursuant to Belgian law and the Articles of Association, the Company must allocate an amount of 5% of its Belgian GAAP annual net profit (*netto-winst/bénéfices nets*) to a legal reserve in its stand-alone statutory accounts, until the legal reserve amounts to 10% of the Company's share capital.

Additional financial restrictions and other limitations may be contained in future credit agreements.

5.2 Dividend History

As the Company has only been incorporated as part of the Partial Demerger, no dividends have been paid by the Company since its incorporation in June 2022.

With respect to the last three financial years, DEME NV has distributed the following dividends to its sole shareholder, CFE:

Year	Net profit of the Group (in EUR)	Total dividend distribution (in EUR)	Dividend / net profit (in %)	Total number of shares	Gross dividend per share (in EUR)
2021*	114,581,721	40,842,900	36%	4,538,100	9.00
2020	50,544,335	20,421,450	40%	4,538,100	4.50
2019	103,456,310	0	0%	4,538,100	0.00
2018	136,354,792	55,001,772	40%	4,538,100	12.12

* An intermediary dividend, paid out based on the accumulated results at the end of the financial year 2020, has been approved by DEME's sole shareholder for an amount of 40,842,900 EUR, corresponding to 9 EUR gross dividend per share, and paid on March 25, 2022.

5.3 Dividend Policy

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.

6. CAPITALISATION AND INDEBTEDNESS

The below capitalisation and indebtedness tables set forth the Company's consolidated capitalisation and financial indebtedness as at 31 March 2022. The Partial Demerger will not materially affect the capitalisation and indebtedness of the Company.

These tables should be read in conjunction with Chapter 7 (Selected Consolidated Financial Information) and Chapter 9 (Operating and Financial Review) of this Prospectus.

6.1 Capitalisation

The following table sets forth the Company's capitalisation as of 31 March 2022 on an actual basis, which will not be impacted post Partial Demerger.

	As of 31 March 2022
	Actual
	<i>(€ thousands)</i>
Total current debt	1,715,055
Guaranteed	304,680
Secured	6,250
Unguaranteed / Unsecured	1,404,125
Total non-current debt	744,239
Guaranteed	457,659
Secured	1,562
Unguaranteed / Unsecured	285,018
Shareholders' equity¹	1,569,882
Share capital	31,110
Share Premium	5,645
Legal reserve	3,111
Accumulated deficit	1,530,016
Minorities	20,802
Total	4,049,978

For the guaranteed debt, corporate guarantees of DEME NV are issued. The secured debt concerns a mortgage on vessel 'Innovation'.

Between 31 March 2022 and the date of this Prospectus, there have been no material changes to the Company's capitalisation as set out above.

6.2 Indebtedness

The following table details the financial indebtedness of the Company as at 31 March 2022 on an actual basis, which will not be impacted post Partial Demerger:

	As of 31 March 2022
	Actual
	<i>(€ thousands)</i>
A. Cash	268,755
B. Cash equivalents	36,576
C. Other current financial assets	0
D. Liquidity (A)+(B)+(C)	305,331
E. Current financial debt	100,000
F. Current portion of non-current debt	229,611
G. Current financial indebtedness (E)+(F)	329,611
H. Net current financial indebtedness (G)-(D)	24,280
I. Non-current financial debt	529,951
J. Debt instruments	0

¹ On the basis of the historical figures for DEME NV. For the Company's current share capital, see Section 14.3.1.

	<u>As of 31 March 2022</u>
	<u>Actual</u>
K. Non-current trade and other payables.....	0
L. Non-current financial indebtedness (I)+(J)+(K)	529,951
M. Total financial indebtedness (H)+(L)	554,231

Out of the 305,3 million EUR cash and cash equivalents, ca. 180 million EUR is effectively available for immediate use.

The financial debt includes both short- and long-term lease liabilities. The long-term lease liabilities amount to 67 million EUR whilst the short-term lease liabilities amount to 18 million EUR.

Between 31 March 2022 and the date of this Prospectus, there have been no material changes to the Company's indebtedness as set out above.

6.3 Working capital statement

In the Company's opinion, its working capital is sufficient to meet its present requirements over at least the next twelve months from the date of this Prospectus.

7. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The Group's selected financial information and other data presented below should be read in conjunction with the information contained in Section 3.4 (Presentation of financial and other information), Chapter 4 (Reasons of the Transaction and Listing), Chapter 6 (Capitalisation And Indebtedness), Chapter 9 (Operating and Financial Review) of this Prospectus, and the Financial Report 2021 (which can be found in the F-pages) and the Financial Information Report 2019 (as can be consulted on the Company's website (www.deme-group.com)).

7.1 Selected consolidated financial information

The selected consolidated financial information is presented below as of and for the years ended 31 December 2021, 2020 and 2019. The consolidated financial information for the financial year ended 31 December 2021 is prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union with comparative figures for the financial year ended 31 December 2020. As the consolidated financial statements for the financial year ended on 31 December 2019 and 31 December 2020 were prepared in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), it does not include segment reporting and all comparative information prepared in accordance with International Financial Reporting Standards (IFRS).

7.1.1 Consolidated statement of income²

(in thousands of EUR)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES	2,580,773	2,335,944	2,660,659
Turnover	2,510,607	2,195,828	2,621,965
Other operating income	70,166	140,116	38,694
OPERATING EXPENSES	-2,437,492	-2,271,663	-2,519,513
Raw materials, consumables, services and subcontracted work	-1,575,624	-1,482,795	-1,726,604
Personnel expenses	-488,896	-454,635	-456,255
Depreciation and amortisation expenses	-291,108	-284,591	-283,359
Impairment of property, plant and equipment and right-of-use assets	-34,608	-15,586	-12,506
Impairment of goodwill and intangible assets	-311	-5,000	0
Other operating expenses	-46,945	-29,056	-40,789
OPERATING RESULT	143,281	64,281	141,146
FINANCIAL RESULT	-5,412	-25,651	-6,250
Interest income	4,181	4,369	10,217
Interest expense	-6,920	-12,338	-11,837
Realised/unrealised foreign currency translation effects	6,130	-11,984	793

² Changes in presentation of the consolidated statement of income are shown in note (28) First application of IFRS of the Financial Report 2021 in the F-pages. The comparative 2020 and 2019 figures in the table are adjusted accordingly. Those changes are reclassifications that do not have an impact on the result.

<i>Other financial income and expenses</i>	-8,803	-5,698	-5,423
RESULT BEFORE TAXES	137,869	38,630	134,896
<i>Current taxes and deferred taxes</i>	-31,079	-9,812	-30,321
RESULT AFTER TAXES	106,790	28,818	104,575
<i>Share of profit (loss) of joint ventures and associates</i>	10,548	22,395	18,450
RESULT FOR THE PERIOD	117,338	51,213	123,025
<i>Attributable to non-controlling interests</i>	2,757	803	-2,016
<i>Share of the Group</i>	114,581	50,410	125,041

7.1.2 Consolidated statement of comprehensive income³
(in thousands of EUR)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Result attributable to non-controlling interests</i>	2,757	803	-2,016
<i>Share of the Group</i>	114,581	50,410	125,041
RESULT FOR THE PERIOD	117,338	51,213	123,025
Other comprehensive income that may be reclassified to profit and loss in subsequent periods			
<i>Changes in fair value related to hedging instruments</i>	4,582	-189	-1,554
<i>Share of other comprehensive income of joint-ventures and associates</i>	10,343	-6,975	-24,687
<i>Changes in cumulative translation adjustment reserve</i>	3,855	-6,587	1,132
Other comprehensive income that cannot be reclassified to profit and loss in subsequent periods			
<i>Remeasurement of net liabilities relating to defined benefit plans</i>	-847	-3,832	-9,412
<i>Share of other comprehensive income of joint-ventures and associates</i>	27	0	-52
TOTAL OTHER COMPREHENSIVE INCOME	17,961	-17,583	-34,573
TOTAL COMPREHENSIVE INCOME	135,299	33,630	88,452
<i>Attributable to non-controlling interests</i>	2,827	1,621	-2,244
<i>Share of the Group</i>	132,472	32,009	90,696

³ Changes in presentation of the statement of comprehensive income relate to a further split in fair value related to hedging instruments in the amount related to joint ventures and associates and the remainder. The comparative 2020 and 2019 figures in the table are adjusted accordingly.

7.1.3 Consolidated Statement of Financial Position⁴

(in thousands of EUR)

Assets	<u>2021</u>	<u>2020</u>	<u>2019</u>
NON-CURRENT ASSETS	2,694,235	2,691,083	2,732,369
<i>Intangible assets</i>	25,513	24,935	4,415
<i>Goodwill</i>	13,028	13,339	18,339
<i>Property, plant and equipment</i>	2,259,041	2,337,089	2,379,241
<i>Right-of-use assets</i>	90,620	75,917	127,734
<i>Investments in joint ventures and associates</i>	132,781	105,918	73,051
<i>Other non-current financial assets</i>	33,451	32,813	36,182
<i>Non-current financial derivatives</i>	613	1,433	0
<i>Other non-current assets</i>	4,239	3,221	3,921
<i>Deferred tax assets</i>	134,949	96,418	89,486
CURRENT ASSETS	1,355,362	1,228,871	1,212,410
<i>Inventories</i>	12,168	10,456	13,152
<i>Contract assets</i>	326,685	251,747	228,548
<i>Trade and other operating receivables</i>	384,022	309,636	429,264
<i>Current financial derivatives</i>	3,207	6,842	751
<i>Assets held for sale</i>	32,456	0	10,511
<i>Other current assets</i>	68,192	28,253	55,049
<i>Cash and cash equivalents</i>	528,632	621,937	475,135
TOTAL ASSETS	4,049,597	3,919,954	3,944,779
Group equity and liabilities			
	<u>2021</u>	<u>2020</u>	<u>2019</u>
SHAREHOLDERS' EQUITY	1,579,543	1,467,492	1,435,483
<i>Issued capital⁵</i>	31,110	31,110	31,110
<i>Share premium</i>	5,645	5,645	5,645
<i>Retained earnings and other reserves</i>	1,618,824	1,524,664	1,474,254
<i>Hedging reserve</i>	-25,872	-40,978	-33,578
<i>Remeasurement on retirement benefit obligations</i>	-41,283	-40,454	-36,695
<i>Cumulative translation adjustment</i>	-8,881	-12,495	-5,253
NON-CONTROLLING INTERESTS	19,696	17,840	11,671

⁴ Changes in presentation of the consolidated statement of financial position are shown in note (28) First application of IFRS of the Financial Report 2021 in the F-pages. The comparative 2020 and 2019 figures in the table are adjusted accordingly. Those changes are reclassifications that do not have an impact on the result.

⁵ On the basis of the historical figures for DEME NV. For the Company's current share capital, see Section 14.3.1.

GROUP EQUITY	1,599,239	1,485,332	1,447,154
NON-CURRENT LIABILITIES	786,718	890,489	1,113,505
<i>Retirement benefit obligations</i>	65,267	63,029	57,292
<i>Provisions</i>	39,572	30,097	17,787
<i>Interest-bearing debt</i>	577,970	735,054	947,797
<i>Non-current financial derivatives</i>	26,868	9,018	7,806
<i>Other non-current financial liabilities</i>	2,827	5,933	6,389
<i>Deferred tax liabilities</i>	74,214	47,358	76,434
CURRENT LIABILITIES	1,663,640	1,544,133	1,384,120
<i>Interest-bearing debt</i>	343,340	375,913	235,791
<i>Current financial derivatives</i>	12,368	6,761	9,356
<i>Provisions</i>	3,738	200	0
<i>Contract liabilities</i>	181,095	156,799	165,662
<i>Advances received</i>	101,067	60,582	39,565
<i>Trade payables</i>	772,905	717,338	760,023
<i>Remuneration and social debt</i>	94,026	83,968	82,056
<i>Current income taxes</i>	76,370	66,336	37,112
<i>Other current liabilities</i>	78,731	76,236	54,555
TOTAL LIABILITIES	2,450,358	2,434,622	2,497,625
TOTAL GROUP EQUITY AND LIABILITIES	4,049,597	3,919,954	3,944,779

7.1.4 Consolidated Statement of Cash Flows⁶

(in thousands of EUR)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
CASH AND CASH EQUIVALENTS, OPENING BALANCE	621,937	475,135	287,395
Operating result	143,281	64,281	141,146
Dividends from participations accounted for using the equity method	10,479	15,080	3,232
Reclassification of (income) loss from sales of property, plant and equipment and financial participations to cash flow from divestments	-16,159	-74,617	-4,523
Interest received	4,181	4,369	10,217
Interest paid	-4,383	-12,122	-19,482
Other financial income (costs)	-2,673	-17,682	-5,129
Income taxes paid	-38,422	-25,735	-33,594
NON-CASH ADJUSTMENTS	344,052	318,723	320,524
Depreciation and amortisation expenses	291,108	284,591	283,359
Impairment of property, plant and equipment and right-of-use assets	34,608	15,586	12,506
Impairment of goodwill and intangible assets	311	5,000	0
(Decrease) increase of retirement benefit obligations	1,146	639	-1,769
(Decrease) increase of provisions	13,013	12,509	26,428
Other non-cash operating expenses (income)	3,866	398	0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	440,356	272,297	412,391
CHANGES IN WORKING CAPITAL	-20,782	104,124	-37,973
Decrease (increase) in inventories and advances received	38,773	23,713	-35,580
Decrease (increase) in amounts receivable	-90,181	143,119	50,366
Decrease (increase) in contract assets	-74,938	-23,199	124,453
Increase (decrease) in current liabilities (other than borrowings)	81,268	-30,646	-99,738
Increase (decrease) in contract liabilities	24,296	-8,863	-77,474
CASH FLOW FROM OPERATING ACTIVITIES	419,574	376,421	374,418
Investments	-298,660	-258,788	-446,142

⁶ Changes in presentation of the consolidated statement of cash flow relate to a reclassification of interests received/paid and other financial income/cost from cashflow from financial activities to cashflow from operating activities. Following the reclassifications done in the consolidated statement of income from services to provision for warranties and from payroll expenses to movement in retirement benefit obligations, DEME changed the non-cash adjustments versus changes in working capital. The comparative 2020 and 2019 figures in the table are adjusted accordingly.

<i>Acquisition of intangible assets</i>	-1,908	-2,833	0
<i>Acquisition of property, plant and equipment</i>	-280,136	-198,739	-434,668
<i>Cash (out) inflows on acquisition of subsidiaries</i>	0	-17,828	-8,216
<i>Cash (out) inflows on acquisition of associates and joint ventures</i>	-15,632	-37,009	0
<i>New borrowings given to joint ventures and associates</i>	-595	-2,379	-3,258
<i>Cash outflows of other financial assets</i>	-389	0	0
Divestments	32,248	111,649	75,820
<i>Sale of intangible assets</i>	0	0	0
<i>Sale of property, plant and equipment</i>	28,446	16,936	10,431
<i>Cash inflows on disposal of subsidiaries</i>	0	0	0
<i>Cash (out) inflows on disposal of associates and joint ventures</i>	-2,539	89,958	1,125
<i>Repayment of borrowings given to joint ventures and associates</i>	6,341	4,166	64,264
<i>Cash inflows of other financial assets</i>	0	589	0
CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES	-266.412	-147,139	-370,322
<i>New interest-bearing debt</i>	51,344	175,566	632,404
<i>Repayment of interest-bearing debt</i>	-278,875	-253,952	-394,386
<i>Gross dividend paid to the shareholders</i>	-20,421	0	-55,002
CASH FLOW (USED IN) / FROM FINANCIAL ACTIVITIES	-247.952	-78,386	183,016
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-94.790	150,896	187,112
<i>Change in consolidation scope or method</i>	0	-37	0
<i>Impact of exchange rate changes on cash and cash equivalents</i>	1,485	-4,057	628
CASH AND CASH EQUIVALENTS, ENDING BALANCE	528,632	621,937	475,135

7.3 Audit reports

Reference is made to the F-pages (pages 118-119) for the independent joint statutory auditor's report of Deloitte Bedrijfsrevisoren BV (represented by Rik Neckebroeck and Ben Vandeweyer) and EY Bedrijfsrevisoren (represented by Patrick Rottiers and Wim Van Gasse) on DEME's consolidated financial statements for the financial year ended 31 December 2021.

Both for accounting years 2020 and 2019, an auditor report is available for DEME. Although the consolidated financial statements are based on the measurement and recognition principles of International Financial Reporting Standards as adopted by the European Union, they do not contain all explanatory notes required by those standards and do not constitute a complete set of financial statements established in accordance with IFRS as adopted by the European Union. Both unqualified auditor reports are included in the Financial Information Reports of 2020 and 2019 and are published on the Company's website (www.deme-group.com).

8. BUSINESS

8.1 Overview

8.1.1 Introduction

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

While DEME's roots are in Belgium, it has built up a strong presence in all of the world's seas and continents, operating in more than 90 countries worldwide. It relies on 4,880 skilled professionals across the globe. With a versatile fleet of over 100 vessels, backed by a broad range of auxiliary equipment, DEME provides solutions for complex projects.

DEME's vision is to work towards a sustainable future by offering solutions for global challenges: rising sea levels, a growing population and fast urbanization, reduction of emissions, polluted rivers, seas and soils, and a scarcity of natural resources.

Over the years, DEME has evolved into a global marine sustainable solutions provider. The company is proud of and continues to grow its dredging and land reclamation contracting activities. The expansion of Singapore, the widening of the Suez and Panama canals and the construction of New Doha Port are just a few iconic examples. Along its dredging and land reclamation activities, DEME builds marine infrastructure such as locks, quay walls and tunnels. The Fehmarnbelt project, one of the world's largest immersed tunnels⁷ between Denmark and Germany, is perhaps the project with the highest visibility. DEME has also successfully expanded its offshore construction activities, with a focus on offshore renewable energy projects. It has contributed to the construction of an impressive 21 GW of offshore projects and is confirming its market leadership⁸ in this fast-growing market with its expansion into the US and Asia. Another contracting activity of DEME is the cleaning of polluted soils within DEME Environmental. The depollution of the London Olympics' site exemplifies this expertise.

Besides contracting, DEME is growing its concessions activities in offshore wind, infra and dredging, green hydrogen and deep-sea harvesting of minerals and metals. With a portfolio of operational assets and assets under development (i.e. renewable energy development pipeline of over 5 GW), the Group's ambitions are strong.

8.1.2 History

In 1974 the established dredging companies Ackermans & van Haaren and CFE's Société Générale de Dragage merged into Dredging International NV. Later in 1991, DEME was created when Dredging International NV and Baggerwerken Decloedt en Zoon NV joined forces. Over time, DEME's portfolio has diversified substantially from its initial core dredging and land reclamation activities. Its offering now includes dredging and land reclamation, solutions for the offshore energy market, infra and environmental solutions. The history of each of DEME's activities is further detailed in the next Chapters. Prior to the Partial Demerger, DEME's shareholder was CFE, which is controlled by the Belgian investment group Ackermans & van Haaren – both publicly listed companies on Euronext Brussels.

8.1.3 Key Strengths of DEME

A. Innovation & pioneering DNA

⁷ Source: Femern Sund Baelte, the Fehmarnbelt tunnel. <https://femern.com/the-tunnel/fehmarnbelt-tunnel/>

⁸ Source: 4C Offshore, Market share analysis, Q1 2020 slide deck, Global offshore wind farm subscription

DEME addresses global challenges with innovative solutions and is often a pioneer in doing so. As an example, the first TSHD on the market able to sail on dual-fuel entered the fleet in 2017 and our Offshore Wind activities started as early as 2000.

B. Owns and operates one of the largest and most technologically advanced fleet in the world

The Company has a modern and specialized fleet. 21 vessels are dedicated to the Offshore Energy segment, whilst in the Dredging & Infra segment, 47 vessels are available.

C. Diversified set of activities and global footprint

Through its different segments that emerged from successful diversification efforts, the Company benefits from a de-risked portfolio of activities with numerous opportunities to enjoy operational and strategic synergies. Additionally, because of its worldwide presence, the Group benefits from a geographically diverse set of operations.

D. Know-how and track record

With its long-standing presence in the Dredging & Infra segment and its Environmental activities which started as early as 1988, the Company can count on its past experience, deep industrial knowledge, and robust network to offer solutions to the most complex projects and access new opportunities.

E. Concessions activities

DEME can leverage its concessions activities to strengthen and diversify the Group's financial position, to secure contracting work for the other segments and to offer growth potential in new and existing markets.

F. Highly skilled human capital

Specialized crew and staff enable the Company to properly execute its projects and offer global marine solutions tailored to its clients' needs.

G. Partnership philosophy

DEME has a sincere partnership philosophy that allows the Group to access and build strategic positions in new and upcoming markets.

H. Attractive financial profile

The Company has a healthy leverage and solid balance sheet that supports a capital-intensive business.

8.1.4 Activities and definition of segments

The activities of DEME are organised under four distinct segments:

1. **DEME Dredging and Infra**, which includes a wide variety of dredging and land reclamation and marine infrastructure works. In 2021, this segment represented 58% of the Group revenues;
2. **DEME Offshore Energy**, which provides contracting solutions in the offshore renewables and oil and gas industries. In 2021, this segment represented 36% of the Group revenues;
3. **DEME Environmental**, which offers innovative solutions for soil remediation, environmental dredging and high-water protection infrastructure. In 2021, this segment represented 6% of the Group revenues; and

4. **DEME Concessions**, which is the development and investment arm of DEME. DEME Concessions' portfolio of associates currently includes, among others, several projects in offshore wind and infrastructure & dredging.

Each segment has its own market, asset base and revenue model. DEME Dredging and Infra activities are complementary as the marine infrastructure works that DEME Infra undertakes are often combined with a dredging and/or land reclamation scope. DEME Offshore Energy is involved in and serves the offshore energy industry, both in the renewables and oil and gas sectors. DEME Environmental focuses on environmental solutions. DEME Concessions, unlike the contracting segments, invests in and develops projects in offshore wind, port infrastructure, green hydrogen, and other special projects. The Global Sea Mineral Resources (GSR) activities of DEME form part of DEME Concessions.

Each segment is described in further detail in Sections 8.2 to 8.5 below. Reference is also made to Chapter 9 (Operating and Financial Review).

8.1.5 Geographical markets

Through its different segments, DEME is active globally on all continents. However, as illustrated in the figure below most of DEME's revenues currently come from the European region. This spread has changed over the years because of the continuous growth of the Offshore Energy segment in the European region.

In the years 2020 and 2021, the geographic distribution (in terms of revenues) of DEME's activities was as follows:

Turnover by geographical market (kEUR)	31/12/2021	31/12/2020
Europe – EU	50%	77%
Europe – non-EU (1) Of which obtained in Russia	24% 4%	6% 5%
Africa	19%	6%
Asia & Oceania	4%	7%
America	2%	2%
Indian subcontinent	1%	2%
Middle East	0%	0%
Total turnover	100%	100%

(1) in 2021, Europe non-EU includes the UK, Russia and Turkey whilst in 2020, the UK was still included in Europe-EU.

8.2 Segment 1: Dredging and Infra

8.2.1 Activities and geographical markets

DEME Dredging performs a wide variety of dredging activities, including capital and maintenance dredging, land reclamation, port construction, coastal protection and beach nourishment works. In this context, DEME Dredging offers customers innovative solutions for often complex projects. It also operates one of the most technologically advanced fleets, including the world's first dual-fuel dredging vessels that can run with both diesel and LNG.

DEME Infra performs marine engineering infrastructure works that complement and reinforce the company's dredging activities. This includes the design and construction of port infrastructure such as

jetties and terminals, inland waterway infrastructure such as locks and weirs, civil works such as bored and immersed tunnels, and other marine infrastructure such as foundation for bridges, dams and sea defences, canals, revetments, quay walls and shore protections.

Also included in this segment are specialised activities, being marine aggregates concessions and services via its subsidiary DEME Building Materials NV (**DBM**), and maritime services for terminals via Combined Marine Terminal Operations Worldwide NV (**CTOW**).

DEME Dredging is active on all continents. DEME Infra mainly operates in the Benelux, Denmark and France. DBM is mainly active in the Benelux, France and the UK. CTOW has operations in Nigeria and Oman.

8.2.2 History and companies

Dredging International NV was founded in 1974 by joining forces with CFE's subsidiary Société Générale de Dragage and Ackermans van Haaren. In 1991 Dredging International NV and Baggerwerken Decloedt en Zoon NV merged together as DEME.

In Europe, the Company's history in Germany dates back to the early sixties, shortly followed by the registration of the Group's subsidiary Nordsee Nassbagger-und Tiefbau GmbH in 1968 by S.A. Ackermans & van Haaren. In the eighties, Société de Dragage International SAS (**SDI**) was created in France. In 1987, DEME acquired Sidra Spa (formerly Società Italiana Dragagi) in Italy. DEME Dredging's presence in the Middle East started in the 1980s and 1990s in Saudi Arabia and in Abu Dhabi when large dredging projects were carried out by the joint venture HAMDI. In 2004, Middle East Dredging Company QSC (**MEDCO**) was created in Qatar (formerly Qatar Dredging Company) as a joint venture between DEME and its Qatari partners, Qatar Holding (QH) and UDC (United Development Company). In 2017, the MEDCO joint venture was restructured. Qatar Holding exited the capital of the company and since then UDC holds 51% and DEME 49% of the shares, while DEME's economical interest in the joint company is 95% (pursuant to the relevant joint venture agreement). The first activities in Africa started with the entry into South Africa in the early 1980s. In 1991, DEME entered the dredging market in Nigeria with the start of Dredging International Services Nigeria Ltd. DEME's Dredging presence in Latin America and the Caribbean dates back more than a century. The operations are mainly executed via three subsidiaries in Brazil, Mexico and Argentina, namely Dragabras Serviços de Dragagem Ltda, Dredging International Mexico SA de CV, and Dredging International Argentina SA. DEME Dredging also has long been active in the Asia-Pacific region, both in Asia and Oceania. In Oceania, DEME's Dredging presence dates back to 1974, when Dredging International Australia Pty Ltd (formerly Dredeco Pty Ltd) was incorporated. In 1996, the organisation centralised its Asian activities in Singapore, with the foundation of Dredging International Asia Pacific Pte Ltd (**DIAP**). Initially a joint venture between DEME and local partners in the tugging business, DIAP ultimately became a full DEME subsidiary.

DEME Infra NV, initially named DIMCO NV, was established in December 2015 as a result of the acquisition of CFE Nederland followed by a merger of CFE Nederland and GEKA, together with the transfer of personnel from MBG Civil and CFE International Civil Works. The company operates under the holding company DEME InfraSea Solutions (**DISS**).

DBM was launched in 2000. The company is active in the marine aggregates business in the European market, including dredging, processing, storage and transport of aggregates and the exploitation of their aggregates concessions thereto. The aggregates originate from DBM's various marine sand and gravel concessions and from third-party licences.

CTOW is a joint venture company founded in 2010 by DEME together with Multraship (Muller Participation BV) and Herbosch-Kiere. The company operates a fleet of four tugs and one pilot vessel.

8.2.3 Market analysis and opportunities

The global dredging market is divided into open and closed portions. The open market is where international companies compete for contracts. The closed market is where regulatory or political barriers prevent DEME and other international contractors from operating.

Based on internal estimates and widely used IADC figures for the industry, DEME estimated the open market today to be in the order of magnitude of 6 billion EUR⁹. DEME is a leading player in this open market with an estimated 17% market share¹⁰.

DEME estimates the closed market to be in the order of magnitude of 5 billion EUR. This market includes, among others, the USA, China, Japan, Korea, Iran and Cuba.

DEME management expects the open market to consistently grow, supported by underlying drivers affecting the market demand:

Trade activity. Globalisation has, in recent decades, led to the establishment of supply chains that span the world. First, such trade activity requires continuous investment in new and existing ports, canals, and marine infrastructure. Second, the globalisation also comes with larger volumes and bigger vessels, which reinforce the need for new investments in existing assets (e.g., channel deepening). Third, geopolitical and macro-economic forces may shift current trading routes to new places, in which case further investment will be required. DEME also notes that an increased protectionism (see also Section 8.13.4), if and where it occurs, may dampen international trade, and may lead to the deferral or cancellation of investments in new or existing assets.

Demographics. Growing populations, especially in emerging markets, are expected to reinforce the global trade intensity which in turn is expected to require increasing investments in industrial and maritime infrastructure.

Urbanisation. Today, approximately 55% of the world's population lives in cities; this figure is set to rise to 68% by 2030¹¹. The majority of large cities (65% of cities over 2.5 million inhabitants) are located at or near coastlines and major rivers. As a result, urbanisation is expected to foster investment in new land for development or for required urban infrastructure (e.g., railroads, airports). DEME expects that these investments will increasingly require land reclamation works.

Climate Change. The effects of climate change are expected to increase the need for coastal protection works. DEME expects that the concentration of urban areas and infrastructure at or near the coast will result in considerable exposure to sea level rise, which will lead to (preventive and mitigating) investments.

Energy transition. The rise of offshore renewables and the growing importance of low-carbon gasses (including green hydrogen) in the energy transition offers new opportunities to dredging contractors because they require the buildout of new receiving, storing, and exporting terminals.

The market for DEME Infra is highly project-based. The infrastructure in the Netherlands and Belgium for locks and weirs, quay walls, bored tunnels and immersed tunnels is realised and managed by national and regional governments. The size of the market is therefore mainly determined by political choices and the economic situation. In its turn, the demand is driven by factors such as population growth, urbanisation, and increased needs for transportation (car traffic, public transport systems, canals, railways, harbours, ...) as well as climate change (adjustment of flood defences due to rising water

⁹ Source: International Associations of Dredging Companies (IADC), Dredging in figures 2020.

¹⁰ *Ibid.*

¹¹ Source: 2018 Revision of World Urbanization Prospects, multimedia library - United Nations Department of Economic and Social Affairs.

levels). The drivers in the marine infrastructure market are factored and managed by governmental policies and public spending.

DBM is currently active in the North European market, and mainly in France, UK, Belgium, the Netherlands and Germany. In these countries, based on studies from Unicem (France), The Crown Estate (UK), Dutch Association of Suppliers of Building Materials NVLB (the Netherlands) and Fediex (Belgium) the market for primary (non-recycled) granulates is estimated at 550 million tonnes per year (reference years 2016-2018). Based on management’s assessment, it is estimated that only 6.1% of this volume is being accounted for by marine granulates, resulting in a market of approximately 35 million tonnes per year. DEME expects this market to grow, both because of the expected general demand for granulates (driven by infrastructure works a.o.) and a shift towards more marine granulates as a primary source.

8.2.4 Fleet and investments

A. Full description

DEME Dredging operates one of the biggest and most versatile fleets of dredging vessels in the world. DEME’s fleet is well-balanced and proportionally spread over the different dredger types and sizes. It currently includes 21 “Trailing Suction Hopper Dredgers” (**TSHD**), 13 “Cutter Suction Dredgers” (**CSD**), 3 “Backhoe Dredgers” (**BHD**), 8 “Split Hopper Barges” (**SHB**), 2 “Water Injection Dredgers” (**WID**) and 7 “Inland/River Dredgers”.

During the past decade the company has invested in newly built dredgers.

Year	Type	Size	Name
2012	Backhoe dredger	1,964 kW	Peter the Great
2012	Cutter suction dredger	26,100 kW	Ambiorix
2012	Cutter suction dredger	12,860 kW	Amazone
2017	Trailing suction hopper dredger (dual fuel)	3,500 m ³	Minerva
2017	Trailing suction hopper dredger (dual fuel)	8,400 m ³	Scheldt River
2018	Cutter suction dredger (electrically driven)	565 kW	Blanew
2019	Trailing suction hopper dredger	15,000 m ³	Bonny River
2020	Trailing suction hopper dredger	2,500 m ³	River Thames
2020	Trailing suction hopper dredger	8,300 m ³	Meuse River
2020	Split hopper barge	3,000 m ³	Bengel
2020	Split hopper barge	3,000 m ³	Deugniet
2021	Cutter suction dredger	44,180 kW	Spartacus

In addition to the above fleet of dredging vessels, DEME owns a broad range of auxiliary equipment such as workboats, launches, pontoons, pumps, floating and land pipelines, cranes, and various types of earth-moving equipment.

DBM operates three trailing suction hopper dredgers, customised for its marine aggregates' activities. CTOW operates a fleet of five tugs.

B. Recent major investments

In recent years, DEME Dredging made strategic investments to expand its fleet of dredgers with the aim of putting DEME in a leading market position for decades to come.

In 2019, the addition of the 15,000 m³ 'Bonny River' marked the introduction of a new generation of TSHD. This unique vessel is able to dredge very hard soils and can work in deep waters of more than 100m. The versatile new dredger combines a very long suction pipe and large carrying capacity, with a limited draught. Additionally, the TSHD has a heavy-duty trail pipe with a rock drag head.

In 2020, the 8,300 m³ TSHD 'Meuse River' joined DEME's fleet. It has the same innovative design as the award-winning IHC-built TSHD 'Scheldt River', which joined the DEME fleet in 2017 and which has operated extensively on waterways and access channels in Europe ever since. The 'Meuse River' features several energy smart technologies such as a hybrid dredge pump drive system to reduce the effect of load variations. The intelligent automation of the dredging process results in higher dredging performance. Additionally, better fuel efficiency in sailing and dredging conditions is achieved with two-speed propulsion and combinator mode.

In 2021, the arrival of DEME's most recent CSD 'Spartacus' set a new benchmark in the global dredging market. Its ground-breaking, eco-friendly design and countless innovations on board make it one of a kind. 'Spartacus', with a total installed power of 44,180 kW, is one of the world's largest and most powerful self-propelled cutter suction dredgers and the first able to run on liquefied natural gas (LNG). The four main engines can run on Low Sulphur Heavy Fuel Oil or Marine Diesel Oil, as well as LNG, and the two auxiliary engines have dual-fuel technology. The CSD also has a waste heat recovery system that converts heat from the exhaust gases into electrical energy. Finally, the heavy cutter ladder, which is able to be controlled and operated from the bridge by a single person, can operate up to a dredging depth of 45 m and has the largest available power on the cutting tool for dredging rock of various strength.

8.2.5 Flagship projects

Abu Qir Port Expansion, Egypt

This massive project started in early 2021 and is still ongoing. The scope of works consists of the expansion of the port of Abu-Qir, requiring among other things, 1,000 hectares of new land, new access channels, 3 km of beach formation and 9 km of breakwater. The project is the largest dredging and land reclamation project in DEME's history.

Tuas Terminal Phase 1, Singapore

The huge Tuas Terminal Phase 1 (**TTP1**) megaproject was largely completed in November 2021, and major parts of the container terminal are already in operation. Performed together with South Korean joint venture partner Daelim Industrial, TTP1 included the construction of an 8.8 km quay wall, and the reclamation of a staggering 88 million m³ of land from the sea. At its peak around 3,000 people and 150 vessels were working on site.

Elmina port, Ghana

A project to develop Elmina fishing port, in order to accommodate larger vessels, is in full swing. Awarded from the Government of Ghana, the contract includes the construction and rehabilitation of the port, including the extension of the breakwaters and deepening the port to -6 m.

River Elbe deepening and widening, Germany

DEME successfully completed the two-year River Elbe deepening and widening project well within the schedule and according to the contract without any major disruption due to the pandemic. The fairway adjustment of the Elbe is a project of the Federal Waterways and Shipping Administration. The river was deepened from Hamburg to the mouth of the Elbe and widened in some places to enable the new generations of container vessels to access the Port of Hamburg independently of the tides.

Oosterweel link, Belgium

DEME won a second contract for the ‘Oosterweel link’ project, which will complete the Antwerp Ring Road. In 2020, the ‘Tijdelijke Maatschap Combinatie Oosterweeltunnel’ (**TM COTU**) consortium (including the Group’s dredging and infra specialists) was awarded the Scheldt Tunnel contract from developer LANTIS. Eight tunnel elements of approximately 60,000 tonnes each will be built in the inner port of Zeebrugge and then towed to Antwerp via the North Sea and the Western Scheldt, where they will be immersed in a pre-dredged trench in the River Scheldt.

Reference is made to the Activity Report of 2021 for more information on recent projects.

8.2.6 Strategy

DEME aims to keep its leading position in the open dredging market by focusing on focal markets, developing local content offerings, forging new partnerships, keeping its state-of-the-art fleet highly competitive, pushing on sustainable solutions and leveraging on DEME Concessions’ activities to secure contracts.

For large infrastructure projects in the Benelux and targeted projects in Europe, DEME will leverage on its expertise, its growing track record and DEME Concessions’ activities with the aim of securing additional major works in this market.

DBM plans to continue serving its major clients via direct shipping and fulfil the increasing demand for marine aggregates via its terminals in Ostend, Flushing and Amsterdam. The granulates business is also complementary to the dredging business and the customised fleet is interchangeable with the pure dredging fleet.

CTOW aims to deliver on its long-term contracts in Nigeria and Oman, and possibly new markets.

Based on the overall market growth expectation, the future challenges for the Company lie in the selection of the right markets with the right local partners, and in the increasing competition in some - less developed- markets.

8.3 Segment 2: Offshore Energy

8.3.1 Activities and geographical markets

DEME Offshore Energy is a global solutions provider in the offshore renewables and non-renewables (i.e., oil and gas) industries. To do so, DEME Offshore Energy operates a high-tech and versatile fleet of specialised vessels, and it offers flexible solutions for complex offshore energy projects.

In the offshore renewables industry, DEME Offshore Energy provides the full Balance of Plant (**BoP**) scope including foundations, turbines, inter-array cables, export cables and substations for offshore wind farms. DEME Offshore Energy is flexible with regards to the contract structure, which ranges from Transport and Installation (**T&I**) to fully wrapped Engineering, Procurement, Construction and

Installation (**EPCI**) contracts. DEME Offshore Energy also offers Operations and Maintenance (**O&M**), logistics, repair, and decommissioning services to the market.

In the oil and gas industry, DEME Offshore Energy offers landfalls and civil works, rock placement, heavy lift, umbilicals, as well as installation and decommissioning services.

The above activities are performed through fully owned subsidiaries (i.e., DEME Offshore BE NV and DEME Offshore NL BV).

Besides these subsidiaries, DEME Offshore Energy also participates in some strategic joint ventures, the most important ones being CSBC DEME Wind Engineering (**CDWE**) and Japan Offshore Marine (**JOM**).

Furthermore, DEME Offshore Energy provides specialised offshore services, including geoscience services through its subsidiaries G-tec NV and Cathie Associates Holding CVBA, and suction pile technology via SPT Offshore BV.

DEME Offshore Energy's renewables business was originally limited to Europe, but it is now expanding globally with two major focal areas being the U.S. and Asia. The non-renewables business has been widespread, e.g. in Europe, Mexico, Canada, and the Baltics.

8.3.2 History and companies

The Offshore activities started with Dutch and Belgian entities active in rock placement as well as cable, foundation, and turbine installation.

It started in 1991 with Tideway BV (later DEME Offshore NL BV). With this company, DEME gained extensive experience in landfall construction, pre- and post-dredging for the support of pipe laying operations and cable installation. The company was also an expert in stabilisation and protection works, such as precision stone dumping to protect pipelines. The company added two DP2 fall pipe vessels to the fleet, 'Rollingstone' in 1994 as well as 'Seahorse', the latter being co-owned with Boskalis, in 1999. A third fall pipe vessel, 'Flintstone', joined the fleet in 2011.

In 2005, Geo@Sea NV (later GeoSea NV; integrated in DEME Offshore BE NV) was established, which evolved from an offshore foundation contractor to an EPCI solutions provider. The company focused on (i) offshore and nearshore foundation techniques for the installation of offshore structures, (ii) offshore wind farms, (iii) the construction of jetty foundations or mooring systems, and (iv) geotechnical investigations.

Scaldis Salvage & Marine Contractors NV (**Scaldis**), partially owned by DEME, is an offshore heavy lift contractor specialising in the transportation and installation of offshore structures, decommissioning of offshore facilities and salvage works. The company operates two multipurpose heavy lift vessels: 'Rambiz' and 'Gulliver'.

A. Strengthening DEME's position in offshore through acquisitions

In 2011, DEME (under its former name GeoSea NV) entered, together with German Hochtief, a joint venture company called HGO Infra Sea Solutions GmbH & Co KG, to build and operate DP2 jack-up vessel 'Innovation' for the installation of offshore foundations. In 2015, DEME acquired the remaining 50% in HGO Infra Sea Solutions GmbH & Co KG and became the sole shareholder of HGO Infra Sea Solutions GmbH & Co KG and its subsidiaries.

In 2017, DEME acquired the Danish company A2SEA A/S (later renamed DEME Offshore DK A/S) together with its subsidiaries. With its experience in the transport and installation of offshore wind

turbines, this company posed a strong fit to DEME's Offshore Energy activities. Through this acquisition, the offshore installation vessels 'Sea Challenger' and 'Sea Installer' were added to the fleet.

In 2017, DEME also acquired a majority stake in G-tec NV (72.5%). G-tec is a Belgian company specialising in geoscience services, which provides geophysical offshore site investigations for both the renewable energy industry and the oil and gas sector. Additionally, G-tec provides a broad range of data management and Geographic Information System (**GIS**) services. DEME Offshore gained full ownership of the company at the end of 2021, by acquiring the remaining shares (27.5%).

In 2018, DEME acquired Cathie Associates Holding CVBA and its subsidiaries. The company provides geotechnical, geophysical, geospatial and engineering consultancy services to the oil and gas and renewable energy industries.

In 2020, DEME acquired SPT Offshore Holding BV, and its affiliates. SPT Offshore BV engineers and installs suction pile anchors and foundations. With this acquisition, DEME Offshore Energy gained an additional environmentally friendly technology for the offshore renewable energy market, which can be used for the installation of fixed foundations as well as for anchoring floating structures.

B. Integration of the offshore services into DEME Offshore Energy

In 2019, in Belgium, as part of the further integration of all Offshore activities, GeoSea NV was renamed DEME Offshore Holding NV and merged with GeoSea Maintenance NV, ECO SHIPPING NV and EverSea NV. Consequently, all operational activities of DEME Offshore Holding NV were contributed to DEME Offshore BE NV, including but not limited to technical expertise, qualifications, systems, permits, licenses, equipment, etc. Also in 2019, in the Netherlands, Tideway BV was demerged into DEME Offshore NL BV and Dredging International Netherlands BV. Additionally, various entities active in the Offshore Energy segment in Luxembourg, Denmark, the U.K., Canada and Germany underwent name changes to reflect their activities within the Offshore Energy segment.

In 2020, in the Netherlands, Innovation Shipping BV was absorbed by DEME Offshore NL BV as a result of a merger. In addition, Innovation Holding BV and Innovation Shipowner BV were similarly absorbed by DEME Offshore Shipping BV.

By integrating all offshore activities, expertise and capabilities into a streamlined and more agile organisation, DEME Offshore Energy is able to provide a more comprehensive offering of solutions, services and equipment to its renewable energy and oil and gas customers.

C. Expanding DEME Offshore Energy geographical footprint beyond Europe

CSBC DEME Wind Engineering Co Ltd (**CDWE**) is a Taiwanese joint venture company which was established in 2019 by CSBC, the largest shipbuilder in Taiwan, and DEME Offshore Holding NV. The joint venture company is investing in a dedicated DP3 heavy lift installation vessel, 'Green Jade', which is under construction. Besides, CDWE has been awarded a Preferred Supplier Agreement for the BoP of the 1GW Hai Long project in Taiwan.

In 2021, DEME Offshore Holding NV and Penta-Ocean Construction Co., Ltd., Japan's leading marine contractor, established a new joint venture company, named Japan Offshore Marine (**JOM**) to focus on the construction of offshore wind farms in Japan. Following the establishment of this new joint venture, the DP2 jack-up installation vessel 'Sea Challenger' is relocated to Japan and will be brought under Japanese flag. In addition, JOM has been awarded a Preferred Supplier Agreement for an undisclosed project in Japan.

In the U.S., DEME Offshore US LLC has signed 4 contracts (one in 2020 and three in 2021) for the installation of Foundations, Scour Protection, Offshore Substations and Offshore Cables for 3 different

projects on the East Coast. These projects are scheduled to be executed between 2023 and 2026. DEME Offshore US LCC employs U.S. citizens, partners with several U.S. companies, and participates in a series of tenders for new projects.

8.3.3 Market analysis and opportunities

DEME Offshore Energy turnover is currently driven by both its offshore renewables activities and its services to the non-renewables sector (e.g., oil & gas and nuclear sector), which represented 84% and 16% of DEME Offshore Energy turnover in 2021 respectively.

DEME Offshore Energy is a leader in the offshore wind contracting market, with a number one global position in terms of number of offshore wind turbines and foundations installed to date¹². DEME Offshore Energy has installed a cumulative 2,584 turbines (20% market share¹³) and 1,985 foundations (16% market share¹⁴) since the beginning of the offshore wind industry in the early 2000s. Over the years, DEME installed a total capacity of 13,268MW of wind turbines. Besides, DEME Offshore Energy installed a total of ca. 1,900 km of cable (both inter-array and export cables) which positions DEME with a ca. 6% market share in the cables laying market¹⁵. However, DEME expects that the cable installation contracts that were recently signed (reference is made to Section 9.2.2B) will increase its cable market share to 11%.

The market for offshore windfarms is expected to grow to 244 GW by the end of 2030, which means that another 185 GW needs to be installed in the next eight years. This represents a compound annual growth rate of 13.7%. These figures¹⁶ are deemed to be realistic and conservative as other sources include much higher growth figures (e.g. GWEC forecasts go up to 270 GW by 2030).

Main growth areas are the United States, China, the U.K., Germany, the Netherlands, Taiwan and Japan. Apart from China, DEME Offshore Energy is active in all these countries with projects and/or tenders.

In the offshore renewables, DEME Offshore Energy's main activities are split into three different scopes: foundations, turbines, and cables.

1. *Foundations.* According to the market forecasts, approximately 10,000 foundations will be installed before the end of the decade. On average, this translates into at least 1,200 foundations to be installed every year from 2024 onwards. The biggest market remains Europe, followed by Asia (excluding China) and the U.S. In addition to the installation scope, there is the potential market for typical EPC contracts that highly depend on the project's type and developer. Given DEME Offshore Energy's significant track-record in EPC projects, such contracts could provide DEME with an additional revenue potential in the broader foundations market.
2. *Turbines.* The offshore wind turbine installation market is purely an installation business as the Original Equipment Manufacturers ("OEMs") produce and supply the wind turbines. This market thus has no EPC component to it. OEMs and offshore wind operators rely on contractors such as DEME Offshore Energy to install their turbines. With a delay of roughly one year, this market follows the same growth trends as the foundation market.

¹² Source: 4C Offshore, online market share tools, December 2021

¹³ The market share is based on cumulative installations since industry start, up to end-2021.

¹⁴ The market share is based on cumulative installations since industry start, up to end-2021.

¹⁵ This market figure is based on management estimates.

¹⁶ Source: 4C Offshore, Installation Vessel Supply and Demand: Analysis to 2030, Q2 2021, Construction and Maintenance Subscription

3. *Cables.* The overall offshore cable market includes both Inter-Array cables and export cables. In total, it is forecasted that 63,000 km of both types of cables will need to be installed by the end of the decade¹⁷.

DEME estimates those three scopes to represent a ca. 5.5 billion EUR yearly market. Given the market prospects, DEME Offshore Energy expects there will be a rising demand for vessels that can perform works and services related to offshore foundations, turbines and cables that will result in a considerable gap between demand for these vessels and the actual available capacity in the market.

In addition to DEME Offshore Energy's main activities, it also provides a range of other services, smaller in terms of revenue: rock placement, maintenance, geosciences and the suction pile technology.

- *Rock placement.* The scope is the purchase, loading, transport and installation of rock materials. DEME Offshore Energy offers rock placement services to a wide variety of clients both in the offshore renewable energy industry (offshore windfarms and cables) and in the offshore oil and gas industry (although less relevant than in the past): pipeline/cable stabilisation and protection, scour protection of offshore wind foundations, ballasting works, etc. The current fleet consists of three DP2 vessels, 'Rollingstone', 'Seahorse' and 'Flintstone'. As this sub-segment is increasingly focused on the renewables sector, it is expected to follow the same trends as the foundations and cables sub-segments. To date, DEME Offshore Energy placed approximately 3,300 thousand tons of rock for scour protection works.
- *Maintenance.* DEME Offshore Energy provides O&M services for existing wind farms. The ongoing operations are 2 Crew Transfer Vessels (CTV) and one Service Operating Vessel (SOV) on various projects in Belgian waters.
- *Geosciences.* G-tec's marine activities are mainly related to port construction, sand winning, dredging support and survey support to offshore windfarms. The company conducts surveys, interprets the results, and then delivers extensive reports to DEME and its clients. The market follows the same drivers as described above. Cathie is a geoscience consulting firm that operates independently from DEME Offshore Energy. Like G-tec it is often at the forefront of development studies.
- *Suction Pile Technology services.* SPT Offshore focuses on suction pile foundation and anchoring solutions, using equipment developed in-house, advanced engineering tools and software. The company is active around the globe and mainly in the offshore wind and oil and gas sectors.

Besides serving the renewables sector, DEME Offshore Energy also proposes solutions for the hydrocarbons sector, decommissioning of oil and gas platforms, and salvage operations. DEME Offshore Energy's management estimates that in Europe approximately 275 offshore O&G fields are reaching their end-of-life by 2033, with a majority of the fields in the North Sea and Italy¹⁸.

DEME Offshore Energy is also involved in specialized marine civil construction such as the water intake at the nuclear plant at Hinkley Point in the U.K.

Other non-renewable works include rock placement for oil and gas applications as well as power from shore and umbilical installation works. In this market DEME especially focuses on landfalls. Landfall works are driven by 'Energy from sea to shore', gas pipelines and increase of water intake or desalination projects.

¹⁷ Source: 4C Offshore, Market share analysis, Q1 2020 slide deck, Global offshore wind farm subscription

¹⁸ Source: Roland Berger study, DEME Concession Strategy Executive Summary, data from Westwood and Roland Berger, 2019.

8.3.4 Fleet and investments

A. Full description

DEME Offshore Energy has a fleet that includes 6 jack-up vessels, 2 floating installation vessels, 2 cable laying vessels, 3 rock placement vessels, 2 crew transfer vessels (CTV), 3 pontoons and 1 service operating vessel (SOV). One of the floating installation vessels and one of the cable laying vessels are under construction and are planned to join the operational fleet in 2023. In addition, via Scaldis NV and Normalux SA, DEME Offshore Energy also has access to 2 DP2 heavy lift crane vessels. The scale and the diversity in types of vessels make this fleet one of the biggest and most competitive fleets in the offshore wind market. Below is a table of the major investments made by DEME Offshore Energy in its fleet.

Year	Type	Name	Comment
1994	Rock Placement Vessel	Rollingstone	
1999	Rock Placement Vessel	Seahorse	Co-owned with Boskalis
2011	Rock Placement Vessel	Flintstone	
2012	Jack-up Vessel	Innovation	via HGO Infra Sea Solutions GmbH & Co KG (1)
	Jack-up Vessel	Neptune	
	Crew Transfer Vessel	Arista	
	Crew Transfer Vessel	Aquata	
2015	Pontoon	Wismar	
	Pontoon	Bremen	
	Pontoon	Stralsund	
	Jack-up Vessel	Thor	
	Heavy Lift Crane Vessel	Rambiz	via Scaldis NV
2017	Jack-up Vessel	Sea Challenger	
	Jack-up Vessel	Sea Installer	
	Geotechnical Investigation Vessel	Omalius	via G-tec SA
2018	Heavy Lift Crane Vessel	Gulliver	via Normalux SA
	Cable Laying Vessel	Living Stone	
	Jack-up Vessel	Apollo	
2021	Service Operating Vessel	Groenewind	

2022	Heavy Lift Installation Vessel	Orion	
	Cable Laying Vessel	Viking Neptun	acquired from Norwegian Eidesvik
2023	Heavy Lift Installation Vessel	Green Jade	Co-owned with CSBC

(1) In 2015, DEME acquired the remaining 50% of ‘Innovation’ via the acquisition of HGO Infra Sea Solutions GmbH & Co KG.

The Company also acquired SPT Offshore Holding BV and its subsidiaries and their equipment in 2020.

The company expects to further invest in the various types of vessels suitable for the different sub-segments to meet the increasing demand in the market. Meanwhile DEME Offshore Energy has divested ‘Omalius’ whilst ‘Thor’ is held as asset for sale as per 31 December 2021. ‘Thor’ was sold on 21 April 2022.

B. Recent major investments

DEME Offshore Energy recently invested in key strategic vessels. Those new vessels not only highlight DEME Offshore Energy’s commitment to its customers and support the continued growth of the offshore industry, but also the ambition to equip DEME with the most technologically advanced fleet in the industry.

In 2018, DEME started to operate the pioneering DP3 cable installation vessel ‘Living Stone’, renowned as one of the fastest and most efficient vessels in the cable installation sector, and the DP2 jack-up vessel ‘Apollo’ that has lattice legs of 106.8 m, which allow the vessel to jack-up in water depths up to 65 m.

In April 2022, the revolutionary DP3 floating installation vessel ‘Orion’ joined the fleet. ‘Orion’ is one of the largest vessels in the world working in the sector and is bringing a game-changing installation concept to the offshore energy market. With a lifting capacity of 5,000 tonnes at more than 30 metres outreach, ‘Orion’ features a combination of exceptionally high transport and load capacity, impressive lifting heights and green technology. The vessel is and will be deployed for the construction of the largest offshore wind farms, to service the oil and gas industry and for the decommissioning of offshore installations. ‘Orion’ can take the heaviest monopiles, jackets, wind turbine components and structures in a single shipment, and can transport and install the next generation of multi-megawatt wind turbines. Environmental considerations are also an important element of the vessel design. ‘Orion’ has dual-fuel engines and can run on liquefied natural gas (LNG).

In early 2022, DEME Offshore Energy acquired the DP3 floating installation vessel ‘Viking Neptun’. Built to the highest Norwegian quality standards, ‘Viking Neptun’ currently has a turntable capable of handling 4.500 tonne of cables below deck, but DEME will further boost its capacity by adding a second, 7.000 tonne cable turntable on deck. The 145 m long vessel is also equipped with a large, unobstructed deck and a 400 tonne Active Heave Compensated Knuckle Boom crane, which also makes ‘Viking Neptun’ ideal for the construction of floating wind farms.

Lastly, the next generation floating installation vessel ‘Green Jade’ is currently in construction in Taiwan and is planned to join DEME’s operational fleet in 2023. ‘Green Jade’ is owned by CDWE, a joint venture between CSBC, the largest shipbuilder in Taiwan, and DEME Offshore Energy. It is a DP3 heavy lift and installation vessel that will feature an exceptional combination of transport and load capacity, impressive lifting heights and green technology. With a 4,000-tonne crane capacity, ‘Green

Jade’ will enable CDWE and its customers to transport a multitude of the next generation, multi-megawatt turbines, jackets and components in a single shipment, making it extremely cost effective.

Besides investing in its vessels, DEME Offshore Energy also invests in other innovative equipment that allows DEME Offshore Energy to provide industry-first solutions to its customers, such as the 350-tonne Offshore Foundation Drill (OFD) which overcomes the limits of conventional methods with a full-face concept for drilling. As a result, DEME Offshore Energy was the first to install drilled monopiles into a rocky seabed. Another example of such investment is the duel-lane cable installation system on ‘Living Stone’ which allows the vessel to install one cable while fully preparing the second one on deck.

8.3.5 Flagship projects

To date, DEME Offshore Energy successfully executed ca. 342 projects, of which 30 EPCI contracts. Some of the flagship projects are described below.

Hornsea Two, United Kingdom

DEME Offshore Energy successfully completed the installation of the final and 165th wind turbine at Hornsea Two, one of the world’s largest offshore wind farms. The first 8 MW, Siemens Gamesa turbine was installed end-May 2021, and just over seven months later, the turbine installation phase was concluded, enabling Hornsea Two to generate its first renewable power just before Christmas in 2021.

In addition to the transport and installation scope for the turbines and foundations, two of DEME’s fallpipe vessels carried out the scour protection at 89 locations. In 2021, ‘Flintstone’ and ‘Rollingstone’ placed approximately 150,000 tonnes of rock.

Hornsea Two is the third, large-scale offshore wind farm where DEME Offshore Energy has been responsible for the installation of more than 100 wind turbines. Located 89 km off the U.K.’s east coast, Hornsea Two will soon be generating up to 1.4 GW of clean energy for British households.

Saint-Nazaire offshore wind farm, France

This project solidifies DEME Offshore Energy’s reputation as the number one wind farm contractor¹⁹. Not only is DEME Offshore Energy the first to install an entire offshore wind farm in rock, but this project is also being carried out in harsh Atlantic conditions. Saint-Nazaire is the first commercial offshore wind farm (480MW) built in France and also the first to use drilled, XL monopile foundations.

For this special project, DEME Offshore Energy and its partner Herrenknecht, the global leader in tunnel boring machines, jointly designed a 350 tonne Offshore Foundation Drill (OFD) to perform the drilling work for the 80 XL monopiles. Other unique equipment developed for Saint-Nazaire is the so-called MODIGA. At nearly 60 m high, the MODIGA encapsulates the drilling and installation operations, protecting them from the adverse Atlantic marine conditions, which in turn enhances operational working time. DEME Offshore Energy’s willingness to invest in this pioneering equipment and the efforts of the project team and crew of the Group’s jack-up vessel ‘Innovation’ are reflected in the progress being made at Saint-Nazaire.

Dogger Bank Wind Farm, United Kingdom

DEME Offshore Energy is proud to be awarded a third major contract for the large-scale Dogger Bank wind farms in the UK – this time for Dogger Bank C. In 2020, DEME Offshore Energy was already

¹⁹ Source: 4C Offshore, Market share analysis, Q1 2020 slide deck, Global offshore wind farm subscription.

awarded EPCI contracts for the inter-array cables for the Dogger Bank A and B wind farms. Together, these three contracts represent an impressive 900 km of inter-array cables and the largest inter-array award in the industry to date. DEME Offshore Energy's scope includes the engineering, procurement, construction and installation of the 66 kV subsea cables for the combined 3.6 GW wind farm. Dogger Bank Wind Farm is located more than 130 km off the north-east coast of England and is currently being developed in three, 1.2 GW phases.

Vineyard Offshore Wind Farm, United States

Vineyard Wind 1 LLC is building an 806 MW offshore wind farm within the Bureau of Ocean Energy Management (BOEM) Lease Area. The project is the first commercial offshore windfarm in the U.S. The WTGs to be installed are supplied by General Electric (GE) – type Haliade X 13 MW. The works include the transport and installation of 62 sets of WTG components between Employers harbour (Port of New Bedford, Massachusetts) and the offshore site using two feeder barges and the 'Sea Installer'.

Coastal Virginia Offshore Wind (CVOW) farm, United States

DEME Offshore Energy has secured a BoP contract for the construction of the Coastal Virginia Offshore Wind (CVOW) project in a Consortium with Prysmian, a world leader in underwater energy cable systems. The contract has been awarded by Dominion Energy Virginia, a subsidiary of Dominion Energy Inc. The CVOW project (2.6 GW) is the largest offshore wind installation contract awarded in the U.S., with expected completion in 2026. The contract includes the transport and installation of 176 monopile transition piece foundations, three offshore substations, scour protection and the supply and installation of export and inter-array submarine cable systems.

Europipe II and Baltic Pipe, Baltic Sea

In two major projects, DEME Offshore Energy performed pipeline installation and/or protection works for both Europipe II and the Baltic Pipe, as part of the new, 900 km Gaz Pipe System project, connecting Norway to Danish and Polish gas infrastructure. On behalf of Allseas, DEME Offshore Energy placed rock materials for pipeline crossings, realised the landfall in Denmark and executed protection works for Europipe II. Then for Saipem, rock dumping works for pipeline protection were completed during November 2021 for the Baltic Pipe project. The DP fallpipe vessel 'Flintstone' installed approximately 300,000 tonnes of rock protection at the Gaz Pipe System project.

Reference is made to the Activity Report of 2021 for more information on recent projects.

8.3.6 Strategy

DEME Offshore Energy's strategy focuses on the offshore energy sector. DEME Offshore Energy not only wants to maintain its market leading position in contracting services for offshore foundations, turbines and cables, but also to expand its operations in the three focal areas in Europe, Asia and the U.S. To achieve that, DEME Offshore Energy aims to continue to gather the right human capital, to carefully manage risks, to keep investing in technological innovations and vessels, to secure contracts in key growth markets, to leverage DEME Concessions activities and to have substantial installation capacity while optimising its fleet occupancy.

Based on the overall market growth expectation and the expansion of DEME Offshore Energy's presence beyond Europe (i.e. US and Asia), a key challenge for the Company is to team up with the right local players (i.e., CSBS in Taiwan, Penta-Ocean in Japan, Foss Maritime in the US) in order to enter those new markets and/or address protectionism in some of those regions

8.4 Segment 3: Environmental

8.4.1 Activities and geographical markets

DEME Environmental offers innovative solutions for soil remediation and brownfield development, environmental dredging and sediment treatment, supported by a broad network of 13 fixed and 13 mobile treatment centres in Belgium, the Netherlands and France. DEME Environmental treated a total of 1.6 million tonnes of polluted soil and sediments in 2021, reached a recovery rate of soils and sediments above 85%, and redeveloped 535 ha of former brownfield sites that are now ready for reuse.

The soil remediation and brownfield development activities include the cleaning and recycling of polluted soils. In this context, DEME Environmental also proactively creates solutions for contaminated land. An example of that is DEME's success in dealing with PFAS (ie man-made chemicals found in water, air and soil that do not break down over time), and its ability to clean 300,000 tonnes of PFAS contaminated soil per year.

The environmental dredging activities encompass fluvial dredging with minimal environmental impact and sediment treatment.

DEME Environmental also offers high-water protection services with tailored solutions for high water and flood protection infrastructure, including the rehabilitation of old dikes with both its infra and soil remediation expertise.

DEME Environmental is mainly active in the Benelux, France, as well as in other European countries on a project-by-project basis.

8.4.2 History and companies

The DEME Environmental activities were developed in the late eighties. In 1988, DEME Environmental NV was established by merging the Environmental companies within DEME. Through this merger, all activities of the former SILT NV (sludge treatment), SOILS NV (soil treatment), BITUMAR NV (hydraulic engineering) and OEC NV (international environmental activities) were brought together.

In 1990, Ecoterres SA was established as a joint venture of DEME and Ecotech Finance, the Walloon public environmental holding company, each holding a stake of 50%. The company performs dredging works, sediment management and soil remediation projects in Wallonia & Northern France. In 2004, DEME acquired a further 24.9% stake in the company, leading to a shareholding representing 74.9% of the shares.

In 2000, DEME acquired the Dutch environmental and hydraulic engineering contractor de Vries & Van de Wiel Beheer BV (DVVDW), expanding its environmental activities in the Netherlands.

Today, the DEME Environmental activities are executed through DEME's subsidiaries: DEME Environmental NV (formerly DEME Environmental Contractors (DEC) NV), Ecoterres SA and de Vries & Van de Wiel BV.

8.4.3 Market analysis and opportunities

The sediment and soil markets in Flanders and Wallonia have evolved into a mature Belgian market. Although DEME expects limited growth in Belgium, in Flanders there is an objective to start remediation of all historically contaminated soils by 2036²⁰, and it is worth mentioning that in Wallonia

²⁰ Source: Bodem, www.vlaanderen.be

5,688 ha of sites investigated under ‘soils decree’ in 2021 were polluted.²¹ Main growth opportunities are seen in the Netherlands, France and across Europe.

The Dutch water infrastructure market has moved towards new complex delivery schemes. The investment programme is significant thanks to flood protection, subsidence, and maintenance schedules. The estimated value of waterway constructions in the Netherlands amounts to 30 billion EUR²² for the period between 2018 and 2028, and is opening substantial opportunities.

Other European markets, characterised by specific environmental legislation, are targeted. The EU funding framework budget supporting brownfield redevelopments over the past 7 years amounted to 680 billion EUR²³. From an environmental and fluvial dredging perspective, there is a European Action Plan to boost transport by inland waterways by 25% by 2030 and by 50% by 2050²⁴.

In addition, the relationship built over the years with international clients is a source of new projects abroad.

Finally, DEME expects that the growing sustainability awareness and environmental care in the European society opens new opportunities for DEME Environmental.

8.4.4 Fleet and investments

DEME Environmental does not have a vessel fleet per the nature of its operations. The company, however, invests in treatment plants and centres, such as ‘AMORAS’ in Belgium (which DEME Environmental operates as well).

8.4.5 Flagship projects

Blue Gate, Belgium

Located in Antwerp’s old petroleum harbour, the Blue Gate Antwerp project was originally awarded to the Blue O’pen Consortium (consisting of DEME and sustainability specialist BOPRO) in 2016. Currently, DEME Environmental is working on the second phase of this historically polluted brownfield site, which is being transformed into a sustainable business park. DEME’s scope includes soil remediation, raising the terrain and infrastructure works. Under phase two, DEME is cleaning up a heavily polluted, 2 km-long channel on the former petroleum site. This phase will be concluded in the summer of 2022, whereafter DEME Environmental will immediately start the third and final phase. In total, DEME handled 600,000 m³ of polluted soils over the project. The redevelopment of the whole terrain is expected to run until the end of 2036.

Former oil terminal site, Scotland

Under an Early Contractor Involvement (ECI) agreement, DEME Environmental is preparing to start works on a major contract to remediate a former oil terminal site near Glasgow for a O&G client. This project highlights DEME’s focus on promoting a sustainable and circular economy.

Located on the banks of the River Clyde, the site is approximately 40 ha and is heavily polluted with oil. With a keen focus on sustainability, more than 90% of the material – if not more – will eventually be cleaned and reused, in line with the stringent requirements of the Scottish Environment Protection Agency (SEPA) and DEME Environmental’s client. Around 400,000 tonnes of soil have to be excavated, of which 100,000-150,000 tonnes are likely to undergo soil washing treatment.

²¹ Source: Gestion de la pollution locale des sols, www.wallonie.be

²² Source: Opgaven en kansen in de waterbouw – Marktvolumes en rolverdeling 2018-2028, Paul Groot, Diane Stierner, Nylas Visser

²³ Source: Sustainable Brownfields Redevelopment in the European Union: An Overview of Policy and Funding Frameworks, 2021

²⁴ Source: NAIADES III action plan, www.Europa.eu

A close-knit client-contractor relationship facilitates the achievement of the high standards required. DEME Environmental was awarded this contract soon after the successful completion of a four-year refinery remediation project for the same client in Norway.

Reference is made to the Activity Report of 2021 for more information on recent projects.

8.4.6 Strategy

In Belgium, a driver for DEME Environmental is the optimization of the processing chain from projects (contracting works on site and/or remediation) over treatment (treatment facilities off site) of soil or sediments. As such, DEME Environmental reduces overall risks on the on-site projects, as it reduces uncertainties around treatment capacities.

Abroad, DEME Environmental is looking for growth in the Dutch water infrastructure market, in the French fluvial network market and at specific projects in other European countries.

While protectionism is less relevant to DEME Environmental's business as its current geographical scope is limited to Europe, some of DEME Environmental future challenges are competing with smaller and more agile local players, and adapting to local and increasingly stringent regulations.

8.5 Segment 4: DEME Concessions

8.5.1 DEME Concessions

A. Activities and geographical markets

DEME has over 20 years of history in equity investment activities. In the early 2000s, when offshore wind was still in its embryonic phase, DEME seized an early opportunity to secure an offshore wind concession on the Belgian coast; DEME obtained the concession, invested in new technologies, found partners, developed environmental impact assessments, helped define the regulatory framework with the Belgian government, and finally built the assets. The offshore wind farm C-Power was born and other investments followed. As an early principle on those equity investments, DEME aimed not only to generate equity returns on its investment but also to secure contracting scope for the group in the construction phase of the projects.

In 2013, in order to bring together all the concessions and to structure the future equity investments of the Group, DEME Concessions NV was established. As such, DEME Concessions' activities differ from DEME contracting activities; it is a project owner and developer, rather than a contractor.

DEME Concessions initially focused on investing in and developing projects that have a clear additionality with the contracting side of the Group, such as offshore wind, marine infrastructure and dredging. However, over time DEME Concessions began to look at projects of strategic interest, such as green hydrogen and deep-sea mineral harvesting. Those novel industries are promising markets in which DEME, thanks to its pioneering DNA and industrial expertise, has taken a first-mover position.

B. DEME Concessions NV

Today, DEME Concessions NV is the investment and development arm of DEME. DEME Concessions invests in, develops, builds and operates – through its project companies – greenfield and brownfield projects in three sectors: offshore wind, marine infrastructure and dredging, and green hydrogen. Besides creating economic value on its projects and generating recurring income and equity returns on its investments, DEME Concessions also aims to secure regular activities for the DEME contracting activities in the EPC phases of its projects. The latter is what DEME calls the principle of 'additionality', and this is especially true in offshore wind projects and in marine infra or dredging projects.

To date, DEME Concessions has closed 6 billion EUR worth of projects (including equity and debt (at financial close), for all sponsors and lenders respectively), in which it has invested a total of 200 million EUR of its own equity. In addition, DEME Concessions' historical and current project portfolio has brought contracting revenues of 2.3 billion EUR for DEME's other segments.

Since its inception, DEME Concessions has expanded rapidly. Today, it counts a team of 38 investment professionals with strong project structuring and development skills, and with in-depth knowledge of the project finance markets. DEME Concessions possesses a strong network of industrial and finance parties to weld successful partnerships. It also leverages DEME's industrial know-how and market intelligence. It is organised along three business divisions: DEME Concessions Wind, DEME Concessions Infra & Dredging, and DEME Concessions Green Hydrogen.

1. DEME Concessions Wind

DEME pioneered the offshore wind industry with the successful development of C-Power, a 325MW offshore wind farm in Belgium, as early as in 2007. Since then, DEME Concessions Wind and its partners have brought online more than 1.5 GW of offshore wind capacity in Europe. It currently has minority stakes in three operational Belgian offshore wind farms: C-Power (325 MW), Rentel (307 MW), SeaMade (488 MW). In 2020, it successfully divested from the German Merkur offshore wind farm (396 MW). In 2022, DEME Concessions' consortium has been awarded 2 GW worth of option areas in Scotland's highly competitive ScotWind seabed leasing process (spread over three separate projects: E3, NE2 (phase 1) and NE2 (phase 2)). In addition to DEME's core European markets, it is now also actively developing projects in emerging markets, such as Brazil and Vietnam. In Brazil, DEME Concessions signed a cooperation agreement to develop a 576 MW offshore wind farm 4 km off the coast, near the Port of Pecem. In Vietnam, DEME Concessions signed a Memorandum of Understanding (MOU) to develop a 1,000 MW wind farm in the Binh Thuan Province in Vietnam, known as the Vinh Phong offshore wind project. Given its growing successful track record and the promising offshore wind market prospects in which it plays, DEME Concessions Wind is confident in its ability to significantly grow its project pipeline in the years to come.

DEME Concessions Wind has a holistic approach to project development. Its early scope iteratively spans from the technical assessment to the consenting process, to the commercial assessment and to the project optimisation.

On the technical assessment part, it provides expert insights on site conditions, technology selection, optimal design, supply chain and logistics, and project costing. On the consenting front, DEME Concessions Wind manages energy export selection, environmental assessments, permits and authorisations, addition of local content, and stakeholders. From a commercial standpoint, it defines and conducts the project tendering process, the route to market (Power Purchase Agreement), the business plan, the financial modelling and the contractual structuring. Finally, it ensures optimisation of the park layout, the Annual Energy Production calculations, the value engineering, the maintainability and constructability, and the schedule planning.

This approach positions DEME Concessions Wind as a partner of choice for owning, developing and bringing projects to fruition.

2. DEME Concessions Infra and Dredging

DEME Concessions Infra & Dredging aims for early involvement into projects, from the conceptual stage, and can conduct equity investments at merchant risk. Its in-house expertise that combines technical, commercial, and financial skills allows DEME Concessions Infra & Dredging to engage in different project structuring models (e.g. PPP, DBFM, etc). Furthermore, DEME Concessions Infra & Dredging benefits from a vast network with shipping lines, terminal operators, port authorities and EPC contractors globally.

DEME Concessions Infra & Dredging is active in three sectors: port development, access channel concessions, infrastructure PPP.

In port development, DEME Concessions Infra & Dredging actively develops and participates in greenfield and brownfield ports worldwide. It has a proven track record in active management of ports, merchant revenue bearing assets, and partnering with strategic industrial players in the port value chain, such as cargo terminal operators and port authorities.

In access channel concessions, DEME Concessions Infra & Dredging provides complete management and maintenance services for channels worldwide. This model provides optimal solutions to guarantee nautical access to ports and terminals, including the financing of capital dredging. In addition, the operational and sedimentation risks of maintenance dredging are managed by the concessionaire, so as to improve budget control for port authorities and investors.

In marine infrastructure, DEME Concessions Infra & Dredging acts as an equity and EPC partner in PPP for infrastructure projects related to marine assets, immersed and bored tunnels, and locks. It brings strong project structuring skills with in-depth knowledge of the project finance markets, and an active role in management of the SPV.

In this context, DEME Concessions Infra & Dredging recently took part in three flagship projects. In 2014 it secured a 28-year concession to develop and operate the port of Duqm, Oman. In 2018, it closed a major immersed tunnel project, the Blankenburg tunnel crossing the Rotterdam port waterway in the Netherlands, for a 25-year design-build-finance-maintain agreement. In 2021, it secured a 40-year concession in Port-La-Nouvelle, France for the development and the management of the port.

DEME Concessions Infra & Dredging is continuously and actively sourcing and assessing development projects in Europe, Asia, North and South America and Africa.

3. DEME Concessions Green Hydrogen

As a result of its internal innovation initiatives to support the energy transition, DEME began to look at the potential of green hydrogen as early as in 2018. This division of DEME Concessions was born when it started to carry out a series of technical and commercial studies to assess investment opportunities in this nascent market.

Green hydrogen is produced by splitting water (i.e. water electrolysis) using electricity generated from renewable energy sources. The reason it is called green is because there is no CO₂ emission associated with the hydrogen production nor with its usage.

Green hydrogen has a significant role to play in the world's energy transition. It is a clean energy carrier that can store and deliver usable energy without polluting the environment. Indeed, it can contribute to a resilient, sustainable energy future in two ways:

1. Existing applications of hydrogen can use green hydrogen produced using alternative, cleaner production methods, and from a more diverse set of energy sources.
2. Green hydrogen can be used in a wide range of new applications as an alternative to current fuels and inputs, or as a complement to the greater use of electricity in these applications. In these cases – for example in transport, heating, steel production and electricity – hydrogen can be used in its pure form, or converted to hydrogen-based fuels, including synthetic methane, synthetic liquid fuels, ammonia and methanol.

In both ways, green hydrogen has the potential to reinforce and connect different parts of the energy system. By producing green hydrogen, renewable electricity can be used in applications that are better

served by chemical fuels. Low-carbon energy can be supplied over very long distances, and electricity can be stored to meet weekly or monthly imbalances in supply and demand.

DEME Concessions Green Hydrogen aims to be a front-runner in this market and has entered into several green hydrogen partnerships nationally and internationally to ensure the group is at the forefront of global developments.

In 2020, DEME Concessions Green Hydrogen entered into exclusive partnerships to develop industrial-scale green hydrogen production plants: one in Oman (HYPORT® Duqm) and one in Belgium (HYPORT® Ostend).

In the first phase of the proposed 1.5 GW (electrolyser capacity) project, HYPORT® Duqm (a partnership between DEME Concessions NV and state-owned Omani company OQ Alternative Energy LLC) will develop a 500 MW (electrolyser capacity) green hydrogen production facility. This first phase includes around 1.3 GW of captive upstream renewable energy, generated on a site located to the South of the Port where wind and solar conditions result in optimal full load hours. For the full multi-phase project, between 3 - 4 GW of renewable energy will be required. The facility is planned to come into operation before the end of the decade. HYPORT® Duqm will connect to Port of Duqm's brand-new export terminal, storage infrastructure and liquid jetties and will use the port as its gateway to deliver competitive decarbonised molecules to users worldwide.

The HYPORT® Oostende project aims to be one of the first large-scale producers of green synthetic LNG for shipping, by combining green hydrogen and biogenic CO₂, to support the deployment of power-to-gas applications in the crucial Flemish Port Area.

DEME Concessions Green Hydrogen has taken steps to introduce the HYPORT® concept to other strategic locations, where there is plenty of wind and solar resources and enough space for such a development, and importantly, where DEME has a well-established local presence. Separately, DEME Concessions Green Hydrogen is also looking into potential opportunities in Europe (especially in the North Sea and Baltic Sea) where the combination of offshore wind and green hydrogen production could be realized.

In addition to the HYPORT® projects, DEME Concessions Green Hydrogen is investing in R&D to further push the progress of green hydrogen forward by developing the next generation of electrolyzers. In an important initiative, DEME Concessions took part of a consortium named HYVE. The consortium includes renowned research centres Imec and VITO, and industrial players Bekaert, Colruyt Group and John Cockerill. HYVE aims to provide the cost-efficient and sustainable production of hydrogen at gigawatt level as Europe makes the transition towards carbon neutral industry. The consortium brings together players across the value chain to achieve this ambitious goal, merging expertise in developing new components for electrolysis with material suppliers and integration companies, and companies that will use this innovative infrastructure to generate green hydrogen.

Reference is made to the Activity Report of 2021 for more information on DEME Concessions' various projects.

4. Strategy

While DEME Concessions' past and future investments are expected to strengthen and diversify DEME's financial position through recurring income and return on equity invested, DEME Concessions will also continue to play a vital role for DEME by generating contracting work for its contracting activities, through the additionality principle. This is especially true in the offshore wind as well as infra and dredging markets.

DEME Concessions also aims to leverage DEME's project development and management skills, market intelligence, deep contracting expertise and extensive international network to be the partner of choice in developing and investing in new projects across its different sectors of activity.

8.5.2 Global Sea Mineral Resources (“GSR”)

A. Introduction

As part of its commitment to sustainable development, DEME's deep-water exploration and technology division, Global Sea Mineral Resources (GSR), was established with a vision to help supply the world with responsible, high-grade, low-carbon minerals.

GSR is developing technology to responsibly collect and process polymetallic nodules containing nickel, cobalt, manganese and copper from the deep ocean floor. GSR is one of the industry's technology leaders and is on track to commence commercial operations in 2029, targeting a ramp-up in production from 3 to 9.1 million tonnes of dry nodules per year over a 10-year period. 9.1 million tonnes of nodules represent a nickel equivalent production of c. 317 thousand tonnes per year and within the first quartile of the nickel cash cost curve.

GSR holds an exploration contract with the International Seabed Authority (ISA), providing exclusive rights to explore a ~75,000 km² area on the seafloor of the Clarion Clipperton Fracture Zone (CCFZ) in the Pacific Ocean. The nodules in GSR's concession on average contain 1.3% nickel, 0.2% cobalt, 1.1% copper and 27.1% manganese. To date, GSR has conducted various offshore and deep-water technology assessments and trials and its second-generation prototype of the collection vehicle was successfully tested in May 2021.

In addition, in 2016, the Cook Islands Investment Corporation (CIIC) and GSR agreed to collaborate under a subscription and shareholders agreement. As a result, the CIIC obtained an exploration contract with the International Seabed Authority (ISA), providing exclusive rights to explore a ~75,000 km² area on the seafloor of the Clarion Clipperton Zone (CCZ) in the Pacific Ocean.

Finally, after a 16-month licensing process, CIIC-SR, a consortium including GSR, was granted a seabed mineral exploration license to explore 19,479km² of seabed in the Cook Islands Exclusive Economic Zone (CI-EEZ). Following the prospecting expedition the nodules contain 0.5% cobalt, 0.7% nickel, 0.1% copper and 8% manganese.

GSR strongly believes that deep-seabed harvesting may offer one of the more environmentally and socially responsible solutions to help deliver the high-grade, low-carbon minerals the world needs to meet the demands of population growth, increased urbanisation, and the clean energy transition.

B. History and companies

In 2010, leveraging its expertise and experience in maritime dredging, engineering and environmental remediation, DEME made the decision to investigate the potential of deep seabed minerals. Different structures and business models were explored between 2010 and 2014.

G-tec Sea Mineral Resources was incorporated in April 2012 by G-tec, a Belgian contractor (and service provider of DEME) that specialises in global geophysical, geotechnical, and environmental investigations. G-tec Sea Mineral Resources applied for and was granted an Exploration Contract for polymetallic nodules in the CCZ in 2013. In 2014, DEME acquired control of G-tec Sea Mineral Resources and renamed the company “Global Sea Mineral Resources”.

Headquartered in Belgium, GSR is the deep-sea exploratory division, and 100% owned subsidiary of DEME Concessions NV, which is in turn a 100% owned subsidiary of the DEME Group.

In 2017, CIIC-SR Ltd. is a joint venture company between the CIIC and GSR-CI (Cook Islands GSR entity), was incorporated for the purpose of exploration and exploitation of polymetallic nodules in the Cook Islands Exclusive Economic Zone (CI-EEZ) and international waters. This joint venture company is incorporated under the laws of the Cook Islands. In 2019, CIIC-SR completed an offshore prospecting expedition in the CI-EEZ to collect samples for further study. This was the first offshore research campaign to take place within the CI-EEZ in decades.

In 2020, Deeptech NV was incorporated in Belgium as the 100% owned subsidiary of GSR. Deeptech holds the intellectual property and patents previously owned by GSR which are associated with all aspects of nodule collection.

Today, GSR activities are non-commercial exploration operations, and intends to commence commercial operations in 2029.

C. Market analysis and opportunities

Global metal demand has been steadily increasing due to population growth and increased urbanisation. Furthermore, vast additional quantities of new metals are required in order to support the construction of global electric power infrastructure and the manufacturing of hundreds of millions of electric vehicles.

Demand for metals is sharply increasing, sources for the metals required to support the transition to a green, circular economy are diminishing or becoming increasingly challenging to access in a safe, environmentally responsible manner. Average metal grades in known metal deposits are decreasing, which results in a requirement for miners to blast, transport and process ever-increasing volumes of ore to achieve the same volume of metal production. Processing of ore from terrestrial mines can be energy and water intensive, often resulting in significant emissions of greenhouse gases and exacerbating water concerns in water-scarce regions. The search for new metal deposits is pushing further into unexplored areas, often in areas of significant biodiversity such as the tropical rainforests of Indonesia where much of the nickel needed to manufacture lithium-ion batteries for electric vehicles is expected to be extracted.

Polymetallic nodules are potato-sized accretions of metal which are found on the seafloor across the globe. The nodules found in the CCZ contain the critical metals required for the manufacture of lithium-ion batteries. The CCZ covers an area of 4.5 million km² and contains a conservative estimate of 5.9 billion tonnes of manganese, 274 million tonnes of nickel, 226 million tonnes of copper and 44 million tonnes of cobalt. This equates to approximately three times the known reserves of cobalt and almost twice the known reserves of nickel from terrestrial sources, respectively²⁵.

Relative to terrestrial mining, polymetallic nodule collection potentially provides several environmental and social advantages for sourcing the metals required to achieve a sustainable circular economy. In addition to representing a source of sufficient quantities of critical metals to support the transition to a circular economy, the production of these critical metals can be completed from polymetallic nodules while releasing 40% less of the greenhouses gases which would be generated from extracting the same quantity of metal from terrestrial mines. Further, the nodules rest on the surface of the sea floor rather than being buried in the earth's crust and require no stripping of overburden, blasting or hauling of ore. Additionally, due to the location of the nodules – on the seafloor >1,000 km from civilisation – collection operations are not expected to have negative impacts on regional communities. Finally, the production of battery metals from polymetallic nodules can be conducted without the generation of large volumes of waste rock or tailings, both of which represent growing concerns in today's (terrestrial) mining industry.

²⁵ Deep-ocean polymetallic nodules as a resource for critical materials, Hein et al., 2020, Nature

GSR shares the ambition of reaching a circular economy in which waste is eliminated. Most credible forecasts²⁶, however, agree that new primary sources of metal will continue to be needed for some time before the World can close the loop. In the current state of technology, no amount of recycling, substitution, re-use, product re-design or system change can alter that.

D. Achievements to date

Since 2013, GSR has successfully conducted seven offshore expeditions to further advance knowledge about polymetallic nodule resources, baseline environmental conditions, environmental monitoring and future collection technology. In April to May 2021, GSR's pre-prototype seafloor nodule collector, Patania II, successfully demonstrated its ability to collect polymetallic nodules from the seabed at a water depth of 4,500 m. While further engineering development and scientific assessment lie ahead, this trial demonstrates the technical viability of collecting critical minerals from the seafloor.

The trial was monitored by scientists from the Massachusetts Institute of Technology (MIT) and other scientists on board the GSR vessel. Additionally, the trial was monitored by scientists from 29 European institutions, part of an independent, EU-funded consortium onboard a separate vessel. Not only does this represent an example of complete transparency, but the resulting research is also providing important information on the actual environmental effects of potential future seafloor polymetallic nodule collection, and how the World can monitor and manage them.

Key milestones completed by GSR include:

- Secured exploration rights over three licence areas in international and national waters.
- Established a 43-101 compliant resource assessment.
- Tested a second-generation prototype nodule collection vehicle on the seafloor of the Pacific Ocean in the CCZ.
- Initiated, in collaboration with some of the world's leading scientific experts, an environmental baseline study to allow the development of an environmental impact assessment.
- Developed a patentable lab-tested processing solution which is short, closed loop and environmentally responsible, and recovers 98% contained nickel, cobalt and manganese and 95% contained copper.
- Worked with relevant authorities and scientists on the creation and publishing of draft regulations regarding collection of polymetallic nodules.

E. Working and social licence

GSR engages with both the scientific community and other stakeholders, including NGOs, and resolutely supports public participation in the development of polymetallic nodule collection as a responsible industry. The seven offshore expeditions conducted by GSR since 2013 have enabled the collection of large volumes of data which have to date resulted in a number of scientific publications.

On 31 March 2021, GSR publicly reaffirmed its vow not to produce ocean-mined minerals before the environmental risks are comprehensively understood. Furthermore, GSR will only apply for a mining contract if the science shows that, from an environmental and social perspective, deep seabed minerals have advantages over the alternative – which is to rely solely on new and current mines on land.

²⁶ The Role of Critical Minerals in Clean Energy Transitions, IEA, 2021; Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition, Hund et al., 2019, The World Bank

GSR is fully committed to the research required to provide the necessary evidence to allow informed decision-making.

F. Introduction to the regulatory framework

As the CCZ exists outside of any one country's exclusive economic zone (EEZ), the area is managed by the ISA for the benefit of (hu)mankind. The ISA was established in 1994 under the UN Convention of the Law of the Sea (UNCLOS) for the purpose of managing and administering mining and minerals from the seafloor outside nationally regulated areas.

The ISA is responsible for developing and approving the Mining Code, or the rules, regulations and procedures under which mineral exploration and exploitation may be undertaken in international waters. The regulations for Prospecting and Exploration in areas under the ISA's jurisdiction were approved and adopted by the ISA in 2001, and the draft regulations regarding Exploitation have been published and have undergone several rounds of public consultation since 2015. The exploitation regulations are expected to be approved and adopted in July 2023.

G. Future developments

While GSR's progress so far is significant, the future development pipeline leading to commercial production requires several more years, as it considers a precautionary approach to development, involving all relevant stakeholders.

From 2022 to 2026, GSR plans to enter the feasibility stage. This stage will encompass the following activities:

- Adoption of the Exploitation Code in 2023
- Further development of the environmental baseline work leading to an environmental impact assessment which will culminate in an environmental impact statement
- Preparation of the System Integration Test (SIT) at full commercial scale in 2025, that will include the design and build of a third-generation collector device (Patania III) and of a (commercial-scale) riser system to transport the nodules from the collector vehicle to the surface ship, as well as the implementation of the industrial piloting processing route (confirmation of the novel processing flowsheet developed -and patented- with partners, and/or setting up of alternatives solutions that would not require a newly designed flowsheet).

GSR's SIT is expected to enable:

- Validation of actual commercial production and allows re-deployment of the equipment in the commercial phase.
- Validation of environmental parameters, with an aim to validate (i) predictive environmental models and (ii) the environmental monitoring strategy.
- Validation of operational parameters: the SIT will also provide further insights with respect to the general overall operations such as mine plan efficiency, pick-up efficiency, riser dynamics, etc., important inputs for the design of the final commercial system.

In parallel, GSR is expected to confirm a processing partner that will further develop the nodule processing activities.

After a successful SIT, the GSR project will undergo a transparent multi-stakeholder permitting stage with the aim of obtaining a 30-year exploitation contract from the International Seabed Authority. Once approved, GSR will commence the further conversion of its offshore equipment, including the surface vessel and subsea infrastructure. These endeavours are expected to lead to commercial production, estimated to start in 2029.

8.6 DEME core values

DEME has established a set of standards applicable to its business units and subsidiaries worldwide. They are the centre of DEME's commitment to consistently deliver excellence to its customers and value to the Company. DEME also expects suppliers, subcontractors and partners to adhere to these standards. At DEME, the company culture is defined using the acronym STRIVE:

- **Safety:** The personal safety and health of employees and stakeholders is DEME's greatest responsibility. Everyone has the right to work in a safe and risk-free environment at all times.
- **Technical leadership:** With an open mind and the right team spirit, DEME continues to improve all aspects of its work process and develop trailblazing solutions to address the needs and challenges of its customers.
- **Respect & integrity:** DEME employees are trained and motivated to meet the challenges ahead. Individuality and diversity are valued, and performance is recognised. DEME relationships with suppliers, subcontractors and partners reflect respect, understanding and sound business practice. DEME observes all applicable laws and regulations of the countries in which the Group is active. DEME respects human rights and prohibit discrimination.
- **Innovation:** Innovation is the cornerstone of DEME achievements. The Group continuously pushes its boundaries by developing new, value-adding services and solutions.
- **Value creation:** DEME makes result- and sustainability-driven decisions in order to ensure long-term growth for the benefit of employees, customers and shareholders, including financial discipline to keep the Company healthy.
- **Environment:** DEME protects the environment and the communities in which the Group does business by limiting its impact and exploring opportunities for sustainable value creation together with its stakeholders.

8.7 Innovation

At DEME, innovation is about creating novel offerings, solving problems, exploring opportunities and delivering feasible and sustainable solutions.

DEME spreads its innovation efforts over three horizons: Core, Adjacent and Transformational. For each of these horizons, DEME has a different approach with specific employees involved. Those efforts take shape internally to advance DEME's business further and are applied both in tenders and in projects to serve clients and customers better.

In the Core horizon, the objective is to excel DEME's current activities to outsmart competition while keeping an entrepreneurial and bottom-up culture. In this domain DEME covers topics like production improvement of its current fleet, safe working environments, top project management, finance and procurement efficiency.

In the Adjacent horizon, DEME aims to grow in incremental technologies and adjacent markets, starting from existing or combinations of existing core competences. One of the ways DEME does this is by

creating ventures and/or investing in small innovative companies for getting a head start. In this horizon DEME covers topics such as safety, new technologies, digital tools, carbon footprint, and scarce resources. A great example of ventures conducted by DEME is the plastic soup solutions with the Marine Litter Hunter, which collects plastics in rivers, so it prevents them from landing up in seas and oceans where it is more difficult to tackle the problem. Another example is the regreening projects, focusing on the protection of biodiversity and restoration of ecosystems. Often triggered by a growing population and rapid climate change, loss of biodiversity and desertification are other global challenges where DEME is taking a proactive role. DEME is actively engaging in finding regreening solutions, in combination with its dredging and reclamation activities.

Finally, DEME also proactively scouts for blue oceans in the Transformational horizon where it believes its DNA can bring value to new markets by offering new solutions for global challenges such as rising sea levels, growing population, reduction of emissions, polluted rivers, seas and soils, scarcity of natural resources needed, and energy transition. Here DEME has opportunity spaces defined such as advanced future vessels, harnessing the sea and soils, reviving nature, climate change solutions and novel economies. The green hydrogen division that was set up within DEME Concessions, as well as GSR, are the perfect examples of a successful outcome from these innovation initiatives. Today, more innovative business ideas are being incubated, such as aquaculture and energy -multifunctional- islands. For the latter, DEME has been pioneering the concept of energy island off the coast, which involves an artificial, multifunctional island at sea combining offshore renewable energy production, storage, transmission and conversion to other energy sources. In November 2021, DEME signed a partnership agreement with Copenhagen Infrastructure Partners (CIP), a leading global fund manager specialising in renewable energy investments, to bid for the development of the “Energy Island” in the Danish North Sea, together with three other leading contractors. Set to become the world’s first “Energy Island”, it will be located approximately 80-100 km off the Danish coast and will be able to connect 10 GW of offshore wind to Denmark and neighbouring countries, as well as having possibilities for large-scale energy storage and Power-to-X technologies. The Danish Energy Agency is currently talking to potential bidders for the Energy Island tender.

8.8 Operational excellence

Early on, DEME developed a special focus on operational excellence to strengthen its core capabilities and achieve value creation in all of its operations. DEME defined its operational excellence goal as follows: “manage sustainable value creation towards the stakeholders without waste, better than competition, year after year.”

To do so, DEME looks at optimal use of its resources and energy, benchmarks against its competitors, and adopts a behaviour driving continuous improvement. It uses four levers:

- Structure: organisation, roles and responsibilities, resources, and communication;
- Engagement: leadership, talent development, recognition, one team;
- Performance management: strategy and objectives, decisions and actions, data and facts, transparency; and
- Process management: methods and tools, systems, standardised but transformational, problem-solving.

Those endeavours led DEME to conduct strategic programmes around, among other things, employee experience, fleet of vessels, procurement, safety, finance efficiency, customer and stakeholder engagement, and project management. One example of key initiatives undertaken within DEME is the DRIVE department.

DRIVE is DEME's long-established continuous improvement programme that continues to show its value over the years. On every project, improvement opportunities are continuously identified, screened and executed in order to deliver, time and time again, the best possible project progress and solutions towards clients.

One of the most remarkable trends is the increasing scope and success of DRIVE exercises. This is primarily due to the projects that are increasingly active and structured in their approach towards continuous improvement.

A good example of a DRIVE exercise is the digitalisation of the Group's production reporting environment DRE and OPRA. As part of the Group's digital transformation, all DEME's dredging and offshore activities are now captured in the new DEME Reporting Engine (DRE) – a secured, cloud-based database for production and operational progress data. The resulting dashboards provide insights and allow DEME to monitor in real time the progress of projects and its vessels and make more informed decisions or take necessary actions as needed.

DEME also intensified the investment in its Onboard Production Reporting and Analysis (OPRA) solution, which uses the data captured by the vessel's sensors, and automatically records what the vessel is doing by exploiting the benefits of the Internet of Things. OPRA increases both the quality and extent of the production data, which is then captured into DRE. The implementation on the TSHD 'Bonny River' proved its potential: based on the data captured by the sensors on board, an operational cyclic delay could be significantly reduced, leading to an increased cycle production. After thorough testing and positive feedback from the crew and project team, OPRA is now being rolled out to the fleet.

In order to improve technical preparation of projects and to maximize production support on the vessels, the BOOS-T department kick-started in 2019. BOOS-T is an abbreviation of Best Out Our Ships – Team and originates out of an idea launched by DEME employees during a DEME Innovation campaign. The department functions as a central point of contact for the vessels and projects in relation to all production matters. The main objectives of the department are to merge experts and knowledge to obtain an improved project preparation, production optimization in an early stage together with the crew and the vessels and to coordinate production support on the vessel or project.

8.9 External and internal control

8.9.1 External control

A. External financial audit

The Company's external financial audit is performed by its statutory auditor. Reference is made to Section 18.1 for further detail.

B. ISO certification

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 including over 50 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 order to obtain these certificates, DEME was audited by an independent organisation, a “Certification Body”. These certificates are valid for a period of three years, after which a recertification audit takes place in order to reissue the certificates.

In addition to ISO, the DEME QHSE Management System is compliant with other specific standards, including but not limited to:

- Safety Culture Ladder, which is an assessment method for measuring safety awareness and behaviour to enhance the safety culture;
- CO₂ Performance Ladder, which is a management system to reduce the CO₂ emissions;
- SCC** (Safety Certificate Contractors) or SCCP (Safety Certificate Contractors for Petrochemicals), which is a safety, health and environment checklist for contractors; and
- Safety Schemes in Procurement (SSIP), such as Achilles/FPAL, Accredia RT05, etc.

C. Vessel certification

Marine vessels and structures are classified according to the soundness of their structure and design for the purpose of the vessel. The classification rules are designed to ensure an acceptable degree of, among others, stability, safety, and environmental impact.

DEME’s department “Class and Flag” is responsible for maintaining for the vessels the respective 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.

In particular, classification societies may be authorized to inspect marine vessels and structures and issue certificates on behalf of the state under whose flag the ships are registered. There are a number of classification societies, the largest of which are Bureau Veritas, the American Bureau of Shipping and Det Norske Veritas. Classification societies employ ship surveyors, material engineers, piping engineers, mechanical engineers, chemical engineers and electrical engineers, often located at ports and office buildings around the world.

In total there are approximately 90 certificates for each vessel, which can be subdivided into five blocks:

- Flag State certificates;
- Class certificates;
- ISPS (International Ship and Port facility Security) certificates;
- Insurance certificates; and
- Statutory certificates.

8.9.2 Internal control

A. Control environment

1. 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 in 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, 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 2022. 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.

Reference is also made to Chapter 10 (Management and Corporate Governance), Section 10.7.

2. 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 NV'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 centralized 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. For 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.

3. Governance structure

For more information on governance structure, please refer to Chapter 10 (Management And Corporate Governance) of this Prospectus.

4. 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 next to DEME's financial and legal structure. It is the start of every employee's training trajectory, irrelevant to their function within the company. Some trainings are 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 trainings 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.

5. 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.

6. Enterprise security

To mitigate any risks of malicious origin, DEME appointed an Enterprise Security Officer (ESO), which reports to the CEO and DEME NV'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, it designs and coordinates the implementation of both security procedures and systems in DEME's worldwide offices and at project sites all over the world. It also verifies compliance with procedures and coordinates emergency situations when necessary.

7. Quality, Health, Safety and Environment (QHSE)

The QHSE slogan is 'Zero accidents and zero environmental incidents', 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 on the agenda of DEME's management team, DEME NV'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.

Reference is made to the dedicated QSHE Section below of this Chapter 8 (see Section 8.11) for further information.

8. Internal audit

DEME's internal audit department is 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 CEO, DEME NV's executive committee and the Audit Committee. The internal audit department also monitors the execution of the actions 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 the specific request from the CEO, DEME NV's executive committee or the Audit Committee, and may not compromise the departments' independence and

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.

In the course of 2021, the internal audit department executed nine project audits, three corporate supporting department reviews and one audit on a subsidiary of DEME.

B. 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 it will mitigate material risks or respond to specific threats.

8.10 Sustainability

8.10.1 Sustainability strategy

A. DEME's two-dimensional strategy for sustainable performance

DEME's ambition is to fundamentally contribute to sustainable solutions for the global environmental, including societal and economic challenges facing the world today. DEME is involved in a wide range of large, complex projects worldwide, ranging from dredging and land reclamation to infra marine infrastructure, environmental and offshore energy works. All these projects have a potential impact – positive or negative, minor or substantial – on communities, local economies and the overall climate. DEME always strives to improve the sustainability of its own operations.

An intense internal cooperation process took place across DEME activities, leading to a two-dimensional strategy for sustainable performance:

1. 'To explore sustainable business solutions' by continuously challenging itself to enlarge its sustainable business portfolio and to align its business decisions with the Sustainable Development Goals where DEME can create the most impact.

2. 'To excel in DEME's operations' by maintaining and strengthening a sustainable performance in its daily operations.

This strategy aims to help DEME to create sustainable value for its customers, society and the company itself.



More details can be found in DEME's annual sustainability reports (available on DEME's website: www.deme-group.com).

B. DEME's materiality matrix

During 2021 DEME upgraded its Materiality Matrix. The main goal is to better include (and update) external stakeholders' views on the relevance of Environmental, Social and Corporate Governance (ESG) topics for DEME.

To do so, DEME:

- Reviewed the ESG and sustainability topics in DEME's existing Materiality Matrix from 2018 and benchmarked these within its sector with some of its peers and with relevant ESG topics used by risk-rating agencies.
- Sent out an anonymous online survey to more than 200 of DEME's closest external stakeholders (customers, suppliers, financial institutions, research partners, NGOs and shareholders) asking them to rate, based on their expectations about DEME and its operating sector, the relevance of the ESG and sustainability topics retained in the previous step.
- Compiled the results of the review and the online survey in the renewed Materiality Matrix 2021 and validated these results through the Group's governance model.

DEME's renewed Materiality Matrix 2021 helps to better identify and understand the relative importance of specific ESG and sustainability topics.

More details can be found in DEME's annual sustainability reports (available on DEME's website: www.deme-group.com).

8.10.2 Collaboration with DEME stakeholders

As DEME is a global company operating in many different markets and locations, it is essential to maintain good working relationships with all stakeholders. To achieve this, as well as to enhance awareness and foster multi-stakeholder collaborations, DEME emphasises:

- Growing awareness about sustainability within DEME value chains, including its employees, shareholders, suppliers, subcontractors, customers and partners.
- Building partnerships and exchanging knowledge with research and knowledge centres, technology providers, policy institutions and Non-Governmental Organisations (NGOs) for sustainable economic development.
- Creating a sustainable mindset within the organisation.
- Communicating transparently about the progress made towards DEME's own sustainability goals.
- Strengthening the capacity of local communities to maintain and sustain the projects DEME completes.

8.10.3 Sustainability KPIs

The company has identified four (4) material categories for its sustainability reporting being, climate and energy, health, safety and wellbeing, sustainable innovation and business ethics. All material categories are measured using sustainability KPI's.

Sustainability KPI's	2021	2020
Climate and energy		
EU Taxonomy - % of turnover		
Eligible	28%	N.A.
Aligned	24%	N.A.
GHG emissions worldwide in 1,000 Ton CO ₂ -eq.	833	660
Health, safety and wellbeing		
Lost Time Incident Frequency Rate (LTIFR)	0.19	0.19
Sustainable innovation and business ethics		
Number of approved innovative initiatives	14	18
Number of approved green initiatives	125	128

8.10.4 Sustainability embedded in the Company's activities

One of the explore programme at DEME is about fostering climate mitigation and adaptation. Climate change is considered to be one of the greatest threats to our planet and society. Increasing global temperatures, driven by greenhouse gas emissions lead to rising sea levels, the warming of the ocean

surface and more volatile weather phenomena causing drought, fires and flooding. At the same time, there is a growing need for access to affordable, reliable and sustainable energy. DEME aims to provide solutions to increase society's ability to withstand the impact of climate change and to expedite the much-needed energy transition. As such, DEME drives the energy transition through its various businesses as described in Section 8 (Business) as well as the sustainability report as published on the Company's website (www.deme-group.com).

8.10.5 Policy

DEME's corporate Sustainability Policy interrelates with more detailed and specific DEME policies such as (but not limited to) the Energy and Greenhouse Gas Emissions Policy; the Quality, Health, Safety and Environment Policy; the Group's Code of Business Ethics and Integrity, the Code of Ethics & Business Integrity for Business Partners; the Human Rights Policy; the Compliance Policy and the Raising and Reporting Integrity Issues Policy.

With the Energy and Greenhouse Gas Emissions Policy DEME aims to keep improving the energy efficiency in its operations, to work towards climate neutral operations by 2050 (scope 1 & scope 2), to reduce the GHG emissions generated by its operational fleet with 40% by 2030 in comparison to 2008 (scope 1 & scope 2) and to reduce the GHG emissions in its project value chains (scope 3).

With its Quality, Health, Safety and Environment (QHSE) Policy DEME constantly strives for an even higher execution level in the field of QHSE, based on the standards that apply in the industry and branches. The principle behind the slogan 'Zero accidents and zero environmental incidents' is the target of DEME.

With its Code of Ethics & Business Integrity DEME provides guidelines and information to its personnel on how to conduct business responsibly, make sound ethical business decisions and create trust for all its stakeholders. The Code of Ethics & Business Integrity for Business Partners does the same for its various business partners.

The Human Rights Policy sets out the basic principles on human rights topics, including labour rights. It comprises the following topics: equal opportunities and hiring practices, child labour, forced labour, working hours, wages and benefits, freedom of association and the right to collective bargaining, safe and healthy workplace, workplace security, discrimination and harassment and disciplinary measures.

The Compliance Policy includes several policies such as Anti-corruption, Anti-trust and Raising and Reporting Integrity Issues. Due diligence procedures are being performed to ensure a robust sanction and anti-corruption screening of third parties.

8.10.6 Governance

DEME's sustainability governance model focuses on two core elements: (i) to explore sustainable business solutions (continuously challenge itself to develop more sustainable solutions); and (ii) to excel in DEME's operations (sustainable performance in its daily operations).

There are four main layers within DEME's sustainability governance structure: (i) the CEO and DEME NV's executive committee, (ii) the Sustainability Board, (iii) the Sustainability Team and (iv) Process Owners from the different segments and supporting services.

A. CEO and DEME NV's executive committee

Every year, DEME NV's board of directors, the CEO and DEME NV's executive committee review and approve the Group's sustainability programmes, along with the related objectives and targets. The progress is discussed at the Sustainability Board meetings.

B. Sustainability Board

The Sustainability Board provides guidance to the Executive Committee on both strategic and operational sustainability topics to ensure that any decisions related to these are aligned with DEME's values, sustainability strategy and objectives. The Sustainability Board meets every two months to evaluate the performance of DEME's project portfolio and the progress made towards DEME's objectives from both a strategic and operational perspective.

C. Sustainability Team

The Sustainability Team is responsible for embedding sustainability into the Group's business operations. Together, the Team:

- translates the sustainability strategy into clear objectives, targets and KPIs;
- drives and facilitates the development of the sustainability programmes;
- creates awareness across the organisation;
- engages with external stakeholders;
- organises the monitoring of key results;
- reports on performance and progress.

D. Process owners

Several 'Sustainability Ambassadors' within the segments and Programme Leads within the supporting services have been appointed to support the further implementation of the operational sustainability objectives, targets and measures across the organisation.

8.10.7 Reporting

Since 2018, yearly reporting with a separate Sustainability Report was set up in addition to DEME's Activity Report, Financial Information Report and QHSE-S Performance Report, all available on DEME's website (www.deme-group.com).

As from the date of this Prospectus, the reporting of non-financial statements, such as the Sustainability report, will comply with the form "Non-Financial Reporting Directive" (NFRD) - Directive 2014/95/EC, a requirement that is transposed in national legislation through Art. 3:32, §2 (e) of the Code of Companies and Associations, as well as the EU Taxonomy (Regulation 2020/852) with regards to financial metrics aligned with the EU Taxonomy (turnover, CAPEX or OPEX), whether and how it complies with the social safeguards, and the Do Not Significant Harm principle.

8.10.8 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 2021 DEME is reporting according to the EU Taxonomy standards in compliance with the requirements set for the preparation of its shareholders' Non-Financial Statements. As both CFE and Ackermans & van Haaren fall within the scope of the Non-Financial Reporting Directive (NFRD), DEME performed an eligibility assessment to disclose the proportion of Taxonomy eligible

or non-eligible activities in total turnover and in capital expenditure. In addition, and in preparation of the 2023 disclosure obligations over financial year 2022, DEME also performed a more in-depth Taxonomy alignment screening for its DEME Offshore Energy wind projects.

The eligibility assessment has been carried out at project level, based on the consideration of the ultimate project purpose and in relation to the relevant contributing sector, Taxonomy eligible activity and NACE code(s). All projects of DEME's Segments Offshore Energy and Dredging & Infra have been assessed for eligibility for a substantial contribution to climate change mitigation and climate change adaptation. The projects of DEME's Segments Environmental and Concessions were not assessed.

For the in-depth Taxonomy alignment assessment of DEME's offshore wind projects, two additional steps have been taken on top of the assessment of a substantial contribution to climate change mitigation. These projects have also been screened for all relevant Do Not Significant Harm criteria. Finally, compliance with the Minimum Social Safeguards (OECD Guidelines and UN Guiding Principles on Business and Human Rights) has been verified through the review of relevant information detailed in a.o. DEME's previous Sustainability Report, the Human Rights Policy, our Code of Ethics and Business Integrity and DEME's GRI Content Index.

DEME's offshore wind activities will, based on the current interpretation, be both eligible and largely aligned with the EU taxonomy. 28% of total turnover over FY 2021 is eligible and 24% can already be considered aligned based on current definitions. In addition, 32% of total capital expenditure is eligible and can already be considered aligned.

DEME is also active in other "green" activities such as the construction of bridges and tunnels for rail infrastructure and the construction or modernization of port infrastructure. For these activities, the Taxonomy leaves room for interpretation, therefore these activities currently are being regarded as 'likely eligible'.

For the purposes of reporting over the financial year 2022, the impact of the four additional environmental objectives yet to be published and the further alignment at project level of the entire project portfolio must be further analysed.

8.11 QHSE

DEME balances its efforts and Quality, Health Safety and Environment (QHSE) resources between the things that go right, the things that could have gone wrong, and the things that effectively went wrong. An equilibrium between these three elements ensures successful QHSE risk management. DEME has put significant effort into certifying its entities according to the CO2 performance ladder and the Safety Culture Ladder management systems.

Green Initiatives, Safety Success Stories and the 'Safety Moment Day' shine the light on what's going right. The safety week at company level, and the safety leadership sessions for senior management, are dealing with what could have gone wrong or did go wrong.

Sometimes things can go wrong, that's why emergency preparedness should always be prioritised. By organising emergency drills, people better understand the importance of work preparation, risk analyses and preventive measures.

8.11.1 Action plans

DEME has an overall Global QHSE-S Action Plan, a five-year plan that expresses the long-term goals. This plan is translated into activity line specific Year Action Plans. The Year Action Plans are filled with dozens of SMART actions, including responsibilities and priorities.

All these plans are updated at least once a year and evaluated during the management reviews of DEME and the activity lines.

8.11.2 Key performance indicators

Key Performance Indicators (KPIs) are in place at all levels of the Group's organisation: activity lines, business units, projects, sites and vessels. The QHSE-S KPIs include both leading (Green Initiatives, observations, inspections, timely closed actions, toolbox participations, timely reported incidents, incident investigations) and lagging indicators (safety thermometer) concerning QHSE.

The High Potential (HIPO) overview shows incidents that have a High Potential for damage to people, assets, quality, environment and reputation. In other words, it gives an indication of the activities that could cause harm to DEME. The performance of DEME's subcontractors and suppliers is included in this HIPO overview, as well as the other KPIs (except the Safety Thermometer).

The status of the DEME QHSE-S KPIs is published on a dashboard and communicated to all employees on a quarterly basis. The KPI performance is also discussed on a regular basis among the relevant management teams where, if necessary, specific actions and initiatives are identified.

The overall QHSE performance evaluation, including KPI results, is managed by yearly management reviews. During these management reviews, QHSE-S KPIs and definitions are revised. Also, the QHSE policy, objectives and Year Action Plans are drafted, taking into account the KPI results.

8.11.3 Incident management

DEME applies a broad definition for incidents: an incident is a dangerous situation, near miss or incident with damage. An incident can be related to people, assets, quality, environment or reputation.

Each quarter, DEME carries out an extensive HIPO trend analysis for the entirety of DEME. Based on the findings of the analysis, DEME set up specific action plans and campaigns.

8.11.4 Green initiatives

In 2018, DEME introduced the Green Initiatives (GI) to all DEME employees, projects, vessels and offices. "A Green Initiative is any initiative, change or modification to a process, equipment or setup that reduces the environmental impact of the project."

In 2019, DEME set "taking Green Initiatives to the next level" as one of its targets in the Year Action Plan. The target here was to further improve the quality of the Green Initiatives and to further raise awareness. The minimum target is still one Green Initiative per active project (>3 months in operation) a year.

In 2020, DEME introduced the Green Initiative Power BI Dashboard. Once again, DEME's KPI target for 2020 was met. DEME received interesting and innovative GI's and saw that projects got more creative and that the quality of GI's got better and better. DEME entered an approval system where GI's are approved when they have a positive impact on the environment.

In 2021, DEME focused on sharing and communicating best practices gathered via Green Initiatives. As from the second half of 2021, one of its four segments share a Green Initiatives newsletter to all its internal colleagues. Next to its communication planning, from the second half of 2021, DEME QSHE department links its GI's to DEME's segment specific activities. DEME can see which activities get the most GI's, and further gathers and discusses those with the Process Owner to see if there is an opportunity to implement an initiative throughout the entire segment. DEME launched a scoring system to identify high impact GI's and guarantee the quality of said initiatives.

8.11.5 Emergency preparedness and response

In compliance with ISM (International Safety Management) and ISPS (International Ship and Port Facility Security) requirements, an annual ship/shore emergency exercise is to be organised. During this exercise communication, coordination, resource availability and response is tested.

8.12 Employees

DEME developed a model based on the ambition to attract, retain and develop the best talent in a structured, cost-conscious and transparent manner, facilitating DEME's growth strategies, supported by a solid and high-performing Human Resources (HR) infrastructure, systems, processes, tools and metrics, all in line with the relevant regulatory frameworks.

The model is composed of an HR Management, which covers four divisions that encompass the entire HR needs of the Company:

- HR Business partners
- Center of Excellence – strategic
- Shared Service Center – Operational
- HR Internal System

8.12.1 HR Management

The HR Management's role is to provide thought, leadership and direction, design and safeguard the overall HR Strategy, define the HR priorities, guide and steer the HR sub teams, define and follow up on key performance indicators, communicate towards senior management and the Executive Committee on strategy and performance, and develop the overall HR budget and analysis of total HR expenditures.

8.12.2 HR Business partners

The HR Business partners act as a single point of contact for the employees and managers in the respective activity line, providing daily HR guidance. The partners also liaise with Shared Service Centre and HR Excellence teams on more complex HR policy and interpretation and monitor internal and external policies, procedures, tools and legislation. They also provide day-to-day performance management guidance to line management (e.g., coaching, career development, disciplinary actions), as well as follow-up on recruitment and workforce planning for both permanent and contingent workforce, making sure the organisation has the right resources, capabilities and talents to achieve immediate and strategic ambitions now and in the future.

8.12.3 Centre of Excellence – Strategic

The Centre of Excellence provides guidance and governance, and develops standards, while promoting best practices. The Centre also designs, develops and implements new HR services, HR policies, and programmes related to functional areas. It also works on delivering programmes that reward and recognise key employee capabilities, skills, behaviours, experience and performance, and ensure that reward systems are market-relevant, fair and cost effective.

8.12.4 Shared Service Centre – Operational

The Shared Service Centre executes operational and transactional processes efficiently, escalates complex issues to the Centre of Excellence and HR Business Partners when appropriate, and ensures the effectiveness of day-to day operations.

8.12.5 HR Internal System

The HR Internal System automates, simplifies and globalises HR processes using (new) technology solutions, manages software implementation projects, and supports consistent reporting and data driven HR decisions by capturing global HR data via secured and advanced HR tools. The Internal System team acts as system administrator for HR systems and applications.

8.12.6 HR Compensation & Benefits

DEME's Human Resources department organizes a yearly evaluation cycle and process where individual performance and individual development needs are identified, discussed, and assessed. Such performance appraisal processes focus on individual and career development, enhancing contribution of co-workers and teams towards the joint achievement of DEME's corporate strategy. This interactive process between employees and management captures two ways feedback on performance and development needs aiming at improved individual and team performance outputs, ways of working together and career development.

To determine DEME's position in terms of total financial remuneration, DEME seeks advise from independent consultants and takes part in relevant benchmarking exercises on a regular basis.

For members of its executive and senior management community, DEME benchmarks itself against other relevant companies of the European industrial sector. For members of its global staff, crew and blue-collar population, DEME benchmarks itself against other companies of the relevant (national) markets and aligns, as appropriate and/or required, with international, national and/or sector and industry specific regulations.

In terms of total remuneration, DEME wants to position itself above median in the respective markets, base pay levels at DEME reflect median market positioning.

The nature of DEME's activities requires sharing of expertise and close co-operation across business units and departments, hence joint engagement towards achieving successes together is of the utmost importance. DEME's variable pay practices reflects safety, financial results, and going forward, sustainability results.

Annual pay review and variable pay budgets for relevant populations, are proposed to the Remuneration Committee, and approved by the Board of Directors.

8.12.7 FTE

The table below represents the number of employees of the Group per segment as of the FTE average for 2020 and of the FTE average for 2021:

	Average for 2021	Average for 2020
Dredging & Infra	2,376	2,691
Offshore	1,201	1,407
Environmental	280	326
Concessions & GSR	38	31

Central	985*	521
Average FTE Total	4,880	4,976

(*) Central: DEME revised the organisation chart in 2021. This can explain some shifts of numbers across the segments. Some departments such as Finance and Legal reside hierarchically under Central including their activities for specific segments within DEME.

The table below represents the number of employees of the Group per geographic location. Here also, the FTE average is shown for 2020 and 2021:

	Average for 2021	Average for 2020
Africa	181	217
America	11	18
Asia and Oceania	196	322
Europe EU	4,222	4,134
Europe non-EU	71	65
South Asia	179	195
Middle East	20	25
Average FTE Total	4,880	4,976

8.13 Regulatory description

The Group is active in a vast number of countries, in different parts of the world. As a consequence, its business operations and activities are subject to a wide variety of national, international and supra-national laws and regulations stemming from each of the jurisdictions in which it operates, including public procurement laws, industrial law (including protectionist legislation), commercial law, corporate law, maritime law, competition law, tax law, administrative law (including permit requirements), environmental law, antitrust, anti-money laundering, anti-bribery and anti-corruption laws, security, health and safety laws, regulations and standards, the laws and regulations governing concession awards as well as regulations in respect of deep sea harvesting (see also Section 8.5.2F)).

The most important areas of law and regulations, which define the regulatory environment in which the Group operates, are summarized below.

8.13.1 Public procurement legislation

A substantial part of the Group's business is awarded through public procurement procedures which are governed by public procurement legislation. In general, public procurement legislation is aimed at creating transparency, equal treatment, open competition, and sound procedural management.

Within the EU, where 50% of the revenue of the Group is generated in 2021, there is a standardized regulatory framework regarding public procurement, consisting of three Directives, i.e. Directive 2014/24/EU on public procurement, Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors and Directive 2014/23/EU on the award of concession contracts, which aim to create a level playing field for businesses across Europe. These Directives set out minimum harmonised public procurement rules which govern the way public authorities and certain public utility operators in Europe purchase goods, works and services and award concessions. They are transposed into national legislation and apply to tenders whose monetary value exceeds a certain amount. For tenders of lower value, national rules apply. The Directives are designed to achieve a procurement market that is competitive, open, and well-regulated and are aimed at stimulating contracting entities to take multiple aspects (aside from price) into account when purchasing works, goods or services. Examples of such aspects include protecting the environment, supporting social considerations and fostering innovation.

Outside of Europe, there is no common international regulatory framework with respect to public procurement. Therefore, country-specific public procurement legislation will have to be taken into account on an ad hoc basis, which is however mostly based on the same principles of transparency, equal treatment, open competition, and sound procedural management.

8.13.2 Environmental laws

The Group's business and operational activities are equally impacted by environmental legislation, regulating, among others, environmental protection and environmental permits, as well as emissions and waste treatment & shipment.

Within the EU, where the activities of the Environmental Segment predominantly take place, diverse legislation on environmental issues applies. Such EU legislation, which aims to protect the environment, consists of both Regulations, which apply directly in member states, and Directives, which need to be transposed by member states into national legislation.

Key European environmental legislation relevant for the Group includes:

- Shipment of Waste Regulation (1013/2006/EC);
- Waste Framework Directive (2008/98/EC);
- Water Framework Directive (2000/60/EC);
- Environmental Impact Assessment Directive (2011/92/EU) ;
- Conservation of Birds Directive (2009/147/EC) and Conservation of Habitats Directive (92/43/EEC);
- Environmental Liability Directive (2004/35/EC);
- Landfill of waste Directive (1999/31/EC).

As the Group operates worldwide and in absence of a global regulatory environmental framework, also country-specific environmental legislation has to be taken into account on a project-by-project basis.

8.13.3 Maritime laws

As a marine contractor, the Group operates a fleet of more than 100 vessels and auxiliary equipment. Vessels must comply with mandatory rules and regulations, codes, guidelines and standards recommended by the International Maritime Organization (IMO), the International Labour Organization (ILO), flag state, classification society and maritime industry organizations. These standards relate mainly to vessels' crew, including qualifications and certification; ships, including safety at sea, classification, design, performance; and operations, including emissions, and protection of the marine environment.

Some of the most representative applicable regulations include the International Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Pollution from Ships (MARPOL), the International Convention on Standards of Training, the Certification and Watchkeeping for Seafarers (STCW), the ILO Maritime Labour Convention (MLC 2006), and the Convention on International Regulations for Preventing Collisions at Sea 1972 (COLREGs).

8.13.4 Protectionist legislation

In its worldwide activities, the Group is equally confronted with a range of government policies that restrict international trade and protect domestic industries. These protectionist measures manifest themselves mostly through cabotage laws which protect the domestic shipping industry from foreign competition and thus prevent or limit the Group in executing its dredging and other operations in such countries. Examples of such measures applicable to the Group can be found, among others, in the United States of America through the Merchant Marine Act of 1920 (also known as the Jones Act), as well as in Argentina and Russia. Although the Group does not expect the Jones Act to disappear, DEME Offshore Energy has secured contracts in the United States without breaching the protectionist legislation.. Indeed, DEME Offshore Energy has partnered with the US company Foss Maritime in the development of the smart feeder barge concept to ensure that it is fully compliant with the Jones Act. Following on from this, DEME Offshore Energy has secured a five-year agreement with the Dutch company Barge Master to utilise four motion compensation platforms which will be installed on the US- flagged Foss Maritime barges. This integrated, high-tech solution will enable the wind turbine components to be transported from US ports to DEME's specialised offshore installation vessels.

8.14 Material contracts

8.14.1 Financing Agreements

The Group has not entered into any material financing agreements.

8.14.2 Other material contracts

The Group has not entered into any other material contracts.

8.15 Legal proceedings

From time to time, the Group may be involved in various claims and legal proceedings relating to claims arising out of its operations. See the Legal and regulatory risks from the Chapter on Risk Factors of this Prospectus. There are not and have not been any governmental, legal or arbitration proceedings, nor is the Company aware of such proceedings pending or threatened, that may have or have in the previous twelve months had significant effects on the Group's financial position or profitability, except for:

The SABETTA case:

As publicly known, the Public Prosecutor's office has started an investigation in 2016 into the circumstances under which a contract was awarded in April 2014 in the context of a private tender to Mordraga, a Russian company of the DEME group, for the execution of dredging works in the port of Sabetta (Russia). The works were carried out in the summer months of 2014 and 2015. The contract was terminated in 2016. The investigation was initiated after a complaint was filed by a competitor who was not awarded the contract in question in 2014, and is based exclusively on selective information provided by this competitor. The Public Prosecutor summoned certain companies and (former) staff members of the DEME group at the end of December 2020 to appear before the Council Chamber. The Council Chamber decided on February 21, 2022 to refer the case to the competent court. An appeal has been lodged against the decision of the Council Chamber. It should be emphasised that the Council Chamber does not pronounce any judgment on the merits of the case, but merely rules on the question whether or not there are sufficient indications of guilt to have a case judged on its merits by the competent court. In light of the foregoing, DEME cannot for the time being make a reliable assessment of the possible financial impact of the pending investigation. DEME remains confident about the further development of the procedure."

The JUKA case:

The JUKA case relates to a project initiated by “Rijkswaterstaat”, part of the Dutch Ministry of Infrastructure and Water Management, for the widening of the Juliana Canal in The Netherlands, which project was awarded to a Dutch subsidiary of the DEME group in 2013. Despite 80% of the works being executed to the satisfaction of Rijkswaterstaat, unexpectedly, in the last phase of the execution of the works by DEME’s subsidiary, damage occurred in the direct surroundings of the site, which Rijkswaterstaat claimed to be due to the performance of the works by DEME’s subsidiary. This led to a dispute between Rijkswaterstaat and DEME’s subsidiary regarding the appropriate execution method of the works, as well as regarding the question who should bear the additional costs of a possible alternative execution method of the works.

In 2019, following the involvement of several experts by both parties, Rijkswaterstaat and DEME’s subsidiary reached a settlement regarding the dispute, thereby agreeing that the works would no longer have to be executed by DEME’s subsidiary and, fully and finally releasing each other from any further claims and liabilities in respect of the project. However, Rijkswaterstaat subsequently denied that such settlement had been reached, stating that it preserves its rights to claim full damages from DEME’s subsidiary (a.o. the amount to be paid by Rijkswaterstaat to the new contractor it has appointed to execute the remainder of the works).

DEME has meanwhile initiated legal proceedings in order to obtain confirmation and acknowledgement from the court that a settlement had been reached in 2019 with which Rijkswaterstaat has to comply, meaning that Rijkswaterstaat is no longer entitled to claim damages from DEME’s subsidiary in respect of the project. These legal proceedings are currently pending.

The exact amount of Rijkswaterstaat’s possible damages is not known today and, consequently, it is not possible to assess the financial consequences of this case.

The EEMDIJK case:

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 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, and it is not possible at this stage to make an accurate estimate of the impact on the Company, if any. However, on the basis of the current facts and information available, the outcome of the aforementioned pending legal proceedings is currently not expected to effectively have a material impact on the Company's future results and cash flows.

9. OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of the Company's financial condition and results of operations for the periods described below. Investors should read this discussion in conjunction with the financial statements included elsewhere in this Prospectus as well as the information set forth under Section 3.10 (Important Information—Presentation of Financial Information), Chapter 7 (Selected Consolidated Financial Information), the consolidated financial statements as of 31 December 2021 and 2020 included elsewhere in this Prospectus, and the Financial Report 2021 (which can be found in the F-pages and includes comparative figures for 2020) and the Financial Information Report 2019 (as can be consulted on the Company's website (www.deme-group.com)).

9.1 Operating and financial results

9.1.1 Selected items from DEME's Consolidated Statement of Income

The table below shows selected items from the consolidated Statement of Income for annual reporting year 2021 and 2020 of the DEME group. The consolidated Statement of Income for 2021 is prepared in accordance with International Financial Reporting Standards (IFRS) and includes comparative figures for 2020.

Selected items from Consolidated Statement of Income, IFRS (kEUR)	31/12/2021	31/12/2020
Revenues (1)	2,580,773	2,335,944
Of which Turnover	2,510,607	2,195,828
Of which Other operating income	70,166	140,116
Operating expenses (excl. Depreciation, Amortization and Impairment)	2,111,465	1,966,486
EBITDA	469,308	369,458
Depreciation, Amortization and Impairment	326,027	305,177
EBIT	143,281	64,281
Result before taxes	137,869	38,630
Result after taxes	106,790	28,818
Share of profit (loss) of joint ventures and associates	10,548	22,395
Attributable to non-controlling interests	2,757	803
Share of the Group	114,581	50,410

Revenues include (i) turnover, and (ii) other operating income. Turnover comprises the total of the works delivered and services provided by the consolidated subsidiaries pursuing their main activity. Other operating income mainly 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, and other non-recurring income. Reference is made to Chapter 7 (Selected Consolidated Financial Information) and the Financial Report 2021 in the F-pages of this Prospectus.

A. Summary

During 2021, DEME recovered from the downturn faced in 2020 mainly as a result of the COVID-19 pandemic. Turnover increased by 14.3% to 2,510.6 million EUR, which is slightly lower compared to the 2,622.0 million EUR recorded in 2019. It should be noted however that the 2019 turnover contained a substantial amount of procurement turnover, which did not recur in 2021. The procurement turnover is the turnover related to the procurement scope of DEME's EPCI contracts. When excluding the

procurement turnover, the 2021 turnover exceeds the pre-COVID level of 2019 with more than 10%, which illustrates DEME's high level of activity over the past year.

The 2021 recovery was strongest in DEME's Dredging & Infra segment. In Egypt, several of DEME's vessels were deployed on the large-scale dredging works for the expansion of the port of Abu Qir, a project that is in fact still continuing in 2022. The deepening works on the Elbe River in Germany were successfully completed, while work on the Swinoujscie-Szczecin project in Poland has already made substantial progress. Maintenance dredging mainly took place in Belgium (River Scheldt and works on the Belgian Coast), Germany, Papua New Guinea and in several places in Africa. Among the major projects, DEME's fleet was also successfully deployed on a new campaign to deepen the access channel to the port of Sabetta in Russia. The intense activity is also illustrated by the high utilisation rate of the fleet: 41.4 weeks for the TSHD's (2020: 37.5 weeks) and 25.3 weeks for the CSD's (2020: 10.5 weeks). In 2021, DEME's dredging fleet was joined by its newest CSD 'Spartacus' which was deployed in Egypt immediately upon delivery. DEME also made good progress on the works on the three major infrastructure projects in the Netherlands, along with the start-up works on the Fehmarnbelt (tunnel link between Denmark and Germany) and on the Oosterweel Link around Antwerp.

DEME Offshore Energy realised a slightly lower turnover compared to 2020, mainly explained by the decrease of procurement turnover mentioned earlier. However, the turnover of own projects increased, and the utilisation rate of DEME Offshore Energy's fleet was 42.2 weeks, compared to 42.0 weeks in 2020. As communicated by DEME, the delivery of DEME Offshore Energy's new installation vessel 'Orion' has faced a delay, which means that for certain complex projects DEME had to charter other vessels from outside DEME's fleet. The largest projects on which DEME Offshore Energy was engaged in 2021 were Hornsea Two in the United Kingdom (1.4 GW, the world's largest offshore wind farm with 165 turbines with a capacity of 8 MW) and Saint-Nazaire in France (480 MW, the first commercial offshore wind farm to be installed in French territorial waters). Several projects involving cable-laying works, rock placement and installation of wind turbines also ensured a high level of activity.

The important contributions to the Environmental activities in 2021 came from the remediation project in Scotland, the Blue Gate project in Belgium, the Amoras project in Belgium, the Dragages Wallon in Belgium, and the VNF dredging works in France.

DEME Concessions' portfolio of associates currently includes several projects in offshore wind and infrastructure & dredging. Each participation in those projects is on a minority basis and is therefore consolidated at group level in accordance with the equity method. In 2021, the following projects were running and contributing to the Group's performance:

The 325 MW C-Power offshore wind farm, which is the first offshore wind farm in the concession area on the Thornton Bank in the North Sea, 30 km from the Belgian coastline. The wind farm provides 300,000 families with renewable energy, leading to a CO2 reduction of 415 kilotons per year.

The 309 MW Rentel offshore wind farm, located in the Belgian North Sea. Commissioned in March 2019, Rentel provides 300,000 families with renewable energy, leading to a CO2 reduction of 362 kilotons per year.

The 487 MW SeaMade offshore wind farm, currently Belgium's largest, provides renewable energy to 500,000 families and represents a CO2 reduction of 600 kilotons per year. The wind farm was commissioned mid-2021.

The port development and operating activities in the Port of Duqm in Oman, where DEME Concessions has a 28-year port concession (secured in 2014).

B. Turnover

Turnover by type (kEUR)	31/12/2021	31/12/2020
Revenue from contracts with customers	2,498,256	2,187,745
Revenue from ancillary activities	<u>12,351</u>	<u>8,083</u>
Total turnover	2,510,607	2,195,828

Revenue from contracts with customers mainly comprises the net revenue from the operational activities of the segments. The Group acts as contractor and principal of the engagement.

Revenue from ancillary activities is revenue that can be very diverse such as sale of equipment or fees, which include specific fees such as management fees in joint ventures or tender related fees.

Turnover by geographical market (kEUR)	31/12/2021	31/12/2020
Belgium	279,248	427,199
Europe – EU	976,939	1,252,767
Europe – non-EU (1)	608,708	127,988
Of which obtained in Russia	103,814	115,569
Africa	491,058	133,735
Asia & Oceania	93,700	143,386
America	42,359	51,011
Indian subcontinent	17,317	52,633
Middle East	<u>1,278</u>	<u>7,109</u>
Total turnover	2,510,607	2,195,828

(1) in 2021, Europe non-EU includes the UK, Russia and Turkey whilst in 2020, the UK was still included in Europe-EU.

A geographical market is determined as the area (location) at which projects are realised and services are provided. A large part of the Group's turnover is generated on projects for a variety of clients in various countries and geographical areas.

C. Other operating income

Balance (kEUR)	31/12/2021	31/12/2020
Gain on sale of intangible assets	0	0
Gain on sale of property, plant and equipment	3,983	11,170
Gain on sale of equity method investees	12,186	63,935
Other operating income	53,997	65,011
Total other operating income	70,166	140,116

In 2021 the largest amount in the gain on sale of property, plant and equipment is related to the sale of the drilling platform 'Li Ya' (formerly 'Goliath'). In 2020 the gain on sale of property, plant and equipment includes the gain realised on the disposal of old vessels and equipment, such as the small hopper dredger 'Orwell' and the cutter suction dredger 'Dijle'.

Gain on sale of equity method investees in 2021 as well as in 2020 refers to the gain on the sale of 12.5 % participation in Merkur Offshore GmbH, a German wind farm. An additional capital gain of 12.2 million EUR was recognised in 2021 as the result of a final settlement of a contingent consideration previously accounted for. For more information about this sale, please refer to the Financial Report 2021 in the F-pages of this Prospectus.

On 10 February 2017, DEME contracted IHC Holland BV for the construction of the vessel ‘Spartacus’, a rock and sand cutter suction dredger. The vessel was not delivered within the contractually determined period which entitled DEME to claim late delivery penalties. Per 2 June 2020, DEME and IHC signed an amendment deed to further delay the anticipated delivery date and entitling DEME to a delay damages compensation of 10 million EUR which has been paid in September 2020 and recognised in other operating income of that year. This amendment entitled DEME to new delay damages compensation with a maximum of 15 million EUR. The delivery of the Spartacus took place in August 2021, after the second anticipated delivery date. The delay damages of 15 million EUR were received and recorded in other operating income of 2021 to compensate incremental costs incurred due to the unavailability of the vessel ‘Spartacus’.

In 2020, other operating income also comprises 10.2 million EUR proceeds from an arbitration award relating to a past project.

D. Operating expenses

Operating expenses include (i) Raw materials, consumables, services and subcontracted work, (ii) Personnel expenses, (iii) Depreciation, Amortization and Impairment, and (iv) Other operating expenses.

Given a higher activity in 2021 than in 2020, DEME experienced a 6.2% increase in Raw materials, consumables, services and subcontracted work expenses (-1,575.6 million EUR in 2021). Along the same lines, the Personnel expenses also increased (7.5%) to -488.9 million EUR.

Depreciation & Amortization expenses slightly increased, from ca. -284.6 million EUR in 2020 to ca. -291.1 million EUR in 2021. This reflects the latest additions to DEME’s fleet (e.g., ‘Spartacus’ and ‘Groenewind’). The impairment of property, plant and equipment expenses also increased, from ca. -15.6 million EUR in 2020 to ca. -34.6 million EUR in 2021. This increase is mainly explained by the 25 million EUR impairment of the cutter suction dredgers ‘Al Mahaar’ and ‘Al-Jarraf’ in 2021. The impairment on the CSD’s is exceptional and resulting from a strategic rebalancing of DEME fleet upon the delivery of CSD ‘Spartacus’.

Other operating expenses increased from -29.1 million EUR in 2020 to -46.9 million EUR in 2021. The reason for the increase is twofold: (i) various taxes, import and stamp duties related to the deployment of several dredgers in Egypt in 2021, and (ii) a provision for bad debt related to the receivable on a specific project.

E. EBITDA, EBIT and Net Profit

DEME realised an EBITDA in 2021 of 469.3 million EUR (18.7% margin). This is not only a significant increase compared to 369.5 million EUR in 2020 (16.7% margin), but it is also markedly higher than the 437.0 million EUR (16.7% margin) reported in 2019. This increase is driven in part by a higher turnover and in part by higher margins on some projects.

EBIT more than doubled between 2020 and 2021, reaching 143.3 million EUR. This is comparable to the pre-pandemic levels (141.1 million EUR in 2019), with the caveat that depreciation, amortization and impairments are ca. 20 million EUR higher in 2021 as compared to 2020, reflecting the latest

additions to DEME's fleet (e.g., 'Spartacus' and 'Groenewind') and larger impairment expenses. In terms of margins, the Group yielded a 5.7% EBIT margin in 2021, versus 2.9% in 2020.

The result of the equity companies (i.e., joint ventures and associates) decreased from ca. 22.4 million EUR in 2020 to ca. 10.5 million EUR in 2021, of which about 70% is related to DEME's participations in associates Rentel NV and Seamade NV that operate Belgian offshore wind farms.

The net profit for 2021 amounted to 114.6 million EUR, which is more than double compared to the year before (50.4 million EUR in 2020), but still below the level of 2019. This is mostly because of (i) the expansion of the fleet since 2019 and the concomitant depreciation costs, (ii) impairments, (iii) ca. 10 million EUR covid-19 related cost, and (iv) the lower result of the equity companies in 2021 as compared to 2019 (10 million EUR vs 18 million EUR).

9.1.2 Selected items from DEME's Statement of Consolidated Financial Position

The table below shows selected items from DEME Group's consolidated Statement of Financial Position for annual reporting years 2021 and 2020. The consolidated Statement of Financial Position for 2021 is prepared in accordance with International Financial Reporting Standards (IFRS) and includes comparative figures for 2020.

Selected items from Statement of Consolidated Financial Position, IFRS (in kEUR)	31/12/2021	31/12/2020
Property, Plant and Equipment	2,259,041	2,337,089
Investments in joint ventures and associates	132,781	105,918
Various non-current assets	302,413	248,076
Contract assets	326,685	251,747
Cash and cash equivalents	528,632	621,937
Various current assets	500,045	355,187
Total assets	4,049,597	3,919,954
Group Equity	1,599,239	1,485,332
Interest bearing debt	921,310	1,110,967
Other liabilities	1,529,048	1,323,655
Total group equity and liabilities	4,049,597	3,919,954

A. Property, Plant and Equipment

The most important contributor to the non-current assets are property, plant and equipment representing a net book value of 2,259 million EUR in 2021, compared to 2,337 million EUR in 2020. Most of the net book value comes from DEME's floating equipment (ca. 1,830 million EUR), with the rest coming from assets under construction, other construction equipment (e.g., earth moving equipment, pipelines, etc.), furniture, and other tangible assets.

In 2021 the cutter suction dredger 'Spartacus' and the service operation vessel 'Groenewind' joined the Company's fleet. In 2020 the two self-propelled split barges 'Bengel' and 'Deugniot' (3,500 m³) and the two trailing suction hoppers 'River Thames' (2,500 m³) and 'Meuse River' (8,300 m³), all constructed by Royal IHC, joined the fleet.

The depreciation cost of the floating and dry construction equipment in 2021 includes 34.6 million EUR impairment of which 25.5 million EUR relates to the exceptional impairment of the cutter suction dredgers 'Al Mahaar' and 'Al Jarraf'. In 2020, impairments equalled 15.6 million EUR.

In 2021 the offshore vessels ‘Li Ya’ (formerly ‘Goliath’) and ‘Omalius’ were sold.

‘Assets under construction’ represent a book value of 309 million EUR in 2021. Additions relate amongst others to installation vessel ‘Orion’ and various investments in smaller equipment.

The installation vessel ‘Orion’ was delivered in April 2022. In January 2022, DEME has entered into an agreement with the Norwegian shipping company Eidesvik to acquire the DP3 offshore installation vessel ‘Viking Neptun’. The Company will upgrade the vessel to a cable laying vessel and integrate her into the fleet and have her operational in the beginning of 2023. In 2020 CDWE, the Taiwanese joint venture between DEME (50%) and partner CSBC, ordered the ground-breaking offshore wind installation vessel ‘Green Jade’ in Taiwan. The first floating heavy-duty crane and installation vessel with DP3 capacity in Taiwan 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’.

At 31 December 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 31 December 2020.

B. Investments in joint ventures and associates

The investments in joint ventures and associates have a net book value of 132.8 million EUR in 2021, compared to 105.9 million EUR in 2020. Most of the result of the year (10.5 million EUR) is related to the Company’s participations in Rentel NV and Seamade NV. In 2021, an additional capital increase of 13.3 million EUR was recorded in the Taiwanese joint venture CDWE (30.4 million EUR in 2020). For more information about this category, please refer to the Financial Report 2021 in the F-pages of this Prospectus.

C. Various non-current assets

Various non-current assets increase from 248.1 million EUR in 2020 to 302.4 million EUR in 2021 and exist of categories intangible assets (mainly software), goodwill, right-of-use assets, other non-current financial assets, non-current financial derivatives, deferred tax assets and other non-current assets. For more information about these categories, please refer to the Financial Report 2021 in the F-pages of this Prospectus.

D. Contract assets

Contract assets have a net book value of 326.7 million EUR in annual reporting year 2021 as compared to 251.7 million EUR in 2020. Contract assets (unbilled revenue) relate to the contracting and the work in progress of construction projects executed by the Group and services rendered. The contract assets consist out of a broad range of projects, with different aspects regarding e.g. nature and type of client.

E. Cash and cash equivalents

An amount of 528.6 million EUR is accounted for as cash and cash equivalents in 2021, compared with 621.9 million EUR in 2020. Cash and cash equivalents are not always freely available because of transfer restrictions, joint control or other legal restrictions. Of the 528.6 million EUR, ca. 405 million EUR is effectively available for immediate use, compared with ca. 521 million EUR as per year-end 2020.

F. Various current assets

Various current assets increase from 355.2 million EUR in 2020 to 500.0 million EUR in 2021 and consist of categories inventories, trade and other operating receivables, current financial derivatives, assets held for sale and other current assets. For more information about these categories, please refer to the Financial Report 2021 in the F-pages of this Prospectus.

G. Group Equity

The **group equity** of the company equals 1,599.2 million EUR as per 31 December 2021, compared to 1,485.3 million EUR as per 31 December 2020. Per 31 December 2021, share capital of the DEME Group was represented by 4,538,100 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. During 2021, there were no changes in the share capital. For the financial year 2020 a dividend of c. 20.4 million EUR was paid 14 May 2021, corresponding to 4.5 EUR gross dividend per share. An intermediary dividend, to be paid out of the accumulated results at the end of the financial year 2020, has been approved by DEME's shareholder for an amount of c. 40.8 million EUR, corresponding to 9 EUR gross dividend per share, payable on 25 March 2022. This intermediary dividend is not reflected in the result distribution of 2021. For more details on the changes and movements for the period, please refer to the Financial Report 2021 in the F-pages of this Prospectus.

H. Interest-bearing debt

The **interest-bearing debt** contributes the most to the liabilities on the consolidated statement of financial position. The non-current portion has a net book value of 577.9 million EUR in 2021 (735.1 million in 2020) and the current portion has a net book value of 343.3 million EUR (375.9 million EUR in 2020).

At 31 December 2021, the Group has 118 million EUR available but undrawn bank credit facilities compared to 140 million EUR (of which 125 million EUR were unused) at the end of 2020. The Group additionally has the possibility to issue commercial paper for amounts up to 125 million EUR. In contrast to 31 December 2020, when 125 million EUR commercial paper was issued, this facility was not used at all at year-end 2021. However, based on an offer received from a relationship bank and only because of the interesting commercial conditions (negative interest rate), DEME Coordination Center NV took out a 100 million EUR money market loan, maturing early December 2022.

Bilateral loans are subject to specific covenants. The same set of financial covenants as for the revolving credit facilities is applicable for the long-term loan facilities. At 31 December 2021 as well as at 31 December 2020, the Company complies with the solvency ratio (>25%), the net financial debt/EBITDA ratio (<3), and the interest cover ratio (>4), 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 equals 38.1% as per 31 December 2021, in comparison with 36.3% as per 31 December 2020. The debt/EBITDA ratio (covenant leverage ratio) computed as total net financial debt, excluding subordinated and other loans (357.1 million EUR) divided by EBITDA (469.3 million EUR), should be lower than 3. The debt/EBITDA ratio equals 0.83 as per 31 December 2021, in comparison with 1.32 as per 31 December 2020. The interest cover ratio computed as EBITDA divided by net financial interest charges (interest charges less interest income), should be higher than 4 and equals 171.3 as per 31 December 2021 in comparison with 46.4 as per 31 December 2020.

At the beginning of 2022, DEME converted its existing long-term credit facilities into green financing ('sustainability linked loans'), for a total loan value of 579 million EUR.

For more information about interest-bearing debt and net financial debt, please refer to the Financial Report 2021 in the F-pages of this Prospectus. For more information about the financing strategy, please refer to Section 9.3 (Financing strategy) of this Chapter.

I. Other liabilities

Other liabilities increase from 1,323.7 million EUR in 2020 to 1,529.0 million EUR in 2021 and contain retirement obligations, provisions, non-current financial derivatives, other non-current financial liabilities, deferred tax liabilities, current financial derivatives, contract liabilities, advances received, trade payables, remuneration and social debt, current income tax and other current liabilities. For more information about these categories, please refer to the Financial Report 2021 in the F-pages of this Prospectus.

9.1.3 Selected items from DEME's Consolidated Statement of Cash-flow

The table below shows selected items from DEME Group's consolidated Statement of Cash-flow for annual reporting years 2021 and 2020. The consolidated Statement of Cash-flow for 2021 is prepared in accordance with International Financial Reporting Standards (IFRS) and includes comparative figures for 2020.

Selected items from Consolidated Statement of Cash-flow, IFRS (kEUR)	31/12/2021	31/12/2020
Cash and cash equivalents, opening balance	621,937	475,135
Cash flow from operating activities	419,574	376,421
Cash flow (used in) from investing activities	-266,412	-147,139
Cash flow (used in) from financial activities	-247,952	-78,386
Net increase (decrease) in cash and cash equivalents	-94,790	150,896
Change in consolidation scope or method	0	-37
Impact of exchange rate changes on cash and cash equivalents	1,485	-4,057
Cash and cash equivalents, ending balance	528,632	621,937

Cash from operating activities

Cash flow from operating activities increased from ca. 376.4 million EUR in 2020 to ca. 419.6 million EUR in 2021. This mainly relates to:

The improved activity level and corresponding increase in the net operating result of ca. 143 million EUR realized in 2021 compared to ca. 64 million EUR in 2020. The aforementioned net operating result includes items reclassified to investing cash flow for an amount of ca. 16 million EUR in 2021 compared to ca. 76 million EUR in 2020. The 2020 amount mainly related to the sale of the Merkur offshore wind farm;

The increased working capital per 31 December 2021, mainly caused by an increase in amounts receivable and contract assets (i.e., unbilled revenue). The effect of the changes in working capital on the cash flow from operating activities amounted to ca. -21 million EUR in 2021 compared to +104 million EUR in 2020;

Other material cash flows from operating activities in 2021 include an inflow of ca. 10.5 million EUR of dividends received from participations in joint ventures and associates, and an outflow of ca. 38 million EUR of income taxes;

The material non-cash adjustments from operating activities in 2021 include ca. 291 million EUR of depreciation and amortization expenses, ca. 35 million EUR of impairment expenses and a ca. 13 million EUR increase of provisions.

Cash flow (used in) from investing activities

Cash flow used in investing activities increased by 81% in 2021, amounting to ca. 266 million EUR in 2021 compared to ca. 147 million EUR in 2020. The considerable increased cash outflow in 2021 was mainly driven by the following factors:

- Increased investments in the DEME fleet (PP&E), reaching ca. 280 million EUR of cash spent in 2021 compared to ca. 199 million EUR in 2020. This is driven by the delivery and related final payment for dredger CSD ‘Spartacus’ and by the lifetime extension work on the dredger TSHD ‘Pearl River’ performed in 2021;
- Investments in joint ventures and associates (ca. 16 million EUR), compared to ca. 55 million EUR in 2020;
- Divestments for an amount of ca. 32 million EUR in 2021, which significantly decreased compared to the cash inflow realized in 2020 (ca. 111 million EUR). The main difference in divestments stems from the 89 million EUR cash inflow that materialized in 2020 from the sale of Merkur offshore wind farm, while no such disposal of Concessions’ associates was performed in 2021.

Cash flow (used in) from financial activities

Cash flow used in financial activities considerably increased from ca. 78 million EUR in 2020 to ca. 248 million EUR in 2021. The main 2021 cash flows from financial activities relate to:

- Interest-bearing debt raised in 2021 amounting to ca. 51 million EUR, compared to ca. 175 million EUR in 2020;
- Dividend payments for ca. 20 million EUR in 2021 whereas no dividend was paid in 2020 because of the pandemic;
- Debt repayments performed in 2021 amounting to ca. 279 million EUR compared to ca. 254 million EUR in 2020.

As a result of the above-mentioned cash flows, the cash and cash equivalents balance decreased from ca. 622 million EUR in 2020 to ca. 529 million EUR in 2021.

9.1.4 Group order book

The Group’s order book is the contract value of assignments acquired as of 31 December 2021 but that is not yet accounted for as turnover because of non-completion. The order book also includes the Group’s share in the order book of joint ventures, but not of associates.

Contracts are not included in the order book until the agreement with the client is signed. A letter of award is not sufficient to include the contract in the order book according to the Group policies. Additionally financial close must be reached when projects will be executed in ‘uncertain’ countries before including them in the order book. ‘Uncertain’ countries are identified at the discretion of the Executive Committee.

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.

Order book by segment	2021	2020
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(kEUR)		
Dredging & Infra	2,833,296	3,176,502
Offshore Energy	2,816,564	1,133,495
Environmental	255,330	190,066
Total Order book	5,905,190	4,500,063

DEME's order book increased in 2021 to 5,905.2 million EUR, compared to 4,500.1 million EUR at the end of 2020. This figure does not include projects for which final contracts have yet to be concluded (such as the works in Taiwan, for which DEME is preferred bidder, and the works on the Right Bank of the Oosterweel Link). Projects with a total value of 3.1 billion of EUR were acquired in the course of 2021 (2020: 2.5 billion of EUR).

Order book by geographical market	2021	2020
(kEUR)		
Europe - EU	2,866,265	3,140,781
Europe - non EU 1	814,462	199,740
Of which in Russia	55,009	134,994
Africa	414,346	754,370
Asia & Oceania	325,516	342,930
America	1,454,872	20,112
Indian subcontinent	25,786	21,190
Middle East	<u>3,942</u>	<u>20,940</u>
Total Order book	5,905,190	4,500,063

1 in 2021, Europe non-EU includes the UK, Russia and Turkey whilst in 2020, the UK was still included in Europe-EU.

9.1.5 Key Performance Indicators

The following KPI's are measures used by the Company's management to monitor and manage operational risk and financial performance. Column note in the table below refers to the notes in the Financial Report 2021 (which is included in the F-pages).

Financial KPIs (kEUR)	31/12/2021	31/12/2020	Note
Turnover	2,510,607	2,195,828	(1)
EBITDA	469,308	369,458	
EBITDA margin (on turnover)	18.7%	16.8%	
Net result from joint ventures and associates	10,548	22,395	
Net Financial Debt (1)	392,678	489,030	(18)
Covenant Leverage Ratio (2)	0.83	1.32	
Operating Working Capital (3)	-488,718	-556,632	(23)
Total Investment (4)	298,660	258,788	
Order Book	5,905,190	4,500,063	(1)
Non-Financial KPIs	31/12/2021	31/12/2020	
Occupancy rate of TSHD (5) (in weeks)	41.4	37.5	
Occupancy rate of CSD (6) (in weeks)	25.3	10.5	
Occupancy rate of Offshore equipment (7) (in weeks)	42.2	42.0	

Average number of personnel (in FTE)	4,880	4,976	
Ratio male/female personnel (in %)	85/15	85/15	
Number of nationalities	80	80	
Lost Time Incident Frequency Rate (LTIFR)	0.19	0.19	
GHG emissions worldwide in 1,000 Ton CO ₂ -eq.	833	660	

- (1) Net Financial Debt is the sum of current and non-current interest-bearing debt decreased with cash and cash equivalents
- (2) Covenant Leverage Ratio is defined as the ratio between (i) the Net Financial Debt excluding the subordinated and other loans, and (ii) the EBITDA (reference is made to Section 9.1.1E)
- (3) Operating Working Capital is Net Working Capital (current assets less current liabilities), excluding interest-bearing debt, cash and cash equivalents, and including other non-current assets
- (4) Total Investments is the amount paid for the acquisition of intangible, tangible and financial fixed assets, which equals the total investment amount of the consolidated cash flow from investing activities
- (5) The occupancy rate is the weighted average operational occupation in weeks of the DEME fleet expressed over a given calendar year; TSHD stands for Trailing Suction Hopper Dredgers
- (6) The occupancy rate is the weighted average operational occupation in weeks of the DEME fleet expressed over a given calendar year; CSD stands for Cutter Suction Dredgers
- (7) The occupancy rate is the weighted average operational occupation in weeks of the DEME fleet expressed over a given calendar year; Offshore equipment include jack-up vessels, floating installation vessels, cable laying vessels and rock dumping vessels

9.2 Operating results per segment

DEME has evolved into a global marine sustainable solutions provider, and its activities are organized in four distinct segments:

1. DEME Dredging & Infra

In this segment the Group performs a wide variety of dredging activities worldwide, including capital and maintenance dredging, land reclamation, port construction, coastal protection and beach nourishment works. Those activities are executed with specialised dredging vessels and various types of earth-moving equipment. The Group also provides engineering and contracting services for marine infrastructure projects. This includes the design and construction of jetties, port terminals, locks and weirs, bored and immersed tunnels, foundation for bridges, dams and sea defences, canals, revetments, quay walls and shore protections. 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.

2. DEME Offshore Energy

In this segment, the Group 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, the procurement, the construction and the installation of foundations, turbines, inter-array cables, export cables and substations. The Group also offers operations and maintenance, logistics, repair, decommissioning and 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. Besides these main activities, the Group also provides specialized offshore services, including geoscience services and the installation of suction pile anchors and foundations.

3. DEME Environmental

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

4. DEME Concessions

DEME Concessions NV is the investment and development arm of the Group. It invests in, develops, builds and operates – through participations in special purpose companies - greenfield and brownfield projects in three sectors: offshore wind, dredging and marine infrastructure, and green hydrogen. 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. Besides these concessions' activities, the Group has a deep-water exploration division (GSR) that holds concessions of polymetallic nodules and develops a technology to collect and process those nodules containing nickel, cobalt, manganese and copper from the deep ocean floor.

DEME reports on its segments on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources across segments. In this context, and at segment level, DEME's management uses an '**economical reporting**' that consolidates joint ventures according to their proportionate share for key lines of the income statement and not only for their share in the bottomline result. This reporting allows DEME's management to more effectively follow up the results of DEME's activities performed in joint venture companies, such as EMW, Deeprock, Scaldis, Normalux, CDWE and in the near future Taiwan and the Group's Japanese joint venture. 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.

A condensed statement of income (economical reporting) at segment level as per 31 December 2021 is provided in the table below, including the reconciliation to the IFRS compliant consolidated figures at Group level.

Statement of income as per 31/12/2021 (in kEUR)	Dredging & Infra Economical reporting	Offshore Economical reporting	Environmental Economical reporting	Concessions Economical reporting	IFRS result Economical reporting	Group Reconciliation	IFRS result Financial reporting	Group
Turnover	1,478,306	916,354	166,163	1,467	2,562,290	-51,683	2,510,607	
EBITDA	305,848	170,888	16,834	-12,529	481,041	-11,733	469,308	
Depreciation, Amortization and Impairment	-231,806	-96,277	-8,037	-89	-336,209	10,182	-326,027	
Operating result	74,042	74,611	8,797	-12,618	144,832	-1,551	143,281	
Share of profit (loss) of joint ventures and associates	0	0	624	11,068	11,693	-1,146	10,547	

An analysis of each segment's operating result, as per the economical reporting described above, is provided in the Chapters below.

9.2.1 Segment DEME Dredging & Infra

A. Key results

Statement of income as per 31/12/2021 (in kEUR)	Dredging & Infra Economical reporting
Turnover	1,478,306
EBITDA	305,848
Depreciation, Amortization and Impairment	-231,806
Operating result	74,042
Share of profit (loss) of joint ventures and associates	0

In 2021, the Dredging & Infra segment recorded an excellent year in terms of turnover (1,478.3 million EUR) and EBITDA margin (20.7%).

The Abu Qir Port Expansion project in Egypt, which entails large-scale works for the expansion of the port of Abu Qir, had the highest contribution in turnover: between 10% and 15% of the Group's turnover in 2021. As such the project's client qualifies as a material client. The project started in early 2021 and is due for completion in 2023. Several of DEME's vessels were deployed, including the Group's newest cutter suction dredger 'Spartacus' which has started in Egypt immediately upon delivery.

Among the major projects that also significantly contributed to the segment turnover, there is the Blankenburg project in The Netherlands, the deepening campaign for the access channel to the port of Sabetta in Russia and the dredging campaign at the Belgian Coast.

With regards to other projects which have materially contributed to the results:

- The deepening works on the Elbe River have been finalized and all variation orders have been settled;
- The TTP1 project in Singapore was completed in November 2021, however, there are long outstanding receivables due to a delay in certification process;
- Clear progress was made on the Elmina Port project in Ghana, which entails an extension of breakwaters and deepening of the port;
- Clear progress was also made on the works of three major infrastructure projects in the Netherlands;
- Works started on the Fehmarnbelt Fixed Link (tunnel link between Denmark and Germany) and on a first phase of the Oosterweel Link around Antwerp;
- Works started on the deepening and extension of the port of Leixões, Portugal with 'Meuse River' and 'Spartacus' that will take care of the extremely hard rock material.

The fleet remained strongly occupied throughout the year, despite a couple setbacks, such as a three-month delay on the Incheon project in Korea due to a breakdown of the pump shafts on the 'Congo River'.

DBM, DEME's marine aggregates business had an excellent year in turnover and result despite idle time in Q4 2021 ('Mellina' and 'Charlemagne') due to technical issues, which in turn added extra costs from hiring external vessels.

In terms of geographical spread for DEME Dredging & Infra, Europe remains a core market with successful and ongoing projects in Belgium, Germany, Portugal and Italy. Europe had a 52% contribution to the 2021 segment turnover. Segment's activities in Africa remain strong, with ongoing operations in Egypt, Senegal, Ghana, Angola and Guinea. That region had a 33% contribution to the 2021 segment turnover.

B. Order book

The order book is the contract value of assignments that are acquired as of 31 December 2021 but that is not yet accounted for as turnover because of non-completion. The amount also includes DEME's share in the order book of joint ventures, but not of associates.

The order book for Dredging & Infra currently stands at 2.8 billion EUR. This figure includes 4 major projects that each contribute more than 150 million EUR to the future bookings:

- the Fehmarnbelt Fixed Link project in Denmark and Germany. The project will connect Denmark with Germany with a 18km immersed road and rail tunnel which is due to be completed in 2029;
- the Port-La-Nouvelle extension project in France. The scope includes the construction of four quay walls and two port extensions. Design work and soil investigations have already started;
- the Abu Qir Port Expansion project in Egypt. This massive project started in early 2021 and is still on-going. The scope of works consists in the expansion of the port of Abu-Qir, requiring among other things, 1,000 hectares of new land, new access channels, 3 km of beach formation and 9 km of breakwater. The project is the largest dredging and land reclamation project in DEME history;
- the Blankenburg Connection project in the Netherlands. The project scope includes the construction of a highway, a land tunnel, immersed tunnel, a deepened connection to the A20 road and a high connection to the A15.

C. Investments

Considerable investments in new and existing dredgers (including maintenance) as well as in other tangible assets (such as spare parts, pipelines, earth-moving equipment, etc) were made in recent years. Those investments amounted to a total of ca. 125 million EUR in 2020 and ca. 171 million EUR in 2021. It is important to note that the investments related to the fleet tend to be variable throughout the years due to management's views on capacity in the market and long construction lead times of large vessels.

The 44MW cutter suction dredger 'Spartacus' was delivered by IHC in the Netherlands in Q3 2021. The 7,950m³ trailing suction hopper 'Meuse River', sister vessel of the award-winning 'Scheldt River', was delivered by IHC in Q2 2020 in the Netherlands. The 2,300m³ trailing suction hopper 'River Thames' was delivered by IHC in Batam, Indonesia in Q1 2020. The 'Bengel' and 'Deugniet', two split barges of 3,500m³, were delivered by IHC in Batam, Indonesia in the Q4 2020.

In addition to new-built, DEME invested in conversion and life-time extension of parts of its fleet. The trailing suction hopper 'Pallietter' was converted to an Ultra-Low Emission vessel in Q1 2022. The

trailing suction hopper ‘Pearl River’ underwent a life-time extension repair, where, amongst others, a new bottom-door-frame design has been installed. Furthermore, the 10-years Special Survey Docking of both ‘Congo River’ and ‘Pinocchio’ were conducted in 2020 and 2021.

9.2.2 Segment DEME Offshore Energy

A. Key results

Statement of income as per 31/12/2021 (in kEUR)	Offshore Economical reporting
Turnover	916,354
EBITDA	170,888
Depreciation, Amortization and Impairment	-96,277
Operating result	74,611
Share of profit (loss) of joint ventures and associates	0

Despite a weak first half year in 2021 with idle costs for key vessels and docking of ‘Flintstone’, all vessels have been fully occupied in the Offshore Energy segment from 2021 Q3 onwards, mainly for the Saint-Nazaire, Hornsea II and Hinkley Point projects.

DEME Offshore Energy did not have its new installation vessel ‘Orion’ available in 2021, which means that for certain complex projects it had to deploy other vessels, some chartered from third parties. Although this was a major challenge logistically and technically, it all went satisfactorily. The largest projects on which DEME Offshore Energy was engaged in 2021 were Hornsea II in the United Kingdom (a 1.4 GW offshore wind farm with 165 turbines) and Saint-Nazaire in France (480 MW). Several projects involving cable-laying works, rock placement and installation of wind turbines also ensured a high level of activity.

Settlement discussions with the Client related to the Moray East project have been concluded. Projects Hinkley Point and Hornsea II are positively contributing to the net margin as well. On the Saint-Nazaire project, a great technical performance is achieved, with results yet to follow. DEME Offshore Energy proved solid margins in the Turbines and Rock Placement activities.

Procurement turnover accounting for 96 million EUR in 2021, has decreased from 2020, but has been largely compensated by the Foundations, Turbines and Cables laying activities.

Whilst the Arcadis Ost Foundations project is in start-up phase, Hornsea II (Foundations & Turbines) was fully completed in Q4 2021, as well as Moray East (Cables) & Dolwin (Cables), and Triton Knoll (Turbines).

G-Tec, DEME’s geoscience services company, went through a successful reorganization in 2021. G-Tec’s public shareholder SRIW has sold its participation to the DEME Group in December 2021.

B. Order book

The order book is the contract value of assignments that are acquired as of 31 December 2021 but that is not yet accounted for as turnover because of non-completion. The amount also includes DEME’s share in the order book of joint ventures, but not of associates.

DEME Offshore Energy order book amounts to 2.8 billion EUR. This figure is driven by four major projects:

- the Coastal Virginia Offshore Wind project in the US (2.6 GW). This Balance of Plant contract includes the transport and installation of 176 monopile transition piece foundations, three offshore substations, scour protection and the supply and installation of export and inter-array submarine cable systems. For the fulfilment of the project, DEME Offshore Energy entered in a consortium with Prysmian, a world leader in underwater energy cable systems;
- the Dogger Bank wind farm in the UK (3.6 GW), for which DEME Offshore Energy secured two EPCI (engineering, procurement, construction, and installation) contracts for the inter-array cables at the Dogger Bank's first two phases and third phase respectively;
- the Vineyard Wind 1 project in the US (800 MW). The scope mainly includes the installation of offshore wind turbine for the first large-scale offshore wind installation in the US. In addition to the installation of turbines, DEME Offshore Energy will also handle the transportation and installation of the monopile foundations, transition pieces, and scour protection for the wind turbine foundations, as well as the foundation of the offshore electrical substation;
- the Arcadis Ost 1 wind farm in Germany (257 MW), for which DEME Offshore Energy secured an EPCI contract for 28 XXL monopile foundations. Those XXL monopile foundations will be the largest ever installed in Europe with a weight of around 2,000 tonnes each.

Although DEME Offshore Energy has already begun planning and preparations for the large-scale projects in the United States and in Asia (Japan, Taiwan), the actual start-up of those projects is expected as of 2023.

C. Investments

DEME Offshore Energy invested ca.86 million EUR in its fleet in 2020, ca. 102 million EUR in 2021. Those investments include investments in both new and existing vessels (including maintenance), and in other tangible fixed assets such as specific vessel equipment (e.g., lifting tools, cradles, seafastening tools, etc.). It is important to note that the investments related to the fleet tend to be variable throughout the years due to management's views on capacity in the market and long construction lead times of large vessels.

The DP3 offshore installation vessel 'Orion' was delivered in April 2022 in Germany. Because of a crane incident that occurred during testing in May 2020, the delivery date has been delayed by 2 years. There are ongoing negotiations on liquidated damages due to DEME. To complement its investment in 'Orion', DEME ordered a Motion Controlled Pile gripper with Huisman, commissioned in Q1 2022, which will be used for the installation of monopiles once it is installed on the 'Orion'.

DEME also invested in 'Green Jade', an offshore installation vessel (similar to 'Orion') which is being built in Taiwan by CSBC in Joint Venture. The vessel delivery is planned for the first half of 2023.

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 will upgrade the vessel to a cable laying vessel and integrate her into the DEME fleet and have her operational in the beginning of 2023.

Major crane upgrades for both ‘Sea Installer’ and ‘Sea Challenger’ will take place. The hoisting capacity will be increased from 900 tonnes to 1,600 tonnes, which will enable the ship to install next-generation wind turbines and DEME Offshore Energy to maintain a leadership position in the installation of wind turbines. A contract has already been made with Gemak in Turkey for the conversion of the ‘Sea Installer’ in the second half of 2022. The ‘Sea Challenger’ conversion is planned for 2024 in a joint venture with Penta Ocean Construction Company, in Japan.

The service operation vessel ‘Groenewind’, a SWATH (Small Waterplane Area Twin Hull) vessel, which was built by Cemre in Yalova, Turkey was delivered in the Q2 2021. This vessel is being deployed on the Rentel and SeaMade offshore wind farms. Thanks to the DP2 technology, a fuel consumption reduction of up to 50% can be achieved compared to a monohull SOV.

9.2.3 Segment DEME Environmental

A. Key results

Statement of income as per 31/12/2021 (in kEUR)	Environmental Economical reporting
Turnover	166,163
EBITDA	16,834
Depreciation, Amortization and Impairment	-8,037
Operating result	8,797
Share of profit (loss) of joint ventures and associates	624

The Environmental segment shows a very strong year 2021: increase of over 18% in turnover and result before tax. Important contributions to the turnover came from the remediation project in Scotland, the Blue Gate project in Belgium, the Amoras project in Belgium, the Dragages Wallon in Belgium, and the VNF dredging works in France. In addition, the Blue Gate, Terranova and the Scottish projects showed strong results. In the South of Belgium, good results were realized by the recycling centre Petit Try, the valorisation site Wérisol and the Dragages Wallon. Finally, the GoWa project reached financial close.

As part of the Group’s R&D activities within the environmental segment, a cost of 1.2 million EUR has been booked for the Reusables study and the Marine Litter hunter, which collects plastics in rivers, so it prevents them from landing up in seas and oceans where it is more difficult to tackle the problem.

B. Order book

The order book is the contract value of assignments that are acquired as of 31 December 2021 but that is not yet accounted for as turnover because of non-completion. The amount also includes DEME’s share in the order book of joint ventures.

The order book for Environmental currently sits at ca. 255 million EUR. Amongst others, projects included are the former oil terminal Site Remediation in Scotland, and the Amoras project, the Blue Gate project, the Nyrstar Balen project and the Ford Genk project in Belgium, the GoWa project and the dike strengthening Marken Island project in the Netherlands, the dredging of waterways in Wallonia, Belgium, and the upgrading of the Condé-Pommeroeul Chanel and the widening of the Deûle in France.

C. Investments

DEME Environmental has invested ca. 13 million EUR in 2020 and ca. 9 million in 2021. Those investments were mainly made in earth-moving and soil related equipment.

9.2.4 Segment DEME Concessions

A. Key results

Statement of income as per 31/12/2021 (in kEUR)	Concessions Economical reporting
Turnover	1,467
EBITDA	-12,529
Depreciation, Amortization and Impairment	-89
Operating result	-12,618
Share of profit (loss) of joint ventures and associates	11,068

B. Portfolio of existing projects

DEME Concessions' portfolio of associates currently includes several projects in offshore wind and infrastructure & dredging. Each participation in those projects is on a minority basis and is therefore consolidated at group level with the equity method. Those associates have concession contracts that generate recurring cashflow and share of profit for the Company. The cash generated by those associates includes dividends, shareholder loan repayments, interests from shareholder loans, and sometimes fees charged to project companies.

In 2020 and 2021, the following projects were running (or secured) and together contributed ca. 21 million EUR (in 2020) and ca. 12 million EUR (in 2021) to the Group's net profit (as share of profit of associates):

- the 325 MW C-Power offshore wind farm, which is the first offshore wind farm in the concession area on the Thornton Bank in the North Sea, 30 km from the Belgian coastline. The wind farm provides 300,000 families with renewable energy, leading to a CO2 reduction of 415 kilotons per year. The company's participations in C-Power amount to a total of 6.46%;
- the 309 MW Rentel offshore wind farm. Commissioned in March 2019, Rentel provides 300,000 families with renewable energy, leading to a CO2 reduction of 362 kilotons per year. The company's participations in Rentel amount to a total of 18.89%;
- the 487 MW SeaMade offshore wind farm, currently Belgium's largest, provides renewable energy to 500,000 families and represents a CO2 reduction of 600 kilotons per year. The wind farm was commissioned mid-2021. The company's participations in SeaMade amount to a total of 13.22%;
- the 28-year port concession in the Port of Duqm, Oman secured in 2014 aims at developing and operating the port. The company's participations in Port of Duqm Company SAOC amount to a total of 30%.

- the Blankenburg Connection, an infrastructure PPP project that aims to connect the A20 and the A15 through an immersed tunnel and improve access to Rotterdam was awarded in 2018. The project includes the design, build, finance and maintenance for a period of 20 years. The company's participations in the Blankenburg project company amount to a total of 15%;
- the 40-year port concession in Port-La-Nouvelle, France awarded mid-2021, is a PPP project that aims to provide the port with a major redevelopment, including the establishment of a strategic hub for the offshore- and floating wind industry, and the improvement of logistic processes. The company's participations amount to 23.7% in the project company.

It is worth noting that the wind conditions along the Belgian coast were more favourable in 2020 than in 2021.

C. Portfolio of projects in development

In addition to ongoing or secured projects, DEME Concessions holds participations in several projects in development, in offshore wind, infrastructure & dredging, and green hydrogen. Those developments are described below.

In 2022, DEME Concessions' consortium has been awarded 2GW worth of option areas in Scotland's highly competitive ScotWind seabed leasing process for offshore wind developments. The consortium (in which DEME Concessions holds a 42.5% stake) successful bids are (i) Cluaran Deas Ear: a 1 GW fixed foundation offshore wind project in the 187 km² E3 plan option area, and (ii) Cluaran Ear-Thuath: a 1 GW floating foundation project in the 201 km² NE2 plan option area which is envisaged to be developed in two phases.

In addition, it is also actively developing offshore wind projects in emerging markets, such as Brazil and Vietnam.

In 2021, DEME Concessions signed a Memorandum of Understanding (MOU) to develop a 1,000 MW wind farm in the Binh Thuan Province in Vietnam, known as the Vinh Phong offshore wind project. This will be the first offshore wind farm in Vietnam. The Binh Thuan Province authorities have expressed their keen interest in the implementation of the offshore wind project and have already provided support to the Consortium by allocating a site for the new wind farm. The consortium partners aim to realise the project in two phases (600 MW and 400 MW).

Under a cooperation agreement signed at the beginning of the year, DEME Concessions is set to develop the first offshore wind farm in Brazil. This also represents the first wind farm for DEME in Latin America. Located in Ceará state, the new 576 MW wind farm is 4 km off the coast, near the Port of Pecem.

DEME Concessions Infra & Dredging is continuously and actively sourcing and assessing development projects in Europe, Asia, North and South America and Africa.

In 2020, DEME Concessions Green Hydrogen division entered into exclusive partnerships to develop industrial scale green hydrogen production plants: one in Oman (HYPORT® Duqm) and one in Belgium (HYPORT® Ostend).

In July 2021, HYPORT® Duqm, the special purpose vehicle incorporated for the development of the green hydrogen project in Oman, signed a cooperation agreement with German energy company Uniper to explore the offtake of green ammonia. This agreement is an important milestone for HYPORT® Duqm, after having acquired a 150 km² site for renewable production in the Special Economic Zone at Duqm (SEZAD) earlier in 2021. In the first phase of the proposed 1.5 GW (electrolyser capacity) project, HYPORT® Duqm will develop a 500 MW (electrolyser capacity) green hydrogen production

facility. This phase includes around 1.3 GW of captive upstream renewable energy, generated on a site located to the south of the Port where wind and solar conditions result in optimal full load hours. The facility is planned to come into operation before the end of the decade. HYPOR[®] Duqm will connect to Port of Duqm's export terminal, storage infrastructure and liquid jetties and will use the port as its gateway to deliver competitive decarbonised molecules to users worldwide.

The HYPOR[®] Oostende project aims to be one of the first large-scale producer of green synthetic LNG for shipping, by combining green hydrogen and biogenic CO₂, to support the deployment of power-to-gas applications in the crucial Flemish Port Area.

In addition to the HYPOR[®] projects, DEME Concessions Green Hydrogen is investing, through a consortium named HYVE, in R&D to further push the progress of green hydrogen forward by developing the next generation of electrolyzers. The consortium includes renowned research centres Imec and VITO, and industrial players Bekaert, Colruyt Group and John Cockerill. HYVE aims to provide the cost-efficient and sustainable production of hydrogen at gigawatt level as Europe makes the transition towards carbon neutral industry.

D. Investments in GSR

DEME Concessions continues to invest in deep-sea mineral mining through its wholly-owned subsidiary Global Sea Mineral Resources (GSR). In April 2021, the 'Patania II', GSR's deep-sea robot, successfully demonstrated that it can ride on the seabed and collect polymetallic nodules at a depth of 4,500 metres. GSR holds an exploration contract with the International Seabed Authority (ISA), providing exclusive rights to explore a ~75,000 km² area on the seafloor of the Clarion Clipperton Zone (CCZ) in the Pacific Ocean. In this context, GSR develops technology to responsibly collect and process polymetallic nodules containing nickel, cobalt, manganese and copper from the deep ocean floor.

9.3 Financing strategy

For many years, DEME focused on centralisation with respect to its financing strategy and organised the treasury function and the structured trade finance function in its Structured Finance & Treasury department, centralised within the legal entity DEME Coordination Center NV, a fully owned DEME-subsubsidiary.

9.3.1 Treasury

A. Short-term financing

For the financing of its working capital needs, DEME sources its short-term funding through a commercial paper program and through revolving credit facilities.

At the date of this Prospectus, the commercial paper program amounts to 125 million EUR and is accommodated by three 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 one year. The interest rate is based on the EURIBOR with a commercial margin reflecting the tenor and demand from investors. Under this program, the borrower is DEME Coordination Center and the repayment towards the investors is secured through a parent company guarantee from DEME NV.

The revolving credit facilities are contracted by DEME Coordination Center with five different commercial banks, all being relationship banks for DEME. On the date of this Prospectus, in total, 118 million EUR of credit facilities are available, for general corporate purposes. The documentation of these credit facilities, though on a bilateral basis (no club-deal) are identical across the banks, except for the amount and the commercial conditions. By having bilateral agreements in place, DEME limits the risk of a bank wanting to discontinue the cooperation with the company and affecting the other

banks. Apart from a DEME NV parent company guarantee, securing the repayment of the short-term financing towards de banks, there is only a set of three financial covenants applicable, all relating to the consolidated financials (equity, net financial debt and EBITDA) of DEME NV, as discussed in the Condensed Statement of Consolidated Financial Position above. The revolving credit facilities can be used in the form of bank account overdraft and straight loans. Both forms are bearing interest base on EURIBOR plus the applicable margin, which is updated each semester based on DEME's leverage ratio.

As per 31 December 2021 the commercial paper program and the revolving credit facilities were fully unutilized. However, based on an offer received from a relationship bank and only because of the interesting commercial conditions (negative interest rate), DEME Coordination Center took out a 100 million EUR money market loan in December 2021, maturing early December 2022.

B. Long-term financing

For the financing of its 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.

Currently, DEME Coordination Center, which serves as inhouse bank and on-lends to the DEME-entities requiring financing, has term loan facilities with ten different commercial banks. The total outstanding amount of those facilities was 605 million EUR as per 31 December 2021. 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 for the amount, tenor and commercial conditions.

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 favor of the banks (such as mortgages on the vessels on top of a DEME NV corporate guarantee) – no securities (other than the DEME NV parent company guarantee) are provided. This offers flexibility with respect to the underlying assets, which can be sold intragroup and can be reflagged according to project needs. The same set of financial covenants as for the revolving credit facilities is applicable. The interest rate is based on EURIBOR plus a margin which is updated each semester based on DEME's leverage ratio. The interest rate risk resulting from this floating interest rate base, is hedged through interest rate swaps.

Although the equity-investments made and shareholder loans granted by DEME Concessions towards its participations have so far been financed out of the term loan facilities, it is possible that for future projects developed by DEME Concessions, such as deep sea harvesting by GSR or green hydrogen infrastructure, DEME will look for alternative funding sources.

In 2021 DEME's Structured Finance & Treasury team has been working to transform DEME's entire long-term loans portfolio into sustainability-linked financing. As such, early 2022, DEME converted all its outstanding term loan facilities into sustainability-linked loans. By doing so, DEME links its financing (and to a small extent the cost thereof) to its important focus on sustainability. Two key performance indicators (KPI) with challenging targets are introduced into the financing documentation and are tested on a yearly basis. If both targets are achieved, there is a small bonus on the interest margin; if both targets are not achieved, there is a same penalty; if one out of two targets are achieved, the interest margin remains unchanged. The first Environmental, social, and governance (ESG) KPI relates to work safety – always the most important priority at DEME. Often performing ground-breaking projects in challenging and remote environments, this KPI requires the company to continually look to improve its safety performance. The second ESG KPI includes a target to increase the percentage of low carbon fuels consumed by the company. Again, this is a continual focus and DEME has set ambitious targets to reduce emissions and to ultimately become climate-neutral by 2050. In the

meantime, the company aims to reduce greenhouse gas emissions by 40% by 2030 relative to 2008 per unit of work.

Only in exceptional cases, such as the financing of investments in the framework of a joint-venture, an asset-based financing is concluded, with securities relative to the asset and the business case of the joint-venture.

DEME also keeps track of alternative funding sources such as private placements, *Schuldschein Darlehen*, etc. by maintaining a regular dialogue with the actors in this field. However, as long as there remains sufficient appetite from banks to provide term loan facilities, which so far always offered more competitive conditions as compared to the aforementioned alternatives, DEME expects to maintain its current approach to long term funding. Also, DEME is of the view that the relationship with commercial banks is broader and offers more possibilities as compared to investors in private placement or *Schuldschein Darlehen*.

C. 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. The Group's policy prohibits the use of derivatives for speculation. For more information on the Company's hedging guidance, please refer to the Financial Report 2021 in the F-pages of this Prospectus.

All hedging for the group is centralized in the treasury department; this goes for interest rates (see Section above), currencies and commodities. For interest rates and currencies, DEME has developed its own standard ISDA-documentation, which it tries to impose to its banking partners.

Currencies are hedged at project level, based on the cashflow schedule of signed contracts, mostly using plain vanilla products like forwards and swaps. Optional products are possible, but rarely used.

Commodities are hedged with certain banks that offer this kind of service; it mainly relates to fuel (MGO, LNG, ...) for the vessels.

D. Cash pooling

As the DEME Group consists of many entities all over the world, all requiring a bank account and having financial transactions (incoming and outgoing payments) over these accounts, this results in cash being spread around the group. In order to reduce the inefficiency of such local cash balances, DEME has set up a widely spread cashpool, allowing the group to centralize the cash in one location (DEME Coordination Center). By doing so, DEME aims to avoid the risk and cost of having to borrow funds externally while it has cash available somewhere else. The management of this cashpool is reflected in inhouse bank accounts and documented in current account agreements. On a daily basis, DEME Coordination Center produces and distributes inhouse bank account statements for the entities making use of this service.

E. Systems

Apart from the systems mentioned in the above Sections, DEME Coordination Center uses "Integrity" (from FIS) to manage its treasury function. Integrity is used for the registration of external and internal funding, hedging, etc. The system drives the accounting of DEME Coordination Center (in Microsoft Dynamics 365) and generates management reporting. Furthermore, the treasury department uses FX All for hedging currencies and gets market data from Eikon Reuters for calculations and reporting purposes.

9.3.2 Working capital

DEME is consistently, and continuously, monitoring its working capital, and more specifically its operating working capital.

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 including other non-current assets.

The operating working capital is about 17% of DEME's turnover and is negative. This means that DEME has a high level of advance payments from customers or a high negative percentage of completion corrections (pushing the margin of the projects to the future).

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 as of the end of 2021 amounts to 125 million EUR and is accommodated by three 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 one year. The revolving credit facilities are contracted by DEME Coordination Center with five different commercial banks, all being relationship banks for DEME. In total, EUR 118 million EUR of credit facilities are available, for general corporate purposes. Next to the short-term financing described above, DEME also has long-term financing, in the form of term loans granted by relationship banks, that can be considered to fund raising working capital needs. Furthermore, the filled order book allows sufficient gross cash flow to be generated.

9.3.3 Structured finance

A. Export finance

DEME pro-actively offers financing solutions to its customers for all segments of activities, mostly in the form buyer's credits, which are long term loans, granted by commercial banks, for which the credit risk is insured by an export credit agency (ECA; Credendo in Belgium). The fact that the commercial banks have an ECA-insurance, allows them to unweigh to a certain extent the capital requirements for such buyer's credits, usually resulting in favorable financing conditions for the borrower (DEME's customer) as compared to the financing conditions in his local market and access to hard currency loans (EUR, USD, GBP, ...).

The benefit for DEME in offering such financing and accommodating the realization thereof, is twofold. Firstly, DEME increases the certainty that the customer has the financial resources to pay for the works performed and DEME is able to draw under the buyer's credit at predictable milestones. Secondly, a financing solution is added to the technical and commercial offer, increasing the competitiveness of the overall bid.

B. Credit insurance

The risk of a customer not paying for the works performed by DEME can be covered in multiple ways. Apart from setting up export financing (see previous Section), this is often done by taking out a credit insurance policy from Credendo or a private insurance company. The insurance policy protects DEME for the risk of non-payment for commercial (insolvency) and political (embargo, war, ...) reasons and for the risk of unfair calling of the guarantees that DEME issued in favor of its customer (see Section D below). Other instruments to cover the risk of non-payment are bank guarantees and letters of credit, issued by order of the customer. DEME's policy is to take out export credit insurance or similar projects as much as possible for clients / projects outside OECD.

C. Financial modelling

In order to support the financial assessment of envisaged investments, DEME has developed its own model (in Excel), which was audited by EY. The model caters for various types of investments but is mainly used to assess the investments in equipment. It allows for different revenue streams, cost items and financing techniques. The model-output consists of financial statements, IRR's, payback, etc. and is a standard section in any business plan that is presented to the DEME board.

D. Guarantees

For many projects and purposes, DEME has to issue guarantees (or bonds) in favour of its counterparts (customers, authorities, suppliers, ...). Seventeen commercial banks and two surety providers have put in place a series of bilateral guarantee facility agreements (GFA). The documentation of these GFA's is identical across all banks, apart from the amount of the facility, the commercial conditions and some restrictions regarding type and tenor of guarantees. Guarantees that are commonly required are: tender, performance, advance payment, warranty, custom and rental guarantees. DEME disposes of GFA's totalling approximately EUR 2.1 billion of which 1.2 billion EUR is used as per 31 December 2021.

The management of the outgoing guarantees is done centrally, apart from some exceptional cases where local entities dispose of a local credit facility for the issuance of guarantees. However, all outgoing guarantees are reported centrally and there is a clear policy determining when and how a guarantee can be issued.

DEME can also be the beneficiary of guarantees, or securities in general. The situation requiring an incoming security, the type and issuing party thereof, are clearly defined in a policy document. Securities in favour of DEME are often needed to protect DEME's risk of non-performance by suppliers, such as shipyards, sub-contractors, suppliers of critical parts, etc.

E. Systems

The management, monitoring and reporting of both outgoing guarantees and incoming securities is done in 2 modules from Global Trade Corporation: GTI (outgoing guarantees) and GTR (incoming securities).

GTI offers a complete internal workflow to request and approve the issuance of a guarantee and also allows for communication with the banks over SWIFT.

GTR can be considered as a database for the incoming securities, with the additional feature that it generates e-mail alerts sent to the users when a security nears its maturity date, so that the necessary action (calling the security of requesting extension of its validity) can be taken on time.

9.4 Key Factors Affecting DEME's Results of Operations

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 (mainly ports, land for goods-handling operations, and maritime access routes), the increasing demand for energy and the transition to renewable energy and climate neutrality, the scarcity of specific raw materials, and the development of international trade and shipping.

Part of the demand for DEME's services typically reflects changes in the economic growth rates of the region in which it is active. Demand for DEME's services is also dependent on developments in the respective industries to which the services relate and the levels of investment in such industries, such as services provided to the energy, ports and land reclamation and coastal protection industries, which are dependent on the development and investment in these industries. In addition, a considerable portion of DEME's activities is driven by governmental policies and public spending. As such, DEME is

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.

The Group believes that the broad diversity of its business in terms of services offering, geographies, end market sectors and customers can lessen the impact of local and regional economic changes.

For more information on risks related to macro-economic conditions, see Section 2.1.1 (DEME's business and growth opportunities are subject to macroeconomic developments).

For more information on market analysis and opportunities (e.g., trade activity, demographics, urbanisation, climate change, energy transition, etc.), see Chapter 8 (Market analysis and opportunities).

9.5 Events and uncertainties after the reporting period – Outlook 2022

9.5.1 Russian invasion in Ukraine

On 24 February 2022, Russian military forces invaded Ukraine, destabilizing both countries and global financial markets. The invasion will strain the global economy already weakened by rising energy and raw material prices, inflation, the ongoing pandemic and a constrained supply chain.

Rising energy and raw material prices can have a negative impact in terms of costs for DEME's operations (see also risk factor under Section 2.1.5), but is a market wide phenomenon, which impacts DEME's competitors equally. Furthermore, increased energy prices can boost the will to transition to renewable energy source, which will fuel DEME's growth opportunities. In addition to higher energy and raw materials prices, inflation could lead to higher interest rates in the future which in turn could increase the cost of debt of DEME and its affiliates. The ongoing pandemic is considered to be fully incorporated into DEME's daily operations. However, a constrained supply chain can also have a negative impact in terms of costs for DEME's operations, but is a market wide phenomenon, which impacts DEME's competitors equally. DEME is developing a strong expertise, together with its material need in procurement, DEME turns it into a competitive advantage and leverages on this strength.

At the date of this Prospectus the invasion and the restrictive measures taken by Europe and the US against Russia will have no substantial direct impact on the activities (turnover) of DEME. Reference is made to Sections 9.1.1 and 9.1.4 for further detail on the turnover and order book regarding Russia. DEME does not have any revenue generated from or order book related to Ukraine.

9.5.2 Outlook 2022

This Section includes forward-looking statements which, although based on assumptions that the Company considers reasonable, are subject to risks and uncertainties which could cause events or conditions to materially differ from those expressed or implied by the forward-looking statements. The Company confirms that the outlook 2022 below has been compiled and prepared on a basis which is (i) comparable with the historical financial information and (ii) consistent with the Company's accounting policies.

As indicated above, the conflict between Ukraine and Russia has no important direct impact on DEME.

In terms of indirect impact on DEME, despite the important increase of cost prices, DEME expects its net result of 2022 to be slightly lower than in 2021. The turnover should however remain at a similar level.

Additionally, the current turmoil has led to an increase of number of tenders for offshore energy projects, which strengthens the outlook in the medium term.

Reference is made to the press releases published on 19 May 2022 (i) by CFE with as subject “Quarterly information at 31 March 2022” (<https://www.cfe.be/sites/default/files/pdf/pr-190522.pdf>; page 7) and (ii) by AvH with subject “Trading update first quarter 2022” (<https://ml-eu.globenewswire.com/Resource/Download/80e63692-4373-4c47-82f5-6e9e69fbcf38>; page 3) (see Section 18.2 of the Prospectus).

The combination of a few inter-connected challenges, accentuated by the Ukrainian conflict, has led to expectations of lower net result compared to 2021. Those challenges are:

A. Supply chain strains

While the global hard-stop triggered by COVID-19 and its associated restrictions proved a difficult operating environment for the corporate sector, the global restart has not been without its challenges. Clearly the direction of travel has been positive, with vaccines easing health risks and a barrage of fiscal and monetary policy helping companies avoid drastic labour cuts, providing supportive financing conditions and boosting revenues. Nonetheless, the sheer scale of pandemic related disruption and altered consumption patterns, along with existing political pressures on supply chains, have created considerable difficulties. Input and freight costs have risen dramatically, shipping volumes have surged and created bottlenecks, and lead times for manufactured goods have worsened²⁷. Those disruptions persist as China enforces new lockdowns related to the COVID-19 virus.

Although DEME is not overly exposed to the general condition of the global supply chain, the recent and increasing strains impact the Group through its suppliers and vendors which fail to timely provide key items and supplies (e.g., spare parts) required for the completion of a few projects.

B. Higher price of materials and fuel

The supply chain strains described above, combined with the continuous strong demand that has come with the post-COVID economic rebound, triggered inflationary pressure on energy and other commodities prices. This pressure on prices has recently been exacerbated with the Ukrainian conflict. Both construction materials and fuel are key supplies for DEME’s operations around the world. As such, higher fuel and materials prices have a negative impact on the cost of operation if and where the fuel and materials consumed in our equipment and construction sites cannot be pass on to the customers, nor be hedged. It is important to note that higher energy prices also push commodity prices higher, such as steel, which are essential components in ship building, sea-fastening, and especially offshore turbines and foundations. Reference is made to risk factor under Section 2.1.5.

C. More cautious stance of customers

The current macro-economic environment (e.g., inflationary pressure, expectations of rising interest rates, etc.) and the unstable geopolitical context created by the Russian invasion of Ukraine have triggered a climate of uncertainty for some of our customers. In such situation, DEME expects that some projects be delayed because some customers wish to have more visibility on how those uncertainties will unfold before proceeding with planned infrastructure and energy investments (notably for some of our sovereign customers).

²⁷ Source: S&P Global, supply chain strains

10. MANAGEMENT AND CORPORATE GOVERNANCE

10.1 Overview

This Part summarises the rules and principles by which the Company's corporate governance is organised, pursuant to the Belgian Code of Companies and Associations ("BCCA"), other relevant legislation, the Articles of Association and the Company's corporate governance charter (the "**Corporate Governance Charter**").

The Company's Articles of Association were adopted upon the Company's incorporation on 29 June 2022.

The Company is committed to high standards of corporate governance and relies on the 2020 Belgian Code on Corporate Governance (the "**Corporate Governance Code**") as a reference code. Under the BCCA, Belgian listed companies are required to disclose the justification for any deviations from the Corporate Governance Code in the annual corporate governance statement included in their annual report.

The Board of Directors intends to comply with the Corporate Governance Code, except in respect of:

- Provision 4.19 of the Corporate Governance Code, requiring the Board to set up a nomination committee with the majority of its members comprising independent non-executive board members, and Provision 5.2 of the Corporate Governance Code, requiring that the nomination committee should lead the nomination process and recommend suitable candidates to the Board. The Board as a whole performs the function of the nomination committee in the Company. 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.
- Provision 3.4 of the Corporate Governance Code requiring that at least three directors should qualify as independent according to the criteria described in the Corporate Governance Code. At the date of this Prospectus, only two independent Directors have been appointed, subject to the Listing and whose mandates will be effective as from the fulfilment of this condition precedent (see Section 10.2.7). 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. Therefore, the Company has decided to deviate from this Provision until an appropriate candidate is found. The Company intends to appoint a third independent Director still in the course of this financial year.

The Company has adopted a Corporate Governance Charter. The Company will review the Company's corporate governance at regulated intervals and adopt any changes deemed necessary and appropriate.

The Articles of Association and the Corporate Governance Charter are made available on the Company's website (www.deme-group.com) and can be obtained upon request free of charge at the Company's registered office.

10.2 Board of Directors

10.2.1 Powers and Responsibilities of the Board of Directors

The Company has a "one tier" governance structure whereby the Board of Directors is the ultimate decision making body, with the overall responsibility for the management and control of the Company.

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 or the Articles of Association for the Shareholders' Meeting or other management bodies.

Without prejudice to the foregoing and the powers vested in the Board of Directors by law, the main powers and responsibilities of the Board include the following:

- defining the general strategy of the Company and its subsidiaries;
- deciding on all major strategic, financial and operational matters of the Company;
- overseeing the management by the CEO and other members of the Executive Committee; and
- all other matters reserved to and obligations imposed (including disclosure obligations) on the Board of Directors by law or the Articles of Association.

The Board of Directors acts as a collegiate body but can delegate its competencies for special and specific matters to an authorised representative, even if this person is not a Shareholder or a Director.

10.2.2 Composition of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors must comprise at least three members. As of the date of this Prospectus, the Board of Directors comprises seven members.

A legal entity may be appointed as a Director, provided that such legal entity designates an individual as its permanent representative in order to exercise its mandate.

Although the term of office of directors under Belgian law is limited to six years (renewable), the Corporate Governance Code recommends that it be limited to four years. The Corporate Governance Charter limits the term of office of directors to a maximum (renewable) period of four years.

The appointment and renewal of Directors is based on a proposal of the Board of Directors to the Shareholders' Meeting and is subject to approval by the Shareholders' Meeting.

The Directors are appointed by the Shareholders' Meeting. However, in accordance with the BCCA, if the mandate of a Director becomes vacant due to his or her death or voluntary resignation, the remaining Directors have the right to appoint temporarily a new Director to fill the vacancy until the first Shareholders' Meeting after the mandate became vacant. The new Director completes the term of the Director whose mandate became vacant.

Pursuant to the Corporate Governance Code, at least half of the Directors should be non-executive. The composition of the Board of Directors complies with this provision. In addition, the Corporate Governance Code requires that at least three directors should be independent in accordance with the independence criteria set out in the Corporate Governance Code. The Company has decided to deviate from this requirement for the time being (see Section 10.1). Therefore, at the date of this Prospectus and subject to the Listing, only two members of the Board of Directors are independent.

From 1 January 2027, the BCCA requires that at least one-third of the directors must be of the opposite gender from the gender of the majority of directors. If the Director is a legal person, the gender is determined by that of its permanent representative.

10.2.3 Functioning of the Board of Directors

In principle, the Board of Directors meets at least eight times a year. Additional meetings may be called with appropriate notice at any time to address specific needs of the business.

A. *Quorum*

The Board of Directors can validly deliberate and decide if the majority of its members are present or represented at the meeting.

A Director who is unable to attend a specific Board of Directors meeting may grant a special power of attorney to another Director to represent him/her at this meeting, provided that each Director may only represent one other director.

The Board of Directors may always hold valid deliberations, even if no meeting has been convened or decide on matters that are not stated on the agenda, provided all members are present or represented.

B. *Deliberation and Voting*

The Board of Directors always strives to take decisions unanimously. If no consensus is possible for a certain decision, the decision is taken by simple majority of votes.

The resolutions of the Board of Directors can be taken by unanimous written resolution of all directors, with the exception of decisions for which the Articles of Association exclude this possibility in accordance with the provisions of the BCCA.

10.2.4 Chairman

The Corporate Governance Charter provides that the Board of Directors appoints a Chairman from among its members which cannot be the CEO.

The Chairman of the Board of Directors is responsible for the proper operation of the Board of Directors and the effectiveness of the Board of Directors in all aspects. The Chairman sees to it that active interaction takes place between the Board of Directors and the CEO, while fully respecting the executive responsibilities of the CEO.

10.2.5 Secretary

The Board of Directors is responsible for the appointment and dismissal of the Secretary of the Company. The Secretary provides support to the Board of Directors and its committees with respect to their respective competences and provides for good communication between these bodies. Furthermore, the Secretary is competent to draft or modify the Corporate Governance Charter, as well as to draft the minutes of the meetings of the Board of Directors.

10.2.6 Independent directors

As to independent directors, according to Article 7:87, §1 of the BCCA, a director can only be considered an independent director if he or she does not have a relationship with the Company or with a significant Shareholder of the Company that would compromise his/her independence. If the director is a legal entity, his or her independence must be assessed on the basis of both the legal entity and his or her permanent representative.

The Corporate Governance Code sets out a number of criteria, as reflected below, to determine the “independency” of the person concerned. In case all “independency criteria” have been met, the person

concerned shall be presumed to be independent until proven otherwise based upon the definition in Article 7:87, §1 of the BCCA. The person concerned shall be presumed “independent” when:

- (a) not being an executive member of the Board of Directors or exercising a function as member of the Executive Committee or as a person entrusted with daily management of the Company or a related company or person (as defined in Article 1:20 of the BCCA) and not having been in such a position for the previous three years before his/her appointment or no longer benefit from the Company’s stock options in relation to this position;
- (b) not having served for more than twelve years as a non-executive director of the Board of Directors;
- (c) not being an employee of the senior management (as defined in Article 19, 2° of the Belgian Act of 20 September 1948 regarding the organisation of the business industry), of the Company or a related company or person (as defined in Article 1:20 of the BCCA) and not having been in such a position for the previous three years before his or her appointment. Or no longer benefit from the Company’s stock options in relation to this position;
- (d) not during his or her mandate, nor for the previous three years before his or her appointment, receiving or having received, any significant remuneration or other significant advantage of a patrimonial nature from the Company or a related company or person (as defined in Article 1:20 of the BCCA) apart from any bonus or fee he or she received as a non-executive member of the Board of Directors;
- (e) (i) at the time of appointment, not holding, directly or indirectly, nor individually or together, any Shareholder rights globally representing one tenth or more of the share capital or the voting rights of the Company and

(ii) not representing, in any circumstances, a Shareholder fulfilling the conditions covered under point (e)(i);
- (f) not having or having had within the year prior to his or her appointment, a significant business relationship with the Company or a related company or person (as defined in Article 1:20 of the BCCA), either directly or as a partner, Shareholder, member of the Board of Directors, member of the senior management (as defined in Article 19, 2° of the Belgian Law of 20 September 1948 regarding the organisation of the business industry) of a company or person who maintains such a relationship;
- (g) not being or having been within the last three years prior to his or her appointment, a partner or employee of the audit team of the Company, or the current or former Statutory Auditor of the Company or a related company or person (Article 1:20 of the BCCA);
- (h) not being an executive director of another company in which another executive director of the Company is a non-executive member of the Board of Directors and not having other significant links with executive directors of the Company, through involvement in other companies or bodies; and
- (i) not being a spouse, legal partner or close family member to the second degree of a director or of a member of the Executive Committee or person entrusted with the daily management or employee of the senior management (as defined in Article 19, 2° of the Belgian Law of 20 September 1948 regarding the organisation of the business industry)

in the Company or a related company or person (as defined in Article 1:20 of the BCCA) or of the persons referred to under (a) to (g) above.

The decision relating to the election of an independent director has to state the criteria on the basis of which he or she is (not) considered independent. In case the Board of Directors would submit the appointment of an independent director who does not meet the aforementioned criteria to the Shareholders' Meeting, it shall explain the reasons why it assumes that the candidate is in fact independent. This means that the "independency criteria" in the Corporate Governance Code should be regarded as (recommended) good practice (i.e. deviation is possible on the basis of a so-called "comply or-explain" basis), rather than a formal legal requirement.

The Board of Directors will disclose in its annual report which directors it considers independent Directors.

10.2.7 Members of the Board of Directors

The Board of Directors is composed of the following seven directors:

Name	Age	Position
Luc Bertrand	71	Chairman
Piet Dejonghe	55	Non-executive director
Luc Vandenbulcke	51	Executive director
John-Eric Bertrand	44	Non-executive director
Koen Janssen	52	Non-executive director
Tom Bamelis	56	Non-executive director
Christian Labeyrie	65	Non-executive director

Furthermore, the Partial Demerger EGM has appointed the following additional two independent directors, subject to the condition precedent of the Listing and with effective date as from the fulfilment of this condition precedent:

Name	Age	Position
Pas de Mots SRL, with permanent representative Leen Geirnaerdt.	48	Independent director
Kerstin Konradsson	55	Independent director

The business address for Tom Bamelis, John-Eric Bertrand, Luc Bertrand, Piet Dejonghe and Koen Janssen is Begijnenvest 113, 2000 Antwerp, Belgium. The business address for the other directors is Scheldedijk 30, 2070 Zwijndrecht, Belgium.

Luc Bertrand (°1951, Belgian) - Chairman, non-executive director

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, member of the board of trustees of Guberna and member of the general board of the Institute of Tropical Medicine.

John-Eric Bertrand (°1977, Belgian) - Non-executive director

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 CFE, Chairman of the audit committee of CFE, Chairman of the board of directors of Agidens and Telemond Group, and board member of a.o. Manuchar, Sagar Cements and Venturi Partners.

Luc Vandembulcke (°1971, Belgian) – CEO, executive director

Luc Vandembulcke 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 Vandembulcke 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 energy parks. On 1 January 2019, Luc Vandembulcke became CEO of DEME NV.

Tom Bamelis (°1966, Belgian) - Non-executive director

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. Tom Bamelis joined Ackermans & van Haaren in 1999. He is member of the board of directors of a.o. Delen Private Bank, SIPEF, Turbo's Hout Group, Van Moer Logistics, EMG.

Piet Dejonghe (°1966, Belgian) - Non-executive director

Co-CEO of Ackermans & van Haaren. After his studies for a law degree (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 Claey's Verbeke (now Allen & Overy) and as a consultant for Boston Consulting Group. Piet Dejonghe joined Ackermans & van Haaren as investment manager in 1995. He is member of the board of directors of a.o. CFE, Delen Private Bank, Bank J. Van Breda & C° and Nextensa.

Koen Janssen (° 1970, Belgian) - Non-executive director

Member of the executive committee of Ackermans & van Haaren. After his studies as a civil engineer, electromechanics (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 member of the board of directors of a.o. CFE, Green Offshore, Rent-A-Port and Bioelectric.

Christian Labeyrie (°1956, French) - Non-executive director.

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) - Chairman of ASF Holding - Chairman of Cofiroute Holding - 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 Geirnaerd (° 1974, Belgian) - Independent Director

After studying applied economic science at Antwerp University, Leen Geirnaerd 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 Geirnaerd 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 Geirnaerd was CFO of Bpost. Leen Geirnaerd was also Director, Chair of the Risk Committee and Member of the Audit Committee of Bpost bank from March 2020 until November 2021. Leen Geirnaerd is currently a member of the board of directors of H.Essers.

Kerstin Konradsson (°1967, Swedish) - Independent director

Kerstin Konradsson holds a degree in Master of Science 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 as board member and member of the audit committee of the privately owned Swedish metal powder producer Höganäs AB and is since 2021 a.o independent board member of Sibelco NV and since 2022 board member of the Swedish stainless special steel producer Sandvik Materials Technology (SMT) AB. In both Sibelco and SMT she is a member of the remuneration committee and in Sibelco also chair of the sustainability committee.

10.2.8 Share Ownership of the Directors

On the date of this Prospectus, no Director holds Shares in the Company, except for Luc Vandembulcke who holds 2,500 Shares in the Company (see also Section 10.3.3).

10.2.9 General Information on the Directors

In relation to each of the directors, the Company is not aware of (i) any convictions in relation to fraudulent offences during the past five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships, or partner or senior management positions during the past five years, or (iii) any official public incrimination and/or sanctions of such members by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer during the past five years.

None of the directors has a potential conflict of interest between his/her duties to the Company and his/her private interests and/or any other duties he or she may have.

Apart from the family relationship between Luc Bertrand and John-Eric Bertrand (who are, respectively, father and son), no Director has a family relationship with any other Director or member of the Executive Committee.

The directors' mandates may be terminated "ad nutum" (at any time) without any form of remuneration. There are no employment or service agreements that provide for notice periods or indemnities between the Company and members of the Board of Directors who are not a member of the Executive Committee.

In the five years preceding the date of this Prospectus, the directors or their permanent representatives have held the following directorships (apart from their directorships of the Company, its subsidiaries, joint ventures and associated companies) and memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Company Name / Position ²⁸
Luc Bertrand	<p>Current: Aannemingsmaatschappij CFE NV / Director Ackermans & van Haaren NV / Director Bank J. Van Breda & C^o NV / Director Belfimas NV / Director Delen Private Bank NV / Director FinAx NV / Chairman JM Finn & Co (UK) Ltd / Director Scaldis Invest NV / Chairman SIPEF NV / Chairman Verdant Bioscience Pte Ltd / Director Deloitte VZW / Member Advisory Board Europalia / Director Guberna (Instituut) / Chairman Board of Trustees Guberna (Instituut) / Director Institut de Duve AISBL / Director Institute of Tropical Medicine AISBL / Director Mayer Van den Bergh Museum VZW / Regent Middelheim Promotors VZW / Chairman Vlerick Leuven Gent School / Member General Counsel</p> <p>Previous: Anfima NV / Director Atenor Group NV / Director Baarbeek B.V. / Director BOS NV / Director Cercle de Lorraine VZW / Director Delen Investments CVA / Director DEME Coordination Center NV / Director KU Leuven VZW / Director Etion Synergia VZW / Director FBNet VZW / Director Finaxis NV / Chairman Groupe Financière Duval S.A. / Director Holding Groupe Duval S.A.S. / Director ING Belgium NV / Director INSEAD Belgium VZW / Member Committee Belgium VOKA VZW / Director VOKA VEV VZW / Director</p>
Piet Dejonghe	<p>Current: Aannemingsmaatschappij CFE NV / Director Ackermans & van Haaren NV / Co-CEO Nextensa NV / Director Anfima NV / Director AvH Growth Capital NV / Director Baloise Belgium NV / Independent director Bank J. Van Breda & Co NV / Director Bâtiments et Ponts Construction NV / Director Bio Cap Invest NV / Director BPC Wallonie NV / Director BPI Real Estate Belgium NV / Director Brinvest NV / Director Delen Private Bank NV / Director Delen Private Bank Luxembourg S.A. / Director</p>

²⁸ The mandates listed for Piet Dejonghe, Koen Janssen, Luc Bertrand, John-Eric Bertrand and Tom Bamelis cover any (i) mandates in Ackermans & van Haaren, its participating interests and two of its reference shareholders (Scaldis Invest and Belfimas), (ii) external independent mandates, and (iii) mandates in non-profit associations.

FinAx NV / Director
Green Offshore NV / Director
HDP Charleroi SA / Director
Mobix Engema NV / Director
Mobix Stevens NV / Director
Profimolux S.A. / Director
Van Laere NV / Director
SOS Kinderdorpen België VZW / Director

Previous:

Bio Cap Invest NV, Boomerang Strassen SàRL / Director
Boomerang Strassen SàRL / Director
BPI Real Estate Luxembourg S.A./ Director
CFE Contracting NV / Director
CFE Infra NV / Director
CLE S.A. / Director
Distriplus NV / Director
Extensa Group NV / Director
Finaxis NV / Director
GB-INNO-BM NV / Director²⁹
GIB Corporate Services NV / Director
Groupe Financière Duval S.A. / Director
Holding Groupe Duval S.A.S / Director
MBG NV / Director
Leasinvest Immo LUX S.A. / Director
Voltis NV / Director

Luc Vandembulcke.....

Current:

Sternae BV / Director
VOKA VZW / Director
IMDOMA Comm. VA / Director
Medius NV / Director
MADO NV / Director
Immobiëlen Donck NV / Director
Vincentius NV / Director
Tris NV / Director
3D NV / Director

Previous:

3D Private Investerings NV / Director

John-Eric Bertrand.....

Current:

Aannemingsmaatschappij CFE NV / Director
Ackermans & van Haaren NV / Co-CEO
Sagar Cements Ltd / Director
Agidens International NV / Director
AvH Growth Capital NV / Director
AvH Resources India Pte. Ltd / Director
AvH Singapore Pte Ltd / Director
Axe Investments NV / Director
Baarbeek Immo NV / Director
Finasucre NV / Director
HealthQuad (capital fund) / Director
Manuchar NV / Director
Profimolux S.A. / Director
Telemond Holding NV / Director
Venturi Partners Pte Ltd / Director
Venturi I VCC / Director
VMA NV / Director
VMA Druart NV / Director
VMA Nizet NV / Director
Belgian Finance Club VZW / Director

Previous:

Etablissements Druart SA / Director
Extensa Group NV / Director
Henschel Engineering NV / Director
Holding Groupe Duval S.A.S. / Director
HPA NV / Director
Nizet Enterprise NV / Director
OncoDNA NV / Director
Oriental Quarries & Mines Pvt Ltd / Director
Residalya SAS / Director
Telehold NV / Director

²⁹ GB-Inno-BM NV was (voluntarily) dissolved and liquidated in December 2021.

Koen Janssen

Current:

Aannemingsmaatschappij CFE NV / Director
Ackermans & van Haaren NV / Member of the executive committee
AvH Growth Capital NV / Director
Bedrijvencentrum Regio Mechelen NV / Director
Bioelectric Group NV / Director
BSTOR NV / Director
Estor-Lux NV / Director
Finance Continuïteit IHC / Director
Green Offshore NV / Director
Infra Asia Investment Ltd / Director
NMC International SA / Director
Rent-A-Port NV / Director
Sofinim Lux S.A. / Director
Stichting continuïteit IHC / Director
Belgian Offshore Platform VZW / Director
LTS / Director

Previous:

Belgian Venture Capital & Private Equity Association VZW / Director
Groep Terryn NV / Director
Napro NV / Director
Nitraco NV / Director
N.M.P. NV / Director
Quinten Matsys NV / Director

Tom Bamelis

Current:

Ackermans & van Haaren NV / Member of the executive committee
SIPEF NV / Director
Anfima NV / Director
Anima NV / Director
AvH Growth Capital NV / Director
Baarbeek B.V. / Director
Brinvest NV / Director
Delen Private Bank NV / Director
EMG Belgium NV / Director
EURO Media Group S.A. / Director
Immo Spillier NV / Director
Profimolux S.A. / Director
Sofinim Luxembourg S.A. / Director
Transport Rapide Tanghe-snelvervoer Tanghe NV / Director
Turbo's Hoet Group NV / Director
Turbo's Hoet Group Finance NV / Director
Turbotrucks Brugge NV / Director
Turbotrucks Brussel NV / Director
Turbotrucks Charleroi NV / Director
Turbotrucks Gent NV / Director
Turbotrucks Hainaut NV / Director
Turbotrucks Ieper NV / Director
Turbotrucks Kortrijk NV / Director
Turbotrucks Namur NV / Director
Turbotrucks Torhout NV / Director
Van Moer Group NV / Director
Verdant Bioscience Pte Ltd / Director

Previous:

Asco NV / Director
AvH Coordination Center NV³⁰ / Director
BDM NV / Director
Bioelectric Group NV / Director
EVS Broadcast Equipment S.A. / Director
GIB Corporate Services NV / Director
United Broadcast Facilities NV / Director

Christian Labeyrie

Current:

VINCI Group France / CFO
VINCI Group France / Executive Vice President

³⁰ AvH Coordination Center was (voluntarily) dissolved and liquidated in July 2018.

	VINCI Group France / Member of the executive committee
	Consortium Stade de France / Director
	Arcour / Director
	SCI Hebert-Les Groues / Manager
	SCI Cesaire-Les Groues / Manager
	VINCI Deutschland GmbH / Member of the Supervisory Board
	Compagnie d'Entreprises CFE S.A. / Director
	VINCI Finance International / Director
	LIMA Expressa S.A.C. / Member of the executive committee
	VINCI Re / Director
	VINCI Re / Chairman
	SMABTP / Director
	SMABTP / Member of the Investment Committee
	VINCI Innovation / Permanent representative of Autoroutes du Sud de la France - Director
	Previous:
	SCCV Hebert-Les Groues / Manager (termination of the function of the manager in the form of an SCCV)
	SCCV Cesaire-Les Groues / Manager (termination of the function of the manager in the form of an SCCV)
	ASF Holding / Chairman
	Cofiroute Holding / Chairman
	Amundi Convertibles Euroland / Director
	SMABTP / Member of the Audit Committee
	VINCI Group France / Permanent representative of Société des Autoroutes Esterel Cote d'Azur Provence Alpes - Director
Pas de Mots SRL, with permanent representative Leen Geirnaerd.....	Current:
	CFE / Director
	H.Essers NV / Director
	Previous:
	Bpost bank / Director
	Bpost Group / CFO
	Wereldhave NV / Director
	USG People / CFO
Kerstin Konradsson	Current:
	Sandvik Materials Technology AB / Board member
	Sandvik Materials Technology AB / Member of the Remuneration Committee
	Sibelco NV / Board member
	Sibelco NV / Member of the Remuneration Committee
	Sibelco NV / Chairman of the Sustainability Committee
	Blue Institute AB / Board member
	Previous:
	Höganäs AB / Board Member
	Höganäs AB / Member of the Audit Committee
	Swerim AB / Board member
	Boliden Smelters / Director
	Boliden Commercial AB / CEO

10.2.10 Committees of the Board of Directors

The Board of Directors has established two advisory committees in its midst which are responsible for assisting the Board of Directors and making recommendations in specific fields: the Audit Committee (in accordance with Article 7:99 of the BCCA and Provisions 4.10 to 4.16 of the Corporate Governance Code) and the Remuneration Committee (in accordance with Article 7:100 of the BCCA and Provisions 4.17 to 4.18 of the Corporate Governance Code). The terms of reference of these Board committees are primarily set out in the Corporate Governance Charter. As mentioned above, the Board as a whole performs the function of the nomination committee in the Company.

The Board of Directors has also established the Executive Committee, which is an advisory committee outside the Board of Directors that supports the CEO in the exercise of its powers and is responsible for discussing the general management of the Company. Reference is made to Section 10.3.2 for further details.

In addition, three (3) other advisory committees outside the Board of Directors have been established to support the CEO in the exercise of its powers: the Risk Committee, the Technical Committee and the Technical Committee DEME Concessions. Reference is made to Section 10.4 for further details.

A. *Audit Committee*

The Audit Committee assists the Board of Directors in its task of carrying out accounting, audit and internal control matters and exercising general supervision in a broad sense.

The duties of the Audit Committee include the following:

- informing the Board of Directors on the result of the statutory audit of the annual and the consolidated accounts of the Company and explain how the statutory audit of the annual and the consolidated accounts contributed to the integrity of the financial reports and the role the Audit Committee played in this process;
- monitoring the (non-) financial reporting process in relation to the Company and make recommendations or proposals to safeguard the integrity of the process;
- monitoring the effectiveness of the Company's internal control and risk management systems and, if there is an internal audit, monitoring the internal audit of the Company and its effectiveness;
- monitoring management's responsiveness to the findings of the internal audit function and to the recommendations made in the external auditor's management letter;
- monitoring the statutory audit of the annual and the consolidated accounts of the Company, including any follow-up on any questions and recommendations made by the statutory auditor;
- reviewing and monitoring the independence of the statutory auditor, in particular whether the provision of additional services to the Company is appropriate. More specifically, the Audit Committee analyses, together with the statutory auditor, the threats to the statutory auditor's independence and the security measures taken to limit these threats, when the total amount of fees exceeds the criteria specified in article 4 §3 of Regulation (EU) No 537/2014;
- making recommendations to the Board of Directors for the appointment and reappointment of the statutory auditor of the Company in accordance with article 16 § 2 of Regulation (EU) No 537/2014;
- reviewing the specific arrangements for raising concerns – in confidence – about possible improprieties in financial reporting or other matters; and
- performing such other functions as assigned by the Board of Directors and review other items of an internal control nature which may from time to time be brought before the Audit Committee.

Matters relating to the audit plan and any issues arising from the audit process are placed on the agenda of every Audit Committee meeting.

The Audit Committee also reports regularly to the Board of Directors on the exercise of its duties identifying any matters where it considers that action or improvement is needed and making recommendations as regards the steps to be taken.

The Audit Committee consists of at least three Directors appointed for a term not exceeding that of their term of office as a Director, all of them being non-executive Directors and including at least one (1) independent Director. The members of the Audit Committee must have a collective competence in the business activities of the Company, and at least one member of the Audit Committee must have the necessary competence in accounting and auditing. According to the Board of Directors, the members of the Audit Committee satisfy this requirement. The chair of the Audit Committee is designated by the Audit Committee from among its members but will be a Director other than the chair of the Board of Directors.

The Audit Committee is composed of the following Directors: Tom Bamelis, Leen Geirnaerd³¹, Christian Labeyrie and Koen Janssen.

Tom Bamelis and Leen Geirnaerd hold the required expertise on audit and accounting matters pursuant to article 7:99, §2 (3) of the BCCA.

Unless otherwise determined by the Audit Committee, the CEO, the CFO and the person responsible for internal audit have the right to attend the meetings of the Audit Committee.

The Audit Committee has the right to hear third parties, including persons responsible for accounting or for internal audit and the statutory auditor, and to invite them to its meetings.

The Audit Committee will meet at least four times a year and whenever it deems necessary in order to carry out its duties.

B. *Remuneration Committee*

The Remuneration plays an advisory role and prepares decisions of the Board of Directors regarding remuneration of directors and members of the Executive Committee. Its duties include the following:

- making proposals to the Board of Directors on the remuneration policy for directors and members of the Executive Committee, as well as, where appropriate, on the resulting proposals to be submitted by the Board of Directors to the Shareholders' Meeting;
- making proposals to the Board of Directors on the individual remuneration of directors and members of the Executive Committee (including bonuses, long-term incentive programs such as stock options and other financial instruments and severance pay) and, where applicable, on the resulting proposals to be submitted by the Board of Directors to the Shareholders' Meeting;
- evaluating the performance of the members of the Executive Committee and this, except for the performance of the CEO, in consultation with the latter;
- evaluating the achievement by the Executive Committee of the Company's strategy based on the agreed performance indicators and targets;
- preparing a remuneration report to be included by the Board of Directors in the annual corporate governance statement; and
- presenting and providing explanations in relation to the remuneration report at the Annual Shareholders' Meeting.

³¹ Through her management company "Pas de Mots SRL";

The Remuneration Committee consists of at least three members, all being non-executive directors and a majority of them being independent Directors. The members of the Remuneration Committee must have the necessary expertise in terms of remuneration policy. According to the Board of Directors, the members of the Remuneration Committee satisfy this requirement.

The chair of the Remuneration Committee will be designated by the Remuneration Committee from among its members and shall be either the Chairman of the Board of Directors or another non-executive director. If the Chairman of the Board of Directors is not appointed as a member of the Remuneration Committee, he/she nevertheless has a standing invitation to attend the meeting. Unless otherwise determined by the Remuneration Committee, the CEO, the CFO and the CHRO have the right to attend the Remuneration Committee meetings. The CEO is in any case present in an advisory capacity when the remuneration of other members of the Executive Committee is discussed.

The Remuneration Committee is composed as follows: Luc Bertrand, Leen Geirnaert³² and Kerstin Konradsson.

The Remuneration Committee will meet at least two times a year and whenever it deems necessary in order to carry out its duties. During meetings where the individual remuneration of a member of the Remuneration Committee is discussed, the person concerned may be present, but may not act as chairman of the meeting.

10.3 CEO & Executive Committee

10.3.1 CEO

The CEO is responsible for the day-to-day management of the Company. In accordance with the Articles of Association, the CEO shall, acting together with a member of the Executive Committee, have the power to represent the Company within the limits of the day-to-day management.

In addition, he exercises additional well-defined powers delegated by the Board of Directors, which do not relate to powers reserved to the Board by virtue of legal provisions or the Articles of Association.

He has direct operational responsibility for the Company and oversees the organization and day-to-day management. The CEO is responsible for the execution and management of the outcome of all Board of Directors decisions.

The duties of the CEO include the following:

- preparing all decisions to be taken by the Board of Directors in order to fulfil its obligations;
- preparing the statutory and consolidated annual accounts, as well as the interim figures;
- preparing the budget of the Company and the monitoring thereof;
- monitoring the treasury situation of the Company and the Group;
- presenting to the Board of Directors an up-to-date, accurate and comprehensible view on the operational and financial developments of the Group;
- preparing the Company's mandatory publications of financial and non-financial information;

³² Through her management company "Pas de Mots SRL".

- organising the internal audit;
- ensuring the establishment of internal controls, based on the framework approved by the Board of Directors;
- monitoring compliance with the legislation and regulations applicable to the Company;
- developing proposals on the strategy to be followed and of (dis)investment proposals;
- monitoring of the Company’s participations in other entities;
- executing the decisions of the Board of Directors;
- representing the Company on the boards of directors and other management bodies of the subsidiaries; and
- determining the remuneration of executives and other staff.

The CEO is appointed and removed by the Board of Directors and reports directly to it.

The Board of Directors has appointed Luc Vandenbulcke as CEO of the Company.

Reference is made to Section 10.3.2, for a summary of the *curriculum vitae* of the CEO and information on the CEO’s business address.

10.3.2 Executive Committee

The CEO is supported by the Executive Committee in the performance of its duties. The Executive Committee operates as an advisory committee outside the Board of Directors and is responsible for discussing the general management of the Company. The CEO is the chairman of the Executive Committee. The Executive Committee is an informal executive committee within the meaning of Article 3:6, §3, last paragraph of the BCCA.

The Company’s Executive Committee consists of the following five members:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Luc Vandenbulcke.....	51	CEO & Chairman of the Executive Committee
Philip Hermans	64	Managing director - Dredging
Hugo Bouvy	52	Managing director – Offshore energy Managing director – Dredging /
Eric Tancre´	61	Managing director - Infra
Els Verbraecken	52	CFO

The business address for all of the members of the Executive Committee (including the CEO) is Scheldedijk 30, 2070 Zwijndrecht, Belgium.

The following description provides summaries of the *curricula vitae* of the members of the Executive Committee.

Luc Vandenbulcke (°1971, Belgian) – CEO, executive director

Luc Vandembulcke 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 Vandembulcke 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 energy parks. On 1 January 2019, Luc Vandembulcke became CEO of DEME NV.

Philip Hermans (°1958, Belgian) – Managing director – Dredging

Philip Hermans graduated cum laude as a Civil Engineer in 1981. He was briefly an assistant professor at the *Vrije Universiteit van Brussel* before joining Dredging International as a Project Engineer abroad. Philip Hermans spent several years in Spain, Italy and Singapore, where he supervised several large-scale projects. Today he is Managing Director of the Activity Line Dredging for the DEME Group. In 2019, he became a member of the executive committee of DEME NV.

Hugo Bouvy (°1970, 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 became a director of several entities within DEME. Since 2019, he is member of the executive committee of DEME NV.

Eric Tancre (°1960, Belgian) – Managing director – Dredging / Managing director – Infra

Eric Tancre graduated magna cum laude as a Civil Engineer in 1983 at 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.

Els Verbraecken (°1970, Belgian) – CFO

Els Verbraecken obtained her degree in Commercial Engineering at the Catholic University of Leuven in 1993 where she specialized in international business. After her studies, she was an assistant at the Institute of European Policy. Els Verbraecken has experience in developing financial networks in Central and Eastern Europe. She also helped to build up the financial department of the Seghers group.

Els Verbraecken became Project Finance Manager for DEME in 2001. She draws up financial plans for the many global projects of the DEME Group. She has been CFO of the DEME Group since 2013 and since 2019, is a member of the executive committee of DEME NV.

10.3.3 Share Ownership

At the date of the Prospectus, as a result of the Partial Demerger (*ie* the issuance of Shares in the Company in the context thereof to the existing CFE shareholders (on the basis of their respective current shareholding in CFE and the Exchange Ratio)), the following members of the Executive Committee are the holders of Shares issued by the Company:

- Luc Vandembulcke is the holder of 2,500 Shares;
- Philip Hermans is the holder of 1,944 Shares;
- Eric Tancre is the holder of 200 Shares.

10.3.4 General Information on the Members of the Executive Committee

In relation to each member of the Executive Committee, the Company is not aware of (i) any convictions in relation to fraudulent offences during the past five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships, or partner or senior management positions during the past five years, or (iii) any official public incrimination and/or sanctions of such members by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer during the past five years.

None of the members of the Executive Committee has a potential conflict of interest between his/her duties to the Company and his/her private interests and/or any other duties he or she may have, except for any matters in relation to his/her management or employment agreement with the Company or any of its subsidiaries (if any) or with any (indirect) shareholder of the Company.

No member of the Executive Committee has a family relationship with any Director or other member of the Executive Committee.

In the five years preceding the date of this Prospectus, the members of the Executive Committee have held the following directorships (apart from their directorships of the Company, its subsidiaries, joint ventures and associated companies) and memberships of administrative, management or supervisory bodies and/or partnerships.

Name	Company Name / Position
Luc Vandembulcke	Current: Sternae BV / Director VOKA VZW / Director IMDOMA Comm. VA / Director Medius NV / Director MADONV / Director Immobiliën Donck NV / Director Vincentius NV / Director Tris NV / Director 3D NV / Director Previous: 3D Private Investerings NV / Director
Philip Hermans	Current: Silverlining Phuket CO LTD / Director Kapoy NV / Director and general manager Fei Long Limited / Director Knowledge & Wellness: Advice, Realize + Trade BV / Director IADC / Director Previous: N/A
Hugo Bouvy	Current: International Marine Contractors Association (IMCA) / Director Previous: N/A
Eric Tancre.....	Current: European Dredging Association / Director Previous: N/A
Els Verbraecken	Current: Vyncke NV / Director

Name	Company Name / Position
	Exmar NV / Independent director
	ACACIA I BV / Director
	IADC / Director
	Previous:
	MUNIS U.A. / Director

10.4 Other advisory committees outside the Board of Directors

Besides the Executive Committee, the Board of Directors has established the following three (3) additional advisory committees outside the Board of Directors to support the CEO in the exercise of its powers: the Risk Committee, the Technical Committee and the Technical Committee DEME Concessions.

10.4.1 Risk Committee

The Risk Committee will be 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 all contracts in excess of €100 million (excl. VAT) (dredging works) or €25 million (excl. VAT) (non-dredging works).

The Risk Committee meets at least four (4) times per year and whenever it deems it necessary for the performance of its duties.

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 the steps to be taken.

10.4.2 Technical Committee

The Technical Committee will be 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 the Technical Committee have the necessary expertise in the field of the Company's projects.

The Technical Committee is attended by the CEO and the relevant persons designated by the CEO to comment on specific matters.

The Technical Committee's 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 of Directors. 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 to the next Board of Directors on the findings of the Technical Committee.

10.4.3 Technical Committee DEME Concessions

The Technical Committee DEME Concessions consists of the CEO, CFO, the managing director of DEME Concession and/or any person appointed by the latter, complemented with non-executive directors and/or any other person designated by the Board of Directors.

The members of the Technical Committee DEME Concessions have the necessary expertise in the field of projects of the Company and DEME Concessions in particular.

The Technical Committee DEME Concessions is attended by the CEO and the relevant persons designated by the CEO to comment on specific matters.

The role of the Technical Committee DEME Concessions is to evaluate projects/and investments of DEME Concessions, which play a special role within the Group, from a risk, investment and image perspective and to analyse in more depth in preparation for the Board of Directors.

The Technical Committee DEME Concessions meets in preparation for each Board of Directors. The Technical Committee DEME Concessions discusses the submitted projects and investments in detail and asks for clarification or elaboration where necessary.

The chairman of the Technical Committee DEME Concessions reports to the next Board of Directors on the findings of the Technical Committee DEME Concessions.

10.5 Remuneration of the Directors and the Members of the Executive Committee

10.5.1 Board of Directors

The Shareholders' Meeting decides on the amount of the remuneration of the Directors.

The remuneration of non-executive Directors is fixed and non-performance-related. This fixed remuneration consists of a basic amount and an additional amount for the Director's membership of a specific committee and an attendance fee for each meeting of the Board of Directors, the Remuneration Committee, or the Audit Committee. The remuneration of non-executive Directors is reviewed periodically by the Remuneration Committee against other relevant companies. Modifications as advised by the Remuneration Committee, proposed by the Board of Directors, and submitted to the Shareholders' Meeting for approval.

The amounts of the fixed remuneration were decided by the Partial Demerger EGM as follows:

- Fixed annual fee for the Directors: 50.000 EUR;
- Additional fixed annual fee for the Chairman: 50,000 EUR;
- Additional fixed annual fee for the chairman of the Audit Committee: 10,000 EUR;
- Additional fixed annual fee for the members of the Audit Committee: 7,500 EUR;
- Additional fixed annual fee for the chairman of the Remuneration Committee: 7,500 EUR;
- Additional fixed annual fee for the members of the Remuneration Committee: 5,000 EUR; and
- Attendance fee for each meeting of the Board of Directors, the Remuneration Committee, or the Audit Committee: 2,500 EUR.

Non-executive Directors are required to invest part of their remuneration (with a minimum of 10,000 EUR), in Shares, unless they already hold a direct interest in the Company of equivalent value. These Shares must be kept for at least one year after the non-executive Director is no longer a member of the Board of Directors, and for at least three years after their acquisition.

Finally, Directors benefit from a directors' liability insurance which is held by the Company.

10.5.2 CEO and Other Members of the Executive Committee

The remuneration of the members of the Executive Committee consists of four components: (i) a fixed remuneration, (ii) a variable short-term incentive, (iii) a variable long-term share component, and (iv) a group insurance scheme and other fringe benefits.

These components will be reviewed each year in Q1 of the calendar year by the Remuneration Committee and reviewed for compliance with market practices. This review reflects publicly available market/peer practices and/or salary studies.

The CEO and the other members of the Executive Committee must hold at least 1,000 Shares, which may be acquired through the variable long-term share component or otherwise, over a period of five calendar years.

Members of the Executive Committee also hold a limited number of unlisted share options in Global Sea Mineral Resources NV from an historical share option plan, with a three year-vesting period, with an exercise period of up to maximum 10 years after grant and with bi-annual exercise windows of 30 days from 1 June and 1 December respectively.

- Fixed remuneration

The fixed remuneration, indexed annually reflecting mandatory sector (in case of employment) or health index (in case of self-employment) evolves towards the targeted market position. If the fixed remuneration is not at targeted level, it will grow towards that level in line with executed accountabilities and demonstrated competences and capabilities. Any increases are discussed yearly with the Remuneration Committee and submitted to the Board of Directors for approval.

- Variable short-term incentive (STI)

The STI budget for the CEO and the other members of the Executive Committee reflects the Company's annual safety performance/results (QHSE-S Performance dashboard) and financial performance/results (EBITDA, Net profit & Net Financial Debt), and is discussed with the Remuneration Committee and approved by the Board of Directors. Distribution and individual allocation then reflect accountability levels and individual levels of contribution.

- Variable long-term share component (LTI)

The granting of a variable long-term share component to the CEO and the other members of the Executive Committee is under consideration. This will be discussed with the Remuneration Committee and submitted for approval to the Board of Directors.

- (Group) insurance schemes and other fringe benefits

The Company provides for 'defined contribution' group insurances (supplementary pension, death in service benefits, disability allowance) and a hospitalization insurance scheme.

The CEO and the other members of the Executive Committee are also offered a smartphone and a laptop and/or tablet computer and a company car.

Finally, when a new member of the Executive Committee is hired, the Remuneration Committee may decide to grant a sign-on bonus to make up for part of the lost variable remuneration from the previous employer.

The relative share of each component in the overall remuneration paid to members of the Executive Committee is heavily depending on the results of the Company.

The remuneration of the CEO for financial year 2021 amounts to a total of €1,697,134, composed of the following elements: €332,261 (fixed remuneration), €1,315,875 (variable remuneration), €48,584 (group insurance) and €414 (hospital insurance).

The average remuneration of the other members of the Executive Committee for financial year 2021 amounts to a total of €1,324,262, composed of the following elements (in average): €294,708 (fixed remuneration), €943,406 (variable remuneration), €85,026 (group insurance) and €1,122 (hospital insurance).

10.5.3 Legal Constraints

By law, certain restrictions apply to the remuneration of the CEO and the other members of the Executive Committee in listed companies. Variable remuneration can only be paid to the CEO and the other members of the Executive Committee if the performance criteria explicitly mentioned in the contractual or other provisions governing the relationship were met in the relevant period.

If the variable remuneration constitutes more than 25% of the total annual remuneration package, at least 25% of the variable remuneration must relate to pre-determined and objectively measurable performance criteria deferred over a minimum period of two years, and at least another 25% must relate to such criteria deferred over a minimum period of three years (except where the Articles of Association provide otherwise or the Shareholders' Meeting expressly approves an exception). The Articles of Association authorise the Company to deviate from such rule, as allowed under the BCCA.

In respect of share-based remuneration, Shares can only vest and options giving the right to receive Shares or any other rights to acquire Shares can only be exercisable as from three years after the grant (except where the Articles of Association provide otherwise or the Shareholders' Meeting expressly approves an exception). The Articles of Association authorise the Company to deviate from such rule, as allowed under the BCCA.

10.5.4 Share-Based Incentive Plans

The granting of a variable long-term share component to the CEO and the other members of the Executive Committee is under consideration. Reference is made to Section 10.5.2 in this respect.

10.5.5 Termination Provisions

There are no service agreements between the Company (or any of its subsidiaries) and any member of the Board of Directors or the Executive Committee that provides for contractual benefits upon termination of such member's mandate.

10.6 Conflict of Interest

10.6.1 Directors' Conflicts of Interest

Article 7:96 of the BCCA provides for a special procedure if a Director of the Company, save for certain exempted decisions or transactions, directly or indirectly, has a personal financial interest that conflicts with a decision or transaction that falls within the Board of Directors' powers. The Director concerned must inform the other Directors before any decision of the Board of Directors is taken and the statutory auditor must also be notified. The Director thus conflicted may not participate in the deliberation or vote on the conflicting decision or transaction. The minutes of the meeting of the Board of Directors must set out the relevant Director's declaration of the conflict of interest, the nature of the relevant decision or transaction, and the financial impact of the matter on the Company and must justify the decision taken. An excerpt of the minutes must be published in the Company's annual report. The report of the statutory auditor to the annual accounts must contain a description of the financial impact on the Company of each of the Board of Directors' decisions in matters where a conflict arises.

10.6.2 Related Party Transactions

The Board of Directors must comply with the procedure set out in Article 7:97, §3-4/1 of the BCCA if it takes a decision or carries out a transaction that relates to a related party within the meaning of the International Accounting Standard 24, as adopted by the European Union (IAS 24), unless the exemptions of Article 7:97, §1, section 4 apply. The procedure set out in Article 7:97, §3-4/1 of the BCCA also applies to certain proposals that the Board of Directors submits to the Shareholders' Meeting (including a proposal to carry out a capital increase by contribution in kind or a merger/de-merger). The procedure does not apply when the related party is a subsidiary of the Company, unless it concerns a subsidiary in which the natural or legal person who has direct or indirect control over the Company (if any) holds, directly or indirectly through other natural or legal persons than the Company, a participation representing at least 25% of the capital of the subsidiary in question or which entitles him or her to at least 25% of that capital in the event of a distribution of profits by that subsidiary.

Prior to such decisions or transactions, the Board of Directors must appoint a special committee of three independent Directors in accordance with Article 7:87, §1 of the BCCA which, if it so chooses, shall be assisted by one or more independent experts of its choice. The committee issues a written and reasoned opinion to the Board of Directors on the proposed decision or transaction, in which it addresses at least the elements set out in Article 7:97, §3, section 2 of the BCCA. After having taken note of the advice provided by the committee and applying, where necessary, the conflict of interest procedure set forth in Article 7:96 of the BCCA, the Board of Directors shall deliberate on the intended decision or transaction.

If a Director is involved in the decision or operation, that Director may not participate in the deliberation and voting. If all Directors are involved, the decision or transaction is submitted to the Shareholders' Meeting; if the Shareholders' Meeting approves the decision or transaction, the Board of Directors may execute it.

The committee must describe the nature of the relevant decision or transaction and determine the advantages and disadvantages of the decision or transaction for the Company, if applicable, in the long term. It must also describe and calculate the financial consequences of the decision or transaction and describe other possible consequences. The committee must describe how the proposed resolution or transaction fits within the Company's objects and, if such resolution or transaction causes a disadvantage to the Company, it must indicate whether the resolution or transaction compensates with other elements of the Company's objects or whether it is manifestly unjustified in view of those objects. The committee's detailed advice must be submitted in writing, stating each of the above elements, to the Board of Directors. If applicable, any comments from the expert(s) are also included in the advice

of the committee (or attached thereto). The Board of Directors must then make a decision, taking into account the committee's advice.

The minutes of the Board of Directors must mention whether the procedure has been complied with and include a justification of any deviation from the committee's advice. The written advice of the committee and the decision of the Board of Directors must be communicated to the statutory auditor, who must issue a separate opinion assessing whether there are material inconsistencies in the financial and accounting information included in the minutes of the Board of Directors and in the committee's opinion with respect to the information available to it within the scope of its mission, which must be annexed to the minutes of the Board of Directors, on the accuracy of the data contained in the advice of the committee and in the minutes of the Board of Directors. The committee's advice, an excerpt from the minutes of the Board of Directors and the opinion of the statutory auditor must be included in the annual report of the Board of Directors. The Company will publicly announce the decision or transaction in accordance with Article 7:97, §4/1 of the BCCA. Any person having an interest in this rule being complied with can request the annulment or suspension of the decision of the Board of Directors before the (president of the) enterprise court, and the Company can also request the annulment of the decision or the transaction that has taken place in breach of Article 7:97 of the BCCA, if the counterparty to the decision or the transaction was, or should have been, aware of such breach.

Article 7:97 §1, section 3 of the BCCA provides for a number of exemptions from this special procedure, including for decisions and transactions entered into in the ordinary course of business at usual market conditions or for decisions and transactions in value not exceeding 1% of the Company's consolidated net assets. In addition, decisions and transactions on the remuneration of the Directors or the members of the Executive Committee are exempted as are acquisitions or transfers of own shares, interim dividend payments and capital increases under the authorised capital without limitation or cancellation of the preferential subscription right of the shareholders. Article 7:97 §6 of the BCCA provides that the Company shall state in the annual report any material restrictions or burdens imposed on it by its controlling shareholder during the year under review, or of which it has requested the preservation.

10.6.3 Dealing Code

With a view to preventing market abuse (insider dealing and market manipulation), the Board of Directors has established a dealing code. The dealing code describes the obligations related to notification and conduct which apply to Directors, members of the Executive Committee, certain other senior employees and other persons with respect to transactions in Shares and other financial instruments of the Company. The dealing code sets limits on carrying out transactions in Shares and other financial instruments of the Company and allows dealing by the above-mentioned persons only during certain windows. The dealing code is attached to the Corporate Governance Code.

10.7 Code of Ethics and Business Integrity

The Board of Directors has adopted a Code of Ethics and Business Integrity, which summarises the standards that must guide the Company's and its subsidiary's actions. All the Company's and its subsidiary's employees, including officers, directors, and consultants, are required to adhere to its principles and spirit in the daily execution of their tasks and responsibilities. They are trusted by the Company to exhibit professionalism in all matters pertaining to the Company's affairs and not to partake in any illegal or improper activity. See Section 8.9.2 A. for further information on the Code of Ethics and Business Integrity.

11. GROUP STRUCTURE

11.1 Overview

The Company is the ultimate holding company of the Group. The Company's sole 100% directly controlled subsidiary is Dredging, Environmental and Marine Engineering (D.E.M.E.) NV ("DEME NV"). DEME NV is in turn the holding company of the Group's operational activities performed through its (directly and indirectly controlled) subsidiaries, joint ventures and associated companies as listed below.

The following tables set out the Company's subsidiaries, jointly controlled entities (joint ventures) and associated companies as of the date of this Prospectus. The shareholding percentages set out in the overview below reflect the direct and/or indirect participation by the Company in the share capital of these entities.

11.2 Subsidiaries

Name	Place	Country	% of Shareholding
Dredging, Environmental & Marine Engineering NV	Zwijndrecht	Belgium	100%
Dredging International NV	Zwijndrecht	Belgium	100%
Logimarine NV	Berchem	Belgium	100%
Cathie Associates Holding CVBA	Diegem	Belgium	100%
Baggerwerken Decloedt en Zoon NV	Ostend	Belgium	100%
Deeptech NV	Ostend	Belgium	100%
Global Sea Mineral Resources NV	Ostend	Belgium	100%
G-TEC SA	Vottem	Belgium	100% **
G-TEC Offshore	Vottem	Belgium	100% **
Dredging, Environmental & Marine Engineering (D.E.M.E.) NV	Zwijndrecht	Belgium	100%
DEME Building Materials NV	Zwijndrecht	Belgium	100%
DEME Concessions NV	Zwijndrecht	Belgium	100%
DEME Concessions Wind NV	Zwijndrecht	Belgium	100%
DEME Coordination Center NV	Zwijndrecht	Belgium	100%
DEME Infrasea Solutions NV	Zwijndrecht	Belgium	100%
DEME Infra Marine Contractors NV	Zwijndrecht	Belgium	100%
DEME Offshore BE NV	Zwijndrecht	Belgium	100%
DEME Offshore Holding NV	Zwijndrecht	Belgium	100%
Geowind NV	Zwijndrecht	Belgium	100%
High Wind NV	Zwijndrecht	Belgium	99.1%
Ecoterres SA	Farciennes	Belgium	74.90%
Ekosto NV	Sint-Gillis-Waas	Belgium	74.90%
DEME Environmental NV	Zwijndrecht	Belgium	74.90% ***
Hypport Ostend Holdco NV	Zwijndrecht	Belgium	70% *
DEME Blue Energy NV	Zwijndrecht	Belgium	69.99%
Filterres SA	Farciennes	Belgium	56.10%
Combined Marine Terminal Operations Worldwide NV	Zwijndrecht	Belgium	54.37%
Grond Recyclage Centrum NV	Zwijndrecht	Belgium	52.43%
GRC Zolder NV	Zwijndrecht	Belgium	36.70%
Soyo Dragagem LDA	Luanda	Angola	100%
Dragagem Angola Serviços Lda	Luanda	Angola	100%
Dredging International Argentina SA	Buenos Aires	Argentina	100%
Dredging International Australia Pty Ltd	Brisbane	Australia	100%
GeoSea Australia Pty Ltd	Brisbane	Australia	100%
Dredging International Bahrain WLL	Manama	Bahrain	95%
Dragabras Serviços de Dragagem Ltda	Rio de Janeiro	Brazil	100%
DEME Offshore CA Ltd	Halifax	Canada	100%
Dredging International Management Consulting Shanghai Ltd	Shanghai	China	100%
Far East Dredging Ltd	Hong Kong	China	100%
Bellsea Ltd	Nicosia	Cyprus	100%
DEME Cyprus Ltd	Nicosia	Cyprus	100%
DEME Offshore CY Ltd	Nicosia	Cyprus	100%
Dredging International Cyprus Ltd	Nicosia	Cyprus	100%

Dredging International Services Cyprus Ltd	Nicosia	Cyprus	100%
Novadeal Ltd	Nicosia	Cyprus	100%
T.C.M.C. The Channel Management Company Ltd	Nicosia	Cyprus	100%
DEME Offshore DK SAS	Fredericia	Denmark	100%
DEME Offshore FR SAS	Lambersart	France	100%
G-TEC SAS	Lambersart	France	100% **
Société de Dragage International SA	Lambersart	France	100%
DEME Offshore DE GmbH	Bremen	Germany	100%
Nordsee Nassbagger- und Tiefbau GmbH	Bremen	Germany	100%
Oam-Deme Mineraliën GmbH	Grosshansdorf	Germany	70%
DEME Building Materials Ltd	Weybridge	Great Britain	100%
NewWaves Solutions Ltd	Weybridge	Great Britain	100%
SPT Offshore UK Ltd	Manchester	Great Britain	100%
Thistle Wind Partners Ltd	Weybridge	Great Britain	100% *
Dredging International India Pvt Ltd	New Delhi	India	99.97%
International Seaport Dredging Pvt Ltd	Chennai	India	93.64%
PT Dredging International Indonesia	Jakarta	Indonesia	95% **
Sidra Spa	Rome	Italy	100%
Apollo Shipping SA	Luxembourg	Luxembourg	100%
Bonny River Shipping SA	Luxembourg	Luxembourg	100%
CRiver Shipping SA	Luxembourg	Luxembourg	100%
Delta River Shipping SA	Luxembourg	Luxembourg	100%
DEME Luxembourg SA	Luxembourg	Luxembourg	100% ***
DEME Offshore LU SA	Luxembourg	Luxembourg	100%
DEME Offshore LU Procurement & Shipping SA	Luxembourg	Luxembourg	100%
Meuse River Shipping SA	Luxembourg	Luxembourg	100%
Safinde RE SA	Luxembourg	Luxembourg	100%
Spartacus Shipping SA	Luxembourg	Luxembourg	100% ***
SPT Offshore SDN BHD	Kuala Lumpur	Malaysia	100%
Dredging International Malaysia Sdn Bhd	Kuala Lumpur	Malaysia	30%(1)
Hydrogeo SARL	Hey El-Fat Rabat	Marocco	60% **
Dredging International Mexico SA de CV	Mexico D.F.	Mexico	100%
Logimarine SA de CV	Mexico D.F.	Mexico	100%
Dragamoz Lda	Maputo	Mozambique	100%
Earth Moving International Nigeria Ltd	Port Harcourt	Nigeria	100%
Novadeal EKO FZE	Lagos	Nigeria	100%
Dredging and Environmental Services Nigeria Ltd	Lagos	Nigeria	39%(1)
Dredging International Services (Nigeria) Ltd	Lagos	Nigeria	39%(1)
Combined Marine Terminal Operators Nigeria Ltd	Lagos	Nigeria	21.25% (2)
Dredging International de Panama SA	Panama	Panama	100%
Corporacion Arenera Marina SA	Panama	Panama	100%
Dredco PNG Ltd	Port Moresby	Papua New Guinea	100%
Middle East Dredging Company QSC	Doha	Qatar	49%(3)
Dragmorstroy LLC	St. Petersburg	Russia	100%
Mordraga LLC	St. Petersburg	Russia	100%**
Dredging International Saudi Arabia Co, Ltd	Al-Khobar	Saudi Arabia	100%
Dredging International Asia Pacific Pte Ltd	Singapore	Singapore	100%
Dragafi Asia Pacific Pte Ltd	Singapore	Singapore	100%**
Dredging International España SA	Alicante	Spain	100%
Naviera Living Stone SLU	Alicante	Spain	100%
Deme Concessions Netherlands BV	Breda	The Netherlands	100%
Deme Concessions Merkur BV	Breda	The Netherlands	100%
DEME Offshore NL BV	Breda	The Netherlands	100%
DEME Offshore Shipping BV	Breda	The Netherlands	100%
Dredging International Netherlands BV	Breda	The Netherlands	100%
G-TEC BV	Delft	The Netherlands	100% **
DEME Infra Marine Contractors BV	Dordrecht	The Netherlands	100%
DEME Building Materials BV	Ritthem	The Netherlands	100%
Seatec Holding BV	Colijnsplaat	The Netherlands	100%
SPT Equipment BV	Woerden	The Netherlands	100%
SPT Offshore Holding BV	Woerden	The Netherlands	100%
SPT Offshore BV	Woerden	The Netherlands	100%
Seatec Subsea Systems BV	Colijnsplaat	The Netherlands	100%
De Vries & van de Wiel Beheer BV	Amsterdam	The Netherlands	74.90%
De Vries & van de Wiel Kust- en Oeverwerken BV	Amsterdam	The Netherlands	74.90%
Aannemingsmaatschappij De Vries & van de Wiel BV	Amsterdam	The Netherlands	74.90%
Zandexploitatie maatschappij De Vries & van de Wiel BV	Amsterdam	The Netherlands	74.90%
Milieu techniek De Vries & van de Wiel BV	Amsterdam	The Netherlands	74.90%

Dredging International Ukraine LLC	Odessa	Ukraine	100%
Dredging International RAK FZ LLC	Ras Al Khaimah	United Arab Emirates	100%
DEME Offshore US INC	East Boston	USA	100%
DEME Offshore US LLC	East Boston	USA	100%
Marine Construction & Solutions Holding LLC	Katy - Texas	USA	100%
Marine Construction & Solutions LLC	Katy - Texas	USA	100%
Servicios Marítimos Servimar SA	Caracas	Venezuela	100%
Dredging International South Africa PTY Ltd	Durban	South-Africa	100%

* Newly created or acquired during 2021 and the first half of 2022

** Change in % of shareholding

*** Change in name

1. The economic rights of the Company (e.g. dividend rights) in this subsidiary amount to 100% (and are therefore not proportional to the Company's shareholding).
2. The economic rights of the Company (e.g. dividend rights) in this subsidiary amount to 54.375% (and are therefore not proportional to the Company's shareholding).
3. The economic rights of the Company (e.g. dividend rights) in this subsidiary amount to 95% (and are therefore not proportional to the Company's shareholding).

11.3 Joint ventures

Name	Place	Country	% of Shareholding
Scaldis Salvage & Marine Contractors NV	Antwerp	Belgium	54.37%
Transterra NV	Stabroek	Belgium	50%
Sédisol SA	Farciennes	Belgium	37.45%
Blue Site SA	Farciennes	Belgium	37.45%
Wérisol SA	Liege	Belgium	37.45% *
Silvamo NV	Roeselare	Belgium	37.45%
Top Wallonie NV	Mouscron	Belgium	37.45%
MSB Minerações Sustentáveis do Brasil S.A.	Sao Paulo	Brazil	51%
DEME Brazil Serviços de Dragagem Ltda	Rio de Janeiro	Brazil	50%
Guangzhou Cosco's DEME New Energy Engineering Co. Ltd	Guangzhou	China	50%
Earth Moving Worldwide Cyprus Ltd	Nicosia	Cyprus	50%
Japan Offshore Marine Ltd	Bunkyo-ky Tokyo	Japan	49% *
BNS JV Ltd	Camberley	Great Britain	50%
Thistle wind partners cluaran deas ear Ltd	Weybridge	Great Britain	42.50% *
Thistle wind partners cluaran ear-truath Ltd	Weybridge	Great Britain	42.50% *
Normalux Maritime SA	Luxembourg	Luxembourg	37.50%
Combined Marine Terminal Operations Marafi LLC	Duqm	Oman	37.68%
Gulf Earth Moving Qatar WLL	Doha	Qatar	50%
DIAP Thailand Co Ltd	Bangkok	Thailand	48.9% **
CSBC Deme Wind Engineering Co Ltd (CDWE)	Taipei	Taiwan	49.99%
CDWE Green Jade Shipowner Ltd	Taipei	Taiwan	49.99% *
DBM-Bontrup BV	Amsterdam	The Netherlands	50%
K3 DEME BV	Amsterdam	The Netherlands	50%
Deeprock Beheer BV	Breda	The Netherlands	50%
Deeprock CV	Breda	The Netherlands	50%
Overseas Contracting & Chartering Services BV	Papendrecht	The Netherlands	50%
Earth Moving Middle East Contracting DMCEST	Dubai	United Arab Emirates	50%

* Newly created or acquired during 2021 and the first half of 2022

** Change in % of shareholding

11.4 Associated companies

Name	Place	Country	% of Shareholding
Consortium Antwerp Port (Oman) NV	Zwijndrecht	Belgium	60%
Power@Sea NV	Zwijndrecht	Belgium	51.10%
Consortium Antwerp Port Industrial Port Land NV	Zwijndrecht	Belgium	50%
Blue Open NV	Zwijndrecht	Belgium	49.94%
Bluepower NV	Zwijndrecht	Belgium	35%
Bluechem Building NV	Ghent	Belgium	25.47%
Blue Gate Antwerp Development NV	Zwijndrecht	Belgium	25.46%
Terranova NV	Zwijndrecht	Belgium	24.96%
Zeeboerderij Westdiep BV	Halle	Belgium	20% *
Feluy M2M SA	Farciennes	Belgium	19.47%
Otary BIS NV	Ostend	Belgium	18.89%
Otary RS NV	Ostend	Belgium	18.89%
Rentel NV	Ostend	Belgium	18.89%
Hyve BV	Leuven	Belgium	16.67% *
Terranova Solar NV	Stabroek	Belgium	16.85%
North Sea Wave NV	Ostend	Belgium	13.22%
SeaMade NV	Ostend	Belgium	13.22%
La Vélorie SA	Tournai	Belgium	12.48%
C-Power Holdco NV	Zwijndrecht	Belgium	10%
C-Power NV	Ostend	Belgium	6.46%
Nou Vela SA	Port-La Nouvelle	France	46.60% *
Port La Nouvelle SEMOP	Port-La Nouvelle	France	23.77% *
West Islay Tidal Energy Park Ltd	Glasgow	Great Britain	35%
Rhama Port Hub SRL	Ravenna	Italy	28% *
Hyport Coordination Company LLC	Al-Duqm	Oman	50% *
Port of Duqm Company SAOC	Al-Duqm	Oman	30%
Duqm Industrial Land Company LLC	Al-Duqm	Oman	27.55%
Duqm Logistic Lands and Investment Company LLC	Al-Duqm	Oman	26% *
Asyad Terminals DUQM LLC	Al-Duqm	Oman	14.70% *
DIAP-Daelim Joint Venture Pte Ltd	Singapore	Singapore	51%
DIAP-SHAP Joint Venture Pte Ltd	Singapore	Singapore	51%
Baak Blankenburg-Verbinding BV	Nieuwegein	The Netherlands	15%

*Newly created or acquired during 2021 and the first half of 2022

12. MAJOR SHAREHOLDERS

12.1 Overview

The following table presents the ownership of the Shares at the date of this Prospectus, indicating shareholders holding more than 5% of the Shares.

<u>Shareholder</u>	<u>Number</u>	<u>% (rounded)</u>
Ackermans & van Haaren SA.....	15,720,684	62.10%
VINCI Construction SAS.....	3,066,460	12.11%
Free float.....	6,527,338	25.78%
Total.....	25,314,482	100%

12.2 Control over the Company

At the date of this Prospectus, the Company is controlled in the sense of Article 1:14 of the Belgian Code of Companies and Associations by Ackermans & van Haaren SA (i.e. with a participation of 62.10%). Ackermans & van Haaren is also controlling shareholder of CFE at the date of this Prospectus (i.e. with its current participation of 62.10% in CFE). The various protections and measures provided for under Belgian law ensure that such control is not abused (for instance, the related party procedure pursuant to art. 7:97 of the BCCA, the generally recognised prohibition on abuse of majority, the shareholders' information rights etc.). As far as the Company is aware, Ackermans & van Haaren does not have any commercial or other relations that (could) conflict with the interests of the Company. Therefore, no additional measures are deemed necessary on top of the existing legal protections.

All of the Shares have the same voting rights. The major shareholders of the Company do not have different voting rights per Share. For further details of the Company's share capital, see Chapter 14 (*Description of Share Capital and Articles of Association*).

The Company is not aware of any agreements, the operation of which may at a subsequent date result in a change in control of the Company.

12.3 Lock-up arrangements

On 21 June 2022, AvH and, on 23 June 2022, VINCI Construction SAS have, pursuant to a written notice sent to the Company, entered into certain lock-up arrangements (the "**Lock-up Arrangements**"). In particular, they have agreed to and undertake to, for a period of 12 months after the Listing Date (such period, the "**Lock Up Period**"), (i) not directly or indirectly, pledge, sell, transfer, grant any option to purchase, exercise any option to sell, lend or otherwise transfer or dispose of any shares or other securities of CFE and/or the Company, or any securities convertible into or exercisable or exchangeable for shares or other securities of CFE and/or the Company, held by them on the date of entry into the Lock-up Arrangements, and (ii) not enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic ownership of any shares or other securities of CFE and/or the Company, held by them on the date of entry into the Lock-up Arrangements.

These lock-up restrictions are subject to the following customary exceptions: (i) the acceptance of a general offer, public take-over or public tender offer (including, for the avoidance of doubt, by way of cash settlement of shares or other securities) for all or substantially all of the shares of CFE and/or the Company (other than the shares already owned by the offeror or potential offeror or persons affiliated with, acting as intermediary for, or acting in concert with such offeror or potential offeror) or a merger proposal, giving an irrevocable commitment to accept such an offer or such a merger proposal, or

transferring or otherwise disposing of shares of CFE and/or the Company or any other securities to an offeror or potential offeror during the period of such an offer, (ii) the transfer of shares or any other securities of CFE and/or the Company if required by law, regulation or a court of competent jurisdiction, (iii) the transfer of shares of CFE and/or the Company intra-group (to affiliates or to one or more legal successors pursuant to a merger, liquidation, concursus (*samenloop*), (partial) de-merger, transfer or contribution of a branch of activity or transfer or contribution of a universality), provided that (a) the transferee shall be, and confirms in writing to CFE and/or the Company as the case may be, bound by these lock-up restrictions for the remaining term of the applicable Lock Up Period, and (b) the transferee and the transferor undertake in writing towards CFE and/or the Company as the case may be, that, if the transferee would cease to be an affiliate or a legal successor of the transferor during the Lock Up Period, the transferee shall prior thereto retransfer the shares to the transferor and such shares shall remain subject to these lock-up restrictions for the remaining term of the applicable Lock Up Period, and (iv) the offering or transfer of shares of CFE and/or the Company in the framework of a stock option plan for the benefit of directors, managers and/or employees of CFE and/or the Company, provided that if these shares are (by any means) (re-)acquired by or transferred (back) to AvH and/or VINCI Construction SAS, these shares will again be subject these lock-up restrictions for the remaining term of the applicable Lock Up Period.

13. RELATED-PARTY TRANSACTIONS

The Company has not undertaken any related party transactions except for the following.

The Company has a service agreement with AvH for services rendered. The service agreement covers specialised advice delivered by the shareholder. The service agreement will be subject to indexation on a yearly basis.

Compensation paid to the members of the Board of Directors and the CEO is described above (see Chapter 10 (*Management and Corporate Governance*), Section 10.5).

Reference is made to note 25 (“Related Party Disclosures”) of the Consolidated Financial Statements as of 31 December, in the F-pages.

14. DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

14.1 General

The Company is a limited liability company of unlimited duration in the form of a *naamloze vennootschap/société anonyme* under Belgian law. The Company was incorporated on the date of this Prospectus, 29 June 2022. Pursuant to the provisions of the BCCA, the liability of the shareholders of the Company is, in principle, limited to the amount of their respective committed contribution to the capital of the Company. The Company is registered with the Register of Legal Entities (Antwerp) under enterprise number 0787.829.347. The Company's registered office is located at Scheldedijk 30, 2070 Zwijndrecht, Belgium, its telephone number is +32 3 250 52 11 and its website is www.deme-group.com. The request for the Company's LEI number is pending. The Company's Common Code is 249531545

This Chapter summarises information relating to the Company's share capital, the Articles of Association and certain material rights of its shareholders under Belgian law. The contents of this Chapter are derived primarily from the Articles of Association, which were adopted upon the incorporation of the Company.

This Chapter provides details of certain provisions of Belgian law. The description provided hereafter is only a summary and does not purport to provide a complete overview of the Articles of Association or the relevant provisions of Belgian law.

14.2 Corporate object

According to Article 3 of the Articles of Association, the Company's corporate object is as follows.

The Company has as its object, both in Belgium and abroad, in its own name and for its own account, and in the name or on behalf of third parties, alone or in collaboration with third parties, directly or indirectly through its affiliated companies:

- a) the study, supervision and management of all public or private construction works, on land, at sea or in maritime circumstances, including but not limited to estuaries, maritime access channels or ports;
- b) the contracting of all public or private construction works on land, at sea or in maritime circumstances, including but not limited to estuaries, maritime access channels or ports, in particular works at sea and in inland waterways, major irrigation works and standardization of watercourses, major drainage and drainage works, dredging, drilling, sounding and excavation of wells, dewatering, construction of structures, excavation work, all works directly or indirectly related to the construction or operation of ports or transport routes on water or land and general construction contracts, as well as the refloating of boats and ships;
- c) land and sea prospecting in the field of extraction and energy industry;
- d) the exploitation, production, transformation, distribution, purchase, sale and transport of all products of the extraction and energy industry; and
- e) the remediation of polluted soil, air and waterways.

The Company may:

- acquire, exploit, make productive and transfer real estate and real estate rights;
- acquire, exploit and monetize all intellectual rights, trademarks, models, patents and concessions in any way whatsoever;

- acquire, by way of subscription, contribution, merger, division, collaboration, financial intervention or otherwise, an interest or participation in all existing or yet to be established companies or associations without distinction in Belgium or abroad, , as well as manage these interests or participations, valorise and monetize;
- participate directly or indirectly in the management, management, control and liquidation of the companies and associations in which it has an interest or participation;
- provide advice and assistance, directly or indirectly, to companies and associations in which it has an interest or participation in all possible areas of business management;
- in general, perform all acts and transactions that are wholly or partly, directly or indirectly, part of the activities of a holding company;
- carry out any civil, commercial, industrial, financial, movable and immovable transactions which are directly or indirectly related to its object or which are of a nature to promote its realization;
- act as an agent or representative, grant advances, grant credits for the benefit of the companies and associations in which it has an interest or participation.

14.3 Share Capital and Shares

14.3.1 Current share capital and Shares

On the date of this Prospectus, the share capital of the Company amounts to 33,193,861.28 EUR and is fully paid-up. It is represented by 25,314,482 Shares, each without nominal value and representing the same *pro rata* fraction of the share capital.

14.3.2 Share capital history

Since the incorporation of the Company, no changes have occurred to the share capital of the Company.

14.3.3 Form and Transferability of the Shares

All of the Shares belong to the same class and are in registered or dematerialised form. The Board of Directors keeps a register in which the names and addresses of all holders of registered shares and any other mentions required by law are recorded and which may be held electronically. If so requested, the Board of Directors shall provide, free of charge, an extract from the register to a holder of registered shares pertaining to his/her right to such shares. A dematerialised security is represented by an entry on a personal account of the owner or holders, with a recognised account holder or clearing and settlement institution. The Shares were delivered in dematerialised (book-entry) form to CFE's shareholders holding dematerialised shares and in registered form to CFE's shareholders holding registered shares. Holders of Shares may elect, at any time, to have their registered Shares converted into dematerialised Shares, and vice versa, at their own expense. See Section 15.5(The Partial Demerger—Form of the Shares).

The Shares are freely transferable, subject to any contractual restrictions. See Section 12.3 (Lock-up arrangements) and Section 15.5 (The Partial Demerger – Form of the Shares).

14.3.4 Preferential Subscription Rights and Authorised Capital

The BCCA and the Articles of Association give shareholders preferential subscription rights to subscribe on a pro rata basis by reference to the part in the capital represented by their shares, for any issue for cash of new shares, convertible bonds or subscription rights. The preferential subscription rights may be exercised during a period determined by the Shareholders' Meeting or by the Board of

Directors acting within the framework of the Company's authorised capital, with a legal minimum of fifteen days. The preferential subscription rights may be traded during the entire subscription period and no restrictions may be imposed to such tradability other than those applicable to the shares, convertible bonds or subscription rights to which such rights relate.

The Shareholders' Meeting may limit or cancel the preferential subscription rights for any capital increase or issue of convertible bonds or subscription rights, subject to the quorum and majority requirements applying to an amendment to the Articles of Association (the presence or representation of at least 50% of the Company's share capital and a majority of at least 75% of the votes cast), in the interest of the Company and subject to special reporting requirements. Shareholders may also authorise the Board of Directors to limit or cancel the preferential subscription rights for any capital increase or issue of convertible bonds or subscription rights when issuing securities within the framework of the Company's authorised share capital, subject to the same special reporting requirements.

The Partial Demerger EGM authorised the Board of Directors to increase the share capital, in one or more instalments, by a maximum amount of seven million euro (excluding issue premium) by means of contribution in cash or in kind, with or without issue premiums, by means of conversion of available or unavailable reserves and of issue premiums and profits carried forward, with or without the issuance of new shares with or without voting rights or of other securities (such as convertible bonds, subscription rights, bonds with subscription rights etc.), below, above or with fractional value, in accordance with the mandatory provisions prescribed by the Belgian Code of Companies and Associations.

Within the framework of the authorised capital, the Board of Directors is empowered to proceed with a capital increase in any form, including, but not limited to, a capital increase accompanied by the limitation or cancellation of preferential subscription rights. This authorisation includes the restriction or cancellation of preferential subscription rights for the benefit of one or more specific persons (whether or not employees of the Company or its subsidiaries) and in connection with capital increases in the event of a public tender offer. See Section 14.8.3 (Public Takeover Bids) below. The authorisation to limit or cancel the preferential subscription rights (including for the benefit of one or more specific persons), as described above, also applies to capital increase realised through the issuance of convertible bonds or of subscription rights. The authorisation is valid for a term of five years as from the date of the publication in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur belge*) of the Partial Demerger EGM.

In addition, the Board has also explicitly been authorized, for a period of three years as from the date of the publication in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur belge*) of the Partial Demerger EGM, to carry out capital increases, in the event of a public takeover bid on securities issued by the Company, under the conditions and within the limits as provided for in article 7:202 of the Belgian Code of Companies and Associations.

14.3.5 Convertible Bonds and Subscription Rights

The Company may issue convertible bonds or subscription rights (*inschrijvingsrechten / droits de souscription*) (whether or not attached to bonds) either pursuant to a resolution of the Shareholders' Meeting acting under the conditions necessary for modifying the Articles of Association (the presence or representation of at least 50% of the Company's share capital and a majority of at least 75% of the votes cast) or pursuant to a resolution of the Board of Directors acting within the scope of the authorised capital.

14.4 Right to Attend and Vote at Shareholders' Meetings

14.4.1 General Shareholders' Meetings

The ordinary Shareholders' Meeting is held each year on the third Wednesday of the month of May at 2 p.m. (CET). If that day is a legal holiday, the meeting will be held on the next business day, except Saturday, at the same time. It takes place at the registered office of the Company or at any other place designated by the convening notice convening the Shareholders' Meeting. The first ordinary Shareholders' Meeting will be held on 17 May 2023.

An extraordinary or special Shareholders' Meeting shall be held on the day, at the hour and in the place designated by the convening notice.

The convening notices to the ordinary, special and extraordinary Shareholders' Meetings are initiated by the Board of Directors or by the statutory auditor. The Board of Directors or the statutory auditor has to convene a Shareholders' Meeting at the request of shareholders representing one-tenth of the Company's share capital.

14.4.2 Notices Convening the Shareholders' Meeting

The Company must publish a notice of the Shareholders' Meeting in the Belgian State Gazette (*Belgisch Staatsblad / Moniteur belge*), in a newspaper with national distribution (except for those ordinary Shareholders' Meetings which take place at the location, place, day and hour indicated in the Articles of Association and the agenda of which is limited to the approval of the annual accounts, the annual reports of the Board of Directors and the statutory auditor, discharge to be granted to the directors and statutory auditor, the remuneration report and termination provisions for executive directors), in media that can be reasonably considered having effective distribution with the public in the EEA and that is accessible swiftly and in a non-discriminatory manner, and on the Company's website (www.deme-group.com). The notices are published at least thirty calendar days prior to the meeting. If a new convocation is required for lack of quorum and the date of the second meeting was mentioned in the first notice, then, in the absence of new agenda items, notices are published at least seventeen days in advance of that second meeting.

The convening notices will also be communicated by e-mail to the holders of registered Shares and to the other persons which must receive the convening notice in accordance with the BCCA. If the Company does not dispose of an e-mail address of the relevant person(s), it will communicate the convening notice by post-office mail, which it will send on the same day as the communications by e-mail.

As from the publication of the notice, the Company shall make the information required by law available on the Company's website (www.deme-group.com) for a period of five years after the relevant Shareholders' Meeting.

14.4.3 Formalities to Attend the Shareholders' Meeting

A shareholder wishing to attend and participate in the Shareholders' Meeting must:

- have the ownership of its Shares recorded in its name, as at midnight (24:00 CET), on the 14th day preceding the date of the meeting (the "**Record Date**") either through registration in the register of registered Shares or through book-entry in the accounts of an authorised account holder or clearing institution, regardless the number of Shares owned by the shareholder at the day of the Shareholders' Meeting; and

- notify the Company (or the person designated by the Company) at the latest on the sixth day preceding the day of the meeting, that it intends to participate in the meeting using the e-mail address of the Company or the specific e-mail address mentioned in the convening notice to the Shareholders' Meeting, as the case may be, by giving the proxy referred to in Article 7:143 of the BCCA, including the provision of a certificate of an authorised account holder or clearing institution demonstrating the book-entry in its name of the relevant number of dematerialised Shares on an account at the Record Date.

The convening notices for a Shareholders' Meeting shall specify the formalities for shareholders to communicate to the Company (or the person designated by the Company) their intention to participate in the Shareholders' Meeting.

The holders of non-voting shares, non-voting profit-sharing certificates, convertible bonds, subscription rights or certificates issued with the cooperation of the Company, if any, may participate in the Shareholders' Meeting in consultative capacity only. If they intend to participate, such holders are subject to the same conditions and formalities concerning admission and access as those imposed on shareholders.

14.4.4 Voting Rights

Each shareholder of the Company is entitled to one vote per Share.

Voting rights can be mainly suspended in relation to Shares:

- that are not fully paid up, notwithstanding the request thereto of the Board of Directors of the Company;
- to which more than one person has rights in rem, until a single person has been designated as the holder of the voting right vis-à-vis the Company;
- that entitle their holder to voting rights above the threshold of 5%, 10%, 15%, 20% and any further multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant general shareholders' meeting, in the event that the relevant shareholder has not notified the Company and the FSMA at least twenty calendar days prior to the date of the general shareholders' meeting in accordance with the applicable rules on disclosure of major shareholdings; and
- of which the voting right was suspended by a competent court or the FSMA.

Pursuant to Article 7:217 of the BCCA, the voting rights attached to Shares owned by the Company are suspended.

14.4.5 Voting by Proxy

Any shareholder with the right to vote may either personally participate in the Shareholders' Meeting or give a proxy to another person, who need not be a shareholder, to represent him or her at the meeting and to exercise its right to vote. A shareholder may designate, for a given meeting, only one person as proxy holder, save for the exceptions allowed by the BCCA. A proxy holder is appointed by a shareholder by way of a proxy form which shall be made available by the Company and which shall be signed by the relevant shareholder. The Company must receive the signed proxy form at the latest on the sixth day preceding the meeting. Any appointment of a proxy holder shall comply with the relevant

requirements of applicable Belgian law in terms of conflicting interests, record keeping and any other applicable requirements.

14.4.6 Remote Voting in Relation to the Shareholders' Meeting

If allowed in the convening notice, the shareholders who have fulfilled the conditions for admission as set out in Article 31 of the Articles of Association, may vote remotely before the Shareholders' Meeting, by letter or via the Company's website, through a form which shall be made available by the Company in accordance with the instructions mentioned in the convening notice. In case of voting by letter, the signed form must be received by the Company at the latest on the sixth day preceding the date of the meeting. Voting via the Company's website may occur until the last day before the meeting.

If the convening notice allows the shareholders to vote remotely via the Company's website, the Company shall ensure that the capacity and the identity of the shareholders can be verified through the system used, in such way as determined by the Board of Directors.

In calculating the rules on quorum and majority, the Company will only take into account the votes cast remotely by shareholders who have fulfilled the conditions for admission and insofar as the form made available by the Company, has been validly completed and returned to the Company in a timely manner.

14.4.7 Remote Participation in the Shareholders' Meeting

The Board of Directors may allow the shareholders to participate remotely in the Shareholders' Meeting by way of electronic means of communication which shall be made available by the Company. As regards compliance with attendance and majority conditions, the Shareholders who participate in the Shareholders' Meeting in such way are deemed to be present at the place where the Shareholders' Meeting is physically being held. For the calculation of the rules concerning quorum and majority, only the shareholders who have fulfilled the conditions for admission be taken into account.

If the convening notice allows remote participation in the Shareholders' Meeting, the Board of Directors shall determine the conditions and modalities relating thereof.

The Company will ensure that, when arranging remote participation in the Shareholders' Meeting, the Company is able, through the electronic means of communication used, to verify the identity and capacity of the shareholder, in such a way as the Board of Directors determines.

14.4.8 Right to Request Items to be Added to the Agenda and Ask Questions at the Shareholders' Meeting

One or more shareholders that together hold at least 3% of the Company's share capital may, in accordance with applicable provisions of the BCCA, request for items to be added to the agenda of any convened meeting and submit proposals for resolutions with regard to existing agenda items or new items to be added to the agenda, provided that: (i) they prove ownership of such shareholding as at the date of their request; (ii) record their Shares representing such shareholding on the Record Date; and (iii) their requests with, as the case may be, the text of the agenda items to be added and the corresponding resolutions proposals, or the text of the resolution proposals to be added to the agenda, have been received in writing by the Company at the latest on the 22nd day preceding the date of the relevant Shareholders' Meeting. The shareholding must be proven by, as far as registered Shares are concerned, a certificate evidencing the registration of the relevant Shares in the share register of the Company or, as far as dematerialised Shares are concerned, a certificate issued by an authorised account holder or a clearing institution certifying the book-entry of the relevant number of dematerialised Shares in the name of the relevant shareholder(s) in one or several accounts held by such account holder or clearing institution.

If additional agenda items are so requested, the Company shall publish a revised agenda of the Shareholders' Meeting, at the latest on the 15th day preceding the Shareholders' Meeting. The right to request that items be added to the agenda or that proposed resolutions in relation to existing agenda items be submitted does not apply in the case of a second extraordinary Shareholders' Meeting that must be convened after a first extraordinary Shareholders' Meeting with the same agenda during which no decisions could be taken about the agenda because the quorum was not obtained.

Within the limits of Article 7:139 of the BCCA, the directors and the auditor shall answer, during the Shareholders' Meeting, the questions raised by shareholders in connection with the items on the agenda. Shareholders can ask questions either during the meeting or prior to the meeting (in paper or electronic form), provided that the Company receives the written question at the latest on the sixth day preceding the Shareholders' Meeting.

14.4.9 Quorum and Majorities

In general, there is no attendance quorum requirement for a general Shareholders' Meeting, except as provided for by law in relation to decisions regarding certain matters. Decisions are taken by a majority of the votes cast, except where the law or the Articles of Association provide for a special majority.

Matters involving special legal quorum and majority requirements include, among others, amendments to the Articles of Association, issues of new Shares (other than within the framework of the authorised capital), convertible bonds or subscription rights and decisions regarding mergers and demergers, which require at least 50% of the share capital to be present or represented and the affirmative vote of the holders of at least 75% of the votes cast. If the quorum is not reached, a second meeting may be convened at which no quorum shall apply. The special majority requirements, however, remain applicable.

14.5 Dividend Rights

All Shares participate equally in the Company's profits, if any. The shareholders shall lose their right to receive the dividends five years after the payment date of these dividends pursuant to Article 2277 of the Belgian Civil Code. From that date onwards, the Company shall no longer be required to pay such dividends.

In general, the Company may only pay dividends with the approval of the Shareholders' Meeting, although the Board of Directors may declare interim dividends without prior shareholder approval if authorised thereto by the Articles of Association in accordance with the provisions of the BCCA. The right to pay such interim dividends is, however, subject to certain legal formalities in accordance with Article 7:213 of the BCCA.

The maximum amount of the dividend that can be paid is determined by reference to the Company's statutory financial statements prepared in accordance with Belgian GAAP.

Under Belgian law and the Articles of Association, the Company must allocate an amount of 5% of its annual net Belgian GAAP profit (*nettowinst / bénéfices nets*) to a legal reserve in its stand-alone statutory accounts until the reserve equals 10% of the Company's share capital.

For more information on the dividend policy of the Company and other restrictions, see Chapter 5 (DIVIDENDS AND DIVIDEND POLICY).

14.6 Dissolution and Liquidation

The Company can only be dissolved by a resolution of the Shareholders' Meeting passed with a majority of at least 75% of the votes cast at an extraordinary Shareholders' Meeting where holders of at least 50% of the share capital are present or represented.

If, as a result of losses sustained, the ratio of the Company's net assets (determined in accordance with Belgian legal and accounting rules) to share capital is less than 50%, the Board of Directors must convene an extraordinary Shareholders' Meeting within two months of the date upon which the Board of Directors discovered or should have discovered this undercapitalisation. At this Shareholders' Meeting, the Board of Directors needs to propose either the dissolution or the continuation of the Company, in which case the Board of Directors must propose measures to restore the Company's financial situation. The Board of Directors must justify its proposals in a special report to the shareholders. A majority of at least 75% of the votes validly cast at this meeting can decide to dissolve the Company, provided that at least 50% of the Company's share capital is present or represented at the meeting.

If, as a result of losses incurred, the ratio of the Company's net assets to share capital is less than 25%, the same procedure must be followed, it being understood, however, that in that event shareholders representing at least 25% of the votes at this meeting can decide to dissolve the Company. If the amount of the Company's net assets has dropped below €61,500 (the minimum amount of share capital of a Belgian limited liability company (*naamloze vennootschap / société anonyme*)), any interested party is entitled to request a competent court to dissolve the Company. The court can order the Company's dissolution or grant a grace period for the Company to remedy the situation.

If the Company is dissolved for any reason, the liquidation must be carried out by one or more liquidators appointed by the Shareholders' Meeting. If the Shareholders' Meeting does not appoint any liquidator(s) then the directors who were in office at the time of the resolution for dissolution shall be regarded as liquidators towards third parties.

All assets of the Company are realised, unless the Shareholders' Meeting decides otherwise. The positive balance of the liquidation, after payment of all debts, charges and costs of the liquidation, shall be distributed among the shareholders in proportion to the share of the capital represented by their Shares.

14.7 Acquisition of Own Shares

The Articles of Association authorise the Board of Directors, in accordance with Articles 7:215 and following of the BCCA and within the limits set out in these provisions, to, directly or through a person acting in his own name but on behalf of the Company, acquire (through purchase or exchange), on or outside of the stock market, for the account of the Company, its own Shares, up to the maximum number permitted by law, and, as the case may be, also associated certificates for a price which will be determined in accordance with the legal requirements, but which will in any case be at a minimum price per Share higher than the lower of the last twenty (20) closing prices prior to the day of the transaction less ten percent (10%) and at a maximum price per Share corresponding to the highest of the last twenty (20) closing prices prior to the transaction plus ten percent (10%). This authorisation is valid for five years from the date of the publication in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur belge*) of the amendment to the Articles of Association as adopted by the Partial Demerger EGM held on 29 June 2022.

This authorisation also covers the acquisition on or outside of the stock market by a direct subsidiary within the meaning and the limits set out by the BCCA. If the acquisition would be made by the Company outside of the stock market, even from a subsidiary, the Company must comply with article 7:215, §1, 4° of the BCCA.

The Board of Directors is furthermore authorised, subject to compliance with the applicable provisions of the BCCA, to acquire for the Company's account the Company's own Shares and, as the case may be, also profit-sharing certificates or associated certificates if such acquisition is necessary to avoid serious and imminent harm to the Company. This authorisation is valid for three years as from the date of the publication in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad / Moniteur belge*) of the amendment to the Articles of Association as adopted by the Extraordinary Shareholders' Meeting Partial Demerger EGM held on 29 June 2022.

Finally, the Board of Directors is authorised to divest, at any time and at a price it determines, all or part of the Company's Shares and, as the case may be, also profit-sharing certificates or associated certificates held by the Company from time to time, on or outside of the stock market (including to one or more specific persons who are not members of the personnel) or in the framework of the remuneration policy to employees, directors or consultants of the Company or its subsidiaries or to prevent any serious and imminent harm to the Company. This authorisation also covers the divestment of the Company's shares and, as the case may be, also profit-sharing certificates of the Company or associated certificates by a direct subsidiary within the meaning of Article 7:221, first indent of the BCCA. The authorisation is valid without any time restriction, irrespective of whether the divestment is to prevent any serious and imminent harm for the Company or not.

The Shares, profit-sharing certificates or associated certificates can only be acquired with funds that would otherwise be available for distribution as dividend. An offer to purchase Shares must be made by the Company by way of an offer to all shareholders under the same conditions. Shares can also be acquired by the Company without offer to all shareholders under the same conditions, provided that the acquisition of the Shares is effected in the central order book of Euronext Brussels or, if the transaction is not effected via the central order book, provided that the price offered for the Shares is lower than or equal to the highest independent bid price in the central order book of Euronext Brussels at that time. No restrictions exist with respect to the total nominal value or fractional value of the Shares that can be held by the Company. Voting rights attached to Shares held by the Company as treasury shares are suspended.

The Company must notify the FSMA of the transactions described above no later than the seventh trading day following the transaction. The FSMA shall verify whether the transactions are in accordance with the resolution of the Shareholders' Meeting or, as the case may be, the Board of Directors. If it is of the opinion that these transactions are not in accordance with the resolution, the FSMA may publish its advice.

As at the date of this Prospectus, the Company does not hold any of its own Shares.

14.8 Legislation and Jurisdiction

14.8.1 Notification of Significant Shareholdings

Pursuant to the Belgian Law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions (the "**Transparency Law**"), a notification to the Company and to the FSMA is required by all natural persons and legal entities on the occurrence of, among other things, any one of the following triggering events, subject to limited exceptions:

- an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as voting securities;
- the reaching of a threshold by persons or legal entities acting in concert;
- the conclusion, modification or termination of an agreement to act in concert;

- the downward reaching of the lowest threshold;
- the passive reaching of a threshold;
- the holding of voting securities in the Company upon first admission of them to trading on a regulated market;
- where a previous notification concerning financial instruments treated as equivalent to voting securities is updated;
- the acquisition or disposal of the control of an entity that holds the voting securities in the Company;
- where the Company introduces additional notification thresholds in the Articles of Association; or
- in each case where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5% of the total voting rights, and 10%, 15%, 20% and so on in increments of 5% or, as the case may be, of the additional thresholds provided in the Articles of Association.

The notification must be made as soon as possible, and at the latest within four trading days following the occurrence of the triggering event. Where the Company receives a notification of information regarding the reaching of a threshold, it has to publish such information within three trading days following receipt of the notification. Furthermore, the Company must state its shareholder structure (as it appears from the notifications received) in the notes to its annual accounts. The Company must also publish the total share capital, the total number of securities and voting rights and the total number of voting securities and voting rights for each class (if any) at the end of each calendar month in which one of these numbers has changed. In addition, the Company must, where appropriate, publish the total number of bonds convertible into voting securities (if any) as well as the total number of rights, whether or not included in securities, to subscribe for not yet issued voting securities (if any), the total number of voting securities that can be obtained upon the exercise of these conversion or subscription rights, and the total number of shares without voting rights (if any). All transparency notifications received by the Company can be consulted on the Company's website (www.deme-group.com), where they are published in their entirety.

14.8.2 Right to Identify Shareholders and Facilitation of Exercise of Shareholders' Rights

The Company is entitled, pursuant to the Transparency Law, to request information from intermediaries (such as investment firms, credit institutions and central securities depositories) regarding the identity and holding of its shareholders. If multiple intermediaries are involved in the relationship between the Company and a shareholder, the Company is entitled to address a request for information to any intermediary in the chain. Intermediaries are required to respond to the Company's requests without delay.

The following information regarding its shareholders can be requested by the Company:

- name and contact details, including the full address, the email address (where available) and the registration number (if the shareholder is a legal entity); and
- the number and classes of Shares held and the date from which the Shares have been held.

The Company is required to provide in due time to intermediaries all information necessary to allow shareholders to exercise the rights attached to their Shares. Alternatively, the Company may make such information available on its website, in which case it is required to provide to intermediaries a notice regarding the location on its website where the information can be found. Intermediaries have a duty to relay the information so received from the Company to the shareholders on behalf of whom they are holding Shares.

14.8.3 Public Takeover Bids

Public takeover bids for shares and other securities giving access to voting rights (such as subscription rights or convertible bonds, if any) are subject to supervision by the FSMA. Public takeover bids must be extended to all of the voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus which has been approved by the FSMA prior to publication.

Belgium has implemented the Thirteenth Company Law Directive (European Directive 2004/25/EC of 21 April 2004) in the Belgian Law of 1 April 2007 on public takeover bids (the “**Takeover Law**”) and the Belgian Royal Decree of 27 April 2007 on public takeover bids (the “**Takeover Royal Decree**”). The Takeover Law provides that a mandatory bid must be launched if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting for their account, directly or indirectly, holds more than 30% of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities is traded on a regulated market. The mere fact of exceeding the relevant threshold through the acquisition of shares will give rise to a mandatory bid, irrespective of whether the price paid in the relevant transaction exceeds the current market price. The duty to launch a mandatory bid does not apply in certain cases set out in the Takeover Royal Decree such as in the case of: (i) an acquisition if it can be shown that a third party exercises control over the company or that such party holds a larger stake than the person holding more than 30% of the voting securities; (ii) a capital increase with preferential subscription rights decided by the Shareholders’ Meeting; or (iii) an enforcement of security, provided that the acquirer disposes of the securities in excess of the 30% threshold within twelve months and does not exercise the voting rights attached to those excess securities.

In principle, the authorisation of the Board of Directors to increase the share capital of the Company through contributions in kind or in cash, with the cancellation or limitation of the preferential subscription rights of the existing shareholders, is suspended upon the notification to the Company by the FSMA of a public takeover bid for the securities of the Company. The Shareholders’ Meeting can, however, subject to certain conditions and within the limits set out in article 7:202 of the BCCA, expressly authorise the Board of Directors to increase the capital of the Company in such a case by issuing Shares in an amount of not more than 10% of the existing Shares at the time of such a public takeover bid. Such authorisation was granted to the Board of Directors of the Company. Those powers remain in effect for a period of three years from the date of the Partial Demerger EGM.

14.8.4 Squeeze-out

Pursuant to Article 7:82 of the BCCA or the regulations promulgated thereunder, a person or legal entity, or different persons or legal entities acting alone or in concert, who own together with the company 95% or more of the securities with voting rights in a public company are entitled to acquire the totality of the securities with voting rights in that company following a squeeze-out offer. The securities that are not voluntarily tendered in response to such an offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the squeeze-out procedure, the company is no longer deemed a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value (verified by an independent expert) so as to safeguard the interests of the transferring shareholders.

A squeeze-out offer is also possible upon completion of a public takeover bid, provided that the bidder holds at least 95% of the voting capital and 95% of the voting securities of the public company. In such a case, the bidder may require that all of the remaining shareholders sell their securities to the bidder at the offer price of the takeover bid, provided that, in case of a voluntary takeover offer, the bidder has also acquired 90% of the voting capital to which the offer relates. The shares that are not voluntarily tendered in response to any such offer are deemed to be automatically transferred to the bidder at the end of the procedure.

14.8.5 Sell-out Right

Within three months following the expiration of an offer period related to a public takeover bid, holders of voting securities or of securities giving access to voting rights who own at least 95% of the voting capital and 95% of the voting securities in a public company following a takeover bid may require the offeror, acting alone or in concert, to buy their securities from them at the price of the bid, on the condition that, in case of a voluntary takeover offer, the offeror has acquired, through the acceptance of the bid, securities representing at least 90% of the voting capital subject to the takeover bid.

15. THE PARTIAL DEMERGER

15.1 Conditions and nature of the Partial Demerger

The Partial Demerger consists of the partial demerger of CFE in accordance with article 12:8, 1° of the BCCA, pursuant to which CFE contributes all shares issued by DEME NV, as 100% subsidiary of CFE (as well as the proportional part of the capital and reserves of CFE) to the Company, against the issuance of the 25,314,482 Shares by the Company to CFE's Existing Shareholders, as determined on the basis of the Exchange Ratio.

The Prospectus constitutes (and this Summary therefore concerns a summary of) a listing prospectus for purposes of Article 3(3) of the Prospectus Regulation and has been prepared in accordance with the Prospectus Regulation and its Delegated Regulations in relation to the admission to trading on the regulated market of Euronext Brussels of the Shares (the "**Listing**").

15.2 Expected timetable

Certain key dates in connection with the Partial Demerger are summarized in the following table. The Company can adjust the dates and times indicated in the timetable below, in the Prospectus and in this Summary. In that case, the Company will inform Euronext Brussels and the investors thereof through a press release and on the website of the Company. Insofar as legally required, the Company will furthermore publish a supplement to the Prospectus.

Date	Event
17 May 2022	Filing of the Partial Demerger Proposal
19 May 2022	Convocation of the Partial Demerger EGM
29 June 2022, 5.30 p.m. CET	Holding of Partial Demerger EGM
29 June 2022	Approval of the Prospectus by the FSMA
30 June 2022	Expected Listing Date
30 June 2022	Expected publication of press release on the Listing and the new denominator for the purposes of transparency regulation
4 July 2022	Expected settlement date

15.3 Exchange Ratio

In consideration for the contribution of the DEME Shares from CFE to the Company in the context of the Partial Demerger, each of the existing CFE shareholders will receive Shares in the Company, on the basis of their respective current shareholding in CFE and the Exchange Ratio (as defined below).

As indicated above, 25,314,482 Shares will be issued in the Company as compensation for the acquisition of the DEME Shares.

The exchange ratio has been determined on a 1:1 basis (the “**Exchange Ratio**”), meaning that CFE’s shareholders receive one Share in the Company per share that they hold in the CFE.

As a consequence, for instance, CFE’s current reference shareholders, Ackermans & van Haaren SA will hold 15,720,684 Shares in the Company, corresponding to 62.10% of the shares in the Company, and VINCI Construction SAS will hold 3,066,460 Shares in the Company, corresponding to 12.11% of the Shares in the Company.

The consideration for the DEME Shares shall solely consist of Shares. The CFE’s Existing Shareholders will not receive any additional cash amount (premium).

15.4 Dilution resulting from the Partial Demerger

The CFE’s Existing Shareholders do not undergo any dilution of their voting and dividend rights as a result of the Partial Demerger and the issuance of the Shares as, on the basis of the Exchange Ratio, they receive one Share in the Company per share that they hold in the CFE.

15.5 Form of the Shares

The Shares are subject to all provisions of the Articles of Association. All Shares are of the same class and carry the same rights, including as to voting and dividend rights, and will be profit sharing as from any distribution in respect of which the relevant record date or due date falls on or after the date of their issuance. The rights attached to the Shares are described in Chapter 14 (Description of Share Capital and Articles of Association).

The Shares have the same form as the CFE shares held by the recipient. The Shares are delivered in dematerialised (book-entry) form to CFE shareholders holding dematerialised shares and in registered form to CFE shareholders holding registered shares.

Investors who, after delivery, wish to have their Shares registered, should request that the Company record the Shares in the Company’s share register.

Holders of registered Shares may request that their registered Shares be converted into dematerialised Shares and *vice versa*. Any costs incurred in connection with the conversion of Shares into another form will be borne by the shareholders.

All Shares will be fully paid-up upon their delivery and freely transferable.

15.6 Trading and listing on Euronext Brussels

An application has been made for the listing and admission to trading on the regulated market of Euronext Brussels of all Shares. The Shares are expected to be listed under the symbol “DEME” with ISIN code BE0974413453.

Trading is expected to commence on or about 30 June 2022.

15.7 Authorisations

This Prospectus was approved by the Board of Directors of the Company on 29 June 2022.

The CFE board of directors drafted Partial Demerger Proposal, which was approved by the CFE board of directors on 16 May 2022 and filed with the registry of enterprise courts of Brussels (Dutch-speaking) on 17 May 2022. In accordance with article 12:8, 1° *juncto* article 12:59 of the BCCA, such filing of the Partial Demerger Proposal took place at least less than six weeks before the Partial Demerger EGM.

On 29 June 2022, the Partial Demerger EGM has approved the Partial Demerger.

To the Partial Demerger EGM the following reports have been submitted:

- the special report by the board of directors of CFE regarding the contribution in kind in accordance with article 7:7 BCCA in the context of the Partial Demerger (the “**Board Report**”); and
- the report from EY Bedrijfsrevisoren BV (represented by Patrick Rottiers and Marnix Van Dooren) regarding the contribution in kind in accordance with article 7:7 BCCA in the context of the Partial Demerger (the “**Auditor Report**” and together with the Board Report, the “**Partial Demerger Reports**”).

The Partial Demerger Reports were made available to the shareholders of CFE with the notice convening the Partial Demerger EGM.

The Partial Demerger EGM has also resolved upon the issuance of the Shares as a result of the Partial Demerger and on the required amendments to the Articles of Association.

15.8 Jurisdiction and Competent Courts

The Partial Demerger is subject to Belgian law and the courts of Brussels are exclusively competent to adjudicate any and all disputes with investors concerning the Partial Demerger.

16. TAXATION

The paragraphs below present a summary of certain Belgian federal income tax consequences of the Partial Demerger as well as the ownership and disposal of the Shares by an investor that acquires such Shares. The information provided below does not purport to describe all tax implications of the Partial Demerger or the admission to trading or associated with the acquisition, holding and transfer of the Shares and does not take into account the specific circumstances of individual holders of Shares, some of which may be subject to special rules (such as credit institutions, organizations for financing of pensions, insurance companies, undertakings for collective investment, securities or currency traders, and persons holding Shares as part of a straddle position, repo transaction, conversion transaction, hybrid transaction or any other integrated financial transaction), or tax laws of countries other than Belgium. This summary does not address the local taxes that may be due in connection with an investment in the Shares, other than Belgian local surcharges which generally vary from 0% to 10% of the investor's income tax liability. The information provided in this Chapter 16 (Taxation) is based on laws and practices in effect in Belgium on the date of this Prospectus. These laws and practices are subject to change, with retroactive effect as the case may be.

Potential investors who would like more information about the Company's tax regime and/or more information, both in Belgium and abroad, regarding the acquisition, holding and transfer of Shares and the collection of dividends or proceeds from Shares, are invited to consult their usual financial and tax advisors.

Tax legislation of the potential investor's jurisdiction and of the Company's country of incorporation (i.e. Belgium) may have an impact on the income received from the securities.

16.1 General definitions

For the purposes of this Chapter 16 (Taxation): (i) **"Belgian individual"** means any individual subject to Belgian personal income tax (i.e. a natural person whose domicile or seat of wealth is in Belgium or individuals treated as such for the purposes of Belgian tax law); (ii) **"Belgian company"** means any company subject to Belgian corporate income tax (i.e. a company with its principal place of business or place of effective management in Belgium); (iii) an Organisation for Financing Pensions (**"OFP"**) subject to Belgian corporate income tax (i.e. a Belgian pension fund incorporated under the form of an OFP); (iv) **"Belgian legal entity"** means any legal entity subject to the Belgian legal entities tax (i.e. a legal entity other than a Belgian company that has its main establishment, its administrative seat or seat of management in Belgium); and (v) **"non-resident"** means a natural person, company or legal entity that does not fall into any of the three preceding categories.

16.2 Tax implications of the Partial Demerger

Belgian tax law provides for the possibility to carry out a tax neutral partial demerger if certain conditions are fulfilled. In order for a partial demerger to be tax neutral, (i) the acquiring company must be a domestic or intra-European company and (ii) the partial demerger must not have as its main or one of its main objectives tax evasion or tax avoidance.

The Office for Advance Tax Rulings (the **"Ruling Commission"**) has confirmed in a tax ruling dated 15 March 2022 that these conditions are fulfilled and that the Partial Demerger can be carried out in a tax neutral way. Furthermore, the Ruling Commission has confirmed that the Partial Demerger does not constitute "tax abuse". Consequently, the Partial Demerger will not give rise to Belgian taxation on the part of CFE and CFE's shareholders. In particular, no withholding tax will be due as a result of the Partial Demerger.

As a consequence of the Partial Demerger, the DEME shares will be transferred to the Company at historical tax value in the hands of CFE (no "step up in basis"). Also, CFE's deferred tax assets and tax

components of its equity will be divided amongst the Company and CFE after the Partial Demerger, *pro rata* the fiscal net value of their assets.

16.3 Taxation in Belgium of Income Derived from the Shares

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the Shares is generally treated as a dividend distribution. By way of exception, the repayment of capital carried out in accordance with the BCCA is not treated as a dividend distribution to the extent that such repayment is imputed to fiscal capital. This fiscal capital includes, in principle, the actual paid-up statutory share capital and, subject to certain conditions, the paid-up issuance premiums and the cash amounts subscribed to at the time of the issue of profit-sharing certificates. However, for any decision on capital reduction, in accordance with the BCCA, the amount of the capital reduction will be deemed to be derived proportionally (a) from the fiscal capital of the Company, on the one hand and (b) on the other hand, from certain reserves (i.e., and in the following order: (i) certain taxed reserves incorporated in the capital of the Company; (ii) certain taxed reserves not incorporated into the capital of the Company; and (iii) certain tax-exempt reserves incorporated into the capital of the Company). Only the part of the capital reduction that is deemed to be paid out of the fiscal capital may, subject to certain conditions, not be considered as a dividend distribution for Belgian tax purposes. The part of the capital reduction that is deemed to be derived from the abovementioned taxed (irrespective of whether they are incorporated into the capital) and/or tax-exempt reserves incorporated into the capital will be treated as a dividend distribution from a tax perspective and be subject to Belgian withholding tax, if applicable. Such portion is determined on the basis of the ratio of the taxed reserves (except for the legal reserve up to the legal minimum and certain unavailable retained earnings) and the tax-exempt reserves incorporated into the capital (with a few exceptions) over the aggregate of such reserves and the fiscal capital.

Belgian withholding tax of 30% is normally levied on dividends, subject to such relief as may be available under applicable domestic or tax treaty provisions.

In the case of a redemption of the Shares, the redemption distribution (after deduction of the part of the fiscal paid-up capital represented by the redeemed Shares) will be treated as a dividend subject to a Belgian withholding tax of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if this redemption is carried out on a stock exchange such as Euronext Brussels and meets certain conditions. In case of liquidation of the Company, any amounts distributed in excess of the fiscal capital will in principle be subject to a withholding tax of 30%, subject to such relief as may be available under applicable domestic provisions.

Non-Belgian dividend withholding tax, if any, will neither be creditable against any Belgian income tax due nor reimbursable to the extent that it exceeds Belgian income tax due.

16.3.1 Belgian Resident Individuals

For Belgian resident individuals who acquire and hold Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability (i.e. they do not have to declare the dividends in their personal income tax return and the Belgian withholding tax in principle constitutes a final tax).

They may nevertheless elect to report the dividends in their personal income tax return. Where the beneficiary opts to report them, dividends will normally be taxable at the lower of the generally applicable 30% withholding tax rate on dividends or at the progressive personal income tax rates applicable to the taxpayer's overall declared income. If the beneficiary reports the dividends, the income tax due will not be increased by local surcharges. In addition, if the dividends are reported, the dividend withholding tax withheld at source may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend

distribution does not result in a reduction in value of or a capital loss on the Shares. This condition is not applicable if the individual can demonstrate that he has held the Shares in full legal ownership for an uninterrupted period of twelve months prior to the payment or attribution of the dividends.

The first €800 (amount applicable for income year 2021 up to 2023) of reported ordinary dividend income will be exempt from tax. For the avoidance of doubt, all reported dividends (hence, not only dividends distributed on the Shares) are taken into account to assess whether said maximum amount is reached. The aforementioned exempted amount is not applicable to redemption and liquidation dividends.

For Belgian resident individual investors who acquire and hold the Shares for professional purposes, the Belgian withholding tax does not fully discharge their income tax liability. Dividends received must be reported by the investor and will be taxable at the investor's personal income tax rate. Withholding tax withheld at source may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (1) the taxpayer must own the Shares in full legal ownership on the day the beneficiary of the dividend is identified; and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if the investor can demonstrate that he has held the full legal ownership of the Shares for an uninterrupted period of twelve months prior to the payment or attribution of the dividends.

16.3.2 Belgian Resident Companies

A. Corporate income tax

For Belgian resident companies, the dividend withholding tax does not fully discharge the corporate income tax liability. Gross dividends (including the withholding tax) received must be reported and will be subject to corporate income tax at a rate of 25% (with a reduced rate of 20% applying to the first tranche of €100,000 of taxable income of qualifying small companies as defined by Article 1:24, §1 to §6 of the BCCA).

Any Belgian dividend withholding tax levied at source may be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due, subject to two conditions: (1) the taxpayer must own the Shares in full legal ownership on the day the beneficiary of the dividend is identified; and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable: (a) if the company can demonstrate that it has held the Shares in full legal ownership for an uninterrupted period of twelve months prior to the payment of or attribution on the dividends; or (b) if, during the said period, the Shares never belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a Belgian permanent establishment.

Belgian resident companies may generally (although subject to certain limitations) deduct up to 100% of gross dividends received from the taxable income, provided that, at the time the dividends are paid or attributed: (1) they held at least 10% of the share capital of the Company or a participation with an acquisition value of at least €2.5 million; (2) they held or will hold the Shares in full legal ownership for an uninterrupted period of at least one year; and (3) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Belgian Income Tax Code 1992 (the “**BITC 1992**”), are met (together, the “**Conditions for the application of the dividend received deduction regime**”). Under certain circumstances the conditions referred to under (1) and (2) do not need to be fulfilled in order for the dividend received deduction to apply.

For CFE's shareholders at the time of the Partial Demerger, the tax neutral Partial Demerger is disregarded for the calculation of the holding period (in full legal ownership). As a result, the holding period for CFE shares after the Partial Demerger and for the Shares will be determined according to the

initial acquisition of CFE's shares. In addition, the (historic) acquisition value (of the relevant participation in CFE before the Partial Demerger) will be split between the acquisition value of CFE's shares after the Partial Demerger and of the Shares based on the fair market value of CFE and the Company, which in this case will be determined based on the opening stock prices of the CFE's shares and the Shares respectively on the first trading day after the Partial Demerger.

The Conditions for the application of the dividend received deduction regime depend on a factual analysis and, for this reason, the availability of this regime should be verified upon each dividend distribution.

B. Withholding tax

Dividends distributed to a Belgian resident company will be exempt from Belgian withholding tax, provided that the Belgian company holds, upon payment or attribution of the dividends, at least 10% of the Company's share capital and such Shares are held or will be held during an uninterrupted period of at least one year. Please note that for CFE's shareholders at the time of the Partial Demerger, the Partial Demerger marks the beginning of a new holding period for CFE shares after the Partial Demerger and for the Shares with respect to Belgian withholding tax.

In order to benefit from this exemption, the investor must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the two required conditions. If the investor holds the Shares for less than one year, at the time the dividends are paid on or attributed to the Shares, the Company will levy the withholding tax but will not transfer it to the Belgian treasury, provided that the investor certifies its qualifying status, the date from which the investor has held the Shares, and the investor's commitment to hold the Shares for an uninterrupted period of at least one year. The investor must also inform the Company or its paying agent if the one-year period has expired or if its shareholding will drop below 10% of the Company's share capital before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the levied dividend withholding tax will be refunded to the investor.

Please note that the above described dividend received deduction and withholding tax exemption will not be applicable to dividends which are connected to an arrangement or a series of arrangements (*rechtshandeling of geheel van rechtshandelingen / acte juridique ou un ensemble d'actes juridiques*) for which the Belgian tax administration, taking into account all relevant facts and circumstances, has proven, unless evidence to the contrary, that this arrangement or this series of arrangements is not genuine (*kunstmatig / non authentique*) and has been put in place for the main purpose or one of the main purposes of obtaining the dividend received deduction, the above dividend withholding tax exemption or one of the advantages of the EU Parent-Subsidiary Directive of 30 November 2011 (2011/96/EU) (the "**Parent-Subsidiary Directive**") in another EU Member State. An arrangement or a series of arrangements is regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

16.3.3 Belgian resident organizations for financing pensions

For OFPs, i.e. Belgian pension funds incorporated under the form of an OFP (*organismen voor de financiering van pensioenen / organismes de financement de pensions*) within the meaning of Article 8 of the Belgian Act of 27 October 2006, the dividend income is generally tax exempt.

Subject to certain limitations, any Belgian dividend withholding tax levied at source may be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due.

Belgian (or foreign) OFPs not holding the Shares – which give rise to dividends – for an uninterrupted period of sixty days in full ownership amounts to a rebuttable presumption that the arrangement or

series of arrangements (*rechtshandeling of geheel van rechtshandelingen / acte juridique ou un ensemble d'actes juridiques*) which are connected to the dividend distributions, are not genuine (*kunstmatig / non authentique*). The withholding tax exemption will in such case not apply and/or any Belgian dividend withholding tax levied at source on the dividends will in such case not be credited against the corporate income tax, unless counterproof is provided by the OFP that the arrangement or series of arrangements are genuine.

16.3.4 Belgian (other) Legal Entities

For taxpayers subject to the Belgian income tax on legal entities, the Belgian dividend withholding tax (at a tax rate of 30%) in principle fully discharges their income tax liability.

16.3.5 Non-Residents

A. Withholding tax

For non-resident individuals and companies, the dividend withholding tax will be the only tax on dividends in Belgium, unless the non-resident holds the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian permanent establishment.

If the Shares are acquired by a non-resident in connection with a business in Belgium, the investor must report any dividends received, which will be taxable at the applicable non-resident individual or corporate income tax rate, as appropriate. Withholding tax levied at source may be credited against non-resident individual or corporate income tax and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (1) the taxpayer must own the Shares in full legal ownership on the day the beneficiary of the dividend is identified; and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if: (1) the non-resident individual or the non-resident company can demonstrate that the Shares were held in full legal ownership for an uninterrupted period of twelve months prior to the payment or attribution of the dividends; or (2) with regard to non-resident companies only, if, during the said period, the Shares have not belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a Belgian permanent establishment.

Non-resident companies whose Shares are invested in a Belgian permanent establishment may deduct 100% of the gross dividends received from their taxable income if, at the date the dividends are paid or attributed, the Conditions for the application of the dividend received deduction regime are met. See Section 16.3.2 (Belgian Resident Companies) above. Application of the dividend received deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

B. Relief of Belgian withholding tax

Dividends distributed to non-resident individuals who do not use the Shares in the exercise of a professional activity may be eligible for tax exemption with respect to ordinary dividends in an amount of up to €800 (amount applicable for income year 2021) per year. For the avoidance of doubt, all dividends paid or attributed to such non-resident individual (and hence not only dividends paid or attributed on the Shares) are taken into account to assess whether said maximum amount is reached. Consequently, if Belgian withholding tax has been levied on dividends paid or attributed to the Shares, such non-resident individual may request in its Belgian non-resident income tax return to credit and, as the case may be, reimburse the Belgian withholding tax levied on the exempted amount. However, if no Belgian non-resident income tax return has to be filed by the non-resident individual, any Belgian withholding tax levied could in principle be reclaimed (up to the exempted amount) by filing a request thereto addressed to the tax official (*Adviseur-generaal Centrum Buitenland / Conseiller-général du Centre Etranger*) appointed by the Royal Decree of 28 April 2019. Such a request has to be made at the

latest on 31 December of the calendar year following the calendar year in which the relevant dividend(s) has/have been received, together with an affidavit confirming the non-resident individual status and certain other formalities.

Under Belgian tax law, withholding tax is not due on dividends paid to a foreign pension fund which satisfies the following conditions: (1) to be a legal entity (i.e. having a separate legal personality) with fiscal residence outside of Belgium; (2) whose corporate purpose consists solely in managing and investing funds collected in order to pay legal or complementary pensions; (3) whose activity is limited to the investment of funds collected in the exercise of its statutory mission, without any profit-making aim; (4) which is exempt from income tax in its country of residence; and (5) except in specific circumstances, provided that it is not contractually obligated to redistribute the dividends to any ultimate beneficiary of such dividends for whom it would manage the Shares, nor obligated to pay a manufactured dividend with respect to the Shares under a securities borrowing transaction. The exemption will only apply if the foreign pension fund provides a certificate confirming its qualifying status and that it is the full legal owner or usufruct holder of the Shares. The foreign pension fund must then forward that certificate to the Company or its paying agent.

A pension fund not holding the Shares – which give rise to dividends – for an uninterrupted period of sixty days in full ownership amounts to a rebuttable presumption that the arrangement or series of arrangements (*rechtshandeling of geheel van rechtshandelingen / acte juridique ou un ensemble d'actes juridiques*) which are connected to the dividend distributions, are not genuine (*kunstmatig / non authentique*). The withholding tax exemption will in such case be rejected, unless counterproof is provided by the OFP that the arrangement or series of arrangements are genuine.

Dividends distributed to non-resident companies established in a Member State of the European Union or in a country with which Belgium has concluded a double tax treaty that includes a qualifying exchange of information clause and qualifying as a parent company, will be exempt from Belgian withholding tax, provided that the Shares held by the non-resident company, upon payment or attribution of the dividends, amount to at least 10% of the Company's share capital and are held or will be held during an uninterrupted period of at least one year. A company qualifies as a parent company, provided that: (i) for companies established in a Member State of the European Union, it has a legal form as listed in the Annex to the EU Parent Subsidiary Directive of 23 July 1990 (90/435/EC), as amended by Directive 2003/123/EC of 22 December 2003 (the "**Parent Subsidiary Directive**"), or, for companies established in a country with which Belgium has concluded a qualifying double tax treaty and it has a legal form similar to the ones listed in such Annex; (ii) it is considered to be a tax resident according to the tax laws of the country where it is established and the double tax treaties concluded between such country and third countries; and (iii) it is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime.

In order to benefit from this exemption, the investor must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the three aforementioned conditions. If the investor holds the Shares for less than one year, at the time the dividends are paid on or attributed to the Shares, the Company will deduct the withholding tax but will not transfer it to the Belgian treasury, provided that the investor certifies its qualifying status, the date from which the investor has held the Shares, and the investor's commitment to hold the Shares for an uninterrupted period of at least one year. The investor must also inform the Company or its paying agent if the one-year period has expired or if its shareholding will drop below 10% of the Company's share capital before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the levied dividend withholding tax will be refunded to the investor.

Please note that the above withholding tax exemption will not be applicable to dividends which are connected to an arrangement or a series of arrangements (*rechtshandeling of geheel van rechtshandelingen / acte juridique ou un ensemble d'actes juridiques*) for which the Belgian tax administration, taking into account all relevant facts and circumstances, has proven, unless evidence to

the contrary, that this arrangement or this series of arrangements is not genuine (*kunstmatig / non authentique*) and has been put in place for the main purpose or one of the main purposes of obtaining the dividend received deduction, the above dividend withholding tax exemption or one of the advantages of the Parent Subsidiary Directive in another EU Member State. An arrangement or a series of arrangements is regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality. Pursuant to recent jurisprudence of the European Court of Justice, the withholding tax exemption may even be refused if the receiving parent company cannot be considered as the beneficial owner of the dividends.

Dividends distributed by a Belgian company to a non-resident company will be exempt from withholding tax, provided that: (i) the non-resident company is established in the European Economic Area or in a country with which Belgium has concluded a tax treaty that includes a qualifying exchange of information clause; (ii) the non-resident company is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime; (iii) the non-resident company does not satisfy the 10% participation threshold but has a participation in the Belgian company with an acquisition value of at least €2.5 million upon the date of payment or attribution of the dividend; (iv) the dividends relate to shares which are held in full ownership for at least one year without interruption; and (v) the non-resident company has a legal form as listed in the annex to the Parent Subsidiary Directive, as amended from time to time, or has a legal form similar to the ones listed in such annex and is governed by the laws of another EEA Member State, or, by the law of a country with whom Belgium has concluded a qualifying double tax treaty. This exemption applies to the extent that the withholding tax which would have been due in case this exemption would not exist, would not be creditable nor reimbursable in the hands of the non-resident company.

In order to benefit from this exemption, the non-resident company must provide the Company or its paying agent with a certificate confirming: (i) it has the above-described legal form; (ii) it is subject to a corporate income tax or a similar tax without benefiting from a tax regime that deviates from the ordinary domestic tax regime; (iii) it holds a participation of less than 10% in the capital of the Belgian company but with an acquisition value of at least €2.5 million upon the date of payment or attribution of the dividend; (iv) the dividends relate to shares in the Belgian company which it has held or will hold in full ownership for an uninterrupted period of at least one year; (v) to which extent it could in principle, would this exemption not exist, credit the Belgian withholding tax or obtain a reimbursement according to the legal provisions applicable upon 31 December of the year preceding the year of the payment or attribution of the dividends; and (vi) its full name, legal form, address and fiscal identification number, if applicable.

Belgium has concluded tax treaties with over ninety-five countries, reducing the dividend withholding tax rate to 20%, 15%, 10%, 5% or 0% for residents of those countries, depending on conditions, among others, related to the size of the shareholding and certain identification formalities. Such reduction may be obtained either directly at source or through a refund of taxes withheld in excess of the applicable tax-treaty rate.

Prospective holders should consult their own tax advisors as to whether they qualify for a reduction in withholding tax upon payment or attribution of dividends, and as to the procedural requirements for obtaining a reduced withholding tax upon the payment of dividends or for making claims for reimbursement.

16.4 Taxation in Belgium Upon Transfer of the Shares

16.4.1 Belgian Individuals

As regards Belgian individuals, the tax treatment upon disposal of the Shares will depend on the type of investment.

For individuals holding Shares as a private investment, capital gains realised upon disposal of the Shares are generally not subject to Belgian income tax. Likewise, capital losses on the Shares are in principle not tax deductible.

However, individuals may be subject to income tax at a special rate of 33% (plus local surcharges) if the capital gain on the Shares is deemed to be speculative or to have been realised outside the scope of the normal management of their assets. Capital losses on the Shares are in principle not tax deductible.

Moreover, capital gains realised by Belgian individuals on the disposal of Shares for consideration, outside the exercise of a professional activity, to a non-resident company (or a body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity, are in principle taxable at a rate of 16.5% (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian individual has owned directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in the Company (i.e., a shareholding of more than 25% in the Company). This capital gains tax does not apply if the Shares are transferred to the above-mentioned persons provided that they are established in the European Economic Area. Capital losses are, however, not tax deductible.

Capital gains realised by Belgian individuals upon redemption of the Shares or upon liquidation of the Company will generally be taxable as a dividend.

Capital gains realised by individuals upon disposal of Shares held for professional purposes are taxable at the normal progressive income tax rates applicable to earned income (plus local taxes), except for Shares held for more than five years, which are taxable at a separate rate of 10% (capital gains realised in the framework of the cessation of activities under certain circumstances) or 16.5% (other), both plus local surcharges. Capital losses on the Shares incurred by Belgian resident individuals who hold the Shares for professional purposes are in principle tax deductible.

In order to calculate the capital gain or capital loss on the Shares, the (historic) acquisition value of the CFE shares will be split between the acquisition value of the CFE shares after the Partial Demerger and of the Shares based on the fair market value of CFE and the Company, which in this case will be determined based on the opening stock prices of the CFE shares and the Company's shares respectively on the first trading day after the Partial Demerger.

16.4.2 Belgian Resident Companies

Capital gains realised upon disposal of the Shares by Belgian companies are exempt from Belgian corporate income tax, provided that the income distributed in respect of the Shares is deductible pursuant to the Conditions for the application of the dividend received deduction regime.

For CFE's shareholders at the time of the Partial Demerger, the tax-neutral Partial Demerger is disregarded for the calculation of the holding period (in full legal ownership). As a result, the holding period for CFE shares after the Partial Demerger and for Shares will be determined according to the initial acquisition of CFE shares. The (historic) acquisition value (of the relevant participation in CFE before the Partial Demerger) will be split between the acquisition value of the CFE shares after the Partial Demerger and of the Shares based on the fair market value of CFE and the Company, which in this case will be determined based on the opening stock prices of the CFE shares and the Company's shares respectively on the first trading day after the Partial Demerger.

In case the Conditions for the application of the dividend received deduction regime are not met, the realised capital gains are considered as ordinary profits taxable at the standard corporate income tax rate of 25% (with a reduced rate of 20% applying to the first tranche of €100,000 of taxable income of qualifying small companies as defined by Article 1:24, §1 to §6 of the Belgian Companies and Associations Code, hereafter "SMEs").

Capital losses on Shares incurred by Belgian companies are not tax deductible.

The Shares held in the trading portfolios (*handelsportefeuille / portefeuille commercial*) of qualifying credit institutions, investment enterprises and management companies of collective investment undertakings which are subject to the Royal Decree of 23 September 1992 on the annual accounts of credit institutions, investment firms and management companies of collective investment undertakings (*Koninklijk besluit op de jaarrekening van de kredietinstellingen, de beleggingsondernemingen en de beheervennootschappen van instellingen voor collectieve belegging / Arrêté royal relatif aux comptes annuels des établissements de crédit, des entreprises d'investissement et des sociétés de gestion d'organismes de placement collectif*) are subject to a different regime. The capital gains on such Shares are taxable at the ordinary corporate income tax rates and the capital losses on such Shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realisation.

Capital gains realised by Belgian resident companies upon redemption of the Shares or upon liquidation of the Company will, in principle, be subject to the same taxation regime as dividends.

16.4.3 Belgian resident organisations for financing pensions

Capital gains on the Shares realised by OFPs within the meaning of Article 8 of the Belgian Act of 27 October 2006 are in principle exempt from corporate income tax and capital losses are not tax deductible.

Capital gains realised by Belgian OFPs upon the redemption of ordinary shares or upon the liquidation of the Company will in principle be taxed as dividends.

16.4.4 Belgian (other) Legal Entities

Capital gains realised upon the transfer of Shares by legal entities are in principle tax exempt. Capital losses are not tax deductible.

Capital gains realised upon disposal of (part of) a substantial participation in a Belgian company (i.e., a participation representing more than 25% of the share capital of the Company at any time during the last five years prior to the disposal) may, however, under certain circumstances be subject to income tax in Belgium at a rate of 16.5%.

Capital gains realised by Belgian resident legal entities upon redemption of the Shares or upon liquidation of the Company will, in principle, be subject to the same taxation regime as dividends.

16.4.5 Non-Residents

Non-resident individuals, companies or entities are, in principle, not subject to Belgian income tax on capital gains realised upon transfer of the Shares, unless the Shares are held as part of a business conducted in Belgium through a Belgian establishment. In such a case, the same principles apply as described with regard to Belgian individuals (holding the Shares for professional purposes), Belgian companies or entities.

Non-resident individuals who do not use the Shares for professional purposes and who have their fiscal residence in a country with which Belgium has not concluded a tax treaty or with which Belgium has concluded a tax treaty that confers the authority to tax capital gains on the Shares to Belgium, will be subject to tax in Belgium if the capital gains arise from transactions which are to be considered speculative or beyond the normal management of one's private estate or in case of disposal of a substantial participation in a Belgian company as mentioned in the tax treatment of the disposal of the shares by Belgian individuals and the capital gains are obtained or received in Belgium. Capital losses

are generally not deductible. Such non-resident individuals might therefore be obliged to file a tax return and should consult their own tax advisor.

Capital gains realised by non-resident individuals or non-resident companies upon redemption of the Shares or upon liquidation of the Company will, in principle, be subject to the same taxation regime as dividends.

16.5 Tax on Securities Accounts

The tax on securities accounts applies as of tax assessment year 2022 (income year 2021).

An annual tax of 0.15% is levied on securities accounts of which the average value of the taxable financial instruments (covering, among others, financial instruments such as the Shares but also cash and money-market instruments) held thereon during a reference period of twelve consecutive months (in principle) starting on 1 October and ending on 30 September of the subsequent year, would exceed €1 million. The tax due is capped at 10% of the part of the said average value exceeding the €1 million threshold.

The tax targets securities accounts held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held with a financial intermediary which is established or located in Belgium or abroad. This is also the case when the securities account forms part of the assets of a Belgian establishment of a non-resident. The tax also applies to securities accounts held by non-resident individuals, companies and legal entities with a financial intermediary established or located in Belgium. If the applicable double tax treaty however allocates the right to tax capital to the jurisdiction of residence, Belgium would be prevented from applying the annual tax on securities accounts to the Belgian securities accounts held by non-residents.

There are exemptions, such as securities accounts held by specific types of regulated entities for their own account provided that there are no third parties that have a direct or indirect claim with respect to the value in the securities account. These regulated entities include, among others: (i) financial undertakings as listed in Article 198/1, §6, 1° to 12° of the BITC 1992; (ii) central banks; (iii) stockbroking firms as defined by Article 1, §3 of the Law of 25 April 2014 on the status and supervision of credit institutions and investment companies; and (iv) institutions listed in Article 2, §1, 13°/1, first section, a) to c) of the BITC 1992, with the exception of institutions and compartments listed in Article 2, §1, 13°/1, second and third sections of the BITC 1992.

A new retroactive anti-abuse provision applies as from 30 October 2020 for certain transactions carried out in order to avoid the application of this tax.

In cases where a Belgian financial intermediary is responsible for the tax (i.e., either incorporated under Belgian law, established in Belgium or having appointed a Belgian representative), that intermediary has to submit a return on the 20th day of the third month following the end of the reference period at the latest. The tax must be paid on this day. In any other case, the taxpayer itself has to submit a tax return within the same time limit as that provided for the filing of its personal income tax return. The tax will have to be paid on 31 August of the year following the end of the reference period at the latest.

16.6 Tax on Stock Exchange Transactions

The purchase and the sale and any other acquisition or transfer for consideration of the Shares (secondary market transactions) is subject to the tax on stock exchange transactions if: (i) it is executed in Belgium through a professional intermediary; or (ii) deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium (each, a “**Belgian Investor**”).

No tax on stock exchange transactions is due upon the issuance of the Offered Shares (primary market transactions).

The tax on stock exchange transactions is levied at a rate of 0.35% of the purchase price. This tax is however limited to a maximum of €1,600 per transaction and per party. The tax is due separately by each party to the transaction (i.e., the seller (transferor) and the purchaser (transferee)) and is collected by the professional intermediary.

However, if the intermediary is established outside of Belgium, the tax will, in principle, be due by the Belgian Investor, unless that Belgian Investor can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian stock exchange tax representative, which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary. If the Stock Exchange Tax Representative were to pay the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2, 9° and 10° of the Belgian Law of 2 August 2002; (ii) insurance companies described in Article 2, §1 of the Belgian Law of 9 July 1975; (iii) professional retirement institutions referred to in Article 2, § 1 of the Belgian Law of 27 October 2006 concerning the supervision on institutions for occupational pensions; (iv) collective investment institutions; (v) regulated real estate companies; and (vi) Belgian non-residents provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

16.7 Common Reporting Standard

Following recent international developments, the exchange of information is governed by the Common Reporting Standard (“**CRS**”). More than one-hundred jurisdictions have signed the multilateral competent authority agreement (“**MCAA**”). The MCAA is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

More than forty-five jurisdictions, including Belgium, have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017, relating to income year 2016 (“**early adopters**”). More than fifty jurisdictions have committed to exchange information as from 2018.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation (“**DAC2**”), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The mandatory automatic exchange of financial information by EU Member States as foreseen in DAC2 started as of 30 September 2017 (as of 20 September 2018 for Austria).

The Belgian government has implemented said Directive 2014/107/EU, respectively the Common Reporting Standard, per the Law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes.

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States, (ii) as of income year 2014 (first information exchange in 2016) towards the U.S., and (iii) with respect to any other non-EU States that have signed the MCAA, as of the respective date as determined by the Royal Decree of 14 June 2017. The Royal Decree provides that (i) for a first list of eighteen countries, the mandatory exchange of information applies as of income year 2016 (first information exchange in 2017), (ii) for a second list of forty-four countries, the mandatory automatic exchange of information applies as of income year 2017 (first information exchange in 2018), (iii) as from 2019 (for the 2018 financial year) for another single jurisdiction and (iv) as from 2020 (for the 2019 financial year) for a third list of six jurisdictions.

Investors who are in any doubt as to their position should consult their professional advisors.

16.8 The proposed Financial Transaction Tax (FTT)

On 14 February 2013 the EU Commission adopted the Draft Directive on a common Financial Transaction Tax. Earlier negotiations for a common transaction tax among all twenty-eight EU Member States had failed. The current negotiations between the Participating Member States (i.e. Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain) are seeking a compromise under “enhanced cooperation” rules, which require consensus from at least nine nations. Estonia already left the negotiations by declaring it would not introduce the FTT.

The Draft Directive currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force.

Pursuant to the Draft Directive, the FTT would be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT would, however, not apply to (inter alia) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT would be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions would in general be determined by reference to the consideration paid or owed in return for the transfer or the market price (whichever is higher). The FTT should be payable by each financial institution established or deemed established in a Participating Member State which is either a party to the financial transaction, or acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, would become jointly and severally liable for the payment of the FTT due.

In case of implementation any sale, purchase or exchange of Shares would become subject to the FTT at a minimum rate of 0.1% provided the above-mentioned prerequisites are met. The issuance of Shares would not be subject to the FTT.

In January 2019 Germany and France proposed that a French-style FTT be levied on the acquisition of shares of listed companies whose head office is in a Member State of the European Union and whose market capitalisation exceeds €1 billion on 1 December of the preceding year. The tax should be levied on the transfer of ownership when shares of listed public limited companies are acquired. Initial public offerings, market making and intraday trading should not be taxable.

The tax rate should be no less than 0.2%.

On 11 March 2019 the finance ministers of the Participating Member States met in the margins of the Ecofin meeting. There is consensus among the ministers that the FTT should continue to be negotiated according to the Franco-German proposal.

However, the introduction of the FTT remains subject to negotiations between the Participating Member States. It may therefore be altered prior to any implementation, of which the eventual timing and fate remains unclear. Additional EU Member States may decide to participate or drop out of the negotiations. The project will be terminated if the number of Participating Member States falls below nine.

In the framework of the Multiannual Financial Framework (MFF)/Own Resources negotiations, the European Parliament supported the introduction of the FTT as an Own Resource. The Commission agreed to issue a declaration as part of the overall political agreement. The Commission has recently clarified that “should there be an agreement on this Financial Transaction Tax, the Commission will make a proposal in order to transfer revenues from this Financial Transaction Tax to the EU budget as an own resource. If there is no agreement by end of 2022, the Commission will, based on impact assessments, propose a new own resource, based on a new Financial Transaction Tax. The Commission shall endeavour to make these proposals by June 2024 in view of its introduction by 1 January 2026”.

In February 2021, EU Member States were consulted on their current position regarding the FTT.

On 18 May 2021, the Commission again mentioned in a Communication that it will propose additional new own resources, which could include a Financial Transaction Tax.

Prospective investors should consult their own professional advisors in relation to the FTT.

17. LEGAL MATTERS

Certain legal matters in connection with the Listing have been passed upon for the Company by Allen & Overy LLP, with respect to the laws of Belgium.

18. GENERAL INFORMATION

18.1 Statutory Auditor

The statutory and consolidated financial statements of DEME for the financial years ending on 31 December 2019 and 2020 were audited by Deloitte Bedrijfsrevisoren CV (represented by Rik Neckebroeck and Ben Vandeweyer). The statutory and consolidated financial statements of DEME for the financial year ending on 31 December 2021 are audited by EY Bedrijfsrevisoren BV and Deloitte Bedrijfsrevisoren BV together. EY Bedrijfsrevisoren BV (represented by Patrick Rottiers and Wim Van Gasse) was appointed as statutory auditor of DEME on 4 May 2021 for a term of three years. Deloitte Bedrijfsrevisoren BV (represented by Rik Neckebroeck and Ben Vandeweyer) was appointed as statutory auditor of DEME on 9 May 2019 for a term of three years. The audit of the statutory and consolidated financial statements of DEME for the financial years ending on 31 December 2019, 2020 and 2021 is conducted by the statutory auditors of DEME in accordance with the legal requirements and auditing standards applicable in Belgium, as issued by the “*Institut des Réviseurs d’Entreprises*”/“*Instituut der Bedrijfsrevisoren*”.

The statutory and consolidated financial statements for the financial year ending on 31 December 2021 and the reports of the statutory auditor of DEME relating thereto are included in the F-pages. The statutory and consolidated financial statements for the financial years ending on 31 December 2019 and 31 December 2020 can furthermore be consulted on DEME’s website (www.deme-group.com) and on the Central Balance Sheet Office of the National Bank of Belgium.

The statutory auditors of DEME have confirmed to DEME that they have no material interest in DEME, with the exception of those arising from their mandate as statutory auditor of DEME.

Each year, the statutory auditors of DEME issue a limited review report on the consolidated financial statements as per 30/06 and an opinion on the statutory and consolidated financial statements of the Group as per 31/12.

18.2 No Significant change

As at the date of this Prospectus, there has been no significant change in the financial performance, the financial position and the trading position of the Group since 31 December 2021, apart from the information set out in below press releases published by CFE and AvH.

- On 19 May 2022, CFE has published a press release with as subject “Quarterly information at 31 March 2022”. Said press release contains an analysis of DEME operations and is accessible on the website of CFE via the following link: <https://www.cfe.be/sites/default/files/pdf/pr-190522.pdf>. In this context, reference is also made to Section 9.5 of this Prospectus.
- On 19 May 2022, CFE has published a press released with as subject “Partial demerger”. The press release contains information about the business going forward of DEME, the long term dynamics of DEME and the key figures of DEME. Said press release is accessible on the website of CFE via the following link: <https://www.cfe.be/sites/default/files/pdf/epr-190522-uk.pdf>.
- On 19 May 2022, AvH has published a press release with subject “Trading update first quarter 2022”. The press release contains information about DEME NV in chapter “Marine Engineering & Contracting”. The press release is available on the website of AvH via following link: <https://ml-eu.globenewswire.com/Resource/Download/80e63692-4373-4c47-82f5-6e9e69fbcf38>. In this context, reference is also made to Section 9.5 of this Prospectus.

18.3 Incorporation by Reference

The following sections of certain documents are available on the website of the Company (www.deme-group.com) and the sections of these documents mentioned below are incorporated by reference into this Prospectus. If no specific section is mentioned for any of the following documents, this document is incorporated by reference in this Prospectus in its entirety.

Documents / sections of documents incorporated by reference	Hyperlink/Reference												
The following sections of the Financial Information Report 2019	https://www.deme-group.com/publications												
	<table border="1"><thead><tr><th>Description</th><th>Starting Page</th></tr></thead><tbody><tr><td>Financial Highlights and performance</td><td>p. 4</td></tr><tr><td>Consolidated Financial Statements</td><td>p. 10</td></tr><tr><td>Summary of Principal Accounting Policies</td><td>p. 18</td></tr><tr><td>Explanatory Notes to the Consolidated Financial Statements</td><td>p. 34</td></tr><tr><td>Independent Auditor's Report</td><td>p. 48</td></tr></tbody></table>	Description	Starting Page	Financial Highlights and performance	p. 4	Consolidated Financial Statements	p. 10	Summary of Principal Accounting Policies	p. 18	Explanatory Notes to the Consolidated Financial Statements	p. 34	Independent Auditor's Report	p. 48
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	Financial Highlights and performance	p. 4											
	Consolidated Financial Statements	p. 10											
	Summary of Principal Accounting Policies	p. 18											
Explanatory Notes to the Consolidated Financial Statements	p. 34												
Independent Auditor's Report	p. 48												
Trading update first quarter 2022 of AvH	https://nl-eu.globenewswire.com/Resource/Download/80e63692-4373-4c47-82f5-6e9e69fbcf38												
Quarterly information at 31 March 2022 of CFE	https://www.cfe.be/sites/default/files/pdf/pr-190522.pdf												
Press released with as subject "Partial demerger" of CFE	https://www.cfe.be/sites/default/files/pdf/epr-190522-uk.pdf												

Only the sections referred to specifically are incorporated by reference into this Prospectus, except in the case where no section is indicated in which case the entire document is incorporated by reference. The remainder of those documents and the other contents of the Company's website, including any websites accessible from hyperlinks on the Company's website, do not form part of and are not incorporated by reference into this Prospectus.

The Company's deed of incorporation is filed, and the Company must file its amended and coordinated Articles of Association and all other deeds that are to be published, in the annexes to the Belgian State Gazette with the clerk's office of the enterprise court of Antwerp, where they are available to the public.

A copy of the Articles of Association (the official Dutch version and an English translation thereof) Association can be obtained free of charge from the Company's website (www.deme-group.com).

18.4 No Incorporation of Website

Prospective investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the contents of the Company's website (www.deme-group.com), including any websites accessible from hyperlinks on such website or any websites of any subsidiary, associated company and joint venture of the Company, form part of, and/or are incorporated by reference into, this Prospectus. The information on the Company's website has not been scrutinised or approved by the FSMA.

19. GLOSSARY OF SELECTED TERMS

“Articles of Association”	The articles of association of the Company as at the closing of the Listing.
“Auditor Report”	The report from EY Bedrijfsrevisoren BV (represented by Patrick Rottiers and Marnix Van Dooren) of the Company on the Partial Demerger Proposal including, among others, whether the exchange ratio is relevant and reasonable (in addition to the mandatory items listed in article 12:62 of the BCCA).
“BCCA”	Belgian Code of Companies and Associations.
“Belgian Investor”	Private individuals with habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium.
“BITC 1992”	The Belgian Income Tax Code 1992.
“Board of Directors”	The board of directors (<i>raad van bestuur / conseil d’administration</i>) of the Company.
“Board Report”	The special report by the board of directors of CFE regarding the contribution in kind in accordance with article 7:7 of the BCCA in the context of the Partial Demerger.
“CET”	Central European Time or Central European Summer Time, as applicable.
“CFE”	Compagnie D’Enterprises CFE NV, a limited liability company organised under the laws of Belgium with its registered office at Herrmann-Debrouxlaan 40-42, 1160 Oudergem, Belgium and registered with the Register of Legal Entities (Brussels, Dutch-speaking division) under number 0400.464.795.
CFE’s Existing Shareholders	The shareholders of CFE at the date of completion of the Partial Demerger.
“CEO”	The chief executive officer of the Company.
“CFO”	The chief financial officer of the Company.
“CHRO”	The chief human resources officer of the Company.
“Company”	DEME Group NV, a limited liability company organised under the laws of Belgium with its registered office at Scheldedijk 30, 2070

	Zwijndrecht, Belgium and registered with the Register of Legal Entities (Antwerp) under number 0787.829.347.
“Conditions for the application of the dividend received deduction regime”	(1) Belgian resident companies hold at least 10% of the share capital of the Company or a participation with an acquisition value of at least €2.5 million; (2) Belgian resident companies hold or will hold the Shares in full legal ownership for an uninterrupted period of at least one year; and (3) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the BITC 1992.
“Consolidated Financial Statements”	The audited consolidated financial statements of CFE and its subsidiaries for the financial year ended on 31 December 2021.
“Contribution”	The DEME Shares (as well as the proportional part of the capital and reserves of CFE) which been contributed by CFE to the Company as part of the Partial Demerger.
“Corporate Governance Charter”	The Company’s corporate governance charter as at the closing of the Listing.
“Corporate Governance Code”	2020 Belgian Code on Corporate Governance.
“CRS”	The Common Reporting Standard.
“DAC2”	The Directive 2014/107/EU on administrative cooperation in direct taxation.
“Delegated Regulation 2019/979”	The Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing the Prospectus Regulation.
“Delegated Regulation 2019/980”	The Commission Delegated Regulation (EU) No 2019/980 of 14 March 2019 supplementing the Prospectus Regulation.
“Delegated Regulations”	The Delegated Regulation 2019/979 and the Delegated Regulation 2019/980.
“DEME”	The Company and its (direct and indirect) subsidiaries.
“DEME NV”	Dredging, Environmental & Marine Engineering NV, a limited liability company organised under the laws of Belgium with its registered office at Scheldedijk 30, 2070 Zwijndrecht, Belgium and registered with the Register of Legal Entities (Antwerp) under number 0400.473.705.

“DEME Shares”	The shares in DEME which have been contributed by CFE to the Company as part of the Partial Demerger.
“Directors”	Members of the Board of Directors.
“ESMA”	The European Securities and Markets Authority.
“euro,” “€” and “EUR”	The single European currency adopted by certain participating member states of the European Union.
“Executive Committee”	The executive committee of the Company (as advisory committee outside the Board of Directors).
“Exchange Ratio”	The exchange ratio (determined on a 1:1 basis), used to calculate the number of Shares in the Company which the CFE’s shareholders are entitled to in light of the Partial Demerger.
“FSMA”	Belgian Financial Services and Markets Authority.
“Group”	The Company and its (direct and indirect) subsidiaries.
“IAS”	International Accounting Standards.
“IFRS”	International Financial Reporting Standards as adopted by the European Union.
“ISIN”	International Securities Identification Number.
“ISO”	International Organisation for Standardisation.
“LEI”	Legal entity identifier.
“Listing”	Trading of the Shares on the regulated market of Euronext Brussels under the trading symbol “DEME”.
“Listing Date”	The date on which trading of the Shares on the regulated market of Euronext Brussels is expected to commence, which is expected to be on or about 30 June 2022.
“Lock-up Arrangements”	The lock-up arrangements entered into, on 21 June 2022, by AvH and, on 23 June 2022, by VINCI Construction SAS pursuant to a written notice sent to the Company.
“MCAA”	The multilateral competent authority agreement.

“NBB”	The National Bank of Belgium.
“OFP”	An Organisation for Financing Pensions.
“Parent-Subsidiary Directive”	The EU Parent-Subsidiary Directive of 30 November 2011 (2011/96/EU).
“Partial Demerger”	The partial demerger of CFE, pursuant to which the entire participation of CFE in DEME (as well as the proportional part of the capital and reserves of CFE) has been contributed from CFE to the Company, in accordance with article 12:8, 1° of the BCCA.
“Partial Demerger EGM”	The extraordinary general meeting of CFE which approved the Partial Demerger that took place on 29 June 2022.
“Partial Demerger Proposal”	The proposal in respect of the Partial Demerger which has been drafted by the board of directors of CFE.
“Partial Demerger Reports”	The Auditor Report and the Board Report.
“Prospectus”	This prospectus, as approved by the FSMA.
“Prospectus Act”	The Belgian Act of 11 July 2018 on the public offering of securities and the admission of securities to trading on a regulated market
“Prospectus Regulation”	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.
“Record Date”	The 14th day preceding the date of the Shareholders’ Meeting.
“Register of Legal Entities”	The Belgian register of legal entities (<i>rechtspersonenregister / registre des personnes morales</i>).
“Shareholders’ Meeting”	The shareholders’ meeting (algemene vergadering / assemblée générale) of the Company.
“Shares”	Each ordinary share without nominal value of the Company.
“SMEs”	Qualifying small companies as defined by Article 1:24, §1 to §6 of the BCCA.

“Summary”	The summary of this Prospectus.
“Takeover Law”	The Belgian Law of 1 April 2007 on public takeover bids.
“Takeover Royal Decree”	The Belgian Royal Decree of 27 April 2007 on public takeover bids.
“Transparency Law”	The Belgian Law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions.
“U.S. Securities Act”	The U.S. Securities Act of 1933, as amended.

THE COMPANY

DEME Group NV
 Scheldedijk 30
 2070 Zwijndrecht
 Belgium

LEGAL ADVISOR TO THE COMPANY

Allen & Overy (Belgium) LLP
 Tervurenlaan 268A
 1150 Brussels
 Belgium

STATUTORY AUDITOR OF THE COMPANY

Ernst & Young Bedrijfsrevisoren CV
 De Kleetlaan 2
 1831 Machelen
 Belgium







FINANCIAL REPORT

PRELIMINARY REMARK

On December 2nd, 2021, the Board of Directors of CFE NV (a publicly listed company on Euronext Brussels and DEME's shareholder) announced its intention to transfer its 100% stake in DEME NV to a new company (DEME Group NV) by means of a partial demerger and to remunerate CFE's shareholders by issuing DEME Group NV shares. A listing of the DEME Group NV shares on Euronext Brussels will be applied for. After completion of the proposed transaction, the current CFE Group will be split into two separate listed groups:

- the industrial group CFE NV with strong market positions in contracting and real estate development in Belgium, Luxembourg and Poland, and;
- DEME Group NV, active worldwide in dredging and marine engineering.

In view of this transaction, expected to be completed by the summer of 2022, DEME established this Financial Report in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Prior Financial Information Reports, as available on the DEME website, were prepared in accordance with IFRS "measurement and recognition principles". The major difference relates to some explanatory notes, such as segment reporting, which were previously not included in the Financial Information Report.

This Financial Report includes the financial highlights, information about risk assessment and control, the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity, segment reporting and all explanatory notes. For areas where additional information is presented or additional disclosures are made compared to prior year versions of the Financial Information Report, such as the segment reporting, disclosures for the comparative year 2020 were added.

The statutory parent company balance sheet and profit and loss statement under BE GAAP (at this moment still DEME NV) are included at the end of this report.

DEME NV also prepares an Activity Report and a Sustainability Report accompanied by this Financial Report.

TABLE OF CONTENTS

06 FINANCIAL HIGHLIGHTS

DEME Group Key Figures	8
DEME Group Key Figures by segment	9
DEME Group Financial Performance	10
DEME Group Evolution of Consolidated Turnover and EBITDA	14
DEME Group Evolution of Net Result, EBIT and EBITDA	14
DEME Group Turnover by Geographical Market and by Segment	15
DEME Group Order Book by Segment	15

17 RISK ASSESSMENT AND CONTROL

120 PARENT COMPANY FINANCIAL STATEMENTS

Introduction	122
Balance Sheet	122
Profit and Loss Statement	124

29

CONSOLIDATED FINANCIAL STATEMENTS

30	Consolidated Statement of Income	68	Explanatory Notes to the Consolidated Financial Statements
31	Consolidated Statement of Comprehensive Income	68	note (1) Turnover and order book
32	Consolidated Statement of Financial Position	70	note (2) Other operating income and expenses
34	Consolidated Statement of Cash Flows		note (3) Personnel expenses and employment
35	Consolidated Statement of Changes in Equity	71	note (4) Intangible assets
36	Segment Reporting		note (5) Goodwill
40	Group Structure and summary of Principal Accounting Policies including changes in the reporting period	72	note (6) Property, plant and equipment
	General statement	77	note (7) Right-of-use assets
40	Statement of compliance	79	note (8) Investments in joint ventures and associates
40	Basis of preparation		note (9) Other non-current assets
41	Significant judgments and estimates	84	note (10) Financial risk management and financial derivatives
41	Principles of consolidation	85	note (11) Current taxes and deferred taxes
43	Changes in the consolidation scope in the reporting period	94	note (12) Inventories
44	Changes in the consolidation scope in the previous reporting period	97	note (13) Contract assets and contract liabilities
44	List of the Group's subsidiaries, joint ventures and associates	99	note (14) Trade and other operating receivables
49	Business combinations' policy		note (15) Assets held for sale
50	Business combinations in the course of 2021 and 2020	100	note (16) Other current assets
50	Foreign currencies	101	note (17) Share capital and reserves
51	Intangible assets	102	note (18) Interest-bearing debt and net financial debt
51	Goodwill		note (19) Lease liabilities
51	Property, plant and equipment	104	note (20) Retirement benefit obligations
52	The Group as lessee, right-of-use assets and lease liabilities	105	note (21) Other current liabilities
		107	note (22) Provisions and contingent assets and liabilities
52	Inventories	107	note (23) Working capital
53	Contract assets and contract liabilities		note (24) Rights and commitments not reflected in the balance sheet
53	Trade and other receivables	108	note (25) Related party disclosures
53	Assets held for sale and discontinued operations	109	note (26) Auditor remuneration
			note (27) Events after the reporting period
53	Cash and cash equivalents	110	note (28) First application of IFRS
53	Impairment tangible and intangible assets including goodwill	111	
		111	
54	Provisions	112	
54	Employee benefit obligations	118	
55	Interest-bearing loans and borrowings		Independent Auditor's Report
55	Trade and other payables		
55	Income taxes		
56	Investment tax credits		
56	Risks from financial instruments		
56	Derivative financial instruments and hedging		
57	Revenues		
58	Operating expenses		
58	Financial result		
60	Glossary and definition of alternative performance measures		
62	Comparative Financial Statement Analysis		

An aerial photograph of a large artificial island under construction in the ocean. The island is a long, narrow strip of land with a sandy, light-colored surface. It is surrounded by deep blue water. In the center of the island, there is a cluster of buildings and construction equipment, including cranes and trucks. The island is connected to the mainland by a long, straight causeway. The sky is clear and blue. The overall scene depicts a major engineering and construction project in a marine environment.

6

FINANCIAL HIGHLIGHTS



DEME GROUP KEY FIGURES

As of December 31 (in millions of EUR)

	2021	2020	DELTA
Turnover	2,510.6	2,195.8	314.8
EBITDA	469.3	369.5	99.8
EBIT	143.3	64.3	79.0
Net result from joint ventures and associates	10.5	22.4	-11.9
Net result share of the Group	114.6	50.4	64.2
Order book	5,905.2	4,500.1	1,405.1
Shareholders' equity (excl. minority interests)	1,579.5	1,467.5	112.0
Net financial debt	-392.7	-489.0	96.3
Operating working capital	-488.7	-556.6	67.9
Balance sheet total	4,049.6	3,919.9	129.7
Total investments	298.7	258.8	39.9
Dividend of the year	40.8	20.4	20.4
NON-FINANCIAL KEY FIGURES			
Average # personnel (in FTE)	4,880	4,976	-96
Ratio male/female personnel (%)	85/15	85/15	-
Number of nationalities	80	80	-
Lost Time Incident Frequency Rate (LTIFR)	0.19	0.19	-
GHG emissions worldwide in 1,000 Ton CO ₂ -eq. (scope 1 & 2)	833	660	173
Occupancy rate of Trailing Suction Hopper Dredgers (in weeks)	41.4	37.5	3.9
Occupancy rate of Cutter Suction Dredgers (in weeks)	25.3	10.5	14.8
Occupancy rate of Offshore equipment (in weeks)	42.2	42.0	0.2

Definitions

EBITDA is the sum of operating result (EBIT), depreciation, amortisation expenses and impairment of goodwill.

EBIT is the operating result or earnings before financial result and taxes and before our share in the result of joint ventures and associates.

Order book is the contract value of assignments that are acquired as of December 31 but that is not yet accounted for as turnover because of non-completion. The amount also includes our share in the order book of joint ventures, but not of associates.

Operating working capital is net working capital (current assets less current liabilities), excluding interest-bearing debt and cash and cash equivalents and including other non-current assets.

Net financial debt is the sum of current and non-current interest-bearing debt (that includes lease liabilities) decreased with cash and cash equivalents.

Total investments is the amount paid for the acquisition of intangible, tangible and financial fixed assets, which equals the total investment amount of the consolidated cash flow from investing activities.

Lost Time Incident Frequency Rate is the number of worldwide accidents involving work incapacity multiplied by 200,000 and divided by the number of hours worked by employees.

The **occupancy rate** is the weighted average operational occupation in weeks of the DEME fleet expressed over a given calendar year.

More information about the calculation of some **non-financial key figures** can be found in the 'Glossary' of this Financial Report.

DEME GROUP KEY FIGURES BY SEGMENT

As of December 31 (in millions of EUR)

	2021	2020	DELTA
Turnover	2,510.6	2,195.8	314.8
Dredging & Infra	1,478.3	1,151.6	326.7
Offshore Energy	916.4	962.0	-45.6
Environmental	166.2	140.0	26.2
Concessions	1.5	2.1	-0.6
Reconciliation	-51.7	-59.9	8.2
EBITDA	469.3	369.5	99.8
Dredging & Infra	305.8	181.3	124.5
Offshore Energy	170.9	145.5	25.4
Environmental	16.8	16.4	0.4
Concessions	-12.5	38.3	-50.8
Reconciliation	-11.7	-12.0	0.3
EBIT	143.3	64.3	79.0
Dredging & Infra	74.0	-12.1	86.1
Offshore Energy	74.6	34.4	40.2
Environmental	8.8	6.8	2.0
Concessions	-12.6	38.3	-50.9
Reconciliation	-1.6	-3.1	1.5
Net result from joint ventures and associates	10.5	22.4	-11.9
Dredging & Infra	0.0	-0.2	0.2
Offshore Energy	0.0	0.0	0.0
Environmental	0.6	0.3	0.3
Concessions	11.1	21.3	-10.2
Reconciliation	-1.1	1.1	-2.2
Order book	5,905.2	4,500.1	1,405.1
Dredging & Infra	2,833.3	3,176.5	-343.2
Offshore Energy	2,816.6	1,133.5	1,683.1
Environmental	255.3	190.1	65.2
Concessions	0.0	0.0	0.0

DEME GROUP FINANCIAL PERFORMANCE

During 2021, DEME recovered from the downturn faced in 2020, mainly as a result of the COVID-19 pandemic.

Turnover increased by 14.3% to 2,510.6 million EUR, which is slightly lower compared to the 2,622.0 million EUR recorded in 2019. We note however that the 2019 turnover contained a substantial amount of procurement turnover, which did not recur in 2021. When excluding the procurement turnover, the 2021 turnover exceeds the pre-COVID level of 2019 with more than 10%, which illustrates DEME's high level of activity over the past year.

The segment reporting comprises financial information of the four business segments of the Group: **Dredging & Infra, Offshore Energy, Environmental and Concessions**, which are all separate operating segments. In the segment reporting joint ventures are consolidated according to the proportionate consolidation method. The total of the reported segment amounts is reconciled with the corresponding amounts in the DEME consolidated financial statements.

The 2021 recovery was strongest in DEME's **Dredging & Infra activity**: the turnover increased by 28.4% to 1,478.3 million EUR. In Egypt, several of DEME's vessels were deployed on the large-scale **dredging** works for the extension of the port of Abu Qir, a project that is in fact still continuing in 2022. The deepening works on the Elbe river in Germany were successfully completed, while

work on the Swinoujscie-Szczecin project in Poland has already made substantial progress. Maintenance dredging mainly took place in Belgium (River Scheldt and works on the Belgian Coast), Germany, Papua New Guinea and in several places in Africa. Among the major projects, DEME's fleet was also successfully deployed on a new campaign to deepen the access channel to the port of Sabetta in Russia. The intense activity is also illustrated by the high utilisation rate of the fleet: 41.4 weeks for the hoppers (2020: 37.5 weeks) and 25.3 weeks for the cutters (2020: 10.5 weeks). In 2021, DEME's dredging fleet was joined by the 'Spartacus', the world's most powerful cutter suction dredger, which was deployed in Egypt immediately upon delivery and which lives up to the high expectations. DEME also made good progress on the works on three major **infrastructure** projects in the Netherlands, along with the start-up works on the Fehmarnbelt (tunnel link between Denmark and Germany) and on the Oosterweel Link around Antwerp.

DEME Offshore Energy realised a turnover of 916.4 million EUR in 2021, which is 45.6 million EUR lower compared to 2020, mainly explained by the decrease of procurement revenue mentioned earlier. The turnover of own projects increased slightly, and the utilisation rate of DEME Offshore's fleet was 42.2 weeks, compared to 42.0 weeks in 2020. As communicated by DEME, delivery of DEME Offshore's new installation vessel 'Orion' faces a delay, which meant that for certain complex projects



DEME had to deploy other vessels, even from outside DEME's fleet. The largest projects on which DEME Offshore was engaged in 2021 were Hornsea II in the United Kingdom (1.4 GW, the world's largest offshore wind farm with 165 turbines with a capacity of 8 MW) and Saint-Nazaire in France (480 MW, the first commercial offshore wind farm to be installed in French territorial waters). Several projects involving cable-laying works, rock placement and installation of wind turbines also ensured a high level of activity.

The turnover of the **environmental activities** in 2021 (166.2 million EUR) increased with 26.2 million EUR. Important contributions to the turnover came from Exxon Bowling project in Scotland, Blue Gate in Belgium, Amoras in Belgium, the Dragages Wallon in Belgium and the VNF dredging works in France.

DEME Concessions' portfolio of associates currently includes several projects in offshore wind and infrastructure & dredging. Each participation in those projects is on a minority basis and is therefore consolidated at group level with the equity method. Those associates have concession contracts that generate recurring cash flow and share of profit for the Group. The cash generated by those associates includes dividends, shareholder loan repayments, interests from shareholder loans and sometimes fees charged to project companies.

In 2021, the following Concession projects were running and contributing to the Group's performance:

- The 325 MW C-Power offshore wind farm, which is the first offshore wind farm in the concession area on the Thornton Bank in the North Sea, 30 km from the Belgian coastline. The wind farm provides 300,000 families with renewable energy, leading to a CO₂ reduction of 415 kilotons per year;
- The 309 MW Rentel offshore wind farm, located in the Belgian North Sea, is performing technically well, with high availability, but unfortunately lower than predicted wind conditions. Commissioned in March 2019, Rentel provides 300,000 families with renewable energy, leading to a CO₂ reduction of 362 kilotons per year;
- The 487 MW SeaMade offshore wind farm, currently Belgium's largest, provides renewable energy to 500,000 families and represents a CO₂ reduction of 600 kilotons per year. The wind farm was commissioned mid-2021;
- Port development and operating activities in the Port of Duqm in Oman where DEME Concessions has a 28-year port concession (secured in 2014).

DEME Concessions continues to invest in deep-sea mineral harvesting through its subsidiary Global Sea Mineral Resources (GSR) NV. In April, the 'Patania II', GSR's deep-sea robot, successfully demonstrated that it can ride on the seabed and collect polymetallic nodules

at a depth of 4,500 metres. GSR will only apply for an operating contract if it is scientifically proven that the extraction of nodules has a lower impact than landbased sources for the primary metals required to make the transition to a low carbon society.

In July, HYPOR Duqm, the strategic green hydrogen project in Oman, signed a cooperation agreement with energy giant Uniper to explore the offtake of green ammonia. This agreement is an important milestone for HYPOR Duqm, after having acquired a 150 km² site for renewable production in the Special Economic Zone of Duqm earlier in 2021. In its first phase, it will develop a green hydrogen plant of 500 MW on that site.

DEME realised an **EBITDA** in 2021 of 469.3 million EUR (18.7% of the turnover), which is not only a significant increase compared to 369.5 million EUR in 2020, but is also markedly higher than the 437.0 million EUR (16.7% of turnover) reported in 2019.

The **operating income (EBIT)** amounts to 143.3 million EUR which is 79.0 million higher than the EBIT of 2020.

Net financial result amounts to -5.4 million EUR compared to -25.7 million EUR at the end of 2020. The increase in this result is partly due to a decrease in the net interest expenses and compared with 2020, the appreciation of most currencies against the euro resulted in exchange rate profits of 6.1 million EUR whereas in 2020 there was a net exchange rate loss of 12.0 million EUR.

The **effective tax** rate for the period is 22.5% versus 25.4% in 2020 and the total of income taxes and deferred taxes in deduction of the result of the year amounts to 31.1 million EUR compared to 9.8 million EUR in 2020.

The **net result from joint ventures and associates** decreased to an amount of 10.5 million EUR. The contributions from equity-accounted investments are a.o. realised by participations that develop and operate offshore wind farms, such as Rentel, SeaMade and C-Power (explained above) next to the profit realised in jointly controlled participations or in other participations in which the Group holds a minority interest.

The **net profit** for 2021 amounted to 114.6 million EUR, which is more than double that of the corona year 2020, but still below the level of 2019.

DEME's **order book** increased in 2021 to an all-time high record of 5,905 million EUR, compared to 4,500 million EUR at the end of 2020. This figure does not include projects for which final contracts have yet to be concluded (such as the works in Taiwan, for which DEME is preferred bidder, and the works on the Right Bank of the Oosterweel Link). Projects with a total value of 3.1 billion EUR were acquired in the course of 2021 (2020: 2.5 billion EUR).

The order book for **Dredging & Infra** currently stands at 2.8 billion EUR. This figure includes four major projects:

- the **Fehmarnbelt Fixed Link project** in Denmark and Germany. The project will connect Denmark with Germany with a 18km immersed road and rail tunnel which is due to be completed in 2029;
- the **Port-La-Nouvelle extension project** in France. The scope includes the construction of four quay walls and two port extensions. Design work and soil investigations have already started;
- the **Abu Qir Port Expansion project** in Egypt. This massive project started in early 2021 and is still on-going. The scope of works consists in the expansion of the port of Abu-Qir, requiring among other things, 1,000 hectares of new land, new access channels, 3 km of beach formation and 9 km of breakwater. The project is the largest dredging and land reclamation project in DEME history;
- the **Blankenburg Connection project** in the Netherlands. The project scope includes the construction of a highway, a land tunnel, immersed tunnel, a deepened connection to the A20 road and a high connection to the A15;

DEME **Offshore Energy** order book amounts to 2.8 billion EUR. This figure is driven by four major projects:

- the **Coastal Virginia Offshore Wind project** in the US (2.6 GW). This Balance of Plant contract includes the transport and installation of 176 monopile transition piece foundations, three offshore substations, scour protection and the supply and installation of export and inter-array submarine cable systems. For the fulfilment of the project, DEME Offshore entered in a consortium with Prysmian, a world leader in underwater energy cable systems;
- the **Dogger Bank wind farm** in the UK (3.6 GW), for which DEME Offshore secured two EPCI (engineering, procurement, construction, and installation) contracts for the inter-array cables at the Dogger Bank's first two phases and third phase respectively;
- the **Vineyard Wind 1 project** in the US (800 MW). The scope mainly includes the installation of offshore wind turbine foundations for the first large-scale offshore wind installation in the US. In addition to the installation of turbines, DEME Offshore will also handle the transportation and installation of the monopile foundations, transition pieces, and scour protection for the wind turbine foundations, as well as the foundation and platform for the offshore electrical substation;
- the **Arcadis Ost 1 wind farm** in Germany (257 MW), for which DEME Offshore secured an EPCI contract for 28 XXL monopile foundations. Those XXL monopile foundations will be the largest ever installed in Europe with a weight of around 2,000 tonnes each.

The order book for **Environmental** currently stands at ca. 255 mio EUR.

In 2021, DEME **invested** 298.7 million EUR in the renewal and expansion of its fleet. At the beginning of August, DEME took delivery of the 'Spartacus', the world's most powerful and innovative cutter suction dredger. The





vessel was successfully deployed on the works in Abu Qir (Egypt). The 'Groenewind' (a service operation vessel for the maintenance of Belgian wind farms) was launched at the end of June. This vessel is being deployed on the Rentel and SeaMade offshore wind farms. Thanks to the DP2 technology, an impressive fuel consumption reduction of up to 50% can be achieved compared to a monohull service operation vessel. The 'Orion' and the 'Green Jade' are still under construction, and delivery is expected in 2022 and 2023 respectively. Moreover, the 'Sea Installer' and the 'Sea Challenger', DP2 jack-up installation vessels of DEME Offshore, will get a major crane upgrade. The hoisting capacity will be increased from 900 tonnes to 1,600 tonnes, which will enable the ships to install next-generation wind turbines and DEME Offshore to maintain a leading position in the installation of wind turbines.

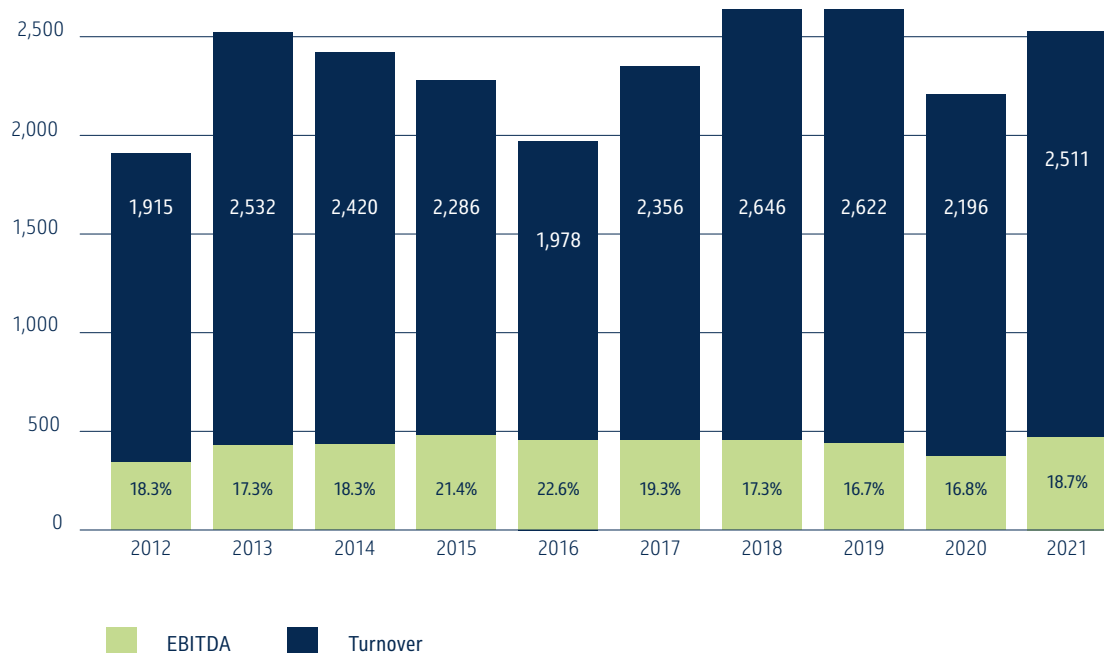
In January 2022, DEME has entered into an agreement with the Norwegian shipping company Eidesvik to acquire the DP3 offshore installation vessel 'Viking Neptun'. DEME will upgrade the vessel to a cable laying vessel and integrate her into the DEME fleet and have her operational in the beginning of 2023.

Notwithstanding the markedly higher level of activity at DEME and the sustained investments, DEME nevertheless succeeded in reducing its **net financial debt** by 96.3 million EUR to 392.7 million EUR at year-end 2021. As of December 31, 2021, the Group had 528.6 million EUR in cash and cash equivalents, the facility to issue 125 million EUR commercial paper and 118 million EUR unused, confirmed credit lines. DEME was compliant with all of its financial covenants on December 31, 2021.

According to the current interpretation of the rules, DEME's activity in offshore wind will be considered as being both 'eligible' and largely 'aligned' with the EU Taxonomy. Based on the current definitions, 28% of the total turnover is eligible and 24% of the total turnover is aligned. At the beginning of 2022, DEME converted its existing long-term credit facilities into sustainable financing ('sustainability linked loans').

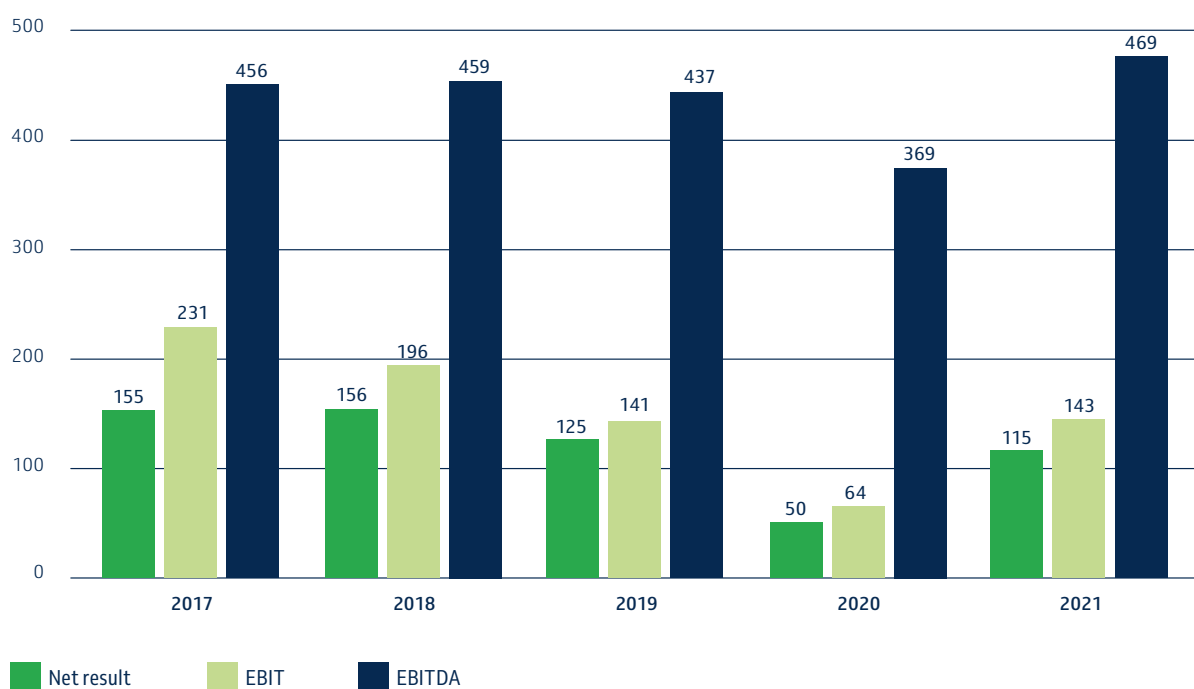
DEME GROUP EVOLUTION OF CONSOLIDATED TURNOVER AND EBITDA

As of December 31 (in millions of EUR)



DEME GROUP EVOLUTION OF NET RESULT, EBIT AND EBITDA

As of December 31 (in millions of EUR)



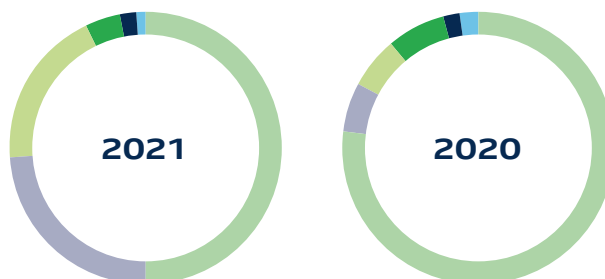
DEME GROUP TURNOVER BY GEOGRAPHICAL MARKET AND SEGMENT (*)

As of December 31

BY GEOGRAPHICAL MARKET

	2021	2020
Europe - EU	50%	77% ⁽¹⁾
Europe - non EU	24% ⁽¹⁾	6%
Africa	19%	6%
Asia & Oceania	4%	7%
America	2%	2%
Indian subcontinent	1%	2%
Middle East	0%	0%

(1) UK included.



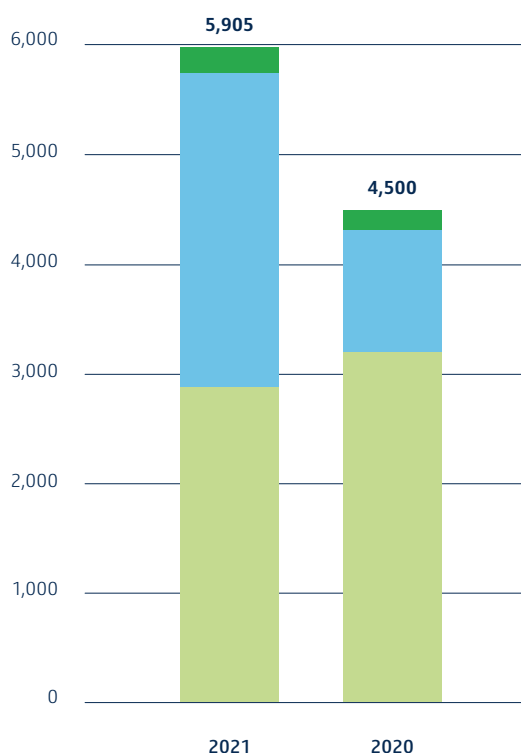
BY SEGMENT

	2021	2020
Dredging & Infra	58%	51%
Offshore Energy	36%	43%
Environmental	6%	6%
Concessions	0%	0%



DEME GROUP ORDER BOOK BY SEGMENT (*)

As of December 31 (in millions of EUR)



BY SEGMENT	2021	2020
Dredging & Infra	48%	71%
Offshore Energy	48%	25%
Environmental	4%	4%
Concessions	0%	0%

(*) Definition of 'Geographical Market' and 'Segment' can be found in the Glossary of this Financial Report. Reference is also made to Note (1) turnover and order book.





17

RISK
ASSESSMENT
AND CONTROL

RISK ASSESSMENT AND CONTROL

The most important financial and operational risks DEME can be encountered with are described below. For non-financial risks we also refer to the Sustainability Report. 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 of operations, financial condition and prospects. The list of risks described hereafter is thus not exhaustive and is based upon the information known at the date 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.

RISKS RELATED TO DEME'S INDUSTRY AND THE MARKET

DEME's business and growth opportunities are subject to macroeconomic developments

DEME is a worldwide player and consequently vulnerable to developments that may arise on the macroeconomic level. DEME's activities are primarily driven 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 (mainly ports, land for goods-handling operations, and maritime access routes), the increasing demand for energy and the transition to renewable energy and climate neutrality, the scarcity of specific raw materials, and the development of international trade and shipping. An important factor for dredging has been the growth in seaborne trade with an increasing size of the largest tankers and container ships which have also led to rising investments in the canals that are crucial for international trade.

Part of the demand for DEME's services typically reflects changes in the economic growth rates of the region in which it is active. Demand for DEME's services is also dependent on developments in the respective industries to which the services relate and the levels of investment in such industries, such as services provided to the energy, ports and land reclamation and coastal protection industries, which are dependent on the development and investment in these industries. In addition, a considerable portion of DEME's activities are driven by governmental policies and public spending. As such, 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.

DEME's business and growth opportunities are subject to geopolitical developments

Because of its global footprint 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). 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 in such areas 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 into safety.

DEME's assets (primarily its vessels) are highly mobile. However their presence in certain jurisdictions is always dependent on the geographical distribution of the projects currently in progress, so geopolitical issues could cause the necessity to move vessels from one geography to another.

DEME faces significant competition in its industry

The sectors in which DEME operates are highly competitive, and DEME faces competition from other local and international market players active in in those sectors. 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, alleviate at some extent potential competitive pressure. Competitive factors include price, service quality, scope of activities (incl. geographically), reputation, experience and environmental impact by other market players and the availability of favourable payment and credit terms. DEME's competitors may also engage in aggressive pricing which could result in DEME having to lower its price or improve credit terms significantly in order to secure projects, thereby lowering its gross profit margins and cash flow.

In particular, DEME's ability to compete will largely depend on its ability to continue to innovate and provide state-of-the-art solutions to its customers. DEME needs to keep up with the evolving technologies (both hardware and software), its technology and equipment to retain its market share, reputation and position. At present DEME disposes over a renewed and competitive fleet as a result of an intensive programme of investment in recent years. In view of expected market growth, the ambition to increase its market share and to meet the increasing demand in the market, DEME envisages investing in vessels and other technology to extend its execution capacity amongst others by investing on a continuous basis in the replacement and maintenance of the existing fleet. The specific investment amount varies from year to year depending on the circumstances. It is possible that unanticipated costs may be incurred.

The industry in which DEME is active is capital intensive and may require additional financing in the future for growth

The capital intensive nature of the industry in which DEME is active calls for very considerable investments (specifically, in dredging and offshore vessels). To remain competitive DEME must successfully develop, finance and implement new technologies, including both hardware and software.

Investment projects in the industry are often highly complex from both the technical and financial points of view. Cost control during the construction phase of new vessels in Dredging and Offshore requires close monitoring and coordination with the shipyard. 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-utilization should the market conditions have changed in the meantime.

In the same spirit, concessions activities and project development may also be subject to uncertainty as to whether the necessary financing for the new project will be obtained.

The expansion and development of DEME's business may 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 this capital-intensive nature of the industry, DEME has had and may continue to have a significant amount of borrowings, though closely followed up by management and the Board of Directors.

Considerable part of DEME's revenue is subject to tender procedures which include price as one of the main criteria. 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 sometimes adopt a strategy of tendering for projects at lower prices. However, tender procedures do increasingly also take into account other criteria such as track-record, methodologies, ESG factors, level of sustainability in the offering, etc.

Further on, the specific characteristics of the 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.

DEME is exposed to risks associated with fluctuations of prices for raw materials and energy

Raw materials and energy are for DEME essential to the performance of its activities and the implementation of its projects and as such are an important element of its costs. The component of it may vary per type of activity, unit employed and other circumstances such as for example how far the dredged substance needs to be deposited. Key raw materials include construction materials required for infrastructure projects or steel required for the construction of offshore wind foundations. When it comes to energy, this primarily refers to the use of fuel oil or LNG by DEME's vessels and earth-moving 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 programs, etc.), thus exposing DEME to prices risks.

Although contracts can allow cost increases for raw materials and energy to be passed on to the customer by means of price-review mechanisms and although in certain other cases DEME makes use of **hedging** to cover potential price rises, this practice becomes more costly and therefore unsuitable when it spans a lengthy amount of time or when quantities cannot be estimated reliably. Hence the risks related to price fluctuations in this area cannot be entirely eliminated.

DEME invests in unproven markets which may become obsolete in the future

In its business development and diversification efforts, DEME is investing in industries and markets that have not materialised and/or rely on unproven technology to date (e.g., Deep Sea Harvesting with GSR, and Green Hydrogen with DEME Concessions).

DEME's **ability to compete** will, among other things, depend largely on its ability to continue to innovate and provide state-of-the-art solutions to its customers.

RISKS RELATED TO DEME'S BUSINESS

DEME faces project management and execution risks

DEME's business revolves around projects in the order book.

As is customary for the business in which DEME operates, 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 an unique character for a fixed, lump-sum or variable price and within an agreed period of time. Sometimes such contracts also include the obligation for DEME to design the object to be delivered and/or to arrange for the necessary financing for the performance of its obligations under the contract. Risks can arise throughout the entire project management and execution process, from tendering to contract negotiation and, upon award, the execution of engineering, procurement, construction, commissioning and delivery.

Some of the risks associated with projects include:

- possible costs overruns, particularly for those projects with fixed-price contracts or with limited price escalation provisions, where the actual costs of a project may exceed the cost estimation made by DEME at the initiation of the project due to unanticipated additional costs for DEME (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 additional costs. Depending on the size of a project, variations from estimated costs for the contract performance could have a material adverse effect on DEME's financial performance, results of operations or cash flows. In particular, projects based on new designs may entail higher risks to cost overruns as, in such instance, 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;
- inability for the client or customer to obtain the necessary financing for the project or to obtain such financing in a timely manner, should the contractor assume the burden of the financing under the contract;
- construction and project management risks associated with the actual execution of projects and maintenance of operations, including risks relating to the execution of engineering, procurement, construction commissioning and delivery of a project;
- delay (due to possible internal and/or external factors) in meeting delivery performance requirements of contracts (e.g. "milestones") which may 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, thereby causing delays. For instance, this could happen when substitute manufacturers are limited, especially for specialised equipment;
- failure to meet other performance requirements under the contract (e.g. in terms of quality, performance period etc.) and the direct and indirect consequences arising therefrom, such as potential penalties or damages, additional costs etc.;
- failure to comply with the warranty obligations under the contract (e.g. responsibility for maintenance, etc.) for the duration of such warranty (e.g. 10 years) and the direct and indirect consequences arising therefrom, such as potential penalties or

- damages, and any cost overruns resulting from the performance of such warranty obligations due to, for example, unanticipated additional costs;
- adverse effects on DEME's business resulting from failure to comply with, compliance with or any changes in the applicable regulations and legislations in the relevant jurisdiction regulating, for example, safety and social obligations vis-à-vis subcontractors;
- some contracts, in particular public contracts, may not have limitation of liability clauses which means there is no cap on the penalties or damages to be paid.

In addition, during the 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). More specifically, DEME may be subject to increased project costs due to, for example, possible non-working days, a possible delay in the delivery of the works, injuries to DEME employees or to 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 the nature and the composition of the soil and/or specific site conditions;
- the climatic and meteorological condition including extreme climate events (storms, tsunamis, earthquakes, etc.);
- the 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, collision);
- 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 these operational risks as best as possible, including taking out insurance policies whenever possible.

DEME has an **ORM** (Opportunity & Risk Management) department with the objective of detecting opportunities & risks timely. In order to do this, DEME brings the right people together at the right time using a uniform approach and a structured tool for analysing, prioritising & 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.

Further on, there is 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 all 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 the steps to be taken.

The risk to obtain, maintain or renew the approvals, licences, permits and certificates required to operate its business

DEME requires various approvals, licenses, 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 is renewable every 5 years. Comparable requirements exist for the activities of the foreign operating companies too.

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's department 'Class and Flag' is responsible for maintaining for the vessels the respective 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.

Even after DEME has obtained the required licences, permits and approvals, the operations are subject to continued review and the governing regulations may change.

Dredging, land reclamation, offshore works, infrastructure and environmental projects are activities which impact the environment and which face specific environmental and/or climate risks

Like other groups active in dredging, land reclamation, offshore works, infrastructure and/or environmental projects, 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 to re-use certain resources. The client for example will either impose minimum values of re-use or favour tenders which have the highest value of re-used materials. As a consequence, DEME has to organise itself on this circular economy and find ways to recycle materials;
- Thirdly, climate-related risks such as global warming cause more frequent extreme weather conditions such as storms and heavy rainfall with flooding, which could result into more operational downtime for DEME (of, e.g., DEME's vessels, wind farms, infrastructure or dredging activities).

The development of a new project is subject to a variety of risks, which may lead to uncertainty as to whether the 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 such new project development process without having the assurance that the project would effectively materialise.

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.

Further, much of DEME's work depends on its compliance with environmental and other regulations.

When commencing the development of a new project it's necessary to obtain the proper financing for the project and to find financial institutions willing to finance this new project. In view to such financing, a new project is typically structured by means of the set-up of a project company or "special purpose vehicle" (SPV), through which DEME, together with third parties (e.g., project sponsors,

equity partners, etc.) invests and raises capital on non-recourse basis. The special purpose vehicle, in which DEME invests, typically arranges the financing of the project independently with a banking consortium. However the banking consortium, in the event of the non-performance of the credit agreement, will generally not be able to exercise any recourse against the SPV's shareholders.

Within DEME there is a **Technical Committee** & 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 necessary expertise in the field of the Company's 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 of Directors. 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 to the next Board of Directors on the findings of the Technical Committee.

DEME is subject to third-party risks in respect of the contractors, suppliers, vendors, joint venture partners or other parties of its projects

DEME implemented measures to minimise potential third party risks as it relies on third-party contractors, suppliers, vendors, joint venture partners or other parties for the engineering design, procurement of materials, equipment, and services for the performance of work on DEME's projects. The successful completion of these projects depends on the ability of these third parties on the projects to perform their contractual obligations and is subject to factors beyond DEME's control, including actions or omissions by these parties and their subcontractors.

FINANCIAL RISKS

DEME faces risks in relation to the financing of its future capital needs, including interest rate risks and the risk that it may not continue to be able to secure financing on favourable terms

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 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.

For its short-term borrowings, DEME is exposed to interest risks on its variable interest external borrowings. DEME's interest costs are therefore subject to fluctuations in the market interest rates. Should DEME use such 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*. As for the uncovered part of the interest rate risks (which relate mainly to short-term borrowing), adverse changes in variable interest rates may lead to increases in the interest charges borne by DEME. Derivative financial instruments may prove ineffective and may expose DEME to additional costs or other risks.

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), which may 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. DEME's ability to obtain external financing in the future is subject to a variety of uncertainties, including with respect to its financial condition, results of operations and cash flows, bank credit risks assessments and general market conditions.

DEME is exposed to risks associated with fluctuations in **currency exchange rates** and with its currency hedging, which could result in increases to DEME's costs.

The global nature of DEME's activities means that payments made further to contracts, purchases and expenditures may be in a variety of currencies, thus exposing DEME to exchange rate risks. Most of the Group's purchases are typically transacted in EUR 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 along increased costs 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 only for 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 NDF (non-deliverable forward) hedging. The Group's hedging and financial strategy may prove ineffective or may subject the Group to increased costs or other risks, including the possibility that its counterparties to hedging contracts will default on their obligations. In addition, DEME does not hedge against translational currency risks.

DEME's reporting currency is euros. 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 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 euros impacts its revenue and profitability expressed in euro accordingly. Exchange rate changes also affect the Group's consolidated statement of 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.

LEGAL AND REGULATORY RISKS

DEME may be involved in costly and burdensome 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 its course of business. The outcome of such proceedings, investigations and enforcement actions cannot be predicted with certainty.

Disputes and legal proceedings in which the Group may be involved are subject to many uncertainties, and their outcomes are often difficult to predict. 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. Disputes may, for instance, arise around different interpretations of new items arising during the performance of the contract, or around misinterpretations of contractual clauses.

Furthermore, DEME's business is subject to operational risks, including environmental hazards, accidents, disruption or flooding, which could result in damage to, or destruction of, equipment, structures or buildings, environmental damage or personal injuries, or legal liability towards third parties.

DEME may also be involved in proceedings initiated by, among others, 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) and tax or regulatory authorities. Certain of these proceedings can notably lead to DEME having to pay damages, remedies or criminal or civil sanctions, fines or disgorgement of profit.

DEME's business is subject to various legal and regulatory compliance risks, including those involving antitrust, anti-money laundering, anti-bribery or anti-corruption laws and regulations and sanctions

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. DEME may be unaware of, or unable to timely anticipate and prepare for, developments in such laws, regulations and sanctions.

DEME's subsidiaries and joint ventures work autonomously in an international environment with a multitude of stakeholders who 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.

Despite the fact that DEME operates a **global compliance program** (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, there can be no assurance, however, that such codes, policies and procedures will be complied with at all times or will effectively detect and prevent violations of the applicable laws by one or more of DEME's

employees, agents, third-party providers or any other representatives involved in DEME's business.

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.

Compliance with and changes to environmental, health and safety laws, including laws relating to the investigation and remediation of contamination

DEME is active in a large number of countries in all parts of the world and is subject to, and may incur substantial costs in order to comply with, a wide variety of legislation and regulations in each of the jurisdictions in which it operates in areas such as industrial law, commercial law, corporate and bankruptcy law, contract law, liability law, competition law, tax law, administrative law, environmental law, security and safety laws, regulations and standards, and the regulations and practices governing concession awards.

Moreover, the regulations to which DEME is subject vary from jurisdiction to jurisdiction, and may change over time, regarding, among others, 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.

The ordinary course of operation of DEME's business involves certain inherent risks related to the environment and 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 any such 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.).

Even though 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 is a heavy process and requires significant resources and results in material costs. 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 execute the cleaning up works and bear the cost thereof.

Although DEME adopts various measures, including to address and remediate identified risks of accidents, risks for injury and health impacts, in the event of accidents, injuries in which DEME's employees or subcontractors would be involved cannot be entirely excluded.

The QHSE (**Quality, Health, Safety & Environment**) slogan is 'Zero accidents and zero environmental incidents', 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 on the agenda of DEME's Management Team, 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. 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.

DEME always seeks to monitor and adapt to changes in the legal systems, regulatory controls and customs and practices in the jurisdictions where it operates.

The implementation by governments or the interpretation by tax authorities of changes in tax rates, tax liabilities or tax accounting rules

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.

Significant judgment is required to determine worldwide tax liabilities, including, because (among other reasons) tax laws and regulations in effect in the various countries in which DEME operates do not always provide clear and definitive guidelines.

DEME's effective tax rates and tax exposure could be affected by changes in the composition of its earnings in countries or jurisdictions with higher or lower tax rates, changes in applicable tax rates, changes to transfer pricing rules, changes 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 tax laws are applied by tax administrations (possibly with retroactive effect), including through tax arrangements issued by the relevant competent tax authorities and corresponding challenges by tax authorities to DEME's judgment or interpretation in tax matters.

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.

The taxation of the operations can be subject to judgments 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.

From time to time various governments also make substantive changes to tax rules and the application of rules to companies, including changes potentially impacting the Group's ability to defer taxes on international earnings.

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.

OTHER RISKS

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 its IT systems and other related risks

DEME increasingly relies on digital communication, connectivity, and the use of technology to run its worldwide business, further catalysed by remote working. Information technology is crucial in supporting and protecting core and supporting processes. This has enabled DEME to work more fluidly and efficient, and makes it possible to follow-up its local operations as good as in real-time from its headquarters, but it also leads to a vulnerability linked to cyber-security challenges and dependency on digitalised processes. **Internal policies, procedures and instructions** are in place to mitigate the information technology risk, amongst others, 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, up to 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 it informs the Group on potential threats to the security of staff and property.

DEME relies significantly on qualified personnel, professionals and managers for its business and the success of DEME may depend on its ability to retain or attract such persons

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 works in the talent market to recruit enough skilled employees and must motivate and retain them, even for work far from home. Offering attractive conditions of employment and holiday arrangements is not always enough to recompense the long working hours, shift working, and the night-time and weekend work. Furthermore, 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. The company invests in the development of employees through various training programmes and prepares candidates for key promotions to improve leadership.

DEME's intellectual property and know-how

DEME makes use of certain proprietary technology and know-how, including the intellectual property and know-how that it has developed itself. For instance, the technology installed in DEME's newest Dredging and Offshore vessels or the intellectual property it uses in its operations. DEME enters into confidentiality agreements with third parties that are involved in Research & Development ("R&D"). The intellectual property rights arising from such R&D accrues to DEME on the basis of a standard contract, with the inventing party. Depending on the type and value of the intellectual property it may be protected further by filing a patent application.

RISK ASSESSMENT/ MANAGEMENT IN GENERAL

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 Executive Committee depending on the gravity.

With respect to the financials, both the Executive Committee as well as its Board of Directors conduct risk assessments on a programmed & recurring basis (half-yearly and yearly results, yearly budget exercise etc.) as well as on an ad hoc basis when specific topics surface.

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 it will mitigate material risks or respond to specific threats.

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in its task of carrying out on **accounting, audit and internal control matters** and exercising **general supervision** in a broad sense.

The duties of the Audit Committee include the following:

- informing the Board of Directors on the result of the statutory audit of the annual and the consolidated accounts of the Company and explain how the statutory audit of the annual and the consolidated accounts contributed to the integrity of the financial reports and the role the Audit Committee played in this process;
- monitoring the financial reporting process in relation to the Company and make recommendations or proposals to safeguard the integrity of the process;
- monitoring the effectiveness of the Company's internal control and risk management systems and, if there is an internal audit, monitoring the internal audit of the Company and its effectiveness;
- monitoring management's responsiveness to the findings of the internal audit function and to the recommendations made in the external auditor's management letter;
- monitoring the statutory audit of the annual and the consolidated accounts of the Company, including any follow-up on any questions and recommendations made by the statutory auditor;
- reviewing and monitoring the independence of the statutory auditor, in particular whether the provision of additional services to the Company is appropriate. More specifically, the Audit Committee analyses, together with the statutory auditor, the threats to the statutory auditor's independence and the security measures taken to limit these threats, when the total amount of fees exceeds the criteria specified in article 4 §3 of Regulation (EU) No 537/2014;
- making recommendations to the Board of Directors for the appointment and reappointment of the statutory auditor of the Company in accordance with article 16 § 2 of Regulation (EU) No 537/2014;
- reviewing the specific arrangements for raising concerns – in confidence – about possible improprieties in financial reporting or other matters; and
- performing such other functions as assigned by the Board of Directors and review other items of an internal control nature which may from time to time be brought before the Audit Committee.

Matters relating to the audit plan and any issues arising from the audit process are placed on the agenda of every Audit Committee meeting.

The Audit Committee also reports regularly to the Board of Directors on the exercise of its duties identifying any matters where it considers that action or improvement is needed and making recommendations as regards the steps to be taken.

INTERNAL AUDIT DEPARTMENT

DEME's internal audit department is 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 actions 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 the specific request 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.







INNOVATION

29

CONSOLIDATED
FINANCIAL
STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

As of December 31 (in thousands of EUR)

	Notes	2021	2020
REVENUES		2,580,773	2,335,944
Turnover	(1)	2,510,607	2,195,828
Other operating income	(2)	70,166	140,116
OPERATING EXPENSES		-2,437,492	-2,271,663
Raw materials, consumables, services and subcontracted work		-1,575,624	-1,482,795
Personnel expenses	(3)	-488,896	-454,635
Depreciation and amortisation expenses	(4)/(6)/(7)	-291,108	-284,591
Impairment of property, plant and equipment and right-of-use assets	(6)/(7)	-34,608	-15,586
Impairment of goodwill and intangible assets	(4)/(5)	-311	-5,000
Other operating expenses	(2)	-46,945	-29,056
OPERATING RESULT		143,281	64,281
FINANCIAL RESULT		-5,412	-25,651
Interest income		4,181	4,369
Interest expense		-6,920	-12,338
Realised/unrealised foreign currency translation effects		6,130	-11,984
Other financial income and expenses		-8,803	-5,698
RESULT BEFORE TAXES		137,869	38,630
Current taxes and deferred taxes	(11)	-31,079	-9,812
RESULT AFTER TAXES		106,790	28,818
Share of profit (loss) of joint ventures and associates	(8)	10,548	22,395
RESULT FOR THE PERIOD		117,338	51,213
Attributable to non-controlling interests		2,757	803
SHARE OF THE GROUP		114,581	50,410
Number of shares		4,538,100	4,538,100
Earnings per share (basic and diluted)		25.25	11.11

For the changes in presentation of the consolidated statement of income compared to the Financial Information Report of 2020, reference is made to Note (28) First application of (fully) IFRS accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As of December 31 (in thousands of EUR)

	Notes	2021	2020
Result attributable to non-controlling interests		2,757	803
Share of the Group		114,581	50,410
RESULT FOR THE PERIOD		117,338	51,213
Other comprehensive income that may be reclassified to profit and loss in subsequent periods			
Changes in fair value related to hedging instruments	(10)	4,582	-189
Share of other comprehensive income of joint-ventures and associates	(8)	10,343	-6,975
Changes in cumulative translation adjustment reserve		3,855	-6,587
Other comprehensive income that cannot be reclassified to profit and loss in subsequent periods			
Remeasurement of net liabilities relating to defined benefit plans	(20)	-847	-3,832
Share of other comprehensive income of joint-ventures and associates	(8)	27	-
TOTAL OTHER COMPREHENSIVE INCOME		17,961	-17,583
TOTAL COMPREHENSIVE INCOME		135,299	33,630
Attributable to non-controlling interests		2,827	1,621
SHARE OF THE GROUP		132,472	32,009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31 (in thousands of EUR)

ASSETS	Notes	2021	2020
NON-CURRENT ASSETS		2,694,235	2,691,083
Intangible assets	(4)	25,513	24,935
Goodwill	(5)	13,028	13,339
Property, plant and equipment	(6)	2,259,041	2,337,089
Right-of-use assets	(7)	90,620	75,917
Investments in joint ventures and associates	(8)	132,781	105,918
Other non-current financial assets	(9)	33,451	32,813
Non-current financial derivatives	(10)	613	1,433
Other non-current assets	(9)	4,239	3,221
Deferred tax assets	(11)	134,949	96,418
CURRENT ASSETS		1,355,362	1,228,871
Inventories	(12)	12,168	10,456
Contract assets	(13)	326,685	251,747
Trade and other operating receivables	(14)	384,022	309,636
Current financial derivatives	(10)	3,207	6,842
Assets held for sale	(15)	32,456	-
Other current assets	(16)	68,192	28,253
Cash and cash equivalents	(10)/(18)	528,632	621,937
TOTAL ASSETS		4,049,597	3,919,954

For the changes in presentation of the consolidated statement of financial position compared to the Financial Information Report of 2020, reference is made to Note (28) First application of (fully) IFRS accounts.

GROUP EQUITY AND LIABILITIES	Notes	2021	2020
SHAREHOLDERS' EQUITY	(17)	1,579,543	1,467,492
Issued capital		31,110	31,110
Share premium		5,645	5,645
Retained earnings and other reserves		1,618,824	1,524,664
Hedging reserve		-25,872	-40,978
Remeasurement on retirement obligations		-41,283	-40,454
Cumulative translation adjustment		-8,881	-12,495
NON-CONTROLLING INTERESTS		19,696	17,840
GROUP EQUITY		1,599,239	1,485,332
NON-CURRENT LIABILITIES		786,718	890,489
Retirement obligations	(20)	65,267	63,029
Provisions	(22)	39,572	30,097
Interest-bearing debt	(18)	577,970	735,054
Non-current financial derivatives	(10)	26,868	9,018
Other non-current financial liabilities	(8)	2,827	5,933
Deferred tax liabilities	(11)	74,214	47,358
CURRENT LIABILITIES		1,663,640	1,544,133
Interest-bearing debt	(18)	343,340	375,913
Current financial derivatives	(10)	12,368	6,761
Provisions	(22)	3,738	200
Contract liabilities	(13)	181,095	156,799
Advances received	(13)	101,067	60,582
Trade payables		772,905	717,338
Remuneration and social debt		94,026	83,968
Current income taxes	(11)	76,370	66,336
Other current liabilities	(21)	78,731	76,236
TOTAL LIABILITIES		2,450,358	2,434,622
TOTAL GROUP EQUITY AND LIABILITIES		4,049,597	3,919,954

For the changes in presentation of the consolidated statement of financial position compared to the Financial Information Report of 2020, reference is made to Note (28) First application of (fully) IFRS accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31 (in thousands of EUR)

	Notes	2021	2020
CASH AND CASH EQUIVALENTS, OPENING BALANCE		621,937	475,135
Operating result		143,281	64,281
Dividends from participations accounted for using the equity method	(8)	10,479	15,080
Reclassification of (income) loss from sales of property, plant and equipment and financial participations to cash flow from divestments		-16,159	-74,617
Interest received		4,181	4,369
Interest paid		-4,383	-12,122
Other financial income (costs)		-2,673	-17,682
Income taxes paid	(11)	-38,422	-25,735
NON-CASH ADJUSTMENTS		344,052	318,723
Depreciation and amortisation expenses		291,108	284,591
Impairment of property, plant and equipment and right-of-use assets		34,608	15,586
Impairment of goodwill and intangible assets		311	5,000
(Decrease) increase of retirement obligations	(20)	1,146	639
(Decrease) increase of provisions	(2)/(22)	13,013	12,509
Other non-cash operating expenses (income) (*)		3,866	398
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		440,356	272,297
CHANGES IN WORKING CAPITAL		-20,782	104,124
Decrease (increase) in inventories and advances received		38,773	23,713
Decrease (increase) in amounts receivable		-90,181	143,119
Decrease (increase) in contract assets		-74,938	-23,199
Increase (decrease) in current liabilities (other than borrowings)		81,268	-30,646
Increase (decrease) in contract liabilities		24,296	-8,863
CASH FLOW FROM OPERATING ACTIVITIES		419,574	376,421
INVESTMENTS		-298,660	-258,788
Acquisition of intangible assets		-1,908	-2,833
Acquisition of property, plant and equipment	(6)	-280,136	-198,739
Cash (out) inflows on acquisition of subsidiaries		-	-17,828
Cash (out) inflows on acquisition of associates and joint ventures	(8)	-15,632	-37,009
New borrowings given to joint ventures and associates	(9)	-595	-2,379
Cash outflows of other financial assets	(9)	-389	-
DIVESTMENTS		32,248	111,649
Sale of intangible assets		-	-
Sale of property, plant and equipment	(6)	28,446	16,936
Cash inflows on disposal of subsidiaries		-	-
Cash (out) inflows on disposal of associates and joint ventures	(8)	-2,539	89,958
Repayment of borrowings given to joint ventures and associates	(9)	6,341	4,166
Cash inflows of other financial assets		-	589
CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (**)		-266,412	-147,139
New interest-bearing debt	(18)	51,344	175,566
Repayment of interest-bearing debt	(18)	-278,875	-253,952
Gross dividend paid to the shareholders	(17)	-20,421	-
CASH FLOW (USED IN) / FROM FINANCIAL ACTIVITIES		-247,952	-78,386
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-94,790	150,896
Change in consolidation scope or method		-	-37
Impact of exchange rate changes on cash and cash equivalents		1,485	-4,057
CASH AND CASH EQUIVALENTS, ENDING BALANCE		528,632	621,937

(*) 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

2021 (in thousands of EUR)	Share capital and share premium	Hedging reserve	Remeasurement on retirement obligations	Retained earnings and other reserve	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		15,107	-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

Share capital amounts to 31,110 thousand EUR and share premium amounts to 5,645 thousand EUR.

The hedging reserve includes the fair value fluctuations of effective cash flow hedges, net from income taxes. Reference is made to note (10) on financial risk management and financial derivatives.

Changes in fair value of cash flow hedges also include the changes in the hedging reserve for joint ventures and associates, for which we refer to note (8) regarding investments in joint ventures and associates.

Remeasurement on retirement obligations relate to the defined benefit plan (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 (20) employee benefit obligations, where the remeasurement is shown before income taxes.

Retained earnings and other reserves include the legal reserve, available reserves, untaxed reserves and retained earnings of parent company DEME NV before result appropriation of the year, as well as the consolidation reserves. More detail can be found in note (17) about share capital and reserves.

2020 (in thousands of EUR)	Share capital and share premium	Hedging reserve	Remeasurement on retirement obligations	Retained earnings and other reserve	Cumulative translation adjustment	Shareholders' equity	Non-controlling interests	Group equity
Ending, December 31, 2019	36,755	-33,578	-36,695	1,474,254	-5,253	1,435,483	11,671	1,447,154
Impact IFRS amendments						-		-
Opening, January 1, 2020	36,755	-33,578	-36,695	1,474,254	-5,253	1,435,483	11,671	1,447,154
Profit				50,410		50,410	803	51,213
Other comprehensive income		-7,400	-3,759		-7,242	-18,401	818	-17,583
Total comprehensive income		-7,400	-3,759	50,410	-7,242	32,009	1,621	33,630
Dividends paid						-	71	71
Other						-	4,477	4,477
Ending, December 31, 2020	36,755	-40,978	-40,454	1,524,664	-12,495	1,467,492	17,840	1,485,332

SEGMENT REPORTING

DEME has evolved into a global marine sustainable solutions provider. The company is proud of and continues to grow its **Dredging and Infra activities**. The expansion of Singapore, the widening of the Suez and Panama canals and the construction of the New Doha Port are just a few iconic examples of dredging works. DEME also builds marine infrastructure such as locks, quay walls and tunnels. The Fehmarnbelt project, one of the world's largest submerged tunnel between Denmark and Germany is perhaps the project with the highest visibility. DEME has also successfully expanded its **Offshore Energy activities**, with a focus on offshore renewable energy projects. It has contributed to the construction of an impressive GW of offshore projects and is confirming its market leadership in this fast-growing market with its expansion into the US and Asia. Yet another activity is the cleaning of polluted sites within **DEME Environmental**. The depollution of the London Olympics' site exemplifies this expertise. Besides contracting, DEME is growing its **concessions activities in offshore wind, infra, green hydrogen and deepsea harvesting**.

Those various activities are organised under four distinct segments:

DREDGING & INFRA

In this segment the Group performs a wide variety of dredging activities worldwide, including capital and maintenance dredging, land reclamation, port construction, coastal protection and beach nourishment works. Those activities are executed with specialised dredging vessels and various types of earth-moving equipment. The Group also provides engineering and contracting services for marine infrastructure projects. This includes the design and construction of hydraulic works 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.

OFFSHORE ENERGY

In this segment, the Group 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, the procurement, the construction and the 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. Besides these main activities, the Group also provides specialised offshore services, including geoscience services and the installation of suction pile anchors and foundations.

ENVIRONMENTAL

The Group offers innovative 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

DEME Concessions NV is the investment and development arm of the Group. It invests in, develops, builds and operates – through participations in special purpose companies – greenfield and brownfield projects in three sectors: offshore wind, dredging and marine infrastructure, and green hydrogen. 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. Besides these concessions activities, the Group has a deep-water exploration division that holds concessions of 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 and 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 segments 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 profit and loss 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 interest in the joint venture, is no longer allowed under IFRS for joint ventures. Management however has to monitor the performance of the entire business, both executed in control as in joint ventures. 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. These reconciling items and more information about our investments in joint ventures and associates can be found in note (8).

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 in the DEME Activity Report. A geographical segmentation of the fleet is not applicable for DEME as its vessels are continuously working on different projects around the world.

Based on DEME's internal management reporting system, we present the following segmented information:

2021 (in thousands of EUR)	Dredging & Infra	Offshore Energy	Environ- mental	Concessions	Total Segments	Reconciliation	Group Financial Statements
Turnover	1,478,306	916,354	166,163	1,467	2,562,290	-51,683	2,510,607
EBITDA	305,848	170,888	16,834	-12,529	481,041	-11,733	469,308
Depreciation & Impairment	-231,806	-96,277	-8,037	-89	-336,209	10,182	-326,027
EBIT	74,042	74,611	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
Income 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	8,462	17,085	2	-	25,548	-35	25,513
Net book value property, plant and equipment and right-of-use assets	1,661,329	722,997	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	34,393	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 ^(*)	251,535	66,414	14,226	37	332,212	-10,774	321,438
Additions in investments in joint ventures and associates	70	-	-	347	417	15,215	15,632

^(*) Acquisitions according to balance sheet (rollforward fixed assets) and not according to cash flow statement.

2020 (in thousands of EUR)	Dredging & Infra	Offshore Energy	Environ- mental	Concessions	Total Segments	Reconciliation	Group Financial Statements
Turnover	1,151,616	961,977	140,008	2,119	2,255,720	-59,892	2,195,828
EBITDA	181,292	145,456	16,414	38,310	381,472	-12,014	369,458
Depreciation & Impairment	-193,406	-111,058	-9,567	-49	-314,080	8,903	-305,177
EBIT	-12,114	34,398	6,847	38,261	67,392	-3,111	64,281
Financial result					-27,280	1,629	-25,651
RESULT BEFORE TAXES					40,112	-1,482	38,630
Income taxes and deferred taxes					-10,217	405	-9,812
Net result from joint ventures and associates	-229	-5	295	21,260	21,428	967	22,395
RESULT FOR THE PERIOD					51,323	-110	51,213
Attributable to non-controlling interests					913	-110	803
NET RESULT SHARE OF THE GROUP					50,410	-	50,410
Net book value intangible assets	5,980	18,990	10	-	24,979	-44	24,935
Net book value property, plant and equipment and right-of-use assets	1,676,437	780,669	38,381	155	2,495,642	-82,637	2,413,006
Carrying amount of joint ventures and associates	4,704	2	2,348	21,683	28,737	71,248	99,985
Booked as non-current asset	4,704	2	2,348	23,800	30,854	75,064	105,918
Booked as non-current financial liability (- is credit)	-	-	-	-2,117	-2,117	-3,816	-5,933
Acquisition of property, plant and equipment and right-of-use assets ^(*)	188,654	43,215	15,396	104	247,369	-35,619	211,750
Additions in investments in joint ventures and associates	-	-	478	910	1,387	35,622	37,009

^(*) Acquisitions according to balance sheet (rollforward fixed assets) and not according to cash flow statement.

RECONCILIATION SEGMENT REPORTING

The above tables reconcile 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 IFRS 11) with the financial information disclosed per segment reporting (using the proportionate consolidation method).

As a consequence, the lines referring to 'net result of joint ventures and associates' or 'addition in investments in joint ventures and associates' in the segment reporting only include associates, while the joint ventures are eventually added in the reconciliation items.

GROUP STRUCTURE AND SUMMARY OF PRINCIPAL ACCOUNTING POLICIES INCLUDING CHANGES IN THE REPORTING PERIOD

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 parent company itself originated on the 5th of April 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 CO₂ 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. The parent company, Dredging, Environmental and Marine Engineering NV (DEME NV) is registered in Scheldedijk 30, Zwijndrecht in Belgium where also the head office is located. The company is registered at the Chamber of Commerce in Antwerp, Belgium with number BE 0400.473.705 .

As of date of preparation of this report the company is not listed. We refer to the preliminary remark of this report and to the note (17) regarding share capital and reserves for more information about our shareholders. The website of the Group is www.deme-group.com. The consolidated financial statements of DEME NV for 2021 and 2020 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, 2022. The full financial information report including all explanatory notes is presented and authorised for publication by the Board of Directors on March 29, 2022.

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 euros. 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, 2021.

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.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below:

- Amendment to IFRS 16 *leases COVID-19-related rent concessions* beyond 30 June 2021 (effective April 1, 2021 with early application permitted);
- Amendments to IAS 1 *presentation of financial statements* about the classification of liabilities as current or non-current, effective January 1, 2023^(*);
- Amendments to IFRS 3 *business combinations*, IAS 16 *property, plant and equipment*, IAS 37 *provisions, contingent liabilities and contingent assets* as well as annual improvements, effective January 1, 2022;
- Amendments to IFRS 17 *insurance contracts* and IAS 8 *accounting policies, changes in accounting estimates and errors: definition of accounting estimates*, effective January 1, 2023^(*);
- Amendments to IAS 1 *presentation of financial statements* and IFRS practice statement 2: *disclosure of accounting policies*, effective January 1, 2023^(*);
- Amendments to IAS 12 *income taxes* about deferred taxes related to assets and liabilities arising from a single transaction, effective January 1, 2023^(*).

^(*) 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. Actual results may be different from these estimates.

In preparing the financial statements of the year 2021 and 2020 no critical judgments were made.

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 profit or loss 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 into 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 relative 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, DEME 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 on a line-by-line basis in the figures of the DEME subsidiary that is participating in the consortium.



CHANGES IN THE CONSOLIDATION SCOPE IN THE REPORTING PERIOD

The following subsidiaries, jointly controlled entities and associates were **liquidated** during 2021:

Subsidiaries:

- DEME Concessions Infrastructure NV (100%);
- DEME Shipping Company LTD (100%);
- Dredging International Services Middle East DMCEST (100%);
- Mascarenes Dredging & Management LTD (100%);
- Middle East Marine Contracting LTD (100%).

The following subsidiaries, jointly controlled entities and associates were **merged** with another entity of the DEME Group during 2021:

Subsidiaries:

- Agroviro NV;
- Dredging International Luxembourg SA;
- Purazur NV;
- Société de Dragage Luxembourg SA.

The following subsidiaries, jointly controlled entities and associates were **newly created** during 2021:

Subsidiaries:

- Hyport Oostende Holdco NV (70%);
- Thistle Wind Partners LTD (100%).

Jointly controlled entities:

- CDWE Green Jade Shipowner LTD (49.99%);
- Japan Offshore Marine LTD (49%);
- Wérisol SA (37.45%);

Associates:

- Asyad Terminals DUQM LLC (14.70%);
- Duqm Logistic Lands and Investment Company LLC (26%);
- Hyport Coordination Company LLC (50%);
- Hyve BV (16.67%);
- Nou Vela SA (46.60%);
- Port La Nouvelle SEMOP (23.77%);
- Rhama Port Hub SRL (28%);
- Zeeboerderij Westdiep BV (20%).

The **percentage** of shareholding in or the **consolidation method** of the following subsidiaries, jointly controlled entities and associates **changed** in the course of 2021:

- DIAP Thailand Co Ltd (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;
- Highwind NV (from 99.1 % to 100 %);
- PT Dredging International Indonesia (from 60% to 95%).

The **name** of the following subsidiaries, jointly controlled entities and associates **changed** in the course of 2021:

- DEME Environmental NV (prior DEME Environmental Contractors NV);
- DEME Luxembourg SA (prior Safindi SA);
- Spartacus Shipping SA (prior Maritime Services & Solutions SA).

CHANGES IN THE CONSOLIDATION SCOPE IN THE PREVIOUS REPORTING PERIOD

The following main subsidiaries, jointly controlled entities and associates were **liquidated** during 2020:

Subsidiaries:

- DEME Environmental Contractors UK Ltd (74.90%).

The following main subsidiaries, jointly controlled entities and associates were **merged** with another entity of the DEME Group during 2020:

Subsidiaries:

- CBD SAS;
- Innovation Holding BV;
- Innovation Shipping BV;
- Paes Maritiem BV.

The following main subsidiaries, jointly controlled entities and associates were **newly created** during 2020:

Subsidiaries:

- Deeptech NV (100%);
- Delta River Shipping SA (100%);
- Dredging International Argentina SA (100%);
- Dredging International Bahrain WLL (95%);
- Meuse River Shipping SA (100%).

Jointly controlled entities:

- Blue Site SA (37.45%);
- Combined Marine Terminal Operations Marafi LLC (37.68%).

Associates:

- Feluy M2M SA (19.47%).

The following main subsidiaries, jointly controlled entities and associates were **acquired** during 2020:

Subsidiaries:

- Seatec Holding BV and affiliate (100%);
- SPT Offshore Holding BV and affiliates (100%).

The **percentage** of shareholding in the following main subsidiaries, jointly controlled entities and associates **changed** in the course of 2020:

- CBD SAS NV (from 50% to 100%);
- Duqm Industrial Land Company LLC (from 34.9% to 27.55%);
- High Wind NV (from 50.4% to 99.1%);
- International Seaport Dredging Pvt Ltd (from 89.61% to 93.64%);
- Terranova NV (from 43.73% to 24.96%).

The 12.5% participation in Merkur Offshore GmbH was **sold** in 2020.

A listing of the Company's subsidiaries, jointly controlled entities (joint ventures) and associates can be found on the next pages.

LIST OF THE GROUP'S SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Within the DEME Group there are no significant restrictions to transfer funds in the form of cash and dividends. All subsidiaries, joint ventures and associates have the same year-end closing date as of December 31, except for those in India where the year-end closing date is March 31.

Where 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.

SUBSIDIARIES (FULLY CONSOLIDATED)

As of December 31, 2021

Name	Place	Country	% of Shareholding	Main Segment
Dredging International NV	Zwijndrecht	Belgium	100%	Dredging & Infra
Logimarine NV	Berchem	Belgium	100%	Dredging & Infra
Cathie Associates Holding CVBA	Diegem	Belgium	100%	Offshore Energy
Baggerwerken Decloedt en Zoon NV	Ostend	Belgium	100%	Dredging & Infra
Deeptech NV	Ostend	Belgium	100%	Concessions
Global Sea Mineral Resources NV	Ostend	Belgium	100%	Concessions
G-TEC SA	Vottem	Belgium	100% **	Offshore Energy
G-TEC Offshore SA	Vottem	Belgium	100% **	Offshore Energy
DEME Building Materials NV	Zwijndrecht	Belgium	100%	Dredging & Infra
DEME Concessions NV	Zwijndrecht	Belgium	100%	Concessions
DEME Concessions Wind NV	Zwijndrecht	Belgium	100%	Concessions
DEME Coordination Center NV	Zwijndrecht	Belgium	100%	Concessions
DEME Infrasea Solutions NV	Zwijndrecht	Belgium	100%	Dredging & Infra
DEME Infra Marine Contractors NV	Zwijndrecht	Belgium	100%	Dredging & Infra
DEME Offshore BE NV	Zwijndrecht	Belgium	100%	Offshore Energy
DEME Offshore Holding NV	Zwijndrecht	Belgium	100%	Offshore Energy
Geowind NV	Zwijndrecht	Belgium	100%	Offshore Energy
High Wind NV	Zwijndrecht	Belgium	100%	Offshore Energy
Ecoterres SA	Farciennes	Belgium	74.90%	Environmental
Ekosto NV	Sint-Gillis-Waas	Belgium	74.90%	Environmental
DEME Environmental NV	Zwijndrecht	Belgium	74.90% ***	Environmental
Hypport Oostende Holdco NV	Zwijndrecht	Belgium	70% *	Concessions
DEME Blue Energy NV	Zwijndrecht	Belgium	69.99%	Concessions
Filterres SA	Farciennes	Belgium	56.10%	Environmental
Combined Marine Terminal Operations Worldwide NV	Zwijndrecht	Belgium	54.37%	Dredging & Infra
Grond Recyclage Centrum NV	Zwijndrecht	Belgium	52.43%	Environmental
GRC Zolder NV	Zwijndrecht	Belgium	36.70%	Environmental
Soyo Dragagem Ltda	Luanda	Angola	100%	Dredging & Infra
Dragagem Angola Serviços Ltda	Luanda	Angola	100%	Dredging & Infra
Dredging International Argentina SA	Buenos Aires	Argentina	100%	Dredging & Infra
Dredging International Australia Pty Ltd	Brisbane	Australia	100%	Dredging & Infra
GeoSea Australia Pty Ltd	Brisbane	Australia	100%	Offshore Energy
Dredging International Bahrain WLL	Manama	Bahrain	95%	Dredging & Infra
Dragabras Serviços de Dragagem Ltda	Rio de Janeiro	Brazil	100%	Dredging & Infra
DEC do Brasil Engenharia Ambiental Ltda	Rio de Janeiro	Brazil	74.9%	Environmental
DEME Offshore CA Ltd	Halifax	Canada	100%	Offshore Energy
Dredging International Management Consulting Shanghai Ltd	Shanghai	China	100%	Dredging & Infra
Far East Dredging Ltd	Hong Kong	China	100%	Dredging & Infra
Bellsea Ltd	Nicosia	Cyprus	100%	Dredging & Infra
DEME Cyprus Ltd	Nicosia	Cyprus	100%	Dredging & Infra
DEME Offshore CY Ltd	Nicosia	Cyprus	100%	Offshore Energy
Dredging International Cyprus Ltd	Nicosia	Cyprus	100%	Dredging & Infra
Dredging International Services Cyprus Ltd	Nicosia	Cyprus	100%	Dredging & Infra
Novadeal Ltd	Nicosia	Cyprus	100%	Dredging & Infra
T.C.M.C. The Channel Management Company Ltd	Nicosia	Cyprus	100%	Dredging & Infra

* Newly created or acquired during 2021

** Change in % of shareholding

*** Change in name

Name	Place	Country	% of Shareholding	Main Segment
DEME Offshore DK SAS	Fredericia	Denmark	100%	Offshore Energy
DEME Offshore FR SAS	Lambersart	France	100%	Offshore Energy
G-TEC SAS	Lambersart	France	100% **	Offshore Energy
Société de Dragage International SA	Lambersart	France	100%	Dredging & Infra
DEME Offshore DE GmbH	Bremen	Germany	100%	Offshore Energy
Nordsee Nassbagger- und Tiefbau GmbH	Bremen	Germany	100%	Dredging & Infra
Oam-Deme Mineraliën GmbH	Grosshansdorf	Germany	70%	Dredging & Infra
DEME Building Materials Ltd	Weybridge	Great Britain	100%	Dredging & Infra
NewWaves Solutions Ltd	Weybridge	Great Britain	100%	Dredging & Infra / Offshore Energy
SPT Offshore UK Ltd	Manchester	Great Britain	100%	Offshore Energy
Thistle Wind Partners Ltd	Weybridge	Great Britain	100% *	Concessions
Dredging International India Pvt Ltd	New Delhi	India	99.97%	Dredging & Infra
International Seaport Dredging Pvt Ltd	Chennai	India	93.64%	Dredging & Infra
PT Dredging International Indonesia	Jakarta	Indonesia	95% **	Dredging & Infra
Sidra Spa	Rome	Italy	100%	Dredging & Infra
Apollo Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra
Bonny River Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra
CRiver Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra
Delta River Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra
DEME Luxembourg SA	Luxembourg	Luxembourg	100% ***	Dredging & Infra / Offshore Energy
DEME Offshore LU SA	Luxembourg	Luxembourg	100%	Offshore Energy
DEME Offshore LU Procurement & Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra / Offshore Energy
Meuse River Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra
Safindi RE SA	Luxembourg	Luxembourg	100%	Dredging & Infra
Spartacus Shipping SA	Luxembourg	Luxembourg	100% ***	Dredging & Infra
SPT Offshore Sdn Bhd	Kuala Lumpur	Malaysia	100%	Offshore Energy
Dredging International Malaysia Sdn Bhd	Kuala Lumpur	Malaysia	30% ⁽¹⁾	Dredging & Infra
Hydrogeo SARL	Hey El-Fat Rabat	Marocco	60% **	Offshore Energy
Dredging International Mexico SA de CV	Mexico D.F.	Mexico	100%	Dredging & Infra
Logimarine SA de CV	Mexico D.F.	Mexico	100%	Dredging & Infra
Dragamoz Lda	Maputo	Mozambique	100%	Dredging & Infra
Earth Moving International Nigeria Ltd	Port Harcourt	Nigeria	100%	Dredging & Infra
Novadeal EKO FZE	Lagos	Nigeria	100%	Dredging & Infra
Dredging and Environmental Services Nigeria Ltd	Lagos	Nigeria	39% ⁽¹⁾	Dredging & Infra
Dredging International Services (Nigeria) Ltd	Lagos	Nigeria	39% ⁽¹⁾	Dredging & Infra
Combined Marine Terminal Operators Nigeria Ltd	Lagos	Nigeria	21.25% ⁽²⁾	Dredging & Infra
Dredging International de Panama SA	Panama	Panama	100%	Dredging & Infra
Corporacion Arenera Marina SA	Panama	Panama	100%	Dredging & Infra
Dredec PNG Ltd	Port Moresby	Papua New Guinea	100%	Dredging & Infra
Berin Engenharia Dragagens e Ambiente SA	Lisbon	Portugal	100%	Dredging & Infra
Middle East Dredging Company QSC	Doha	Qatar	49% ⁽³⁾	Dredging & Infra
Dragmorstroy LLC	St. Petersburg	Russia	100%	Dredging & Infra
Dredging International Saudi Arabia Co Ltd	Al-Khobar	Saudi Arabia	100%	Dredging & Infra
Dredging International Asia Pacific Pte Ltd	Singapore	Singapore	100%	Dredging & Infra
Dredging International South Africa Pty Ltd	Durban	South-Africa	100%	Dredging & Infra
Dredging International España SA	Alicante	Spain	100%	Dredging & Infra
Naviera Living Stone SLU	Alicante	Spain	100%	Offshore Energy
Deme Concessions Netherlands BV	Breda	The Netherlands	100%	Concessions
Deme Concessions Merkur BV	Breda	The Netherlands	100%	Concessions
DEME Offshore NL BV	Breda	The Netherlands	100%	Offshore Energy
DEME Offshore Shipping BV	Breda	The Netherlands	100%	Offshore Energy

* Newly created or acquired during 2021

** Change in % of shareholding

*** Change in name

(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	Place	Country	% of Shareholding	Main Segment
Dredging International Netherlands BV	Breda	The Netherlands	100%	Dredging & Infra
G-TEC BV	Delft	The Netherlands	100% **	Offshore Energy
DEME Infra Marine Contractors BV	Dordrecht	The Netherlands	100%	Dredging & Infra
DEME Building Materials BV	Ritthem	The Netherlands	100%	Dredging & Infra
Seatec Holding BV	Colijnsplaat	The Netherlands	100%	Offshore Energy
SPT Equipment BV	Woerden	The Netherlands	100%	Offshore Energy
SPT Offshore Holding BV	Woerden	The Netherlands	100%	Offshore Energy
SPT Offshore BV	Woerden	The Netherlands	100%	Offshore Energy
Seatec Subsea Systems BV	Colijnsplaat	The Netherlands	100%	Offshore Energy
De Vries & van de Wiel Beheer BV	Amsterdam	The Netherlands	74.90%	Environmental
De Vries & van de Wiel Kust- en Oeverwerken BV	Amsterdam	The Netherlands	74.90%	Environmental
Aannemingsmaatschappij De Vries & van de Wiel BV	Amsterdam	The Netherlands	74.90%	Environmental
Zandexploitatie maatschappij De Vries & van de Wiel BV	Amsterdam	The Netherlands	74.90%	Environmental
Milieutechniek De Vries & van de Wiel BV	Amsterdam	The Netherlands	74.90%	Environmental
Dredging International Ukraine LLC	Odessa	Ukraine	100%	Dredging & Infra
Dredging International RAK FZ LLC	Ras Al Khaimah	United Arab Emirates	100%	Dredging & Infra
DEME Offshore US INC	East Boston	USA	100%	Offshore Energy
DEME Offshore US LLC	East Boston	USA	100%	Offshore Energy
Marine Construction & Solutions Holding LLC	Katy - Texas	USA	100%	Dredging & Infra
Marine Construction & Solutions LLC	Katy - Texas	USA	100%	Dredging & Infra
Servicios Maritimos Servimar SA	Caracas	Venezuela	100%	Dredging & Infra

JOINT VENTURES (EQUITY METHOD IN FINANCIAL STATEMENTS BUT PROPORTIONATE METHOD IN SEGMENT REPORTING)

As of December 31, 2021

Name	Place	Country	% of Shareholding	Main Segment
Scaldis Salvage & Marine Contractors NV	Antwerp	Belgium	54.37%	Offshore Energy
Transterra NV	Stabroek	Belgium	50%	Dredging & Infra
Sédisol SA	Farciennes	Belgium	37.45%	Environmental
Blue Site SA	Farciennes	Belgium	37.45%	Environmental
Wérisol SA	Liege	Belgium	37.45% *	Environmental
Silvamo NV	Roeselare	Belgium	37.45%	Environmental
Top Wallonie NV	Mouscron	Belgium	37.45%	Environmental
MSB Minerações Sustentáveis do Brasil SA	Sao Paulo	Brazil	51%	Dredging & Infra
DEME Brazil Serviços de Dragagem Ltda	Rio de Janeiro	Brazil	50%	Dredging & Infra
Guangzhou Coscocs DEME New Energy Engineering Co. Ltd	Guangzhou	China	50%	Offshore Energy
Earth Moving Worldwide Cyprus Ltd	Nicosia	Cyprus	50%	Dredging & Infra
Japan Offshore Marine Ltd	Bunkyo-ky Tokyo	Japan	49% *	Offshore Energy
BNS JV Ltd	Camberley	Great Britain	50%	Dredging & Infra
Normalux Maritime SA	Luxembourg	Luxembourg	37.50%	Offshore Energy
Combined Marine Terminal Operations Marafi LLC	Duqm	Oman	37.68%	Dredging & Infra
Gulf Earth Moving Qatar WLL	Doha	Qatar	50%	Dredging & Infra
Mordraga LLC	St. Petersburg	Russia	40%	Dredging & Infra
Dragafi Asia Pacific Pte Ltd	Singapore	Singapore	40%	Dredging & Infra
DIAP Thailand Co Ltd	Bangkok	Thailand	48.9% **	Dredging & Infra
CSBC Deme Wind Engineering Co Ltd (CDWE)	Taipei	Taiwan	49.99%	Offshore Energy
CDWE Green Jade Shipowner Ltd	Taipei	Taiwan	49.99% *	Offshore Energy
DBM-Bontrup BV	Amsterdam	The Netherlands	50%	Dredging & Infra
K3 DEME BV	Amsterdam	The Netherlands	50%	Dredging & Infra
Deeprock Beheer BV	Breda	The Netherlands	50%	Offshore Energy
Deeprock CV	Breda	The Netherlands	50%	Offshore Energy
Overseas Contracting & Chartering Services BV	Papendrecht	The Netherlands	50%	Offshore Energy
Earth Moving Middle East Contracting DMCEST	Dubai	United Arab Emirates	50%	Dredging & Infra

* Newly created or acquired during 2021

** Change in % of shareholding

ASSOCIATES (EQUITY METHOD)

As of December 31, 2021

Name	Place	Country	% of Shareholding	Main Segment
Consortium Antwerp Port (Oman) NV	Zwijndrecht	Belgium	60%	Concessions
Power@Sea NV	Zwijndrecht	Belgium	51.10%	Concessions
Consortium Antwerp Port Industrial Port Land NV	Zwijndrecht	Belgium	50%	Concessions
Blue Open NV	Zwijndrecht	Belgium	49.94%	Environmental
Bluepower NV	Zwijndrecht	Belgium	35%	Concessions
Bluechem Building NV	Ghent	Belgium	25.47%	Environmental
Blue Gate Antwerp Development NV	Zwijndrecht	Belgium	25.46%	Environmental
Terranova NV	Zwijndrecht	Belgium	24.96%	Environmental
Zeeboerderij Westdiep BV	Halle	Belgium	20% *	Concessions
Feluy M2M SA	Farciennes	Belgium	19.47%	Environmental
Otary BIS NV	Ostend	Belgium	18.89%	Concessions
Otary RSNV	Ostend	Belgium	18.89%	Concessions
Rentel NV	Ostend	Belgium	18.89%	Concessions
Hyve BV	Leuven	Belgium	16.67% *	Concessions
Terranova Solar NV	Stabroek	Belgium	16.85%	Environmental
North Sea Wave NV	Ostend	Belgium	13.22%	Concessions
SeaMade NV	Ostend	Belgium	13.22%	Concessions
La Vélorie SA	Tournai	Belgium	12.48%	Environmental
C-Power Holdco NV	Zwijndrecht	Belgium	10%	Concessions
C-Power NV	Ostend	Belgium	6.46%	Concessions
Nou Vela SA	Port-La Nouvelle	France	46.60% *	Concessions
Port La Nouvelle SEMOP	Port-La Nouvelle	France	23.77% *	Concessions
West Islay Tidal Energy Park Ltd	Glasgow	Great Britain	35%	Concessions
Rhama Port Hub SRL	Ravenna	Italy	28% *	Dredging & Infra
Hyport Coordination Company LLC	Al-Duqm	Oman	50% *	Concessions
Port of Duqm Company SAOC	Al-Duqm	Oman	30%	Concessions
Duqm Industrial Land Company LLC	Al-Duqm	Oman	27.55%	Concessions
Duqm Logistic Lands and Investment Company LLC	Al-Duqm	Oman	26% *	Concessions
Asyad Terminals DUQM LLC	Al-Duqm	Oman	14.70% *	Concessions
DIAP-Daelim Joint Venture Pte Ltd	Singapore	Singapore	51%	Dredging & Infra
DIAP-SHAP Joint Venture Pte Ltd	Singapore	Singapore	51%	Dredging & Infra
Baak Blankenburg-Verbinding BV	Nieuwegein	The Netherlands	15%	Concessions

* Newly created or acquired during 2021

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 on a transaction-by-transaction basis.

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.

BUSINESS COMBINATIONS IN THE COURSE OF 2021 AND 2020

Business combinations and disposals in the course of 2021

There were no business combinations in the current year.

Further in 2020, DEME Concessions Merkur BV disposed of its 12.5% stake in the Merkur offshore wind farm (Merkur Offshore GmbH), one of the largest operational wind farms (396 MW) in Germany. This transaction resulted in the receipts of 89.8 million EUR in cash for DEME and a capital gain of 63.9 million EUR. In 2021, an additional capital gain of 12.2 million EUR was recognised related to this disposal as the result of a favourable and final settlement of a contingent consideration previously accounted for.

In follow up of the acquisition of SPT Offshore Holding BV in 2020, the estimated earn-out obligation remains unchanged. As a result, no changes have been made to the purchase price allocation of 2020.

Business combinations and disposals in the course of 2020

On October 30, 2020, DEME Offshore Holding NV acquired 100% of the shares of the company SPT Offshore Holding BV to obtain its technology. This company holds 100% of the shares of the following companies: SPT Equipment BV, SPT Offshore BV, SPT Offshore UK Ltd, SPT Offshore SDN Bhd, Seatec Holding BV and its affiliate Seatec Subsea Systems BV.

All these companies are fully consolidated. The evaluation of all the identifiable assets and liabilities obtained by this acquisition took place on June 30, 2020. The market value of the identified assets and liabilities is shown below.

SPT OFFSHORE (in thousands of EUR)	
Intangible assets	19,252
Property, plant and equipment	5,361
Trade and other operating receivables	3,968
Cash and cash equivalents	1,878
Employee benefit obligations	-
Current and non-current interest-bearing debt	-1,038
Other non-current assets and liabilities	-3,415
Trade and other operating payables	-3,870
TOTAL NET ASSETS ACQUIRED	22,136
ACQUISITION PRICE	22,136
ACQUISITION PRICE, NET OF CASH	20,258

The following methods were used to determine the market value of the identifiable assets and liabilities acquired:

- intangible assets: the market value was estimated by DEME on a best effort basis;
- other assets and liabilities: the market value is based on the value at which those assets or liabilities can be transferred to third parties.

The purchase price consists of an amount of 18.2 million EUR, paid on the closing date of the transaction, and of an earn-out obligation that was estimated at 3.9 million EUR, which is the maximum amount under the contract. As it concerns an asset deal and no business combination, there are no goodwill flows. There is no residual goodwill.

In 2020, DEME Concessions Merkur BV disposed of its 12.5% stake in the Merkur offshore wind farm (Merkur Offshore GmbH), one of the largest operational wind farms (396 MW) in Germany. This transaction earned DEME 89.8 million EUR in cash and a capital gain of 63.9 million EUR.

FOREIGN CURRENCIES

The Group's consolidated financial statements are presented in euros, 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.

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 (10) a table with currency rates from foreign currency to EUR can be found as per December 31, 2021 and 2020.

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.

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 measurement 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.

Exploration for and evaluation of mineral resources

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 on a transaction-by-transaction basis.

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 stated 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 expenses for upkeep of the assets during the operation of the vessel are predominantly charged to the profit and loss account.

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.

Property, plant and equipment under construction are included based on the instalments paid and the capitalised interests during the construction period.

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. The impact of this change in accounting rule is 2 million EUR.

Methods for depreciation, useful life and residual value are reassessed at the end of each financial year and amended if necessary.

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.

No inventories are pledged as security for liabilities.

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. They are presented as contract liabilities. 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 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 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, we refer to note (10) 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 profit and loss.

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 profit and loss. An impairment loss on goodwill is never reversed.

PROVISIONS

Provisions are recognised in the balance sheet when the Group has a presented 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

Provision 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 does 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 (22), can also be a provision 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

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.

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 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 arises 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 reassesses 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 profit and loss (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 (10) of this Financial Report:

- 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 in result. Gains or losses resulting from the time value of financial derivative instruments are recognised in the income statement. 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 euros 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.

REVENUES

Turnover or revenue from contracts with customers

All segments, except for the DEME concessions segment, that's 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. 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. Interest income also includes positive changes in the fair value of financial derivatives.

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).

All interest expenses and other costs incurred in connection with borrowings, except those which were eligible to be capitalised, are taken to profit or loss as interest expense. The interest expense is recognised in the income statement using the effective interest rate method. Interest expenses also include negative changes in the fair value of financial derivatives.

Other financial expenses mainly relate to costs incurred for project related bank guarantees.



GLOSSARY AND DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

- An **activity line** is the lowest level of internal operating segment to report on.
- **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.
- **BoP**: Balance of plant (BOP) is the term used to describe all the infrastructure and facilities of a wind turbine installation except for the turbine itself. It, therefore, encompasses all aspects of the project not covered in the turbine supply contract.
- **Cutter Suction Dredger (CSD)**: meaning 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.
- **Decommissioning**: dismantling (making it inoperative) or removal of an object.
- **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** is the sum of operating result (EBIT), depreciation, amortisation expenses and impairment of goodwill.
- **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**: meaning 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 accurate. The fallpipe vessel can position rock to a depth of 2.000 meters by using an active heave compensated Remotely Operated Vehicle.
- **Geographical market** is determined as the area (location) at which projects are realised and services are provided or the project location for offshore works.
- **GHG emissions**: Greenhouse gases, or GHGs, 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:
 - **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);
 - **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;
 - **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 only report the emissions which result from business air miles. DEME includes carbon dioxide (CO₂), nitrous oxide (N₂O) and methane (CH₄) emissions in its carbon footprint. In the selection of emission conversion factors (linking fuel consumption to CO₂eq emissions), sector-specific emission factors from the IMO are used for vessels. For all other equipment, the worldwide (direct CO₂) emission factors of Defra (the UK government's Department for Environment, Food and Rural Affairs) are used.
- **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.
- **IP**: Intellectual Property.
- 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.
- **LNG**: Liquefied Natural Gas.
- **LTIFR** (Lost Time Incident Frequency Rate): The frequency rate is the number of incidents with injury that caused the person to be off work longer than 1 day/ shift (day of the incident not included) & fatalities divided by the amount of performed work hours, multiplied by 200,000. Illnesses, non-work related and commuting incidents 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.

- **Multi-purpose Cable Installation Vessel:** meaning 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.
- **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** is the sum of current and non-current interest-bearing debt (that includes lease liabilities) decreased with cash and cash equivalents.
- **OCI (Other Comprehensive Income)** is those revenues, expenses, gains and losses that are excluded from net income on the income statement.
- **Offshore Installation Vessel (Floating or Jack-up units):** meaning 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 vessels can't lift herself above the sea surface, which means that the vessel is not dependent on the water depths and the seabed conditions.
- **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)** is net working capital (current assets less current liabilities), excluding interest-bearing debt and cash and cash equivalents and including other non-current assets.
- **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 system (ORM):** system for the proper identification, assessment and management of risks and opportunities with respect to tendering, preparation and execution of projects.
- **Order book:** The Group's order book 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 order book also includes the Group's share in the order book of joint ventures, but not of associates. Contracts are not included in the order book until the agreement with the client is signed. A letter of award is not sufficient to include the contract in the order book according to the Group. Additionally financial close must be reached when projects will be executed in 'uncertain' countries before including them in the order book. 'Uncertain countries' are identified at the discretion of the Executive Committee.
- **OSS (offshore substation):** 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.
- **PPP:** Public-Private partnership.
- **R&D:** Research & Development
- **Salvage works** include the following activities: heavy lift support during salvage operations and wreck removals
- 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 'Segment Reporting' of this Financial Report.
- **SG&A costs:** Sales, General and Administrative expenses. All expenses made at DEME level related to our Supporting Services Departments at our Sales and Tender organisation. As such these expenses are not directly linked to any projects or type of equipment. Expenses of a non-operational nature.
- **Total investments** is the amount paid for the acquisition of intangible, tangible and financial fixed assets, which equals the total investment amount of the consolidated cash flow from investing activities.
- **Trailing Suction Hopper Dredger (TSHD):** meaning 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. Afterward the vessel can sail long distances and empty her 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.
- **T&I:** Transport & Installation.
- **Weighted occupancy rate:** this is the weighted average operational occupation in weeks, of the DEME Group fleet, expressed over a given calendar year. It's calculated as a weighted average based upon internal rates of hire of the vessels.

COMPARATIVE FINANCIAL STATEMENT ANALYSIS

This introduction has to be read together with DEME Group financial performance earlier in this report where the major contributors to the result of the year are explained. In the Group's financial performance when elaborating on the performance of the segments separately, as well as in the segment reporting, management reporting 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 reporting figures, whereas according to equity method in the financial statements. The Share of the Group is not affected by the difference in consolidation method, only the presentation of the result of the year is different.

In the notes and in the 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	2021	2020	DELTA
REVENUES		2,580,773	2,335,944	244,829
Turnover	(1)	2,510,607	2,195,828	314,779
Other operating income	(2)	70,166	140,116	-69,950
OPERATING EXPENSES		-2,437,492	-2,271,663	-165,829
Raw materials, consumables, services and subcontracted work		-1,575,624	-1,482,795	-92,829
Personnel expenses	(3)	-488,896	-454,635	-34,261
Depreciation and amortisation expenses	(4)/(6)/(7)	-291,108	-284,591	-6,517
Impairment of property, plant and equipment and right-of-use assets	(6)/(7)	-34,608	-15,586	-19,022
Impairment of goodwill and intangible assets	(4)/(5)	-311	-5,000	4,689
Other operating expenses	(2)	-46,945	-29,056	-17,889
OPERATING RESULT		143,281	64,281	79,000
FINANCIAL RESULT		-5,412	-25,651	20,239
Interest income		4,181	4,369	-188
Interest expense		-6,920	-12,338	5,418
Realised/unrealised foreign currency translation effects		6,130	-11,984	18,114
Other financial income and expenses		-8,803	-5,698	-3,105
RESULT BEFORE TAXES		137,869	38,630	99,239
Current taxes and deferred taxes	(11)	-31,079	-9,812	-21,267
RESULT AFTER TAXES		106,790	28,818	77,972
Share of profit (loss) of joint ventures and associates	(8)	10,548	22,395	-11,847
RESULT FOR THE PERIOD		117,338	51,213	66,125
Attributable to non-controlling interests		2,757	803	1,954
SHARE OF THE GROUP		114,581	50,410	64,171
Number of shares		4,538,100	4,538,100	-
Earnings per share		25.25	11.11	14.14

Total revenues in 2021 increased with 244.8 million EUR or 10.4 % compared to 2020. Turnover increased with 314.8 million EUR whereas other operating income decreased with 69.9 million EUR.

A major event last year contributing to other operating income was the gain on the sale of its 12.5% participation in Merkur Offshore GmbH, a German wind farm for an amount of 63.9 million EUR. This gain was realised within the Concessions segment.

The operating result or EBIT increased with 79 million EUR. Higher margins compared to 2020, that was impacted by the pandemic and the non-availability of the installation vessel 'Orion', are partly compensated by higher personnel expenses, higher depreciation and impairment costs and higher other operating expenses that will be further explained in the notes.

The improvement of the financial result is mainly related to the realised/unrealised foreign currency translation effect that is 6.1 million EUR positive, whereas an amount of -12 million EUR was registered last year.

The result before taxes is 99.2 million EUR higher than last year and the effective tax rate decreased to 22.5% compared to 25.4% last year.

The share of profit of joint ventures and associates decreased with 11.8 million EUR and the amount attributable to non-controlling interests increased with 1.9 million EUR.

The share of the Group more than doubled compared to last year to an amount of 114.6 million EUR which is 25.25 EUR per share.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION COMPARATIVE ANALYSIS

As of December 31 (in thousands of EUR)

ASSETS	Notes	2021	2020	DELTA
NON-CURRENT ASSETS		2,694,235	2,691,083	3,152
Intangible assets	(4)	25,513	24,935	578
Goodwill	(5)	13,028	13,339	-311
Property, plant and equipment	(6)	2,259,041	2,337,089	-78,048
Right-of-use assets	(7)	90,620	75,917	14,703
Investments in joint ventures and associates	(8)	132,781	105,918	26,863
Other non-current financial assets	(9)	33,451	32,813	638
Non-current financial derivatives	(10)	613	1,433	-820
Other non-current assets	(9)	4,239	3,221	1,018
Deferred tax assets	(11)	134,949	96,418	38,531
CURRENT ASSETS		1,355,362	1,228,871	126,491
Inventories	(12)	12,168	10,456	1,712
Contract assets	(13)	326,685	251,747	74,938
Trade and other operating receivables	(14)	384,022	309,636	74,386
Current financial derivatives	(10)	3,207	6,842	-3,635
Assets held for sale	(15)	32,456	-	32,456
Other current assets	(16)	68,192	28,253	39,939
Cash and cash equivalents	(10)/(18)	528,632	621,937	-93,305
TOTAL ASSETS		4,049,597	3,919,954	129,643

Total balance sheet of the year increased with 129.6 million EUR which is almost all related to the increase in current assets. Contract assets and trade and other operating receivables increased with respectively 74.9, 74.4 and 39.9 million EUR also reflecting the higher activity of the Group in 2021. The increase of 32.4 million EUR assets held for sale within current assets is related to the reclassification of the net book value of the 'Thor' vessel from property, plant and equipment. Next to this disposal also the 'Goliath' and 'Omalius' were disposed and sold outside the Group. The 'Groenewind' and the 'Spartacus' came into production, but were already included in assets under construction as of December 31, 2020, for more than 2/3th of their acquisition value. In 2021 the Group booked 34.6 million EUR accelerated depreciation and impairment costs of which 25.5 million

EUR is related to the impairment of the cutter suction dredgers 'Al Mahaar' and 'Al Jarraf'. The high increase in right-of-use assets mainly relates to a long-term lease contract for a yard in Vlissingen (The Netherlands). The increase in investments in joint ventures and associates is partly related to the increase of other comprehensive income (impact of interest-rate hedges) and partly to additions of the year. The result of the year of 10.5 million EUR included in the consolidated statement of income is offset by dividends paid to the DEME Group parent company subsidiaries. Cash and cash equivalents decreased with 93.3 million EUR to 528.6 million EUR but were at an exceptional high level at the end of last year as a measure for safeguarding the net working capital in view of the COVID-crisis.

GROUP EQUITY AND LIABILITIES	Notes	2021	2020	DELTA
SHAREHOLDERS' EQUITY	(17)	1,579,543	1,467,492	112,051
Issued capital		31,110	31,110	-
Share premium		5,645	5,645	-
Retained earnings and other reserves		1,618,824	1,524,664	94,160
Hedging reserve		-25,872	-40,978	15,106
Remeasurement on retirement obligations		-41,283	-40,454	-829
Cumulative translation adjustment		-8,881	-12,495	3,614
NON-CONTROLLING INTERESTS		19,696	17,840	1,856
GROUP EQUITY		1,599,239	1,485,332	113,907
NON-CURRENT LIABILITIES		786,718	890,489	-103,771
Retirement obligations	(20)	65,267	63,029	2,238
Provisions	(22)	39,572	30,097	9,475
Interest-bearing debt	(18)	577,970	735,054	-157,084
Non-current financial derivatives	(10)	26,868	9,018	17,850
Other non-current financial liabilities	(8)	2,827	5,933	-3,106
Deferred tax liabilities	(11)	74,214	47,358	26,856
CURRENT LIABILITIES		1,663,640	1,544,133	119,507
Interest-bearing debt	(18)	343,340	375,913	-32,573
Current financial derivatives	(10)	12,368	6,761	5,607
Provisions	(22)	3,738	200	3,538
Contract liabilities	(13)	181,095	156,799	24,296
Advances received	(13)	101,067	60,582	40,485
Trade payables		772,905	717,338	55,567
Remuneration and social debt		94,026	83,968	10,058
Current income taxes		76,370	66,336	10,034
Other current liabilities	(21)	78,731	76,236	2,495
TOTAL LIABILITIES		2,450,358	2,434,622	15,736
TOTAL GROUPEQUITY AND LIABILITIES		4,049,597	3,919,954	129,643

Non-current liabilities decreased with 103.7 million EUR of which 157.1 million EUR is related to the decrease in non-current interest-bearing debt offset by an increase in deferred tax liabilities and non-current financial derivatives. Also the current interest-bearing debt decreased mainly because at the end of 2021 such a high level of cash in hand financed by short term debt was no longer a priority. The other current liabilities increased reflecting the higher activity level in 2021.

Total liabilities increased with 15.7 million EUR and Group Equity increased with 113.9 million EUR. Result of the Group amounted to 114.6 million EUR and although a dividend of 20.4 million EUR was distributed, Shareholders' Equity only decreased with 112 million EUR as the Equity was positively impacted by an increase in Other Comprehensive Income for an amount of 17.9 million EUR, mainly thanks to the positive evolution of the cash flow hedges, more specifically the interest rate hedges, in 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS COMPARATIVE ANALYSIS

As of December 31 (in thousands of EUR)

	Notes	2021	2020	DELTA
CASH AND CASH EQUIVALENTS, OPENING BALANCE		621,937	475,135	146,802
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		440,356	272,297	168,059
CHANGES IN WORKING CAPITAL		-20,782	104,124	-124,906
CASH FLOW FROM OPERATING ACTIVITIES		419,574	376,421	43,153
Investments		-298,660	-258,788	-39,872
Divestments		32,248	111,649	-79,401
CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES		-266,412	-147,139	-119,273
New interest-bearing debt	(18)	51,344	175,566	-124,222
Repayment of interest-bearing debt	(18)	-278,875	-253,952	-24,923
Gross dividend paid to the shareholders	(17)	-20,421	-	-20,421
CASH FLOW (USED IN) / FROM FINANCIAL ACTIVITIES		-247,952	-78,386	-169,566
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-94,790	150,896	-245,686
Change in consolidation scope or method		-	-37	37
Impact of exchange rate changes on cash and cash equivalents		1,485	-4,057	5,542
CASH AND CASH EQUIVALENTS, ENDING BALANCE		528,632	621,937	-93,305

Cash from operating activities

Cash flow from operating activities increased from ca. 376 million EUR in 2020 to ca. 419 million EUR in 2021.

This mainly relates to:

- The improved activity level and corresponding increase in the net operating result of ca. 143 million EUR realised in 2021 compared to ca. 64 million EUR in 2020. The aforementioned net operating result includes items reclassified to investing cash flow for an amount of ca. 16 million EUR in 2021 compared to ca. 74.6 million EUR in 2020. The 2020 amount mainly related to the sale of the Merkur offshore wind farm;
- The increased working capital per December 31, 2021, mainly caused by an increase in amounts receivable and contract assets (i.e., unbilled revenue). The effect of the changes in working capital on the cash flow from operating activities amounted to ca. -21 million EUR in 2021 compared to +104 million EUR in 2020;
- Other material cash flows from operating activities in 2021 include an inflow of ca. 10.5 million EUR of dividends received from participations in joint ventures and associates, and an outflow of ca. 38 million EUR of income taxes.

The material non-cash adjustments from operating activities in 2021 include ca. 291 million EUR of depreciation and amortisation expenses, ca. 35 million EUR of impairment expenses and a ca. 13 million EUR increase of provisions.

Cash flow (used in) from investing activities

Cash flow used in investing activities increased by 81% in 2021, amounting to ca. 266 million EUR in 2021 compared to ca. 147 million EUR in 2020. The considerable increased cash outflow in 2021 was mainly driven by the following factors:

- Increased investments in the DEME fleet (PP&E), reaching ca. 280 million EUR of cash spent in 2021 compared to ca. 199 million EUR in 2020. This is driven by the delivery and related final payment for dredger CSD 'Spartacus' and by the lifetime extension work on the dredger TSHD 'Pearl River' performed in 2021;
- Investments in joint ventures and associates (ca. 16 million EUR), compared to ca. 55 million EUR in 2020;
- Divestments for an amount of ca. 32 million EUR in 2021, which significantly decreased compared to the cash inflow realised in 2020 (ca. 111 million EUR). The main difference in divestments stems from the 89 million EUR cash inflow that materialised in 2020 from the sale of Merkur offshore wind farm, while no such disposal of Concessions' associates was performed in 2021.

Cash flow (used in) from financial activities

Cash flow used in financial activities considerably increased from ca. 78 million EUR in 2020 to ca. 248 million EUR in 2021. The main 2021 cash flows from financial activities relate to:

- Interest-bearing debt raised in 2021 amounting to ca. 51 million EUR, compared to ca. 175 million EUR in 2020;
- Dividend payments for ca. 20 million EUR in 2021 whereas no dividend was paid in 2020 because of the pandemic;
- Debt repayments performed in 2021 amounting to ca. 279 million EUR compared to ca. 254 million EUR in 2020.

As a result of the above mentioned cash flows, the cash and cash equivalents balance decreased from ca. 622 million EUR in 2020 to ca. 529 million EUR in 2021.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – TURNOVER AND ORDER BOOK

Balance at December 31

TURNOVER

Below a split by nature, segment and geographical market can be found.

Turnover by nature (in thousands of EUR)	2021	2020
Revenue from contracts with customers	2,498,256	2,187,745
Revenue from ancillary activities	12,351	8,083
Total turnover as per financial statements	2,510,607	2,195,828

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)	2021	2020
Dredging & Infra	1,478,306	1,151,616
Offshore Energy	916,354	961,977
Environmental	166,163	140,008
Concessions	1,467	2,119
Total turnover by segment	2,562,290	2,255,720
Reconciliation	-51,683	-59,892
Total turnover as per financial statements	2,510,607	2,195,828

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)	2021	2020
Belgium	279,248	427,199
Europe - EU	976,939	1,252,767
Europe - non EU	608,708	127,988
Africa	491,058	133,735
Asia & Oceania	93,700	143,386
America	42,359	51,011
Indian subcontinent	17,317	52,633
Middle East	1,278	7,109
Total turnover as per financial statements	2,510,607	2,195,828

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.

The Abu Qir Port Expansion Project in Egypt (Dredging & Infra segment), contributed between 10 % and 15 % in the Group's turnover of 2021 and qualifies as such as a **material client** in relation to the total turnover of the Group. Because of the occasional nature and spread of the contracts, none of the DEME clients structurally qualify as a material client in relation to the total turnover of the Group.

ORDER BOOK

The Group's **order book** 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 order book also includes the Group's share in the order book of joint ventures, but not of associates.

Contracts are not included in the order book until the agreement with the client is signed. A letter of award is not sufficient to include the contract in the order book according to the Group. Additionally financial close must be reached when projects will be executed in 'uncertain' countries before including them in the order book.

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.

Order book by segment (in thousands of EUR)	2021	2020
Dredging & Infra	2,833,296	3,176,502
Offshore Energy	2,816,564	1,133,495
Environmental	255,330	190,066
Concessions	-	-
Total Order book	5,905,190	4,500,063

The value of the Group's order book as per December 31, 2021, amounts to 5.9 billion EUR (2020: 4.5 billion EUR). Projects with a total value of 3.1 billion EUR were acquired in the course of 2021 (2020: 2.5 billion EUR).

Order book by geographical market (in thousands of EUR)	2021	2020
Europe - EU	2,866,265	3,140,781
Europe - non EU	814,462	199,740
Africa	414,346	754,370
Asia & Oceania	325,516	342,930
America	1,454,872	20,112
Indian subcontinent	25,786	21,190
Middle East	3,942	20,940
Total Order book	5,905,190	4,500,063

In the history of the Group this is an all-time high amount mainly thanks to the award in 2021 of several major Offshore Wind projects both in Europe as in the US for the upcoming years.

Order book 2021 split in time (in thousands of EUR)	2022	2023	2024	Beyond	Total
Total Order book	2,021,166	1,456,930	1,079,065	1,348,028	5,905,190

Order book 2020 split in time (in thousands of EUR)	2021	2022	2023	Beyond	Total
Total Order book	1,753,994	1,300,982	629,483	815,604	4,500,063

The Group estimates that 34.2% of the order book will be executed in the next year (2020: 38.9%). 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)	2021	2020
Gain on sale of intangible assets	-	-
Gain on sale of property, plant and equipment	3,983	11,170
Gain on disposal of equity method investees	12,186	63,935
Other operating income	53,997	65,011
Total other operating income	70,166	140,116

In 2021 the largest amount in the **gain on sale of property, plant and equipment** is related to the sale of the drilling platform 'Li Ya' (formerly 'Goliath'). In 2020 the gain on sale of property, plant and equipment includes the gain realised on the disposal of old vessels and equipment, such as the small hopper dredger 'Orwell' and the cutter suction dredger 'Djle'.

Gain on sale of equity method investees in 2021 as well as in 2020 refers to the gain on the sale of 12.5 % participation in Merkur Offshore GmbH, a German windfarm. 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. See earlier in this report for more information about this sale in the chapter about business combinations and disposals.

On February 10, 2017, DEME contracted IHC Holland BV for the construction of the vessel 'Spartacus', a rock and sand cutter suction dredger. The vessel was not delivered within the contractually determined period which entitled DEME to claim late delivery penalties. Per June 2, 2020, DEME and IHC signed an amendment deed to further delay the anticipated delivery date and entitling DEME to a delay damages compensation of 10 million EUR which has been paid in September 2020 and recognised in **other operating income** of that year. This amendment entitled DEME to new delay damages with a maximum of 15 million EUR. The delivery of the Spartacus took place in August 2021, after the second anticipated delivery date. The delay damages of 15 million EUR were received and recorded in other operating income of 2021. For both accounting year 2020 and 2021 these amounts compensate the incremental costs incurred as a result of the late delivery of the vessel 'Spartacus'.

In 2020, **other operating income** also comprises 10.2 million EUR proceeds from an arbitration award relating to a past project.

OTHER OPERATING EXPENSES

(in thousands of EUR)	2021	2020
Loss on sale of intangible assets	-	-
Loss on sale of property, plant and equipment	10	489
Movement in amounts written off inventories and trade receivables	3,185	-3,852
Movement in retirement benefit obligations	1,146	639
Movement in provisions	13,013	12,509
Other operating expenses	29,591	19,271
Total other operating expenses	46,945	29,056

For the movement in **provisions** reference is made to note (22) Provisions, and for information about the **retirement benefit obligations** we refer to note (20).

Other operating expenses mainly include various taxes, import and stamp duties. The increase in 2021 compared to 2020 is related to the deployment of several cutter and hopper suction dredgers in Egypt.

Amounts written off inventories and trade receivables mainly relate to a provision for bad debt that was accrued in the fourth quarter of 2021 as the client is linking the receivable back-to-back to the outcome of their insurance claim.

NOTE 3 – PERSONNEL EXPENSES AND EMPLOYMENT

Balance at December 31

Average number of persons employed during the year (in FTE)	2021	2020
Employees	2,797	2,852
Workers	2,083	2,124
Total	4,880	4,976

The average headcount reported in this note is drawn up on the basis of the Consolidation scope whereby only the average headcount of entities controlled by the Group are included.

Personnel expenses (in thousands of EUR)	2021	2020
Remuneration	416,972	383,860
Social charges	57,649	57,521
Pension expenses	14,275	13,254
Total	488,896	454,635

In 2021 DEME paid an amount to the Belgian tax authorities after the receipt of corrective tax assessments re prior years. The amount paid is included in remuneration.

Additional information is disclosed in DEME's **Sustainability Report**, such as:

- gender breakdown;
- ratio of full-time versus part-time;
- age profile by gender;
- training hours;
- number of nationalities.

NOTE 4 – INTANGIBLE ASSETS

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	-	-	-	-
	Scope change	-	-	-	-
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
	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	-	-	-	-
	Scope change	-	-	-	-
At December 31, 2021		4,096	24,717	9,078	37,891
Net book value at the end of the year		-	22,308	3,205	25,513

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.

The **addition of the year** 2021 of 1.9 million EUR is primarily related to the activation 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 is related to the first consolidation of the SPT Offshore group at the end of 2020. These intangibles are amortised over the economic lifetime of 10 years and explain the increase in amortisation of the year.



2020 (in thousands of EUR)		Development costs	Concessions, patents, licences, etc.	Other intangible assets	Total
Acquisition cost at January 1, 2020		3,844	27,415	8,645	39,904
Movements during the year	Additions, including fixed assets, own production	355	2,478	-	2,833
	Sales and disposals	-152	-905	-681	-1,738
	Transfers from one heading to another	-40	298	-	258
	Translation differences	-	-2	-1	-3
	Acquisitions through business combinations	-	19,273	-	19,273
	Scope change	-	-	-	-
At December 31, 2020		4,007	48,557	7,963	60,527
Cumulative amortisation and impairment at January 1, 2020		3,821	23,023	8,645	35,489
Movements during the year	Amortisation of the year	375	1,428	6	1,809
	Written down after sales and disposals	-152	-717	-680	-1,549
	Transfers from one heading to another	-40	-129	-8	-177
	Translation differences	-	-1	-	-1
	Acquisitions through business combinations	-	21	-	21
	Scope change	-	-	-	-
At December 31, 2020		4,004	23,625	7,963	35,592
Net book value at the end of the year		3	24,932	-	24,935

The intangible assets increased in 2020 by 20.5 million EUR to 24.9 million EUR. An amount of 19.3 million EUR of this increase is related to the acquisition of the SPT Offshore group in 2020. Reference is made to the information included in the section business combinations in the course of 2020.

NOTE 5 – GOODWILL

(in thousands of EUR)		2021	2020
Balance at January 1		13,339	18,339
Movements during the year	Acquisitions through business combinations	-	-
	Disposals	-	-
	Impairment losses	-311	-5,000
Balance at December 31		13,028	13,339

IMPAIRMENT TESTING OF GOODWILL

In accordance with IAS 36 *Impairment of assets*, goodwill was tested for impairment at December 31, 2021 and 2020. In 2021 impairment losses of 0.3 million EUR were recognised in the Environmental segment. In 2020 impairment losses of 5.0 million EUR were recognised on the activities of International Seaport Dredging Pvt Ltd in India in the Dredging & Infra 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 2021, there were no such indicators and no additional impairment tests have been prepared.

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 lowest level available information about operations for internal reporting purposes. The current outstanding goodwill of the DEME Group is allocated as follows:

Carrying amount of goodwill (in thousands of EUR)	2021	2020
CGU Infra	3,536	3,536
CGU Dredging – Asia Pacific	3,024	3,024
CGU Environmental Ecoterres	2,496	2,807
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	13,339

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 2021 except for an amount of 0.3 million EUR related to a subconsolidation within the Environmental segment.

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 2021, amounting to 6.46%.

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

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 'Asset 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	-	-	-	-	-	-
	Scope change	-	-	-	-	-	-
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
	Sales and disposals	-827	-111,879	-2,184	-	-	-114,890
	Transfer to 'Asset 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	-	-	-	-	-	-
	Scope change	-	-	-	-	-	-
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'.

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 consists amongst other of dry earth moving equipment, pipelines and equipment of DEME Infra.

The installation vessel 'Orion' is expected to be delivered in the first half of 2022. The amount invested for the 'Orion' up to December 31, 2021 is included in 'Assets under construction'.

In 2021, 4.4 million EUR borrowing costs related to assets under construction were capitalised.

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 will upgrade the vessel to a cable laying vessel and integrate her into the DEME fleet and have her operational in the beginning of 2023.

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 first floating heavy-duty crane and installation vessel with DP3 capacity in Taiwan 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. 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.

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 'Asset held for sale' (note (15)).

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'.

2020 (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, 2020		89,124	3,812,338	21,609	1,911	539,816	4,464,797
Movements during the year	Additions, including fixed assets, own production	7,688	87,550	1,319	-	99,706	196,263
	Sales and disposals	-713	-117,987	-4,958	-	-4,921	-128,579
	Transfers from one heading to another	2,892	219,605	1,522	-	-129,847	94,172
	Translation differences	-249	-9,348	-702	-	-4	-10,303
	Acquisitions through business combinations	-	5,626	363	-	1,071	7,060
	Scope change	-	364	-	-	-	364
At December 31, 2020		98,742	3,998,148	19,153	1,911	505,821	4,623,775
Cumulative depreciation and impairment at January 1, 2020		42,770	2,023,441	17,741	1,604	-	2,085,556
Movements during the year	Depreciation charge of the year	3,774	267,122	2,796	64	-	273,756
	Written down after sales and disposals	-504	-117,052	-4,957	-	-	-122,513
	Transfers from one heading to another	60	55,593	29	-	-	55,682
	Translation differences	-218	-7,186	-568	-	-	-7,972
	Acquisitions through business combinations	-	1,788	212	-	-	2,000
	Scope change	-	177	-	-	-	177
at December 31, 2020		45,882	2,223,883	15,253	1,668	-	2,286,686
Net book value at the end of prior year		46,354	1,788,897	3,868	307	539,815	2,379,241
Net book value at the end of the year		52,860	1,774,265	3,900	243	505,821	2,337,089

In 2020 the two self-propelled split barges 'Bengel' and 'Deugnet' (3,500 m³) and the two trailing suction hoppers 'River Thames' (2,500 m³) and 'Meuse River' (8,300 m³), all constructed by Royal IHC, joined the fleet. The delivery of two important vessels, the cutter suction dredger 'Spartacus' and the installation vessel 'Orion', experienced considerable delays at the shipyards. As a result, they could not be delivered in 2020 as foreseen.

In 2020, 6.1 million EUR borrowing costs related to assets under construction were capitalised.

At December 31, 2020, a remaining amount of 128.8 million EUR still had to be invested in the coming years for 'Spartacus', 'Orion' and 'Groenewind'.

The depreciation cost of 2020 included 15.6 million EUR impairment cost of certain specific vessels.

At December 31, 2020, an amount of 55.7 million EUR mortgage on vessels was outstanding which was unchanged compared to December 31, 2019.

NOTE 7 – RIGHT-OF-USE ASSETS

2021 (in thousands of EUR)		Land and buildings	Floating and other construction equipment	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	-	-	-	-
	Scope change	-	-	-	-
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
	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	-	-	-	-
	Scope change	-	-	-	-
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).

The category 'Floating and other construction equipment' includes amongst others support vessels, accommodation vessels and dry earth equipment.

Lease liabilities that correspond with the right-of-use assets are disclosed in note (19).

2020 (in thousands of EUR)		Land and buildings	Floating and other construction equipment	Vehicles	Total Right-of-use assets
Acquisition cost at January 1, 2020		73,423	103,596	20,113	197,132
Movements during the year	Additions, including fixed assets, own production	4,996	3,689	6,802	15,487
	Sales and disposals	-4,352	-1,055	-2,162	-7,569
	Transfers from one heading to another	-	-94,607	-	-94,607
	Translation differences	-1,141	-671	-84	-1,896
	Acquisitions through business combinations	-	-	300	300
	Scope change	1,983	-	-	1,983
At December 31, 2020		74,909	10,952	24,969	110,830
Cumulative depreciation and impairment at January 1, 2020		9,201	55,015	5,182	69,398
Movements during the year	Depreciation charge of the year	10,788	7,619	6,204	24,611
	Written down after sales and disposals	-1,176	-1,015	-671	-2,862
	Transfers from one heading to another	-	-55,473	-210	-55,683
	Translation differences	-338	-166	-47	-551
	Acquisitions through business combinations	-	-	-	-
	Scope change	-	-	-	-
At December 31, 2020		18,475	5,980	10,458	34,913
Net book value at the end of prior year		64,222	48,581	14,931	127,734
Net book value at the end of the year		56,434	4,972	14,511	75,917

The net carrying amount of right-of-use assets amounted to 75.9 million EUR at December 31, 2020, compared to 127.7 million EUR at the end of 2019. In 2020 the Group decided to do an early redemption of the finance lease for the vessel 'Victor Horta' which also explains the major decrease of lease assets compared to 2019.

Lease liabilities that correspond with the right-of-use assets are disclosed in note (19).

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 place 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 65.3 million EUR (about 50 million related to the Dredging & Infra segment).

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 2020 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	2021	Investments in joint ventures	Investments in associates	2020
Balance at January 1		71,248	28,737	99,985	39,002	27,661	66,663
Movements during the year	Additions	15,215	417	15,632	35,622	1,387	37,009
	Disposals (-)	4,057	-	4,057	-122	-	-122
	Share in the result of participations accounted for using the equity method	-1,145	11,693	10,548	967	21,428	22,395
	Dividends distributed by the participations	-3,694	-6,785	-10,479	-4,291	-10,789	-15,080
	Other comprehensive income	344	10,026	10,370	130	-7,105	-6,975
	Other movements	-207	-5,367	-5,574	1,445	-3,316	-1,871
	Translation differences	4,746	669	5,415	-1,505	-529	-2,034
Balance at December 31		90,564	39,390	129,954	71,248	28,737	99,985
Booked as a non-current asset		90,564	42,217	132,781	75,064	30,854	105,918
Booked as a non-current financial liability (- is credit)		-	-2,827	-2,827	-3,816	-2,117	-5,933

Most of the **result of the year** (about 70 %) of 10.5 million EUR is related to the DEME participations in Rentel NV and Seamade NV that operate offshore wind farms.

The same applies to the **dividends received** in 2021, whereby the amount received from associates is for 95 % from Rentel NV and Seamade NV, whereas the dividend received from joint ventures is for about 88 % coming from Mordraga LLC.

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 negative amount of -22.2 million EUR compared to -32.6 million EUR at the end of 2020. This reflects DEME's share in the negative fair value of the IRS's 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 -0.1 million EUR is the remeasurement of net liabilities relating to defined benefit and contribution plans. The negative fair value (DEME share) is indirectly reflected in the consolidated balance sheet by decreasing DEME's share in the net assets of the investee for the same amount.

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 booked instead of a negative investment within non-current assets.

Additions of the year in 2020 include a capital increase of 30.4 million EUR in the joint venture CDWE in Taiwan. In 2021 an additional amount of 13.3 million EUR was invested in this joint venture. In 2020 CDWE, 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 integrated 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.

2021 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 2021 (in thousands of EUR) (100 % standalone amounts)	Concessions				Total
	Dredging & Infra	Offshore Energy	Environmental	Concessions	
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

The Group's associates can be mainly found in the Concessions segment and the non-current assets and liabilities (financial debt) of them are 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 2021 (in thousands of EUR) (100 % standalone amounts)	Concessions				Total
	C-Power NV	Rentel NV	Seamade NV	Baak Blankenburg-Verbinding BV	
Financial position					
Non-current assets	657,984	830,434	1,164,920	-	2,653,338
Current assets	113,769	59,872	142,589	582,934	899,164
Equity	258,899	78,435	44,982	335	382,651
Non-current liabilities	442,868	734,333	1,133,993	556,941	2,868,135
Current liabilities	69,985	77,539	128,534	25,658	301,716
Net financial debt (+ is net debt)	366,380	671,599	979,844	521,750	2,539,573
Income statement					
Revenues	138,929	138,308	145,762	211,044	634,043
Result for the period	5,911	30,792	12,600	12,891	62,194

Summarised financial information of joint ventures 2021 (in thousands of EUR) (100 % standalone amounts)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Financial position					
Non-current assets	19,266	156,776	5,266	-	181,308
Current assets	37,812	91,429	7,157	-	136,398
Equity	29,751	155,586	6,499	-	191,836
Non-current liabilities	5,466	57,921	2,136	-	65,523
Current liabilities	21,862	34,697	3,787	-	60,346
Net financial debt (+ is net debt)	-1,965	27,497	-2,227	-	23,305
Income statement					
Revenues	148,722	87,630	5,780	-	242,132
Result for the period	-4,958	4,790	817	-	649

The Group's joint venture activities for the Dredging & Infra segment mainly relate to dredging works in Russia (Modraga LLC) and Singapore and to infra works executed together with the group Aertssen (Earth Moving Worldwide LTD and Transterra NV). The Group's joint venture activities also relate to offshore works (CDWE Taiwan and Deeprock BV) and salvage works (Scaldis NV), both within the Offshore Energy segment.

Summarised financial information of main joint ventures 2021 (in thousands of EUR) (100 % standalone amounts)	Offshore Energy CSBC Deme Wind Engineering Co Ltd (CDWE)	Offshore Energy Deeprock CV	Dredging & Infra Earth Moving Worldwide Cyprus Ltd	Total
Financial position				
Non-current assets	77,105	2,888	13,019	93,012
Current assets	36,128	25,581	14,066	75,775
Equity	92,907	33,891	12,201	138,999
Non-current liabilities	-528	9,958	5,653	15,083
Current liabilities	20,854	-15,379	9,232	14,707
Net financial debt (+ is net debt)	-18,800	11,190	3,952	-3,658
Income statement				
Revenues	10,581	29,143	23,241	62,965
Result for the period	-2,887	11,218	-4,826	3,505

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 2021 (in thousands of EUR)	Dredging & Infra	Offshore Energy	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)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Net assets of associates: 100 % standalone amounts	29,751	155,586	6,499	-	191,836
Proportion of the Group's ownership interests in the standalone amounts	14,618	73,052	2,434	-	90,104
Reconciliation items	-465	-	925	-	460
Carrying amount of the Group's interest in associates booked as a non-current asset	14,153	73,052	3,359	-	90,564

The reconciliation items are related to the recognition of the income in accordance with the DEME Group accounting policies and to the intercompany eliminations.

2020 SUMMARISED FINANCIAL INFORMATION AND RECONCILIATION TO THE CARRYING AMOUNT

Summarised financial information of associates 2020 (in thousands of EUR) (100 % standalone amounts)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Financial position					
Non-current assets	301	18	37,781	3,101,098	3,139,198
Current assets	27,702	443	34,849	698,800	761,794
Equity	9,224	6	11,193	548,844	569,267
Non-current liabilities	80	72	23,797	2,943,866	2,967,815
Current liabilities	18,699	384	37,640	307,188	363,911
Net financial debt (+ is net debt)	-818	8	22,571	2,509,573	2,531,334
Income statement					
Revenues	72,328	113	19,769	636,420	728,630
Result for the period	-450	-11	2,209	138,719	140,467

Summarised financial information of joint ventures 2020 (in thousands of EUR) (100 % standalone amounts)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Financial position					
Non-current assets	40,776	145,702	2,392	-	188,870
Current assets	40,148	75,181	7,519	-	122,848
Equity	29,656	113,343	2,116	-	145,115
Non-current liabilities	10,711	67,078	3,963	-	81,752
Current liabilities	40,557	40,462	3,832	-	84,851
Net financial debt (+ is net debt)	7,216	45,265	-4,225	-	48,256
Income statement					
Revenues	209,224	81,110	4,195	-	294,529
Result for the period	9,694	-736	-649	-	8,309

Reconciliation to the carrying amount of associates 2020 (in thousands of EUR)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Net assets of associates: 100 % standalone amounts	9,224	6	11,193	548,844	569,267
Proportion of the Group's ownership interests in the standalone amounts	4,704	2	2,151	76,380	83,237
Reconciliation items	-	-	197	-54,697	-54,500
Carrying amount of the Group's interest in associates	4,704	2	2,348	21,683	28,737
Booked as a non-current asset	4,704	2	2,348	23,800	30,854
Booked as a non-current financial liability (- is credit)	-	-	-	-2,117	-2,117

Reconciliation to the carrying amount of joint ventures 2020 (in thousands of EUR)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Net assets of associates: 100 % standalone amounts	29,656	113,343	2,116	-	145,115
Proportion of the Group's ownership interests in the standalone amounts	14,157	53,061	-1,594	-	65,624
Reconciliation items	4,837	-	787	-	5,624
Carrying amount of the Group's interest in associates	18,994	53,061	-807	-	71,248
Booked as a non-current asset	18,994	53,061	3,009	-	75,064
Booked as a non-current financial liability (- is credit)	-	-	-3,816	-	-3,816

JOINT VENTURES IMPACT ON KEY FIGURES IF CONSOLIDATED ACCORDING TO PROPORTIONATE METHOD

The projects executed in joint ventures are closely followed and reported upon in the Group's management reporting. That is the reason why joint ventures are consolidated according to the proportionate method in the economic reporting or in the segment reporting.

The impact on the key figures if the investments in joint ventures are consolidated according to the proportionate method instead of the equity method is presented in the table below. The impact as set out below corresponds with the reconciliation column in the explanatory part regarding segment reporting.

Our share in joint ventures (in thousands of EUR)	2021	2020
Turnover after intercompany eliminations	51,683	59,892
EBITDA	11,733	12,014
EBIT	1,551	3,111
Net financial debt (- is credit)	-1,771	-11,592
Net book value property, plant & equipment and right-of-use assets	79,580	82,637

NOTE 9 – OTHER NON-CURRENT ASSETS

OTHER NON-CURRENT FINANCIAL ASSETS

(in thousands of EUR)		2021	2020
Balance at January 1		32,813	36,182
Movements during the year	Additions	984	3,657
	Disposals (-)	-6,341	-5,960
	Transfer (to) from other items	5,995	-1,066
	Other movements	-	-
	Translation differences	-	-
Balance at December 31		33,451	32,813
Of which	Loans to joint ventures and associates	25,668	25,422
	Other non-current financial assets	7,783	7,391

The **disposal** of 6.3 million EUR in 2021 and 5.9 million EUR in 2020 is the repayment of loans that have been granted to the companies developing and meanwhile operating the C-Power, Rentel and Seamade offshore wind farms.

The loans to joint ventures and associates are mostly related to the financing of the construction of the wind farms Rentel and Seamade. No expected credit losses are recorded on other non-current financial assets as the repayment of the loans follow 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)		2021	2020
Balance at January 1		3,221	3,921
Movements during the year	Additions	1,017	3,143
	Disposals (-)	-	-643
	Transfer (to) from other items	-	-
	Other movements	-	-3,200
	Translation differences	-	-
Balance at December 31		4,239	3,221

Other non-current assets are non-current operating receivables and loans.

The **other movement** in 2020 is related to the elimination of a long term loan on Highwind NV that is fully consolidated since 2020, whereas in 2019 it was consolidated as an equity investee.

NOTE 10 – 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 relate mainly to short-term borrowing) 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 these 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. Gains or losses resulting from the time value of financial derivative instruments are recognised in the income statement.

At closing date, the instruments qualified as cash flow hedges have the following characteristics:

2021	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value
(in thousands of EUR)					
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
2020	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value
(in thousands of EUR)					
Interest rate swaps	-	-8,970	-	-4,405	-13,375
	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years	Notional amount
	186,551	181,045	317,949	115,536	801,081

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, 2021, the other comprehensive income (OCI) of the current period includes a negative amount of -22.2 million EUR compared to -32.6 million EUR at the end of 2020. This reflects DEME's share in the negative fair value of the IRS's of Rentel NV, C-Power NV, Seamade NV, Normalux SA, BAAK Blankenburg-Verbindend BV and Port La Nouvelle SEMOP, net of deferred tax assets.

All those 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.

(in thousands of EUR)

2021									
Effective average interest rate before considering derivatives products									
Type of debts	Amounts	Fixed rate		Floating rate			Total		
		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									
Type of debts	Amounts	Fixed rate		Floating rate			Total		
		Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	715,761	87.16%	1.07%	7,707	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%	7,707	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.

2020									
Effective average interest rate before considering derivatives products									
Type of debts	Amounts	Fixed rate		Floating rate			Total		
		Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	76,713	34.45%	1.06%	810,989	100.00%	0.63%	887,702	85.88%	0.67%
Short-term credit facilities	145,950	65.55%	0.39%	-	-	-	145,950	14.12%	0.39%
Total	222,663	100.00%	0.37%	810,989	100.00%	0.63%	1,033,652	100.00%	0.63%

Effective average interest rate after considering derivatives products									
Type of debts	Amounts	Fixed rate		Floating rate			Total		
		Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	877,794	85.74%	1.18%	9,908	100.00%	0.75%	887,702	85.88%	1.18%
Short-term credit facilities	145,950	14.26%	0.39%	-	-	-	145,950	14.12%	0.39%
Total	1,023,744	100.00%	1.01%	9,908	100.00%	0.75%	1,033,652	100.00%	1.06%

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.

With reference to the table above, including the swap instruments, just over 99% of the 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.

In the analysis below, it is assumed that the figures for the financial debt and the derivative instruments as at December 31, 2021 and 2020 remain constant over the year.

If Euribor rises by 50 base points at closing date, this will mean an interest charge increase on the remaining portfolio at floating interest rate of only 39 thousands EUR for 2021 and 50 thousands EUR for 2020 thanks to high percentage of hedged financial instruments.

2021 (in thousands of EUR)	Result (- is debit/+ is credit)	
	Impact of calculation +50bp	Impact of calculation -50bp
Non-current interest-bearing debts (+ current portion due in the year) after accounting hedge	-39	+39
Net short-term financial debts (*)	-	-

(*) excluding cash at bank and in hand

2020 (in thousands of EUR)	Result (- is debit/+ is credit)	
	Impact of calculation +50bp	Impact of calculation -50bp
Non-current interest-bearing debts (+ current portion due in the year) after accounting hedge	-50	+50
Net short-term financial debts (*)	-	-

(*) 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 comes close to 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 cashflow schemes that are hedged by means of IRS's 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, there is a dependance 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 euros, 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. Such assets, liabilities, expenses and revenue are translated to euros at the applicable exchange rates to prepare the Group's consolidated financial statements. Therefore, fluctuations in exchange rates between euros 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 euros 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 USD, GBP, DKK, PLN, PGK, SGD, UYU, BRL, INR, NGN, COP and MXN as their currency. In 2021 these entities, especially in USD & GBP, contributed 34% to the Group's turnover. In 2020 this was 22%. The Group doesn't 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, 2021		December 31, 2020	
	Closing rate	Average rate	Closing rate	Average rate
AED	0.2395	0.2303	0.2229	0.2382
AOA	0.0016	0.0014	0.0013	0.0016
AUD	0.6386	0.6333	0.6300	0.6057
BRL	0.1579	0.1570	0.1577	0.1727
CAD	0.6963	0.6743	0.6432	0.6541
CNY	0.1385	0.1313	0.1255	0.1268
EGP	0.0562	0.0540	0.0522	0.0555
HKD	0.1128	0.1088	0.1056	0.1127
INR	0.0118	0.0115	0.0112	0.0119
JPY	0.0076	0.0077	0.0079	0.0082
MXN	0.0429	0.0415	0.0412	0.0412
MYR	0.2113	0.2048	0.2037	0.2088
NGN	0.0021	0.0021	0.0022	0.0025
OMR	2.2866	2.1983	2.1285	2.2734
PGK	0.2432	0.2348	0.2272	0.2511
PHP	0.0173	0.0172	0.0171	0.0176
PLN	0.2182	0.2193	0.2197	0.2251
QAR	0.2416	0.2316	0.2249	0.2398
RUB	0.0118	0.0115	0.0111	0.0122
SGD	0.6521	0.6305	0.6199	0.6361
TWD	0.0317	0.0304	0.0292	0.0297
UAH	0.0323	0.0310	0.0289	0.0326
USD	0.8797	0.8459	0.8188	0.8747
UYU	0.0197	0.0195	0.0193	0.0212
ZAR	0.0550	0.0569	0.0557	0.0537

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 euros or U.S. dollars. 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. As presented in the table below for the outstanding long-term debts (without considering lease debts which are mainly in euros), the financing transactional currency risk can be considered to be nil.

(in thousands of EUR)	2021	2020
EUR	723,467	887,703
USD	-	-
Other currencies	-	-
Total Long-term debts (*)	723,467	887,703

(*) 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 2021, 62% of the Group's turnover was contracted in EUR followed by USD,GBP,DKK,RUB,PLN,SGD, UYU and INR. In 2020 this was 67% in EUR, followed by USD,RUB,PLN,DKK,SGD,INR,GBP and TWD. The Group's expenses are mainly in euros. 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 issued (forward sales/purchase agreements) (+ is asset / - is liability):

2021 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value
Exchange rate instruments	114	-24,260	1,056	-10,162	-33,252

2020 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value
Exchange rate instruments	1,229	-48	5,957	-568	6,570

2021 (in thousands of EUR)	Market value			Notional amount		
	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			

2020 (in thousands of EUR)	Market value			Notional amount		
	Forward purchase	Forward sale	Total amount	Forward purchase	Forward sale	Total amount
USD	-157	2,662	2,505	-23,053	111,765	88,712
AUD	44	-	44	-5,520	-	-5,520
PLN	16	1,416	1,432	-49,700	226,862	177,162
SGD	560	-	560	-140,490	-	-140,490
RUB	-21	1,522	1,501	-20,560	1,370,210	1,349,650
JPY	-	-	-	-144,000	-	-144,000
EGP	-	-426	-426	-	592,500	592,500
DKK	-	-	-	-28,083	11	-28,072
Other	-43	997	954	-	-	-
Balance at December 31	399	6,171	6,570			

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, 2021 and 2020 remain constant over the year. A variation of 5% (appreciation of the EUR) at closing date would give an increase or a decrease on the non-hedged assets & liabilities (mainly for USD, GBP, TWD, SGD and additionally RUB for 2020) disclosed as follows.

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 accounting hedge	-	-
Net short-term financial debts (*)	+2,593	-2,346
Outstanding trade receivables & payables after accounting hedge	+294	-294

(*) including cash at bank and in hand

2020 (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 accounting hedge	-	-
Net short-term financial debts (*)	+4,605	-4,167
Outstanding trade receivables & payables after accounting hedge	+440	-440

(*) 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.

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
2020 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value	Notional amount
Fuel hedges	204	-	885	-1,788	-699	10,656

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, as said before mainly covered by Credendo, relate to additional works and subsequent contract modifications accepted by the customers, pending settlements to be recovered by an overall agreement with the client and that are part of a broader negotiation process. Further on, revenues and earnings are only recognised in the accounts when it's 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 behavior of the Group's customers remains unchanged in 2021. The outbreak of COVID-19 as from 2020 onwards has not materially impacted the Group's allowances for doubtful debts. 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 (14)) is as follows:

2021 (in thousands of EUR)	Closing	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

2020 (in thousands of EUR)	Closing	Not expired	Expired <1 month	Expired <2 months	Expired <3 months	Expired <6 months	Expired <1 year	Expired >1 year
Trade receivables	263,537	164,003	3,212	18,312	1,687	16,587	14,017	45,719
Loss allowance	-15,172	-	-	-	-	-	-	-15,172
Total net amounts	248,365	164,003	3,212	18,312	1,687	16,587	14,017	30,547

In view of IFRS 1 *first-time adoption of International Financial Reporting Standards* (note (28)), the aging balance of trade receivables (net amount and excluding other operating receivables) as of **January 1, 2020** is shown below.

01/01/2020 (in thousands of EUR)	Closing	Not expired	Expired <1 month	Expired <2 months	Expired <3 months	Expired <6 months	Expired <1 year	Expired >1 year
Trade receivables	364,631	186,382	13,119	30,865	3,690	20,689	41,496	68,390
Loss allowance	-19,024	-	-	-	-	-	-	-19,024
Total net amounts	345,607	186,382	13,119	30,865	3,690	20,689	41,496	49,366

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 the assets available to it and when subscribing to financial derivatives. DEME has a policy to minimize counterparty 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 counterparties.

The Group has cash and cash equivalents of 528,6 million EUR at December 31, 2021 (2020: 621,9 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 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 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 to this it has a commercial paper programme to cover its short-term borrowing requirements. 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, 2021 as well as at December 31, 2020, the Group complies with the solvency ratio (>25%), the debt/EBITDA ratio (<3), and the interest cover ratio (>4), that were agreed upon within the contractual terms of the loans received. We refer also to note (18).

At year-end 2021, DEME has a **net financial debt** of -392,678 thousand EUR (note (18)) and a **Group equity** of 1,599,239 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, 2021, the Group has 118 million EUR unused bank credit compared to 125 million EUR at the end of 2020. The Group has the possibility to issue commercial paper for amounts up to 125 million EUR. In contrast to December, 31, 2020, when 125 million EUR commercial paper was issued, this facility was not used at all at year-end 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 freely available as a result of transfer restrictions, joint control or other legal restrictions. We also refer to note (23) working capital as this also elaborates 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.

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

2020 (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	1,433	36,034	37,467		37,467
Other non-current financial assets	-	32,813	32,813	Level 2	32,813
Financial Derivatives	1,433	-	1,433	Level 2	1,433
Other non-current assets	-	3,221	3,221	Level 2	3,221
Current assets	6,842	959,826	966,668		966,668
Trade receivables and other operating receivables	-	309,636	309,636	Level 2	309,636
Financial Derivatives	6,842	-	6,842	Level 2	6,842
Cash and cash equivalents	-	621,937	621,937	Level 2	621,937
Other current assets	-	28,253	28,253	Level 2	28,253
Non-current liabilities	9,018	740,987	750,005		753,789
Interest-bearing debt	-	735,054	735,054	Level 2	738,838
Financial Derivatives	9,018	-	9,018	Level 2	9,018
Other liabilities	-	5,933	5,933	Level 2	5,933
Current liabilities	6,761	1,380,373	1,387,134		1,390,137
Interest-bearing debt	-	375,913	375,913	Level 2	378,916
Financial Derivatives	6,761	-	6,761	Level 2	6,761
Advances received	-	60,582	60,582	Level 2	60,582
Trade payables and other operating debts	-	717,338	717,338	Level 2	717,338
Remuneration and social debt	-	83,968	83,968	Level 2	83,968
Current income taxes	-	66,336	66,336	Level 2	66,336
Other current liabilities	-	76,236	76,236	Level 2	76,236

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 11 – CURRENT TAXES AND DEFERRED TAXES

Balance at December 31

CURRENT TAXES AND DEFERRED TAXES RECOGNISED IN COMPREHENSIVE INCOME

Current taxes and deferred taxes recognised in comprehensive income (in thousands of EUR)	2021	2020
Current tax expense	45,979	38,946
Reclassification of deferred income taxes regarding prior financial years	-	-
Adjustments in respect of current income tax of previous years	-1,281	7,783
Total current tax expense / (income)	44,698	46,729
Relating to origination and reversal of temporary differences	-11,570	-24,504
Movement of recognised tax losses carried forward	-2,049	-12,413
Total deferred tax expense / (income)	-13,619	-36,917
Current taxes and deferred taxes recognised in the income statement	31,079	9,812
- Employee benefits	-259	-1,273
- Financial derivatives	1,826	224
Current taxes and deferred taxes recognised in other elements of the comprehensive income (+ is liability)	1,567	-1,049
Current taxes and deferred taxes recognised in comprehensive income	32,646	8,763

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 profit or loss.

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 37.9%.

CURRENT INCOME TAX RECEIVABLES AND PAYABLES

Balance at December 31 (in thousands of EUR)	2021	2020
Current income tax receivables (+ is debit)	32,303	28,545
Current income tax payables (+ is credit)	76,370	66,336

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.

Reconciliation of the effective tax rate (in thousands of EUR)	2021	2020
Result before taxes	137,869	38,630
Tax expense at nominal tax rate in Belgium which is 25% in 2021 and 2020	34,467	9,658
Increase (decrease) in tax rate resulting from:		
Tax effect of non-deductible expenses	2,039	1,759
Tax effect of non-taxable revenue (1)	-9,525	-20,363
Tax credits and impact of notional interest	-	-1,559
Effects of different tax rates applicable to subsidiaries operating in other jurisdictions or income taxable under special tax regimes such as tonnage tax (2)	-7,824	5,516
Tax impact of (de)recognition of provisions for uncertain tax positions	-10,429	-9,229
Tax impact of adjustments to current and deferred tax relating to previous periods	-1,281	7,782
Tax impact on losses for which no deferred tax assets were recognised (3)	23,631	16,248
Tax expense	31,079	9,812
Effective tax rate for the period	22.54%	25.40%

(1) The main components of the tax effect on non-taxable revenue are tax deductible losses on receivables and random depreciations (2021), and tax-exempt capital gains on sale of assets (2020).

(2) The effective tax rate (2021: 22.54%) is lower than the nominal tax rate in Belgium (25%), because in a number of countries where we operated in 2021 the nominal tax rate is relatively low and because of the application of tonnage tax.
The effective tax rate (2020: 25.40%) is higher than the nominal tax rate in Belgium (25%), as in a number of countries where we operated in 2020 a relatively high tax rate applies.

(3) The amount of 2021 includes a reassessment on previously recognised tax losses.

The impact of tax credits was immaterial, and has therefore not been reflected separately in the calculations (for both 2021 and 2020).

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 IFRS rules as well as the correction on the statutory provisions for employee benefits to comply with the DEME and IFRS rules.

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 2021 (and 2020) 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 Qatar.

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.

Income tax losses carried forward and/or timing differences of Group companies for which no deferred tax assets are recognised amount to 241.3 million EUR in 2021 (229.1 million EUR in 2020).

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	-	-	-	-	-	-	-	-
Acquisition or disposal of subsidiary or modification of %	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	377	-	377
Netting (*)	-	-	-	-	-	-	31,278	31,278
Balance at December 31	54,217	-	65	7,577	29,627	9,126	-26,399	74,214

Deferred tax assets related to	Tangible fixed assets	Employee benefits	Financial derivatives	Tax Losses	Tax credits	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	-	8,821
Charged to equity	-	259	-1,826	-	-	-	-	-1,567
Acquisition or disposal of subsidiary or modification of %	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-
Netting (*)	-	-	-	-	-	-	31,278	31,278
Balance at December 31	26,180	13,218	1,293	48,773	17,634	54,251	-26,399	134,949

(*) The tax netting item reflects the netting of deferred tax assets and liabilities per entity

2020								
(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	56,569	-	12	18,170	44,850	11,372	-54,538	76,434
Recognised in income statement	691	-	353	3,941	-8,102	-3,857	-	-6,975
Charged to equity	-	-	-	-	-	-	-	-
Acquisition or disposal of subsidiary or modification of %	3,416	-	-	-	-	-	-	3,416
Exchange differences	-	-	-	-	-	-838	-	-838
Netting (*)	-	-	-	-	-	-	-3,138	-3,138
Reclassification prior years	-	-	-	-21,540	-	-	-	-21,540
Balance at December 31	60,676	-	364	570	36,748	6,676	-57,677	47,358

Deferred tax assets related to	Tangible fixed assets	Employee benefits	Financial derivatives	Tax Losses	Tax credits	Other timing differences	Netting	Total
Balance at January 1	15,560	11,651	2,813	71,987	14,905	27,107	-54,538	89,486
Recognised in income statement	11,951	-339	877	12,413	-12,735	17,775	-	29,943
Charged to equity	-	1,273	-224	-	-	-	-	1,049
Acquisition or disposal of subsidiary or modification of %	34	-2	-	586	-	-	-	618
Exchange differences	-	-	-	-	-	-	-	-
Netting (*)	-	-	-	-	-	-	-3,138	-3,138
Reclassification prior years	-	-	-	-38,262	14,061	2,662	-	-21,540
Balance at December 31	27,546	12,584	3,467	46,723	16,231	47,544	-57,677	96,418

(*) The tax netting item reflects the netting of deferred tax assets and liabilities per entity

NOTE 12 – INVENTORIES

Balance at December 31

(in thousands of EUR)	2021	2020
Raw Materials	2,683	3,672
Consumables	9,485	6,784
Total Inventories	12,168	10,456
Movement of the year recorded in statement of income	1,712	3,440

Inventories can be split into Raw Materials and Consumables. **Raw Materials** are mainly related to ballast & dredged material (BAD) 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 is recorded in the line 'Raw materials, consumables, services and subcontracted work' of the consolidated statement of income.

NOTE 13 – 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 milestones payments after execution of the work and approval by the client.

(in thousands of EUR / (-) is credit)	2021	2020
Contract assets	326,685	251,747
Contract liabilities	-181,095	-156,799
Advances received	-101,067	-60,582
Net balance	44,523	34,366

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 as 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 wasn't 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 8.1 million EUR as of December 31, 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.

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 are not deemed relevant.

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
Dredging & Infra	135,310	104,070	-	239,380
Offshore Energy	108,331	-40,157	-	68,174
Environmental	8,106	11,025	-	19,131
Concessions	-	-	-	-
Total	251,747	74,938	-	326,684

2021 Contract liabilities	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	-144,269	19,576	-	-124,693
Offshore Energy	-7,779	-43,296	-	-51,075
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
Dredging & Infra	-26,941	6,477	-	-20,464
Offshore Energy	-33,211	-46,279	-	-79,490
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
Dredging & Infra	-35,900	130,123	-	94,223
Offshore Energy	67,341	-129,732	-	-62,391
Environmental	2,925	9,766	-	12,691
Concessions	-	-	-	-
Total	34,366	10,157	-	44,523

2020 CONTRACT ASSETS AND CONTRACT LIABILITIES BY SEGMENT

(in thousands of EUR / (-) is credit)

2020 Contract assets	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	164,495	-29,185	-	135,310
Offshore Energy (*)	53,427	54,853	51	108,331
Environmental	10,626	-2,520	-	8,106
Concessions	-	-	-	-
Total	228,548	23,148	51	251,747

2020 Contract liabilities	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	-64,449	-79,820	-	-144,269
Offshore Energy (*)	-100,682	93,789	-886	-7,779
Environmental	-531	-4,220	-	-4,751
Concessions	-	-	-	-
Total	-165,662	9,749	-886	-156,799

(*) changes in comparison to 2019 thanks to acquirement SPT Offshore business and affiliates in 2020

2020				
Advances received	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	-15,816	-11,125	-	-26,941
Offshore Energy	-9,131	-24,080	-	-33,211
Environmental	-14,618	14,188	-	-430
Concessions	-	-	-	-
Total	-39,565	-21,017	-	-60,582

2020				
Net balance	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	84,230	-120,130	-	-35,900
Offshore Energy (*)	-56,386	124,562	-835	67,341
Environmental	-4,523	7,448	-	2,925
Concessions	-	-	-	-
Total	23,321	11,880	-835	34,366

(*) changes in comparison to 2019 thanks to acquirement SPT Offshore business and affiliates in 2020

“Business-related changes” in the above tables 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.

Most of those performance obligations are expected to be fulfilled by the Group in a similar timing as the order book presented in note (1) on turnover and order book.

NOTE 14 – TRADE AND OTHER OPERATING RECEIVABLES

Balance at December 31

(in thousands of EUR)	2021	2020
Trade receivables gross amount	314,175	263,537
Amounts written off	-18,423	-15,172
Trade receivables net amount	295,752	248,365
Corporation taxes	32,302	28,545
Value added tax (VAT)	41,354	18,781
Other operating receivables	14,614	13,945
Total trade and other operating receivables	384,022	309,636

The ageing balance of outstanding trade receivables is included in note (10). 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.

The outstanding balance of **amounts written off** mainly relates to the allowance for the insolvency of a client in 2019, for which DEME Offshore carried out maintenance works on offshore wind farms.

Reference is made to note (11) for **current income tax receivables**.

Other operating receivables mainly relate to amounts due from joint ventures, current accounts with consortium partners and personnel advances.

A separate disclosure, note (25) related parties, summarises all receivables and payables towards joint ventures and associates.

NOTE 15 – ASSETS HELD FOR SALE

Balance at December 31

(in thousands of EUR)	2021	2020
Assets held for sale	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 plan will be significantly changed or withdrawn.

In August 2021, a Memorandum of Agreement was signed under which the jack-up vessel 'Thor', belonging to the Offshore & Energy segment, was sold to a Dutch third party on the condition that the buyer obtains the necessary funding for the vessel.

Per December 31, 2021, 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. Subsequently, the 'Thor' vessel was classified as asset held for sale.

NOTE 16 – OTHER CURRENT ASSETS

Balance at December 31

(in thousands of EUR)	2021	2020
Deferred charges and accrued income	45,710	15,976
Environmental landfill volume reservation fee	7,530	4,590
Advance payments on purchases and cost of material regarding construction contracts for costs not incurred	14,952	7,687
Other current assets	68,192	28,253

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 2021 compared to 2020 is related to deferred hedge charges for the new offshore energy contracts in the US.

NOTE 17 – SHARE CAPITAL AND RESERVES

Balance at December 31

Per December 31, 2021, the share capital of the DEME group was represented by 4,538,100 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. During 2021, there were no changes in the shares capital.

DEME's 100 % shareholder is the Brussels-based civil engineering contractor CFE NV (XBRU BE0003883031), which is controlled (62.1 %) by the Belgian investment Group Ackermans & van Haaren NV (XBRU BE0003764785). Both CFE NV and Ackermans & van Haaren NV are publicly listed companies on Euronext Brussels.

For the financial year 2020 a dividend of 20,421,450 EUR was paid on May 14, 2021, corresponding to 4.5 EUR gross dividend per share. An intermediary dividend, to be paid out of the accumulated results at the end of the financial year 2020, has been approved by DEME's shareholder for an amount of 40,842,900 EUR, corresponding to 9 EUR gross dividend per share, payable on March 25, 2022. As the decision for the intermediary dividend was taken in 2022, this is not reflected in the result distribution of 2021.

On December 2nd, 2021, the Board of Directors of CFE NV, DEME's current shareholder, announced its intention to transfer its 100% stake in DEME NV to a new company (DEME Group NV) by means of a partial demerger and to remunerate CFE's shareholders by issuing DEME Group NV shares. A listing of the DEME Group NV shares on Euronext Brussels will be applied for. After completion of the proposed transaction, the current CFE Group will be split into two separate listed groups:

- the industrial group CFE NV with strong market positions in contracting and real estate development in Belgium, Luxembourg and Poland, and;
- DEME Group NV, active worldwide in dredging and marine engineering.

In view of this transaction, expected to be completed by the summer of 2022, DEME established this Financial Report with all explanatory notes as required by IFRS.

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.

2021 (in thousands of EUR)	Parent company reserves before profit distribution				Consolidation reserves	Retained earnings and other reserves
	Legal reserves	Untaxed reserves	Available reserves	Retained earnings		
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

2020 (in thousands of EUR)	Parent company reserves before profit distribution				Consolidation reserves	Retained earnings and other reserves
	Legal reserves	Untaxed reserves	Available reserves	Retained earnings		
Balance at January 1, 2020	3,111	28,922	3,270	188,508	1,250,443	1,474,254
Parent company result 2019				36,927	-36,927	-
Dividends paid				-		-
Result share of the Group					50,410	50,410
Balance at December 31, 2020	3,111	28,922	3,270	225,435	1,263,926	1,524,664

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)	2021			2020		
	Non-current	Current	Total	Non-current	Current	Total
Subordinated loans	542	135	677	543	136	679
Lease liabilities (note (19))	72,275	20,118	92,393	59,592	17,722	77,314
Credit institutions	503,649	217,637	721,286	674,269	212,105	886,374
<i>Long term loan Facility 1</i>	37,601	57,942	95,543	95,543	63,447	158,990
<i>Long term loan Facility 2</i>	50,883	41,407	92,290	92,290	41,407	133,697
<i>Long term loan Facility 3</i>	140,625	31,250	171,875	171,875	31,250	203,125
<i>Long term loan Facility 4</i>	201,250	44,196	245,446	245,446	44,196	289,642
<i>Asset-based loan 1</i>	100	4,573	4,673	4,673	4,573	9,246
<i>Asset-based loan 2</i>	2,443	4,687	7,130	7,130	4,687	11,817
<i>Asset-based loan 3</i>	3,913	3,813	7,726	7,726	3,813	11,539
<i>Asset-based loan 4</i>	7,232	3,566	10,798	10,798	3,566	14,364
<i>Asset-based loan 5</i>	9,615	4,192	13,807	13,807	4,192	17,999
<i>Asset-based loan 6</i>	37,780	12,560	50,340	-	-	-
<i>Other long term bank loans</i>	12,207	9,451	21,658	24,981	10,974	35,955
Other long term loans	1,504	-	1,504	650	-	650
Short-term credit facilities		105,450	105,450		145,950	145,950
<i>Short term bank loans</i>		105,450	105,450		20,950	20,950
<i>Short term commercial paper</i>		-	-		125,000	125,000
Total interest-bearing debt	577,970	343,340	921,310	735,054	375,913	1,110,967
Short term deposits		-14,026	-14,026		-134,793	-134,793
Cash at bank and in hand		-514,606	-514,606		-487,144	-487,144
Total cash and cash equivalents		-528,632	-528,632		-621,937	-621,937
Total net financial debt	577,970	-185,292	392,678	735,054	-246,024	489,030

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.

Currently, DEME Coordination Center NV, which serves as in-house bank financing the DEME-entities, has term loan facilities with ten 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 for the amount, tenor and commercial conditions.

	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
	1,275,000		
Asset-based loans			
Asset-based loan 1	18,392	2018	2026
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
	135,296		

The interest rate of the long term loan facilities is based on EURIBOR (floored at zero when negative, unfloored) plus a margin which is updated each semester based on DEME's leverage ratio. The interest rate risk resulting from this floating interest rate base, is hedged through interest rate swaps. (note (10))

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	-	542	135	677
Lease liabilities	34,575	37,700	20,118	92,393
Credit institutions	35,692	467,957	217,637	721,286
Other long term loans		1,504	-	1,504
Total long-term financial liabilities	70,267	507,703	237,890	815,860

BANK DEBT SECURITIES

Bank debt securities (in thousands of EUR)	2021			2020			2019		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Guaranteed debt	500,515	311,349	811,864	661,524	344,268	1,005,792	833,428	198,819	1,032,247
Secured debt	3,125	6,250	9,375	12,698	9,171	21,869	20,373	9,137	29,510
Unguaranteed-unsecured debt	74,330	25,741	100,071	60,832	22,474	83,306	93,996	27,835	121,831
Total interest-bearing debt	577,970	343,340	921,310	735,054	375,913	1,110,967	947,797	235,791	1,183,588

In view of IFRS 1 *first-time adoption of International Financial Reporting Standards* (note (28)), the bank debt securities as of **December 31, 2019** (or January 1, 2020) are also disclosed.

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 favor 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. In the other long term bank loans there is still one loan with a mortgage on the vessel.

CASH FLOWS RELATED TO FINANCIAL LIABILITIES

Total interest-bearing debt (in thousands of EUR)		2021	2020
Balance at January 1		1,110,967	1,183,588
Cash movements as per cash flow from financial activities			
Movements during the year	New interest-bearing debt	51,344	175,566
	Repayment of interest-bearing debt	-278,875	-253,952
Non-cash movements			
Movements during the year	Assumed in business combinations	-	1,038
	IFRS 16 leases	36,389	8,727
	Other (a.o. impact of exchange rate changes on cash and cash equivalents)	1,485	-4,000
Balance at December 31		921,310	1,110,967

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 freely available as a result of transfer restrictions, joint control or other legal restrictions.

At December 31, 2021, the amount of cash available for use by the Group amounted to 405 million EUR out of 528.6 million EUR cash & cash equivalents. As such an amount of 123.6 million EUR was restricted. At the end of 2020 the cash that is freely available amounted to 521 million EUR out of 621.9 million EUR cash and cash equivalents. The restricted cash amounted to 100.9 million EUR.

CREDIT FACILITIES AND BANK TERM LOANS

At December 31, 2021, the Group has 118 million EUR available but undrawn bank credit facilities compared to 125 million EUR undrawn bank credit facilities (out of 140 million EUR available) at the end of 2020. In addition, the Group has the possibility to issue commercial paper for amounts up to 125 million EUR. In contrast to December 31, 2020, when 125 million EUR commercial paper was issued, this facility was not used at all at year-end 2021.

FINANCIAL COVENANTS

Bilateral loans are subject to specific covenants. The same set of financial covenants as for the revolving credit facilities is applicable for the long term loan facilities. At December 31, 2021 as well as at December 31, 2020 the Group complies with the solvency ratio (>25%), the debt/EBITDA ratio (<3), and the interest cover ratio (>4), 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, 2021 was 38.1 % (2020: 36.3%).

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, 2021 was 0.83 (2020:1.32).

The **interest cover ratio** computed as EBITDA divided by net financial interest charges (interest charges less interest income), should be higher than 4. The interest cover ratio at December 31, 2021 was 171.3 (2020: 46.4).

NOTE 19 – LEASE LIABILITIES

as of December 31

Lease liabilities (in thousands of EUR)				2021	2020
	More than 5 years	Between 1 and 5 years	Less than 1 year	Total	Total
Gross lease payments	51,078	39,210	20,262	110,550	95,277
Interest payments	-16,503	-1,510	-144	-18,157	-17,963
Lease liabilities present value	34,575	37,700	20,118	92,393	77,314
Land and buildings				68,617	57,564
Floating and other construction equipment				4,974	5,012
Furniture				18,802	14,738
Total lease payments per class of property, plant and equipment				92,393	77,314

There are no material leases concluded at reporting date that didn't commence as of December 31, 2021. The amount of renewal options and termination options not reflected in the lease liabilities is immaterial.

NOTE 20 – 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*.

More than 2/3th of the retirement benefit obligations is related to Belgian employees. The DEME Group currently foresees several occupational pension plans in favor 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 October 31, 2021, 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 months of November and December. Assets of the insured plans are calculated per person according to IAS19 paragraph 115 as the present value at the discount rate of the accrued benefits. Total assets are then increased with the value of the financing funds.

The DEME Group also sponsors pension schemes of the type “**defined contributions**”, 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 labor 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, 2021, 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 remains at 1.75% for the future. Assets are calculated per person according to IAS19 paragraph 115 as the present value at the discount rate of the accrued benefits. Total assets are then increased with the value of the financing funds.

Employee benefit obligations (in thousands of EUR)	2021	2020
Retirement obligations in Belgium and The Netherlands	62,213	60,026
Other retirement obligations	3,054	3,003
Balance at December 31	65,267	63,029

Retirement benefit obligations in Belgium and The Netherlands (in thousands of EUR)	2021	2020
Present value of wholly or partially funded obligations	246,857	250,100
Fair value of plan assets and impact of asset ceiling	-184,644	-190,074
Net funded benefit obligation as recorded in the balance sheet at December 31	62,213	60,026

MOVEMENT OF RETIREMENT OBLIGATIONS

Balance at January 1	60,026	54,441
Charges recognised in income (1)	14,243	13,102
Charges recognised in other comprehensive income (2)	1,073	5,104
Contributions from employer	-13,136	-12,614
Other movements	7	-7
Balance at December 31	62,213	60,026

(1) Charges recognised in income

Current service cost	13,916	12,773
Past service cost & other	86	-7
Interest cost	1,223	1,608
Interest income on plan assets (-)	-982	-1,272
Total charges recognised in income	14,243	13,102

(2) Charges recognised in other comprehensive income

Actuarial (gains)/losses	-4,945	7,136
Return on plan assets (-) (excluding interest income)	2,976	-2,015
Other movements	3,042	-17
Total charges recognised in other comprehensive income	1,073	5,104

NOTE 20 - continued	2021	2020
MOVEMENT IN EMPLOYEE BENEFIT PLAN OBLIGATIONS AND ASSETS		
Employee benefit plan obligations balance at January 1	250,100	239,882
Current service cost	13,916	12,773
Interest cost	1,223	1,608
Contributions from employees	137	177
Benefits paid to beneficiaries	-14,740	-9,661
Remeasurement of liabilities resulting in actuarial gains/losses	-1,945	7,135
<i>due to changes in demographic assumptions</i>	7,270	-
<i>due to changes in financial assumptions</i>	-10,740	3,361
<i>due to experience adjustments</i>	1,525	3,774
Past service cost	-	-
Other movements	-1,834	-1,814
Employee benefit plan obligations balance at December 31	246,857	250,100
Employee benefit plan assets balance at January 1	190,074	185,441
Return on plan assets (+) (excluding interest income)	-2,976	2,015
Interest income on plan assets (+)	982	1,272
Contributions from employer/employees (*)	13,273	12,791
Benefits paid to beneficiaries	-14,740	-9,661
Other movements	-1,927	-1,784
Employee benefit plan assets balance at December 31	184,686	190,074
MAIN ACTUARIAL ASSUMPTIONS AT THE END OF THE PERIOD		
Discount rate at December 31	0.90%	0.48%
Expected rate of salary increases (inflation included)	3.40%	3.20%
Long term inflation	1.90%	1.70%
Mortality tables BE-plans	MR/FR-5 yrs	MR/FR-5 yrs
Mortality tables NL-plans	GBM/V 2012-2062	GBM/V 2012-2062
OTHER INFORMATION		
Average duration in years of the benefit plan obligations	15.37	14.00
Average actual return on plan assets	-1.06%	1.77%
Expected contribution in next financial year	12,029	12,636
SENSITIVITY ANALYSIS (impact on amount of obligations)		
Discount rate		
25bp increase	-5.00%	-3.79%
25bp decrease	2.78%	7.82%
Salary growth rate		
25bp increase	0.76%	1.89%
25bp decrease	-3.11%	-1.80%
Life expectation		
increase by 1 year	-0.15%	1.17%
ASSETS ALLOCATION		
Cash and cash equivalents	0.07%	0.04%
Equity instruments	0.93%	0.84%
Debt instruments	0.82%	0.82%
Insurance contracts	98.18%	98.30%

(*) In 2021 an amount of 9.8 million EUR relates to defined contribution plans (2020: 9.5 million EUR). Total contribution (defined benefit and contribution plans) expected for the next financial year is 12.1 million EUR.

NOTE 21 – OTHER CURRENT LIABILITIES

Balance at December 31

(in thousands of EUR)	2021	2020
Other current taxes and VAT	38,160	39,028
Other amounts payable	34,770	30,110
Accruals and deferred income	5,801	7,098
Other current liabilities	78,731	76,236

Other amounts payable relate to amounts due to joint ventures which are also included in the amount disclosed in note (25) related parties, and to other operating payables.

NOTE 22 – PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

PROVISIONS

(in thousands of EUR)	Warranties	Other	2021	2020
Balance at January 1	30,297	-	30,297	17,787
Arising during the year	7,281	5,932	13,213	12,844
Utilised during the year	-200	-	-200	-334
Unused amounts reversed	-	-	-	-
Balance at December 31	37,378	5,932	43,310	30,297
Current	3,738	-	3,738	200
Non-current	33,640	5,932	39,572	30,097

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, with the exception of contingent assets or liabilities related to construction contracts (for example, the Group's claims against customers or claims by subcontractors) that can be described as normal in the construction sector and which are treated by applying the percentage of completion method during the recognition of revenue.

The following contingent assets and liabilities are to be mentioned for the DEME consolidated financial statements.

- In 2018, the Group was involved in a litigation against Rijkswaterstaat in the Netherlands related to the execution of the Juliana Canal widening project. Based on the available information, DEME cannot make a reliable assessment of the financial consequences of this litigation. Despite discussions about the execution of the Juliana Canal widening project taking place with the client Rijkswaterstaat, 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 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, and it is not possible at this stage to make an accurate estimate of the impact on the Company, if any. However, 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;
- DEME is involved in proceedings before the Court of First Instance in Ghent, as a result of a judicial investigation carried out in respect of the circumstances in which a contract was awarded by negotiated procedure to Mordraga, a 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 contract was terminated in 2016. 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. The Council Chamber of the Court of First Instance in Ghent has decided on 21 February 2022 to refer certain companies of the DEME group to court. DEME has meanwhile lodged an appeal against the decision of the Council Chamber. For the avoidance of doubt, it is to be emphasized that the Council Chamber does not yet rule on the merits of the case. In light of the foregoing, DEME cannot for the time being make a reliable assessment of the possible financial impact of the pending investigation.

The Group takes care that all its entities respect the laws and regulations in force, including the compliance rules.

NOTE 23 – 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 including other non-current assets.

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 2021, 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, 118 million EUR of credit facilities are available, 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)	2021	2020	DELTA
CURRENT ASSETS			
Inventories	12,168	10,456	1,712
Contract assets	326,685	251,747	74,938
Trade and other operating receivables	384,022	309,636	74,386
Current financial derivatives	3,207	6,842	-3,635
Assets held for sale	32,456	-	32,456
Other current assets	68,192	28,253	39,939
Cash and cash equivalents	528,632	621,937	-93,305
TOTAL CURRENT ASSETS	1,355,362	1,228,871	126,491
CURRENT LIABILITIES			
Interest-bearing debt	343,340	375,913	-32,573
Current financial derivatives	12,368	6,761	5,607
Provisions	3,738	200	3,538
Contract liabilities	181,095	156,799	24,296
Advances received	101,067	60,582	40,485
Trade payables	772,905	717,338	55,567
Remuneration and social debt	94,026	83,968	10,058
Current income taxes	76,370	66,336	10,034
Other current liabilities	78,731	76,236	2,495
TOTAL CURRENT LIABILITIES	1,663,640	1,544,133	119,507
NET WORKING CAPITAL	-308,278	-315,262	6,984
Cash and cash equivalents	-528,632	-621,937	93,305
Current interest-bearing debt	343,340	375,913	-32,573
Non-current financial derivative	613	1,433	-820
Other non-current assets	4,239	3,221	1,018
OPERATING WORKING CAPITAL	-488,718	-556,632	67,914

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)	2021	2020	DELTA
OPERATING WORKING CAPITAL	-488,718	-556,632	67,914
CASH FLOW CORRECTIONS ON WORKING CAPITAL MOVEMENTS OF THE YEAR			
Addition asset held for sale			-32,456
Movement in amounts written off inventories and trade receivables			3,185
Impact financial derivatives included in working capital			-33,217
Correction unpaid taxes & interests			7,556
Other corrections			7,800
CASH FLOW FROM CHANGES IN WORKING CAPITAL			20,782

NOTE 24 – RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

Balance at December 31

(in thousands of EUR)	2021	2020
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	55,686
Bank and insurance guarantees for commitments of enterprises included in the consolidation.	1,411,273	1,359,208
COMMITMENTS RECEIVED		
Bank guarantees received as security for commitments to enterprises included in the consolidation.	241,035	399,936
FUTURE OPERATIONAL OBLIGATIONS ENTERED INTO WITH SUPPLIERS		
In the environmental business DEME has the obligation to pay a fee for landfill volume reservation over the next 9 years for an estimated amount of 9.9 million EUR.		

NOTE 25 – 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)	2021	2020
Assets related to joint ventures and associates		
Non-current financial assets	25,668	25,422
Trade and other operating receivables	13,889	29,888
Liabilities related to joint ventures and associates		
Trade and other current liabilities	20,996	2,531
Expenses and income related to joint ventures and associates (-) is cost and (+) is income		
Revenues	194,362	288,395
Operating expenses	-17,456	-21,915
Financial income and expenses	2,116	3,047

The non-current financial assets are the loans given to joint ventures and associates such as to Seamade NV, Rentel NV, Deeprock BV and Earth Moving Worldwide Ltd.

The revenues realised towards joint ventures and associates are mainly related to Baak Blankenburg-Verbinding BV, CDWE Taiwan LTD, DIAP-Daelim PTE LTD, K3 DEME BV, DIAP Shap PTE LTD, Rentel NV and C-Power NV.

SHAREHOLDERS

DEME entered into a service agreement with CFE NV and Ackermans & van Haaren NV (that is the main shareholder of the CFE group with a stake of 62.10%) on November 28, 2001.

The remuneration due by DEME towards both CFE NV and Ackermans & van Haaren NV under the conditions of this contract amounted to 1,235 thousand EUR to each in 2021 (2020: 1,228 thousand EUR to each).

Additionally DEME invoiced 877 thousand EUR to its shareholders mainly related to IT licences and tax consulting services. (2020: 1,078 thousand EUR).

KEY MANAGEMENT PERSONNEL

DEME has a transparent governance structure where day-to-day decisions are made by the Executive Committee. Supervision on the day-to-day matters is conducted by its Board of Directors, who have mandated the preparation and verification of the accounting and financial information, as well as the effectiveness of the systems of internal control, supervision and risk management to the Audit Committee.

For his role as Executive Director, Luc Vandenbulcke received a fixed and variable remuneration of 1,576 thousand EUR in 2021. (2020: 1,738 thousand EUR).

Representatives from CFE NV and Ackermans & van Haaren NV who are members of the Board of Directors and Audit Committee were not remunerated in 2021 and 2020.

NOTE 26 – AUDITOR REMUNERATION

Balance at December 31

An overview of the remuneration paid to statutory auditors in respect to the Group can be found below.

2021 (in thousands of EUR)	Deloitte		EY		Others		Total
	Amount	%	Amount	%	Amount	%	
Audit fees	1,059	47.1%	358	15.9%	834	37.0%	2,250
Tax advisory services	129	9.7%	357	26.9%	840	63.4%	1,325
Other non-audit services	78	1.7%	72	1.6%	4,393	96.7%	4,544
	1,266	15.6%	787	9.7%	6,067	74.7%	8,119

2020 (in thousands of EUR)	Deloitte		EY		Others		Total
	Amount	%	Amount	%	Amount	%	
Audit fees	1,439	65.6%	66	3.0%	688	31.4%	2,193
Tax advisory services	105	8.1%	462	35.8%	725	56.1%	1,292
Other non-audit services	55	1.9%	54	1.9%	2,734	96.2%	2,843
	1,599	25.3%	582	9.2%	4,147	65.5%	6,328

The other non-audit services mainly relate to consultancy fees regarding the implementation of new software systems. In 2021, the Group started a project related to procurement transformation, invested in specialised software for guarantee management and further invested in a new treasury system. This treasury system incorporates a new payment factory, a worldwide redesign of the internal banking landscape and a sanction screening tool.

NOTE 27 – EVENTS AFTER THE REPORTING PERIOD

Based upon a written unanimous shareholders resolution it was decided upon to pay out on March 25, 2022 an intermediary dividend amounting to 40.84 million EUR. As the decision was taken in 2022 and the dividend is to be paid from the accumulated results at the end of financial year 2020, the intermediary dividend is not included in the result appropriation of the financial statements of the year. The dividend for financial year 2020 declared in 2021 for an amount of 20.4 million EUR, approved in the Shareholders' General Meeting of May 4, 2021, and paid in 2021 has been deducted from Shareholders' Equity in the consolidated statement of financial position.

Given the crisis in Ukraine and Russia, which destabilised both countries and global financial markets, our global economy, already weakened by inflation, rising energy prices, the ongoing pandemic and a limited supply chain, will come under further pressure. At the date of this report, we estimate that this crisis and the restrictive measures taken by Europe and the US against Russia have no material direct consequences for DEME's activities. The indirect impact is currently difficult to predict.

Further on there are no other significant changes to be reported in the financial and commercial situation of the Group as of December 31, 2021.

NOTE 28 – FIRST APPLICATION OF IFRS

The Group has prepared these financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU. These consolidated financial statements are therefore its first IFRS financial statements in accordance with the definitions of IFRS 1 *first-time adoption of International Financial Reporting Standards*. Accordingly, the Group has prepared an opening statement of financial position as of January 1, 2020 and has applied consistent accounting policies to all the periods presented in those financial statements. Estimates for the comparative year and the opening statement of financial position are consistent with estimates in the previous financial statements.

The Group made use of the following exemption available in IFRS1 upon transition to IFRS: as DEME is a subsidiary of CFE NV (hereafter, the parent), a listed entity publishing its consolidated financial statements under IFRS, it will be a first-time adopter later than its parent. According to IFRS1.D16, the Group has opted to measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the Group. Therefore, the Group will not measure its assets and liabilities at the date of transition to IFRS (January 1, 2020) based on the requirements of IFRS 1 (including any exceptions, or other exemptions than IFRS1.D16, to the principle of retroactive application of IFRS).

TRANSITION TO IFRS – RECONCILIATION WITH PREVIOUS GAAP

Previously, while the Group had officially published financial statements (statutory and consolidated) under the accounting principles generally applied in Belgium (BE GAAP), it also prepared and made publicly available consolidated financial statements referring to the recognition and measurement principles of IFRS. Those are available on the official website of the Group (www.deme-group.com) and are hereafter referred to as the "IFRS Financial Information Report 2020 and earlier". The main difference with a full set of IFRS-compliant financial statements relates to the absence of certain notes and disclosure information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDING STATEMENT AS OF TRANSITION DATE

Assets (in thousands of EUR)	Notes	31/12/2021	31/12/2020	01/01/2020
NON-CURRENT ASSETS		2,694,235	2,691,083	2,732,369
Intangible assets	(4)	25,513	24,935	4,415
Goodwill	(5)	13,028	13,339	18,339
Property, plant and equipment	(6)	2,259,041	2,337,089	2,379,241
Right-of-use assets	(7)	90,620	75,917	127,734
Investments in joint ventures and associates	(8)	132,781	105,918	73,051
Other non-current financial assets	(9)	33,451	32,813	36,182
Non-current financial derivatives	(10)	613	1,433	-
Other non-current assets	(9)	4,239	3,221	3,921
Deferred tax assets	(11)	134,949	96,418	89,486
CURRENT ASSETS		1,355,362	1,228,871	1,212,410
Inventories	(12)	12,168	10,456	13,152
Contract assets	(13)	326,685	251,747	228,548
Trade and other operating receivables	(14)	384,022	309,636	429,264
Current financial derivatives	(10)	3,207	6,842	751
Assets held for sale	(15)	32,456	-	10,511
Other current assets	(16)	68,192	28,253	55,049
Cash and cash equivalents	(10)/(18)	528,632	621,937	475,135
TOTAL ASSETS		4,049,597	3,919,954	3,944,779

Group equity and liabilities (in thousands of EUR)	Notes	31/12/2021	31/12/2020	01/01/2020
SHAREHOLDERS' EQUITY	(17)	1,579,543	1,467,492	1,435,483
Issued capital		31,110	31,110	31,110
Share premium		5,645	5,645	5,645
Retained earnings and other reserves		1,618,824	1,524,664	1,474,254
Hedging reserve		-25,872	-40,978	-33,578
Remeasurement on retirement obligations		-41,283	-40,454	-36,695
Cumulative translation adjustment		-8,881	-12,495	-5,253
NON-CONTROLLING INTERESTS		19,696	17,840	11,671
GROUP EQUITY		1,599,239	1,485,332	1,447,154
NON-CURRENT LIABILITIES		786,718	890,489	1,113,505
Retirement obligations	(20)	65,267	63,029	57,292
Provisions	(22)	39,572	30,097	17,787
Interest-bearing debt	(18)	577,970	735,054	947,797
Non-current financial derivatives	(10)	26,868	9,018	7,806
Other non-current financial liabilities	(8)	2,827	5,933	6,389
Deferred tax liabilities	(11)	74,214	47,358	76,434
CURRENT LIABILITIES		1,663,640	1,544,133	1,384,120
Interest-bearing debt	(18)	343,340	375,913	235,791
Current financial derivatives	(10)	12,368	6,761	9,356
Provisions	(22)	3,738	200	-
Contract liabilities	(13)	181,095	156,799	165,662
Advances received		101,067	60,582	39,565
Trade payables		772,905	717,338	760,023
Remuneration and social debt		94,026	83,968	82,056
Current income taxes		76,370	66,336	37,112
Other current liabilities	(21)	78,731	76,236	54,555
TOTAL LIABILITIES		2,450,358	2,434,622	2,497,625
TOTAL GROUP EQUITY AND LIABILITIES		4,049,597	3,919,954	3,944,779

RECONCILIATION WITH THE IFRS CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The transition from the IFRS Financial Information Report to the IFRS Financial Report did not have any impact on the equity, statement of financial position, comprehensive income or statement of cash flows, as the Group has selected accounting policies consistent with the accounting policies in the IFRS Financial Information Report (which were based on the recognition and measurement principles of IFRS as adopted in the EU, as explained above).

The following reclassifications were made in presenting the consolidated statement of financial position and the consolidated statement of income.

CHANGES IN PRESENTATION IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020

(in thousands of EUR)	31/12/2020 Before reclassification	Disaggregation of right-of-use assets	Reclassification to and from provisions and within deferred taxes	31/12/2020 After reclassification
NON-CURRENT ASSETS	2,712,623	-	-21,540	2,691,083
Intangible assets	24,935			24,935
Goodwill	13,339			13,339
Property, plant and equipment	2,413,006	-75,917		2,337,089
Right-of-use assets	-	75,917		75,917
Investments in joint ventures and associates	105,918			105,918
Other non-current financial assets	32,813			32,813
Non-current financial derivatives	1,433			1,433
Other non-current assets	3,221			3,221
Deferred tax assets	117,958		-21,540	96,418
CURRENT ASSETS	1,228,871	-	-	1,228,871
TOTAL ASSETS	3,941,494	-	-21,540	3,919,954

(in thousands of EUR)	31/12/2020 Before reclassification	Disaggregation of right-of-use assets	Reclassification to and from provisions and within deferred taxes	31/12/2020 After reclassification
GROUP EQUITY	1,485,332	-	-	1,485,332
NON-CURRENT LIABILITIES	881,932	-	8,557	890,489
Retirement obligations	63,029			63,029
Provisions	5,933		24,164	30,097
Interest-bearing debt	735,054			735,054
Non-current financial derivatives	9,018			9,018
Other non-current financial liabilities	-		5,933	5,933
Deferred tax liabilities	68,898		-21,540	47,358
CURRENT LIABILITIES	1,574,230	-	-30,097	1,544,133
Interest-bearing debt	375,913			375,913
Current financial derivatives	6,761			6,761
Provisions	-		200	200
Contract liabilities	156,799			156,799
Advances received	60,582			60,582
Trade payables	747,635		-30,297	717,338
Remuneration and social security	83,968			83,968
Current income taxes	66,336			66,336
Other current liabilities	76,236			76,236
TOTAL LIABILITIES	2,456,162	-	-21,540	2,434,622
TOTAL GROUP EQUITY AND LIABILITIES	3,941,494	-	-21,540	3,919,954

As from 2021 right-of-use assets are disaggregated from property, plant and equipment. The comparative 2020 figures are adjusted accordingly. This change is a reclassification that doesn't impact the total assets.

Some reclassifications within the categories of deferred taxes were done to be consistent with the presentation of the 2021 figures, resulting in an extra netting between deferred tax assets and liabilities and therefore impacting the amount of total assets and total Group equity and liabilities of 2020.

Since 2021 the liability for warranties is recorded as a provision, whereas the negative amount of investments in joint ventures and associates, previously presented as a provision is now recorded as other non-current financial liabilities. The comparative 2020 and 2019 figures are adjusted accordingly. The above reclassifications do not have an impact on total Group equity and liabilities.

CHANGES IN PRESENTATION IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JANUARY 1, 2020 COMPARED TO DECEMBER 31, 2019

(in thousands of EUR)	31/12/2019 Before reclassification	Disaggregation of right-of-use assets	Reclassification to and from provisions	01/01/2020 After reclassification
NON-CURRENT ASSETS	2,732,369	-	-	2,732,369
Intangible assets	4,415			4,415
Goodwill	18,339			18,339
Property, plant and equipment	2,506,975	-127,734		2,379,241
Right-of-use assets	-	127,734		127,734
Investments in joint ventures and associates	73,051			73,051
Other non-current financial assets	36,182			36,182
Non-current financial derivatives	-			-
Other non-current assets	3,921			3,921
Deferred tax assets	89,486			89,486
CURRENT ASSETS	1,212,410	-	-	1,212,410
TOTAL ASSETS	3,944,779	-	-	3,944,779

(in thousands of EUR)	31/12/2019 Before reclassification	Disaggregation of right-of-use assets	Reclassification to and from provisions	01/01/2020 After reclassification
GROUPEQUITY	1,447,154	-	-	1,447,154
NON-CURRENT LIABILITIES	1,095,718	-	17,787	1,113,505
Retirement obligations	57,292			57,292
Provisions	6,389		11,398	17,787
Interest-bearing debt	947,797			947,797
Non-current financial derivatives	7,806			7,806
Other non-current financial liabilities	-		6,389	6,389
Deferred tax liabilities	76,434			76,434
CURRENT LIABILITIES	1,401,907	-	-17,787	1,384,120
Interest-bearing debt	235,791			235,791
Current financial derivatives	9,356			9,356
Provisions	-		-	-
Contract liabilities	165,662			165,662
Advances received	39,565			39,565
Trade payables	777,810		-17,787	760,023
Remuneration and social security	82,056			82,056
Current income taxes	37,112			37,112
Other current liabilities	54,555			54,555
TOTAL LIABILITIES	2,497,625	-	-	2,497,625
TOTAL GROUPEQUITY AND LIABILITIES	3,944,779	-	-	3,944,779

As from 2021 right-of-use assets are disaggregated from property, plant and equipment. The comparative 2020 and 2019 figures are adjusted accordingly. This change is a reclassification that does not have an impact on the total assets.

Since 2021 the liability for warranties is recorded as a provision, whereas the negative amount of investments in joint ventures and associates, previously presented as a provision is now recorded as other non-current financial liabilities. The comparative 2020 and 2019 figures are adjusted accordingly. Those changes are reclassifications that do not have an impact on total Group equity and liabilities.

CHANGES IN PRESENTATION OF CONSOLIDATED STATEMENT OF INCOME AS OF DECEMBER 31, 2020

(in thousands of EUR)	31/12/2020 Before reclassification	Disaggregation of depreciation and impairment losses	Reclassification to other opera- ting expenses (*)	31/12/2020 After reclassification
OPERATING EXPENSES	-2,271,663	-	-	-2,271,663
Raw materials, consumables, services and subcontracted work	-1,495,304		12,509	-1,482,795
Personnel expenses	-455,274		639	-454,635
Depreciation and amortisation expenses	-300,177	15,586		-284,591
Impairment of property, plant and equipment and right-of-use assets	-	-15,586		-15,586
Impairment of goodwill and intangible assets	-5,000			-5,000
Other operating expenses	-15,908		-13,148	-29,056

(*) Reclassification from services to provision for warranties and from personnel expenses to movement in retirement benefit obligations.

RECONCILIATION WITH THE BE GAAP CONSOLIDATED FINANCIAL STATEMENTS

The IFRS consolidated financial statements include the following adjustments compared to the BE GAAP consolidated financial statements previously published by the Group as of December 31, 2020 (presented net of deferred taxes):

(in thousands of EUR)	SHAREHOLDERS EQUITY	Result 2020	Other Comprehensive Income 2020	Cumulative Translation Adjustment	Dividend of the year	SHAREHOLDERS EQUITY
	January 1, 2020					December 31, 2020
BE GAAP Consolidated Financial Statements	1,449,338	49,629	-	-7,260	-20,421	1,471,286
Employee Benefits	-33,616	899	-3,758			-36,475
Financial instruments	-28,985	1,932	-7,400			-34,453
Intangible Fixed assets	-1,772	609				-1,163
Property, Plant & Equipment	45,327	-8,318				37,009
Right-of-use assets	2,627	-668				1,959
Provisions	2,647	4,122				6,769
Amortisation of Goodwill	2,647	1,483				4,130
Other	-2,730	722		17		-1,991
Dividend of the year	-				20,421	20,421
Total reconciling items	-13,855	781	-11,158	17	20,421	-3,794
IFRS Consolidated Financial Statements	1,435,483	50,410	-11,158	-7,243	-	1,467,492

Employee Benefits: The employee retirement obligations accounted for in accordance with Belgian GAAP were estimated based on the unit credit method as elaborated in CBN advice 2018/15, whereby a provision should be recognised for any unfunded liabilities related to the minimum guaranteed rates of return on employer contributions. In accordance with the principles of IAS 19, the DEME pensions plans are valued in accordance with the projected unit credit method with attribution to backloaded plans (i.e. full career retirement benefits attributed over the total duration of the career). The difference between both provisions is presented above.

Financial Instruments: For the accounting policy about and recognition principles of financial instruments in accordance with IFRS, reference is made to note (10) 'Financial Risk Management and Financial Derivatives'. In the Belgian GAAP consolidated financial statements of the company, these derivative financial instruments were not accounted for as asset or liability and disclosed only as off-balance sheet items in accordance with CBN advice 2010/12.

Intangible Fixed assets: Differences mentioned on the line 'intangible fixed assets' above relate to differences in depreciation rates and capitalisation policy between the DEME Belgian GAAP consolidated financial statements and the IFRS Financial Information, mainly related to the treatment of research and development expenses, technology, concessions and patents acquired.

Property, Plant & Equipment: The principal accounting policies and note (6) 'Property, plant & equipment' describe the recognition and measurement of the assets in this category in the IFRS Financial Information of DEME. For the Belgian GAAP consolidated financial statements, different valuation rules were applied for vessels reported within this category. The main differences relate to:

- In the IFRS Financial Report, the main dredging and offshore equipment is disaggregated into different components each with unique useful lifetime. As such, the different components of one dredging and offshore equipment is accounted for as separate item in the accordance with the principles of IFRS, whilst in the Belgian GAAP consolidated financial statements the same

equipment or vessel is considered to be a single asset for all vessels into production before 2019. The difference in accounting framework causes differences in the depreciation charges for the year.

- IFRS requires that borrowing costs directly attributable to the acquisition or construction of an asset is to be capitalised as part of the cost of that asset whereas the requirement to capitalise similar borrowing costs in the DEME Belgian GAAP consolidated financial statements was different.
- The accounting treatment of maintenance and repair costs incurred, whereby provisions for repair and maintenance were accounted for in the BE GAAP consolidated financial statements. Such provisions are generally not allowed under IFRS, therefore maintenance and repair expenses for upkeep of the assets during the operation of the vessel are predominantly charged to the profit and loss account and 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.

Right-of-use assets: Right-of-use assets relate to the recognition of IFRS 16 assets in the IFRS Financial Information. These lease agreements were accounted for as operational leases in the Belgian GAAP consolidated financial statements of DEME.

Provisions: Differences mentioned on the line 'provisions' mainly relate to a provision for repair and maintenance recorded in the Belgian GAAP consolidated financial statement, whilst such a provision is not allowed in the IFRS Financial information.

Amortisation of Goodwill: Goodwill in the Belgian GAAP consolidated financial statements of DEME was depreciated in accordance with CBN advice 2012/13. No such (annual) depreciations are recorded in the IFRS Financial Information.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT JOINT STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING OF DREDGING, ENVIRONMENTAL & MARINE ENGINEERING NV FOR THE YEAR ENDED DECEMBER 31, 2021 – CONSOLIDATED FINANCIAL STATEMENTS

As requested by the shareholders of Dredging, Environmental & Marine Engineering NV ("the Company"), we report to you in the framework of our contract as independent joint statutory auditors on the Consolidated Financial Statements of the Company and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at December 31, 2021, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended December 31, 2021 and the disclosures (all elements together the "Consolidated Financial Statements").

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the Consolidated Financial Statements of Dredging, Environmental & Marine Engineering NV, which consists of the consolidated statement of financial position as at December 31, 2021 the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the disclosures, which show a consolidated balance sheet total of 4,049,597 thousand EUR of which the consolidated income statement shows a profit for the year (share of the group) of 114,581 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, 2021, 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.

Other matters

These Consolidated Financial Statements are prepared on a voluntary basis. The obligations under the Code of companies and associations ("CCA") and adherence to article 3:32 of the CCA in view of the preparation of a Consolidated Annual Board Report are covered by the consolidated financial information established by the Company in accordance with the applicable accounting framework in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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.

Responsibilities of the joint statutory auditors 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 Annual Accounts in Belgium. However, an audit does not provide assurance about the future viability of the Company, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company'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 scepticism 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, amongst 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.

Statements regarding independence

- Our audit firms and our network have not performed any prohibited services and our audit firms have remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the Consolidated Financial Statements.

Brussels, May 3, 2022
The joint statutory auditors,

Deloitte Bedrijfsrevisoren BV
Independent statutory auditor
Represented by

Rik Neckebroeck (Partner)

Ben Vandeweyer (Partner)

EY Bedrijfsrevisoren BV
Independent 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

A photograph of a Volvo excavator mounted on a green barge, navigating a narrow canal. The excavator's arm is extended over the water. The barge has a cabin and various equipment. The canal is bordered by tall reeds on the left and trees on the right. The sky is overcast with grey clouds. The text '120' is overlaid in the center of the image.

120

PARENT
COMPANY
FINANCIAL
STATEMENTS



INTRODUCTION

The statutory annual accounts of Dredging, Environmental and Marine Engineering NV (DEME NV) are prepared in accordance with Belgian Generally Accepted Accounting Principles.

The entire version of the statutory annual accounts of DEME NV, along with the annual report and the report of the statutory auditors, will be deposited within the legal time frame at the National Bank of Belgium and can be obtained for free through the website of the Company (www.deme-group.com). The statutory auditors issued an unqualified auditor's report on the statutory annual accounts of DEME NV.

BALANCE SHEET

as of December 31 (in thousands of EUR) (according to Belgian GAAP)

ASSETS	2021	2020
FIXED ASSETS	860,002	924,737
FORMATION EXPENSES	-	-
INTANGIBLE ASSETS		90
PROPERTY, PLANT AND EQUIPMENT	293,797	491,883
Land and buildings	-	-
Plant, machinery and equipment	76	131
Furniture and vehicles	-	-
Leasing and other similar rights	-	-
Other tangible fixed assets	-	-
Assets under construction and advance payments	293,721	491,753
FINANCIAL ASSETS	566,205	432,764
Affiliated enterprises	556,173	422,732
<i>Participating interests</i>	<i>527,836</i>	<i>387,845</i>
<i>Amounts receivable</i>	<i>28,337</i>	<i>34,887</i>
Other enterprises linked by participating interests	9,789	9,789
<i>Participating interests</i>	<i>9,789</i>	<i>9,789</i>
<i>Amounts receivable</i>	-	-
Other financial assets	243	243
<i>Shares</i>	<i>243</i>	<i>243</i>
<i>Amount receivable and cash guarantees</i>	-	-
CURRENT ASSETS	45,993	19,356
AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR	-	-
Trade receivables	-	-
Other amounts receivable	-	-
INVENTORIES AND CONTRACTS IN PROGRESS	-	-
AMOUNTS RECEIVABLE WITHIN ONE YEAR	45,800	19,243
Trade receivables	45,791	17,912
Other amounts receivable	9	1,332
OWN SHARES AND OTHER INVESTMENTS	-	-
CASH AT BANK AND IN HAND	174	101
DEFERRED CHARGES AND ACCRUED INCOME	19	12
TOTAL ASSETS	905,995	944,093

LIABILITIES	2021	2020
CAPITAL AND RESERVES	418,302	339,084
CAPITAL	31,110	31,110
Issued capital	31,110	31,110
Uncalled capital (-)	-	-
SHARE PREMIUM ACCOUNT	5,645	5,645
REVALUATION SURPLUS	-	-
RESERVES	35,304	35,304
Legal reserves	3,111	3,111
Reserves not available for distribution	-	-
Untaxed reserves	28,922	28,922
Reserves available for distribution	3,271	3,271
PROFIT CARRIED FORWARD	346,243	267,026
PROVISIONS AND DEFERRED TAXES	807	358
Provisions for liabilities and charges	807	358
Deferred tax liabilities	-	-
CREDITORS	486,886	604,651
AMOUNTS PAYABLE AFTER MORE THAN ONE YEAR	311,591	318,577
Financial liabilities	311,591	318,577
<i>Subordinated loans</i>	-	-
<i>Bonds</i>	-	-
<i>Finance leases</i>	-	-
<i>Credit institutions</i>	-	-
<i>Other long term financial liabilities</i>	311,591	318,577
AMOUNTS PAYABLE WITHIN ONE YEAR	175,295	286,073
Current portion of amounts payable after more than one year	25,293	-
Financial liabilities	-	-
<i>Credit institutions</i>	-	-
<i>Other current financial liabilities</i>	-	-
Trade payables	44,046	11,733
Advances received on contracts in progress	-	-
Taxes, remuneration and social security	6,443	2,462
<i>Taxes</i>	5,334	898
<i>Remuneration and social security</i>	1,109	1,565
Other amounts payable	99,513	271,878
ACCRUED CHARGES AND DEFERRED INCOME	-	-
TOTAL LIABILITIES	905,995	944,093

PROFIT AND LOSS STATEMENT

as of December 31 (in thousands of EUR) (according to Belgian GAAP)

	2021	2020
OPERATING INCOME	85,972	45,548
Turnover	31,559	34,227
Increase (+), decrease (-) in contracts in progress	-	-
Fixed assets - own construction	-	-
Other operating income	21,303	10,350
Non-recurring operating income	33,110	972
OPERATING CHARGES	-39,584	-34,098
Raw materials and consumables	-10,011	-11,764
<i>Purchases</i>	<i>-10,011</i>	<i>-10,893</i>
<i>Increase (-), decrease (+) in inventories</i>	<i>-</i>	<i>-871</i>
Services and other goods	-11,886	-8,427
Remuneration, social security costs and pensions	-10,621	-13,460
Depreciation and other amounts written off on (in)tangible fixed assets	-6,593	-149
Increase (+), decrease (-) in amounts written off on inventories, contracts in progress and trade debtors	-	-
Increase (+), decrease (-) in provisions for liabilities and charges	-449	-275
Other operating charges	-24	-22
Non-recurring operating charges	-	-
OPERATING RESULT	46,388	11,450
FINANCIAL INCOME	44,170	68,436
Income from financial assets	30,680	59,340
Income from current assets	-	-
Other financial income	13,490	9,096
Non-recurring financial income	-	-
FINANCIAL CHARGES	-7,615	-16,948
Interests and other debt charges	-7,306	-5,039
Other financial charges	-309	-2,110
Non-recurring financial charges	-	-9,798
RESULT FOR THE FINANCIAL PERIOD BEFORE TAXATION	82,943	62,939
TRANSFER FROM (TO) DEFERRED TAXES	-	-
INCOME TAXES	-3,726	-926
Income taxes	-3,726	-926
Adjustment of income taxes and write-back of tax provisions	-	-
RESULT FOR THE FINANCIAL PERIOD	79,217	62,013
TRANSFER FROM (TO) THE UNTAXED RESERVES	-	-
PROFIT FOR THE PERIOD AVAILABLE FOR APPROPRIATION	79,217	62,013
TRANSFER FROM PROFIT CARRIED FORWARD	267,026	225,435
TRANSFER TO LEGAL RESERVES	-	-
DISTRIBUTION OF DIVIDENDS	-	-20,421
TRANSFER TO PROFIT CARRIED FORWARD	346,243	267,026

FORWARD-LOOKING STATEMENTS

This Financial Report may contain forward-looking statements. Such statements refer to future expectations and other forward-looking perceptions that are based on the management's current views, estimates and assumptions concerning future events. Such forward-looking statements, by their nature, are subject to known and unknown risks, uncertainties and other factors, which may cause the actual results to be materially different from those contemplated, projected, forecasted, estimated or budgeted whether expressed or implied, by these forward-looking statements contained in this Financial Report.

DEME neither undertakes any obligation to update any forward-looking statements to reflect the actual results, nor does DEME assume any liability to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other report or press release issued by DEME.

Please note some pictures in the Financial Report were taken prior to COVID-19 restrictions and social distancing guidelines.

COMPILED AND COORDINATED BY DEME

DEME Finance Department

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