



FINANCIAL INFORMATION

2019



PRELIMINARY REMARK

To serve the needs of our shareholders, customers, banks and other stakeholders, DEME chose to prepare an activity report accompanied by financial information that is prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The underlying consolidated financial statements do not contain all the explanatory notes required by IFRS and are therefore not fully compliant with IFRS as adopted by the EU.

This financial information report includes the financial highlights, consolidated statement of financial position, consolidated statement of income, consolidated cash flow statement, consolidated statement of changes in equity and some relevant explanatory notes. The parent company balance sheet and statement of income are also included.

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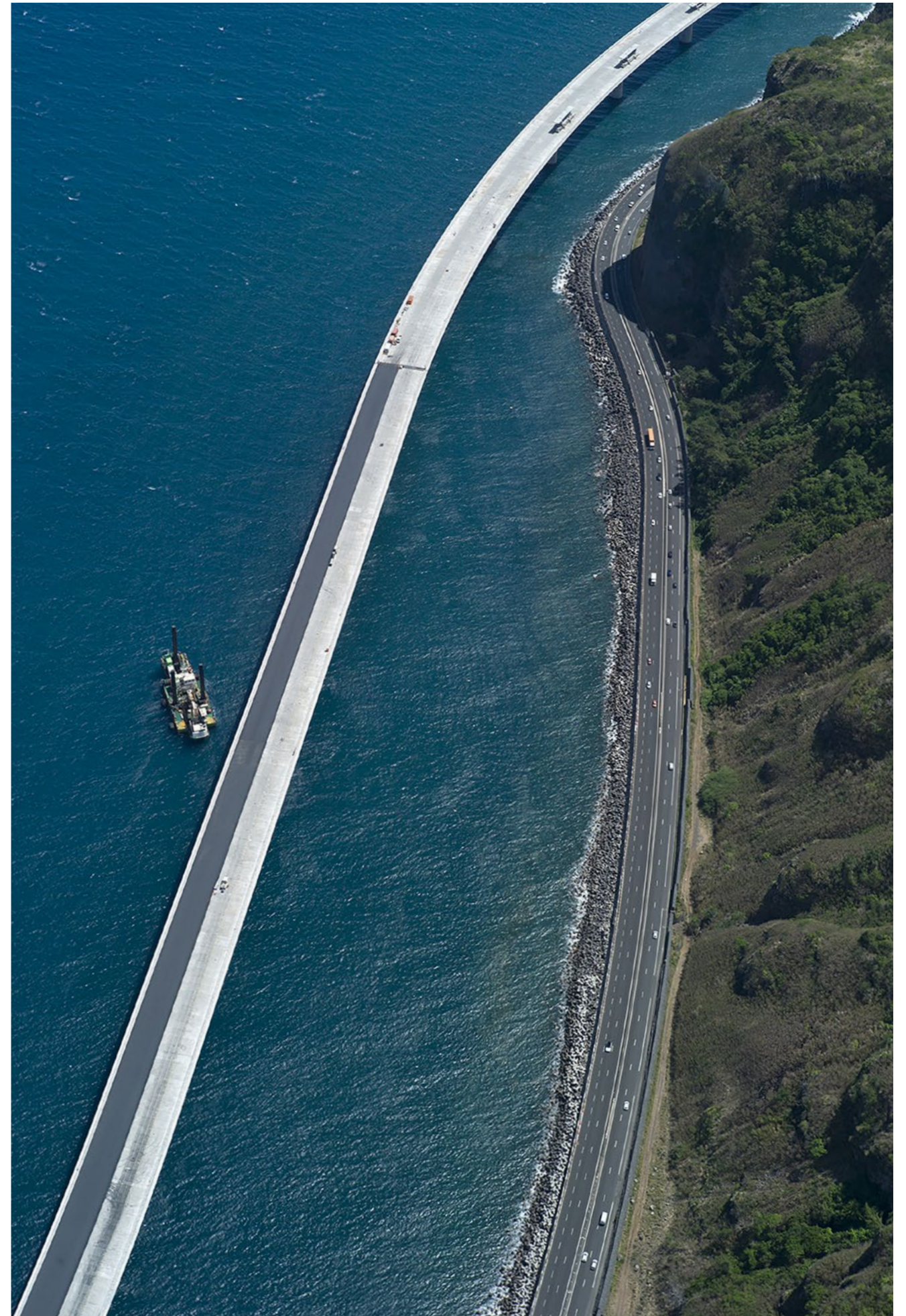
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FINANCIAL HIGHLIGHTS



DEME GROUP KEY FIGURES

As of December 31
(in millions of EUR)

	2019	2018	DELTA
Turnover	2,622.0	2,645.8	-23.8
EBITDA	437.0	458.9	-21.9
EBIT	141.1	196.0	-54.9
Net result share of the Group	125.0	155.6	-30.6
Order book	3,750.0	4,010.0	-260.0
Average # personnel (in FTE)	5,089	4,937	152
Shareholders' equity (excl. minority interests)	1,435.5	1,401.4	34.1
Net financial debt	-708.5	-555.8	-152.7
Balance sheet total	3,944.8	3,820.7	124.1
Total investments	446.1	410.2	35.9
Dividend of the year	*	55.0	-55.0

(*) Due to the COVID-19 crisis and out of caution, the Board of Directors will ask the shareholders at the General Meeting to fully reserve the profit of the financial year 2019. The Board of Directors will evaluate the possibility to distribute an interim dividend by the fourth quarter of 2020 at the latest.

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.

Net financial debt is the sum of current and non-current interest-bearing debt 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.

DEME GROUP FINANCIAL PERFORMANCE

DEME realised a **turnover** of 2,622.0 million EUR in 2019, virtually equalling the high level of 2018 (2,645.8 million EUR).

In its traditional **dredging activity**, DEME reported a turnover increase of approximately 10% to 1,084.5 million EUR. DEME carried out maintenance dredging works on the river Scheldt and along the Belgian

coast, started deepening works on the Elbe in Germany and took part in several large-scale infrastructure projects in the Netherlands together with its infrastructure subsidiary DIMCO. Outside Europe, the large-scale TTP1 project in Singapore is steadily entering its final stage. Other major projects were carried out in Russia, Qatar, India and several locations in Africa.

The turnover of **DEME Offshore** decreased in 2019 to 1,141.1 million EUR and includes a substantial volume of procurement. With 43% of DEME's total turnover, DEME Offshore is still the main segment. In Belgium, the installation of the MOG project (Modular Offshore Grid or 'plug at sea') was successfully finished, while the installation of the foundations for the Belgian offshore wind farm SeaMade was completed. In the United Kingdom, 101 of the 103 foundations for the Moray East wind farm were already installed, while the Hornsea One project was fully completed.

The **infra segment** reported a strong growth of activity, driven by the three major infrastructure projects in the Netherlands (Terneuzen lock, RijnlandRoute and Blankenburg connection) carried out by DIMCO.

The **environmental and other activities** remained on about the same level as last year. During 2019, the discussions with the client Rijkswaterstaat about the execution of the Juliana Canal Widening project have not yet reached a conclusion.



Over the full year 2019, DEME achieved an **EBITDA** of 437.0 million EUR, resulting in a margin of 16.7% (2018: 17.3%).

The **operating result (EBIT)** amounts to 141.1 million EUR, which is 54.9 million EUR lower compared to 2018.

In addition to the changing revenue mix, the EBIT and EBITDA margin were influenced by various other elements. The increased competition in the activities of DEME Offshore led to lower margins, while the installation vessel 'Innovation' was out of service for several months due to a major overhaul. Additionally, an impairment loss of 10.8 million EUR was recognised due to the insolvency of Servion, for which DEME Offshore carried out maintenance works on offshore wind farms. In the dredging segment, the negative result of a technically challenging project in India that is near completion weighed on the overall profitability. Finally, all research and development costs (13.2 million EUR) that were incurred in 2019 regarding the deep-sea harvesting of polymetallic nodules were expensed.

The **net result share of the Group** is 125.0 million EUR after deduction of a net financial result of -6.2 million EUR (which is in line with 2018) and after taxes at an effective rate of 22.48 % compared to 22.80 % last year. The share of profit of joint ventures and associates amounts to

18.4 million EUR, which is 11.5 million EUR higher than in 2018 (6.9 million EUR). This positive result is mainly related to the share of the Group in the result of several wind farms in which it is participating.

The **order book** amounts to 3,750 million EUR at year-end 2019, compared to 4,010 million EUR at year-end 2018.

The following major **dredging contracts** were won during 2019:

- the extension for five years of the Lower Ok Tedi river project in Papua New Guinea;
- the contract for the widening and deepening of the Elbe river over a length of 116 km between Cuxhaven and Hamburg in Germany;
- the extension of the maintenance dredging contract (2020-2021) for the Scheldt river and the Belgian coast.

The Group also signed many contracts for **offshore** wind farms across the world:

- the contract for the transport and installation of 165 foundations and turbines for the Hornsea Two offshore wind farm in the UK that is expected to begin in the first quarter of 2021;

- the EPCI contract for the design, fabrication and installation of 80 foundations for the Saint-Nazaire offshore wind farm in France (480 MW), in joint venture with Eiffage and with a consortium value of more than 500 million EUR;

- the EPCI contract for the inter-array cables and interconnectors of the Neart na Gaoithe offshore wind farm in Scotland with execution expected in 2021.

In Taiwan, CSBC DEME Wind Engineering (CDWE), a joint venture with the local company CSBC, signed the following contracts:

- a Preferred Bidder Agreement (PBA) for the Hai Long 2 and 3 wind farms which is the first large-scale Balance of Plant (BOP) project in Taiwan with EPCI for the foundations, inter-array cables, export cables and the transport and installation of the turbines scheduled for 2023;

- transport and installation of the foundations, along with a PBA for the transport and installation of the turbines for the Zhong Neng offshore wind farm developed by China Steel Corporation, due for completion in 2024.

The Fehmarnbelt project (700 million EUR) for the construction of the world's longest submerged road and rail tunnel between Denmark and Germany has not yet been included in the order book because the final permits are still pending. The aforementioned expected projects in Taiwan are omitted for the same reason.

In 2019, the Group **invested** a total of 446.1 million EUR, of which 434.7 million EUR in (in) tangible fixed assets. In 2019, the new trailing suction hopper dredger 'Bonny River' (15,000 m³) was put into operation. This vessel, which is capable of dredging very hard soil at great depths, is also equipped with a dual fuel engine that can run on both LNG and diesel. In addition to the major repair costs, in particular those for the jack-up vessel 'Innovation', the investments were primarily related to the four large vessels under construction, notably the 'Spartacus', the world's most powerful cutter suction dredger, the offshore installation vessel 'Orion', and the trailing suction hopper dredgers 'Meuse River' and 'River Thames'. Due to delays incurred at the shipyards, a number of payments were postponed to 2020. The delays are relatively minor in the case of the 'Orion', 'Meuse River' and 'River Thames', as delivery is still expected in the course of the first six months of 2020. Delivery of the mega cutter 'Spartacus' was delayed for several more months (until the end of the third quarter of 2020) by the Dutch shipyard IHC Holland BV. DEME Group is closely monitoring the

situation. As a result of the delays in 2019, the expected investment amount for 2020 will be roughly the same as in 2019. In 2019, DEME also announced a new investment in a SOV (Service Operation Vessel). This catamaran is specially designed for the maintenance of offshore wind farms and can carry and accommodate a crew of up to 24 people. Delivery of this vessel is expected in 2021. It will be chartered by Siemens Gamesa Renewable Energy as part of a long-term maintenance contract for the Rentel and SeaMade wind farms.

DEME's **net financial debt** amounted to 708.5 million EUR at year-end 2019 (including an impact of 86.1 million EUR from the first-time application of the new IFRS 16 accounting standard), compared to 555.8 million EUR at year-end 2018. In the course of 2019 DEME's net financial position was positively impacted for an amount of 64 million EUR by the repayments of loans that had been granted to the companies developing the Merkur and Rentel offshore wind farms.

For DEME, a constant focus on **innovation and sustainability** is crucial. Various new initiatives were started in 2019, such as the partnership with SABCA on the deployment of drones for the inspection of offshore wind turbines, the agreement with Equinor for a study of floating concrete substructures for the Hywind Tampen offshore wind farm, the expert consortium led by Tractebel on solar technology at

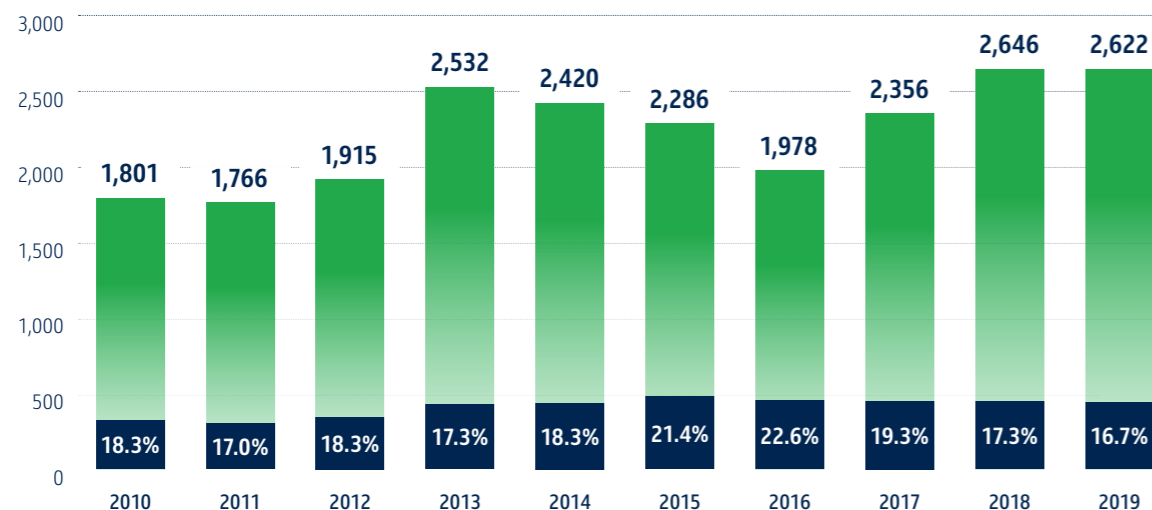
sea, responsible deep-sea harvesting of polymetallic nodules, the project for the autonomous plastic collector on the river Scheldt, the Hyport green hydrogen plant in Ostend and the project for the transport of hydrogen in Antwerp.

In an uncertain geopolitical and economic context, the Group projects a modest increase in its turnover for 2020. Given the pressure on margins in offshore wind projects as mentioned earlier, an EBITDA is expected of the same order of magnitude as in 2019. DEME expects to be able to realise a capital gain of at least 50 million EUR on the sale of its 12.5% stake in the German offshore wind project Merkur, the participation that is booked as **asset held for sale** in the consolidated statement of financial position as of December 31, 2019. ☞

Between the making of this report and its publication, the Covid-19 crisis began. The pandemic of the COVID-19 virus will have a negative impact on the activity, cash flow and results of the DEME Group in 2020. At the date of this report, it is not possible to reliably estimate this impact. However, it should be emphasised that the DEME Group has a significant cash position and confirmed unused credit lines that can absorb a temporary decline in activity and can cover working capital needs.

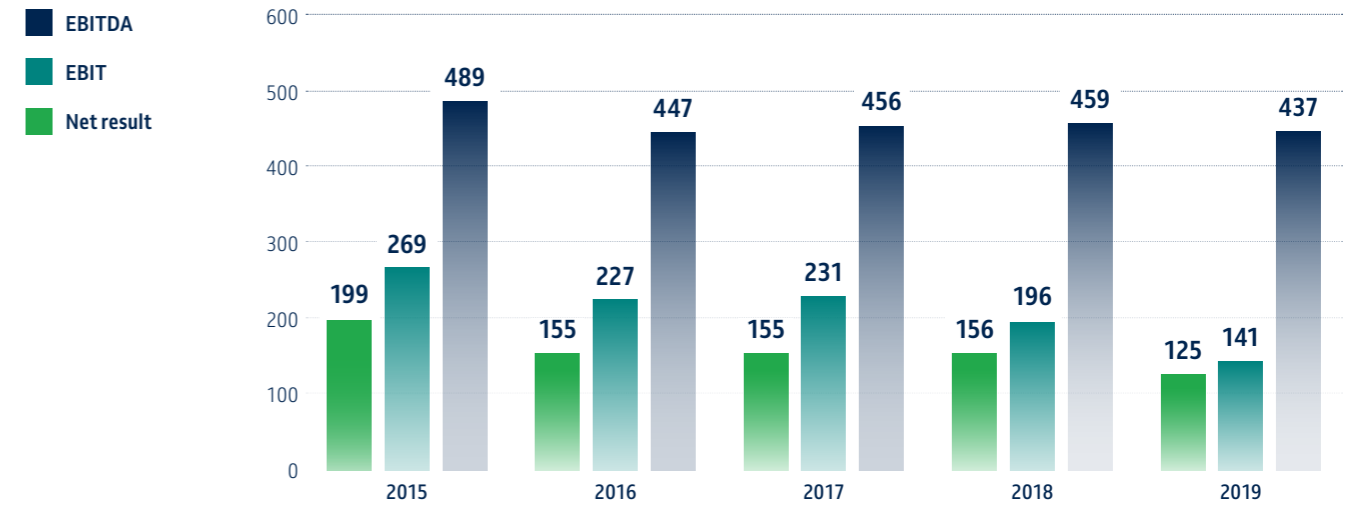
DEME GROUP EVOLUTION OF CONSOLIDATED TURNOVER AND EBITDA

As of December 31 (in millions of EUR)



DEME GROUP EVOLUTION OF NET RESULT, EBIT AND EBITDA

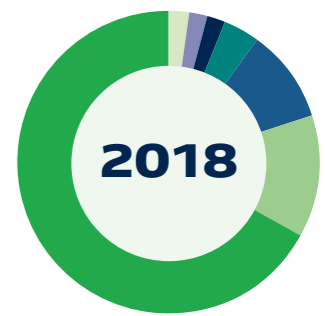
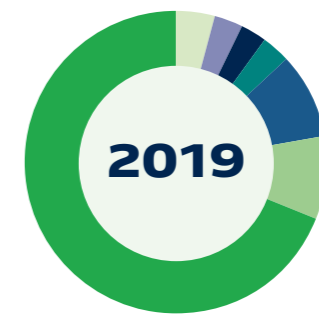
As of December 31 (in millions of EUR)



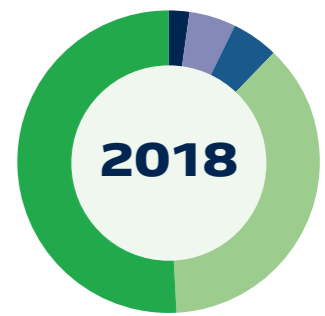
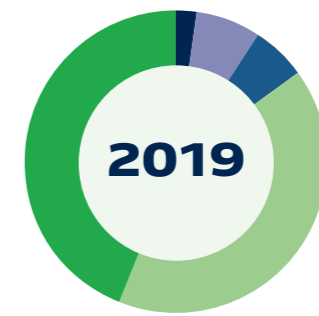
DEME GROUP TURNOVER BY REGION AND ACTIVITY LINE

As of December 31

BY REGION	2019	2018
Europe - EU	69%	67%
Asia & Oceania	9%	13%
Africa	9%	10%
Europe - non EU	4%	2%
Indian subcontinent	3%	2%
Middle East	3%	2%
America	3%	4%



BY ACTIVITY LINE	2019	2018
Offshore	44%	51%
Dredging*	41%	37%
Infra	7%	5%
Environmental	6%	5%
Others**	2%	2%



(*) Of which maintenance dredging 10% in 2019 and 11% in 2018, of total turnover.

(**) Salvage works, marine aggregates, concession and deep-sea harvesting activities are represented in Activity Line Others.

CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF INCOME

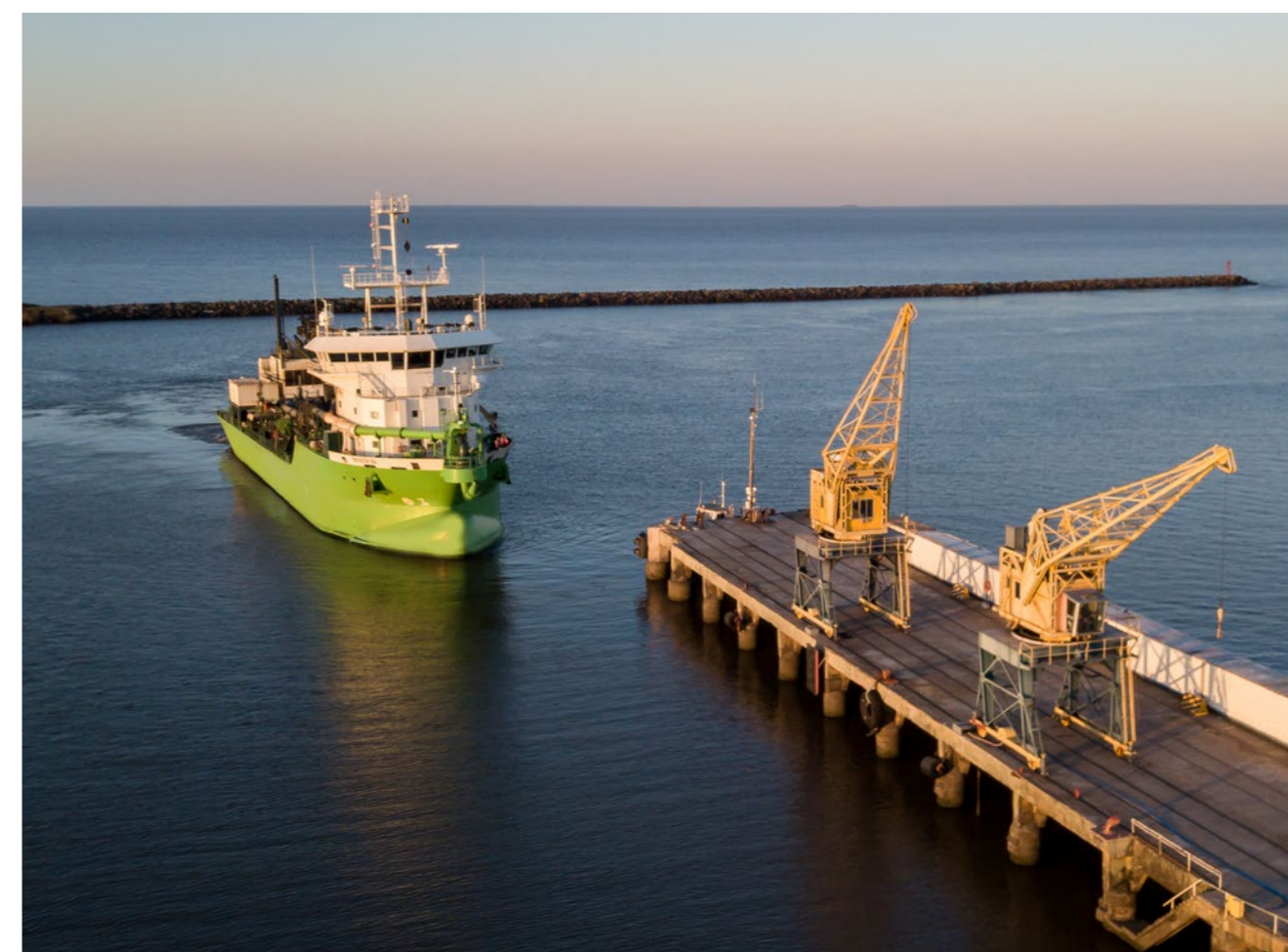
as of December 31

(in thousands of EUR)	Notes	2019	2018
REVENUES		2,660,659	2,726,543
Turnover		2,621,965	2,645,780
Other operating income	(1)	38,694	80,763
OPERATING EXPENSES		-2,519,513	-2,530,531
Raw materials, consumables, services and subcontracted work		-1,744,391	-1,797,917
Personnel expenses	(2)	-454,486	-439,304
Depreciation and impairment losses		-295,865	-256,907
Goodwill impairment		-	-5,986
Other operating expenses	(1)	-24,771	-30,417
OPERATING RESULT		141,146	196,012
FINANCIAL RESULT		-6,250	-6,391
Interest income		10,217	10,279
Interest expense		-11,837	-15,711
Realised/unrealised foreign currency translation effects		793	4,955
Other financial income and expenses		-5,423	-5,914
RESULT BEFORE TAXES		134,896	189,621
Income taxes and deferred taxes	(9)	-30,321	-43,231
RESULT AFTER TAXES		104,575	146,390
Share of profit (loss) of joint ventures and associates	(6)	18,450	6,929
RESULT FOR THE PERIOD		123,025	153,319
Attributable to non-controlling interests		-2,016	-2,251
Share of the Group		125,041	155,570

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

as of December 31

(in thousands of EUR)	2019	2018
Result attributable to non-controlling interests	-2,016	-2,251
Share of the Group	125,041	155,570
RESULT FOR THE PERIOD	123,025	153,319
Comprehensive income that may be reclassified to profit and loss in subsequent periods		
Changes in fair value related to hedging instruments	-26,241	-3,169
Changes in cumulative translation adjustment reserve	1,132	97
Comprehensive income that cannot be reclassified to profit and loss in subsequent periods		
Remeasurement of net liabilities relating to defined benefit plans	-9,464	-2,568
TOTAL OTHER COMPREHENSIVE INCOME	-34,573	-5,640
TOTAL COMPREHENSIVE INCOME	88,452	147,679
Attributable to non-controlling interests	-2,244	-2,432
Share of the Group	90,696	150,111



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31

ASSETS

(in thousands of EUR)	Notes	2019	2018
NON-CURRENT ASSETS		2,732,369	2,603,755
Intangible assets	(3)	4,415	3,545
Goodwill	(4)	18,339	18,339
Property, plant and equipment	(5)	2,506,975	2,298,773
Investments in joint ventures and associates	(6)	73,051	82,310
Other non-current financial assets	(7)	36,182	108,066
Non-current financial derivatives	(8)	-	9
Other non-current assets		3,921	1,785
Deferred tax assets	(9)	89,486	90,928
CURRENT ASSETS		1,212,410	1,216,967
Inventories	(10)	13,152	15,244
Amounts due from customers under construction contracts	(10)	228,548	353,001
Trade and other operating receivables	(11)	463,931	540,736
Current financial derivatives	(8)	751	275
Assets held for sale	(7)	10,511	-
Other current assets		20,382	20,316
Cash and cash equivalents	(12)	475,135	287,395
TOTAL ASSETS		3,944,779	3,820,722

GROUP EQUITY AND LIABILITIES

(in thousands of EUR)	Notes	2019	2018
SHAREHOLDERS' EQUITY		1,435,483	1,401,402
Issued capital		31,110	31,110
Share premium		5,645	5,645
Reserves and retained earnings		1,474,254	1,405,829
Hedging reserve		-33,578	-7,596
Remeasurements on defined benefit pension plans		-36,695	-27,199
Cumulative translation adjustment		-5,253	-6,387
NON-CONTROLLING INTERESTS		11,671	14,052
GROUP EQUITY		1,447,154	1,415,454
NON-CURRENT LIABILITIES		1,095,718	645,802
Employee benefit obligations	(14)	57,292	46,124
Provisions		6,389	6,742
Interest-bearing debt	(12)	947,797	494,795
Non-current financial derivatives	(8)	7,806	8,561
Deferred tax liabilities	(9)	76,434	89,580
CURRENT LIABILITIES		1,401,907	1,759,466
Interest-bearing debt	(12)	235,791	348,377
Current financial derivatives	(8)	9,356	10,990
Amounts due to customers under construction contracts	(10)	165,662	243,136
Advances received		39,565	95,132
Trade payables		777,810	890,368
Remuneration and social security		82,056	82,368
Current income taxes		37,112	35,602
Other current liabilities	(15)	54,555	53,493
TOTAL GROUP EQUITY AND LIABILITIES		3,944,779	3,820,722

CONSOLIDATED STATEMENT OF CASH FLOWS

as of December 31

(in thousands of EUR)	2019	2018
CASH AND CASH EQUIVALENTS, OPENING BALANCE	287,395	434,717
Profit (loss) from operating activities	141,146	196,012
Dividends from participations accounted for using the equity method	3,232	2,438
Reclassification of (income) loss from sales of property, plant and equipment and financial participation to cash flow from divestments	-4,523	-6,356
Income taxes paid	-33,594	-44,649
NON-CASH ADJUSTMENTS	302,737	267,285
Depreciation and impairment losses	295,865	256,907
(Decrease) increase of provisions	6,872	13,448
Other non-cash expenses (income)	-	-3,070
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	408,998	414,730
CHANGES IN WORKING CAPITAL	-20,186	-192,350
Decrease (increase) in inventories and advances received	-35,580	-57,465
Decrease (increase) in amounts receivable	174,819	-300,800
Increase (decrease) in current liabilities (other than borrowings)	-159,425	165,915
CASH FLOW FROM OPERATING ACTIVITIES	388,812	222,380
INVESTMENTS	-446,142	-410,182
Acquisition of intangible assets and of property, plant and equipment	-434,668	-441,298
Cash (out) inflows on acquisition of subsidiaries, associates and joint ventures	-8,216	62,381
New borrowings given to joint ventures and associates	-3,258	-31,265
DIVESTMENTS	75,820	18,059
Sale of intangible assets and of property, plant and equipment	10,431	13,559
Cash inflows on disposal of subsidiaries, associates and joint ventures	1,125	4,500
Repayment of borrowings given to joint ventures and associates	64,264	-
CASH FLOW FROM INVESTING ACTIVITIES	-370,322	-392,123
Interest received	10,217	10,279
Interest paid	-19,482	-16,163
Other financial income (costs)	-5,129	-1,511
New interest-bearing debt	632,404	245,316
Repayment of interest-bearing debt	-394,386	-158,026
Gross dividend paid to the shareholders	-55,002	-55,002
CASH FLOW FROM FINANCIAL ACTIVITIES	168,622	24,893
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	187,112	-144,850
Change in consolidation scope or method	-	-3,314
Impact of exchange rate changes on cash and cash equivalents	628	842
CASH AND CASH EQUIVALENTS, ENDING BALANCE	475,135	287,395

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2019 (in thousands of EUR)	SHARE CAPITAL AND SHARE PREMIUM	HEDGING RESERVE	DEFINED BENEFIT PENSION PLANS	CONSOLIDATED RESERVES	CUMULATIVE TRANSLATION ADJUSTMENT	SHARE-HOLDERS' EQUITY	NON-CONTROLLING INTERESTS	GROUP EQUITY
Ending, December 31, 2018	36,755	-7,596	-27,199	1,405,829	-6,387	1,401,402	14,052	1,415,454
Impact IFRS 16						-		-
Impact IFRIC 23						-		-
Opening, January 1, 2019	36,755	-7,596	-27,199	1,405,829	-6,387	1,401,402	14,052	1,415,454
Profit				125,041		125,041	-2,016	123,025
Other comprehensive income		-25,982	-9,496		1,134	-34,344	-228	-34,572
Total comprehensive income		-25,982	-9,496	125,041	1,134	90,697	-2,244	88,453
Dividends paid				-55,002		-55,002	-921	-55,923
Other				-1,614*		-1,614	784	-830
Ending, December 31, 2019	36,755	-33,578	-36,695	1,474,254	-5,253	1,435,483	11,671	1,447,154

In accordance with IFRS 16, the Group has opted to value the right to use the asset at an amount equal to the lease obligation. Therefore, as per effective date there is no impact on Group equity.

The total impact of the first application of IFRIC 23 was considered to be clearly insignificant and as such not resulting in a change of the aggregate amount of all income tax positions per January 1, 2019.

(*) Amount relates to the goodwill on the purchase of two entities under common control and is further explained in the explanatory note regarding business combinations in the course of 2019.

2018 (in thousands of EUR)	SHARE CAPITAL AND SHARE PREMIUM	HEDGING RESERVE	DEFINED BENEFIT PENSION PLANS	CONSOLIDATED RESERVES	CUMULATIVE TRANSLATION ADJUSTMENT	SHARE-HOLDERS' EQUITY	NON-CONTROLLING INTERESTS	GROUP EQUITY
Ending, December 31, 2017	36,755	-4,455	-24,732	1,320,811	-6,537	1,321,842	14,405	1,336,247
Impact IFRS 15				-15,550		-15,550		-15,550
Opening, January 1, 2018	36,755	-4,455	-24,732	1,305,261	-6,537	1,306,292	14,405	1,320,697
Profit				155,570		155,570	-2,251	153,319
Other comprehensive income		-3,141	-2,467		150	-5,458	-182	-5,640
Total comprehensive income		-3,141	-2,467	155,570	150	150,112	-2,433	147,679
Dividends paid				-55,002		-55,002	-365	-55,367
Other						-	2,445	2,445
Ending, December 31, 2018	36,755	-7,596	-27,199	1,405,829	-6,387	1,401,402	14,052	1,415,454



SHARE CAPITAL AND RESERVES

The share capital on December 31, 2019 was composed of 4,538,100 ordinary shares. These shares are without any nominal value. The owners of ordinary shares have the right to receive dividends and have one vote per share in Shareholders' General Meetings.

DEME's shareholder is the Brussels-based civil engineering contractor CFE, which is controlled by the Belgian investment Group Ackermans & van Haaren, both publicly listed companies on Euronext Brussels.

Due to the COVID-19 crisis and as a precautionary measure, the Board of Directors will ask the shareholders at the General Meeting of May 5, 2020, to fully reserve the profit of the financial year 2019. The Board of Directors will evaluate the possibility of distributing an interim dividend by the fourth quarter of 2020 at the latest. The final dividend for the year ended December 31, 2018 was 55,001,772 EUR.

SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

To serve the needs of our shareholders, customers, banks and other stakeholders, DEME chose to draw up an activity report accompanied by financial information that is prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the EU. The underlying consolidated financial statements do not contain all the explanatory notes

required by IFRS and are therefore not fully compliant with IFRS as adopted by the EU.

Basis of preparation

The consolidated financial statements are presented in thousands of euros. They are prepared on the historical cost basis except for derivative financial instruments, investments held for trading and investments available-for-sale which are stated at fair value.

The consolidated financial statements are prepared as of and for the period ending December 31, 2019.

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

The Board of Directors authorised the publication of the Group's consolidated financial statements on March 23, 2020.

The accounting principles used, IFRS as adopted by the European Union, are the same as those used for the consolidated annual accounts at December 31, 2018, except for **IFRS 16 leases and IFRIC 23 uncertainty over income tax treatments**.

IFRS 16 leases replaces the standard for leases IAS 17 and provides a new framework for the recognition of lease contracts. The standard was issued in January 2016 and became effective as of January 1, 2019. This new standard relates to changes in accounting for operational lease commitments of the Group. IFRS 16 requires lessees to recognise a liability in their statement of financial position and to capitalise the right-of-use of a leased asset if it is leased for a period exceeding one year. The application of IFRS 16 leads to an increase of assets and liabilities with the present value of future lease payments, to an increase of the net financial debt and to an increase of the EBITDA as a consequence of the presentation of the expenses from leases as depreciation and amortisations and as financial expenses instead of operating expenses. The Group applied this standard, as allowed by IFRS 16, retrospectively with the cumulative effect of first adoption

of IFRS 16 recognised as per January 1, 2019. Comparative figures for 2018 are not restated. In accordance with IFRS 16, the Group has opted to value the right to use the asset at an amount equal to the lease obligation. Therefore, as per effective date there is no impact on Group equity. The impact of IFRS 16 on the Group's figures is included in note 13.

IFRIC 23 uncertainty over income tax treatments became effective as from January 1, 2019. IFRIC 23 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 Group assessed its uncertain income tax positions per January 1, 2019 and individual positions were remeasured upon first application. Outcome of the assessment was that most income tax uncertainties are binary, not resulting in a tax liability which is different compared to the liabilities as previously accounted for based on the most likely amount. The total impact of the first application of IFRIC 23 was considered to be clearly insignificant and as such not resulting in a change of the aggregate amount of all income tax positions per January 1, 2019.

Other new IFRS standards and interpretations that became effective for 2019 are improvements and amendments to IFRS 9 *prepayment features with negative compensation*, IAS 28 *long term interests in associates and joint ventures*, IAS 19 *plan amendment, curtailment or settlement*, and IFRS Standards 2015-2017 cycle. The financial position and performance of the Group was not affected by the initial application of these standards and interpretations.

Amendments to IFRS standards that are not yet effective, but available for early adoption, are amendments to IFRS 3 *business combinations*, IAS 1 *presentation of financial statements*, IAS 8 *accounting policies*, IFRS 17 *insurance contracts* and amendments to the conceptual framework. The Group did not perform any early adoption of above standards and interpretations.

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 as regards the following items:

- the period over which non-current assets are depreciated or amortised;
- the measurement of provisions and pension obligations;
- the measurement of income or losses on construction contracts using the percentage of completion method;
- estimates used in impairment tests;
- estimates used in the assessment of income taxes;
- the fair value measurement of derivatives;
- the assessment of control.

These estimates assume the operation is a going concern and are made 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.

Over the last two years, the Group has been closely following the developments around Brexit. On January 31, 2020, the UK left the European Union. Due to the transition period until December 31, 2020, there is no impact yet. We recognise that, after that period, a number of parties will be affected, including our customers, suppliers and employees. Equally, within our own organisation, wide-ranging sections of our business such as Operations, Procurement, Finance, Compliance, Human Resources and Legal are likely to see changes. Together with a consultant, we conducted a Brexit assessment based on a no-deal (hard) Brexit scenario. No material risks have been identified, however a risk mitigation strategy has been rolled out to reduce the impact of the Brexit.

Principles of consolidation and list of the Company's significant subsidiaries, associates and joint ventures

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

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 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 provisions on the balance sheet.

Interests in joint ventures or joint operations are accounted for from the date when the entity becomes a joint venture or joint operation. 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 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.

A listing of the Company's significant subsidiaries, jointly controlled entities and associates can be found on the next pages.

Number of entities consolidated as of December 31		
	2019	2018
Full consolidation	123	128
Equity method	51	49
	174	177

Since the beginning of 2019, the activities of the subsidiaries GeoSea NV, Tideway BV, A2Sea A/S and EverSea NV were officially integrated into the DEME Offshore activity line. By integrating all offshore activities, expertise and capabilities into a more agile organisation, DEME is able to provide the most comprehensive offering of solutions, services and equipment to its oil, gas and renewable energy customers. This integration led to a lot of changes in the legal entity structure and legal entity names.

As of July 1, 2019, GeoSea NV became DEME Offshore Holding NV. At the same date, EverSea NV, GeoSea Maintenance NV and Eco Shipping NV were merged with DEME Offshore Holding NV.

The next step of the integration process was the renaming of the following entities:

- Tideway Canada Ltd into DEME Offshore CA Ltd;
- GeoSea Luxembourg SA into DEME Offshore LU SA;
- GeoSea Procurement & Shipping Luxembourg SA into DEME Offshore Procurement & Shipping LU SA;
- GeoSea Infra Solutions GmbH into DEME Offshore DE GmbH;
- A2SEA A/S into DEME Offshore DK A/S;
- A2SEA Ltd into DEME Offshore UK Ltd.

In addition to the name changes there was also the demerger of Tideway BV into DEME Offshore NL BV and Dredging International Netherlands BV.

A last change in 2019 relating to the DEME Offshore legal restructuring was the contribution of the formerly GeoSea business to DEME Offshore BE NV.



MAIN SUBSIDIARIES (FULLY CONSOLIDATED)

as of December 31, 2019

NAME	PLACE	COUNTRY	% OF SHAREHOLDING
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%
Global Sea Mineral Resources, NV	Ostend	Belgium	100%
DEME Building Materials, 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%
Ecoterres, SA	Gosselies	Belgium	74.90%
Ekosto, NV	Sint-Gillis-Waas	Belgium	74.90%
G-tec, SA	Vottem	Belgium	72.50%
Agroviro, NV	Zwijndrecht	Belgium	74.90%
DEME Environmental Contractors, NV	Zwijndrecht	Belgium	74.90%
Purazur, NV	Zwijndrecht	Belgium	74.90%
DEME Blue Energy, NV	Zwijndrecht	Belgium	69.99%
Filterres, SA	Gosselies	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%
Dragagem Angola Serviços, Lda	Luanda	Angola	100%
Dredging International Australia, Pty Ltd	Brisbane	Australia	100%
GeoSea Australia, Pty Ltd	Brisbane	Australia	100%
Dragabras Serviços de Dragagem, Ltda	Rio de Janeiro	Brazil	100%
DEME Offshore CA, Ltd	Halifax	Canada	100%
Far East Dredging, Ltd	Hong Kong	China	100%
Dredging International Cyprus, Ltd	Nicosia	Cyprus	100%
Dredging International Services Cyprus, Ltd	Nicosia	Cyprus	100%
Bellsea, Ltd	Nicosia	Cyprus	100%
DEME Cyprus, Ltd	Nicosia	Cyprus	100%
DEME Offshore CY, Ltd	Nicosia	Cyprus	100%
DEME Shipping Company, Ltd	Nicosia	Cyprus	100%
Novadeal, Ltd	Nicosia	Cyprus	100%
Middle East Marine Contracting, Ltd	Nicosia	Cyprus	100%
DEME Offshore DK, SAS	Fredericia	Denmark	100%
DEME Offshore FR, SAS	Lambersart	France	100%
Energies du Nord, SAS	Lambersart	France	100%
Société de Dragage International, SAS	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, Surrey	Great Britain	100%
NewWaves Solutions, Ltd	Weybridge, Surrey	Great Britain	100%
DEME Environmental Contractors UK, Ltd	Weybridge, Surrey	Great Britain	74.90%
Dredging International India, Pvt Ltd	New Delhi	India	99.97%
International Seaport Dredging, Pvt Ltd	Chennai	India	89.61%
PT Dredging International Indonesia	Jakarta	Indonesia	60%
Sidra, Spa	Rome	Italy	100%
Apollo Shipping, SA	Luxembourg	Luxembourg	100%
Bonny River Shipping, SA	Luxembourg	Luxembourg	100%*

* Newly created or acquired during 2019

NAME	PLACE	COUNTRY	% OF SHAREHOLDING
CRiver Shipping, SA	Luxembourg	Luxembourg	100%*
DEME Offshore LU, SA	Luxembourg	Luxembourg	100%
DEME Offshore LU Procurement & Shipping, SA	Luxembourg	Luxembourg	100%
Dredging International Luxembourg, SA	Luxembourg	Luxembourg	100%
Maritime Services & Solutions, SA	Luxembourg	Luxembourg	100%
Safindi, SA	Luxembourg	Luxembourg	100%
Société de Dragage Luxembourg, SA	Luxembourg	Luxembourg	100%
Dredging International Malaysia, Sdn Bhd	Kuala Lumpur	Malaysia	30% **
Dredging International Mexico, SA de CV	Mexico D.F.	Mexico	100%
Dragamoz, Lda	Maputo	Mozambique	100%
Dredging and Environmental Services Nigeria, Ltd	Lagos	Nigeria	39%**
Dredging International Services (Nigeria), Ltd	Lagos	Nigeria	39%**
Combined Marine Terminal Operators Nigeria, Ltd	Lagos	Nigeria	21.25%***
Dredging International de Panama, SA	Panama	Panama	100%
Dredco PNG, Ltd	Port Moresby	Papua New Guinea	100%
Middle East Dredging Company, QSC	Doha	Qatar	49% ****
Dragmorstroy, LLC	St. Petersburg	Russia	100%
Dredging International Asia Pacific, Pte Ltd	Singapore	Singapore	100%
Dredging International España, SA	Madrid	Spain	100%
Naviera Living Stone, SLU	Alicante	Spain	100%
Dredging International Netherlands, BV	Breda	The Netherlands	100%*
Paes Maritiem, BV	Amsterdam	The Netherlands	100%
DEME Offshore NL, BV	Breda	The Netherlands	100%
DEME Offshore Shipping, BV	Breda	The Netherlands	100%
Innovation Holding, BV	Breda	The Netherlands	100%
Innovation Shipping, BV	Breda	The Netherlands	100%
DEME Infra Marine Contractors, BV	Dordrecht	The Netherlands	100%
DEME Building Materials, BV	Flushing	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%
Dredging International Ukraine, LLC	Odessa	Ukraine	100%
Dredging International Services Middle East, DMCEST	Dubai	United Arab Emirates	100%
DEME Offshore US, INC	New Castle, Delaware	USA	100%*
DEME Offshore US, LLC	New Castle, Delaware	USA	100%*

MAIN JOINT VENTURES (EQUITY METHOD)

as of December 31, 2019

NAME	PLACE	COUNTRY	% OF SHAREHOLDING
Scaldis Salvage & Marine Contractors, NV	Antwerp	Belgium	54.37%
High Wind, NV	Zwijndrecht	Belgium	50.40%
Transterra, NV	Stabroek	Belgium	50%
Blue Open, NV	Zwijndrecht	Belgium	49.94%
Terranova, NV	Zwijndrecht	Belgium	43.73%
Sédisol, SA	Farciennes	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 Coscocs DEME New Energy Engineering Co., Ltd	Guangzhou	China	50%
Earth Moving Worldwide Cyprus, Ltd	Nicosia	Cyprus	50%
CBD, SAS	Leulinghen-Bernes	France	50%
BNS JV, Ltd	Camberley, Surrey	Great Britain	50%*

* Newly created or acquired during 2019

** The economic rights in this company are 100%

*** The economic rights in this company are 54.43%

**** The economic rights in this company are 95%

NAME	PLACE	COUNTRY	% OF SHAREHOLDING
West Islay Tidal Energy Park, Ltd	Glasgow, Scotland	Great Britain	35%
Normalux Maritime, SA	Luxembourg	Luxembourg	37.50%
Gulf Earth Moving Qatar, WLL	Doha	Qatar	50%
Mordraga, LLC	St. Petersburg	Russia	40%
Dragafi Asia Pacific, Pte Ltd	Singapore	Singapore	40%
CSBC Deme Wind Engineering Co, Ltd	Taipei	Taiwan	49.99%*
DIAP Thailand Co, Ltd	Bangkok	Thailand	48.90%*
DBM-Bontrup, BV	Amsterdam	The Netherlands	50%*
K3 DEME, BV	Amsterdam	The Netherlands	50%
Deeproek Beheer, BV	Breda	The Netherlands	50%
Deeproek, CV	Breda	The Netherlands	50%
Overseas Contracting & Chartering Services, BV	Breda	The Netherlands	50%
Earth Moving Middle East Contracting, DMCEST	Dubai	United Arab Emirates	50%

MAIN ASSOCIATES (EQUITY METHOD)

as of December 31, 2019

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	Gent	Belgium	25.47%
Otary Bis, NV	Ostend	Belgium	18.89%
Otary RS, NV	Ostend	Belgium	18.89%
Rentel, NV	Ostend	Belgium	18.89%
Terranova Solar, NV	Stabroek	Belgium	16.85%
North Sea Wave, NV	Ostend	Belgium	13.22%
Seamade, NV	Ostend	Belgium	13.22%
C-Power Holdco, NV	Zwijndrecht	Belgium	10%
C-Power, NV	Ostend	Belgium	6.46%
West Islay Tidal Energy Park, Ltd	Glasgow, Scotland	Great Britain	35%
Duqm Industrial Land Company, LLC	Muscat	Oman	34.90%*
Port of Duqm Company, SAOC	Muscat	Oman	30%*
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 2019

Business combinations

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 profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- 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 measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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 equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, 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 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.

Business combinations between entities under common control

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.

Business combinations and disposals in the course of 2019

In October 2019, DEME acquired the shares in **Consortium Antwerp Port (Oman) NV (60%) and Consortium Antwerp Port Industrial Port Land NV (50%)** which represent the total stake previously held by Rent-a-Port NV. These entities hold land and concession rights in the port of Duqm in Oman through a joint venture structure with Asyad, the latter controlled by the Omani Ministry of Transport & Communication.

The selling company, Rent-a-Port NV is held 50 % by our shareholder CFE NV and 50 % by Ackermans & van Haaren NV, which controls CFE NV.

A total consideration of 3.8 million EUR was paid, resulting in a positive difference of 1.6 million EUR between the consideration paid and the carrying amount of the net assets acquired. As it concerns business combinations involving entities under common control, this transaction is excluded from the scope of IFRS 3 *business combinations*. DEME therefore applied predecessor accounting, recognised all assets and liabilities acquired at the carrying amount and the difference of 1.6 million EUR between the consideration paid and the carrying amount of the net assets acquired has been accounted for in equity as a compensation to the shareholder.

Consortium Antwerp Port (Oman) NV (60%) and Consortium Antwerp Port Industrial Port Land NV (50%), as well as their affiliates Duqm Industrial Land Company, LLC (34.9 % for DEME) and Port of Duqm Company, SAOC (30 % for DEME) are consolidated according to the equity method as of the fourth quarter of 2019.

In 2019 the shares in the following companies were sold:

- **B-wind Polska sp.z.o.o.** (51.1 %);
- **C-wind Polska sp.z.o.o.** (51.1 %);
- **Hithermoor Soil Treatments Ltd** (37.45 %);
- **Renewable Energy Base Ostend NV** (25.5 %).

The impact of business disposals on the result of the year is immaterial.

Business combinations and disposals in the course of 2018

On September 3, 2018, DEME acquired additional economic rights from Middle East Dredging Company QSC (MEDCO), increasing the Group's beneficial interest from 44.1% to 95%. As a result, MEDCO's consolidation method has changed from equity method to full consolidation as from the third quarter of 2018.

This acquisition of control meets the definition of a business combination in accordance with IFRS 3 *business combinations*, which requires the application of the acquisition method. Under this method, 44.1% historical stake must be remeasured at fair value through the income statement. Following the negative net asset value (not revaluated) at the time of the transaction, the revaluation of the historical participation generates a gain of 10,605 (000) EUR. Subsequently, MEDCO's identifiable assets

and liabilities are revaluated at fair value at the acquisition date in DEME's consolidated financial statements. The total goodwill generated on this transaction results from the difference between the consideration transferred and the fair value of MEDCO's identifiable assets and liabilities. The work to value the identifiable assets and liabilities at fair value was completed within a time frame compatible with that of the annual closing of December 31, 2018.

The fair values assigned to the assets and liabilities that were acquired are summarised as follows:

(in thousands of EUR)	MEDCO
Property, plant and equipment	79,636
Trade and other operating receivables	52,925
Cash and cash equivalents	72,454
Employee benefit obligations	-757
Current and non-current interest-bearing debt	-35,330
Other non-current assets and liabilities	-14,829
Trade and other operating payables	-148,776
Total net assets acquired	5,323
Value of historical share of DEME in MEDCO (44.1%)	-10,605
Goodwill	-5,282
Acquisition price	0

The following valuation methods have been used to determine the fair value of the main identifiable assets and liabilities:

- for property, plant and equipment (mainly two cutters 'Al Mahaar' and 'Al Jarraf'), the fair value was determined on the basis of a valuation exercise carried out by an independent expert;
- for other assets and liabilities, the fair value has been based on the market value at which these assets or liabilities can be sold to an unrelated third party.

The transaction did not result in a cash settlement. At the end of the transaction, DEME acquired MEDCO's cash, generating a positive net cash flow of 72.5 million EUR. This explains the cash inflows on acquisition of subsidiaries in the cash flow from investing activities.

The revaluation of the historical stake generates a remeasurement gain of 10.6 million EUR. The total unallocated goodwill generated by the transaction amounts to 5.3 million EUR that was written down in the result as of December 31, 2018.

Business disposals had no material impact on the result during the period ended December 31, 2018.

Foreign currencies

The euro is used as presentation currency for the consolidated financial statements.

Financial statements of foreign entities whose functional currencies are other than the euro, are translated as follows:

- assets and liabilities are translated at the year-end rate;
- income and expenses are translated at the average exchange rate for the year;
- shareholders' equity accounts are translated at historical exchange rates.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Exchange rates used as of December 31, 2019 and 2018 are the following.

Currency	CURRENCY RATES FROM FOREIGN CURRENCY TO EUR			
	December 31, 2019		December 31, 2018	
	Closing rate	Average rate	Closing rate	Average rate
AED	0.2430	0.2429	0.2382	0.2307
AOA	0.0019	0.0025	0.0028	0.0035
AUD	0.6255	0.6216	0.6177	0.6331
BRL	0.2221	0.2263	0.2255	0.2336
CAD	0.6840	0.6723	0.6421	0.6533
CNY	0.1281	0.1293	0.1273	0.1280
GBP	1.1722	1.1399	1.1099	1.1277
HKD	0.1146	0.1139	0.1117	0.1081
INR	0.0125	0.0127	0.0125	0.0124
MXN	0.0472	0.0462	0.0445	0.0440
MYR	0.2182	0.2155	0.2115	0.2099
NGN	0.0029	0.0029	0.0028	0.0027
OMR	2.3186	2.3183	2.2730	2.2007
PGK	0.2696	0.2699	0.2664	0.2627
PHP	0.0176	0.0173	0.0166	0.0161
PLN	0.2351	0.2325	0.2324	0.2350
QAR	0.2452	0.2451	0.2403	0.2326
RUR	0.0144	0.0138	0.0126	0.0136
SGD	0.6633	0.6544	0.6412	0.6284
THB	0.0299	0.0287	0.0269	0.0262
TWD	0.0298	0.0289	0.0286	0.0281
UAH	0.0377	0.0347	0.0316	0.0310
USD	0.8926	0.8922	0.8750	0.8472
ZAR	0.0635	0.0618	0.0607	0.0646

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to 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 re-attributed 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.

Intangible assets

ACQUIRED LICENCES, PATENTS 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.

RESEARCH AND DEVELOPMENT

Expenditure on research activities is recognised in the income statement as an expense as incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

DEME has opted to expense costs incurred for the exploration and evaluation of mineral resources on the seabed.

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 as 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.

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 (generally a subsidiary) 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. When a subsidiary is divested from the Group, the resulting goodwill and other comprehensive income relating to the subsidiary are taken into account in determining the net gain or loss on disposal.

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.

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 with 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 tons extracted. Buildings are depreciated over 25 years. The depreciation periods of the floating and other construction materials range from 3 years (such as for pipelines) to 21 years. The principal component of trailing suction hopper dredgers and cutter suction dredgers is depreciated over a period of 18 years. For new hopper dredgers, cutter suction dredgers, cable lay vessels and DP3 Offshore crane vessels in production since 2019 the principal component is depreciated over a

period of 20 years and a second component is amortised over a period of 10 years. For major jack-up vessels this depreciation rule was already applicable. The principal component mainly includes the hull and machinery and the second component relates to parts of a vessel for which the lifespan is shorter than the economic life cycle of the vessel. Furniture and other fixed assets are depreciated over a period between 3 and 10 years.

For all equipment with a residual value, this amount has been adjusted from 5 % to 1 % of the investment value from 2019 onwards. DEME will apply this 1% residual value for older vessels as an extra year of depreciation beyond the useful life of the vessel.

Methods for depreciation, useful life and residual value are reassessed at the end of each financial year and amended if necessary.

The impact of updating the valuation rules in the financial statements per December 31, 2019 amounts to -1.6 million EUR.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income.

The Group as lessee

LEASES

The Group has adopted IFRS 16 *Leases* on the Group's financial statements as from January 1, 2019 and has applied the modified retrospective approach. Assets, representing the right to use the underlying leased asset, are capitalised as property, plant and equipment 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, are recognised as long-term or current liabilities depending on the period in which they are due. Leased assets and liabilities are recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lease payments are discounted using the lessee's incremental borrowing rate. Lease interest is charged to the income statement as an interest

expense. Leased assets are depreciated, using straight-line depreciation over the lease term, including the period of renewable options, in case it is probable that the option will be exercised.

Up to December 31, 2018 there was a distinction between finance leases and operating leases and the accounting principles were the following:

FINANCE LEASES

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding liability, net of finance charges, is presented as part of financial debt. The interest element is charged to the income statement as a finance charge over the lease period. The depreciation policy for leased assets 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.

OPERATING LEASES

Leases under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost 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 variable selling expenses.

Amounts due from and amounts due to customers under construction contracts

Amounts due from customers concerns 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 at 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 potential provisions for losses. Provisions are recognised for expected losses on work in progress as soon as they are foreseen and if necessary, any profits already recognised are reversed. Revenues from additional work and claims are included in the overall contract revenues if the client has accepted the sum involved in any way. The cost price includes project costs, consisting of payroll costs, materials, costs of subcontracted work, rental charges and maintenance costs for the equipment used and other project costs. The rates used are based on the expected average occupation in the long run. The progress of a project is determined on the basis of the cost of the work done in relation to the expected cost price of the project as a whole. Profits are not recognised unless a reliable estimate can be made of the result on completion of the project. It is considered that no such reliable estimate can be made when actual cost of the work is less than 10 % of the total expected cost price of the project. 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 current liabilities instead of under current assets. The respective balance sheet items are "due from customers" as a current asset and "due to customers" which is a current liability. When there is any constraint on transferring cash from the working country to the head office, the profit on a contract is only recognised on a cash basis.

Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently at amortised cost less accumulated impairment losses, such as doubtful debts. Amortised cost is determined using the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and short-term investments. 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 tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, 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 result.

When an impairment loss subsequently reverses, 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 result. An impairment loss on goodwill is never reversed.

Share capital

REPURCHASE OF SHARE CAPITAL

When the Company purchases its own shares, the amount paid, including any directly imputable expenses, is recognised as a deduction in equity. Proceeds from selling shares are directly included in equity, with no impact on the income statement.

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).

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 contingent assets or liabilities, 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.

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, it is difficult to assess the financial consequences of this litigation. During 2019, the discussions with the client Rijkswaterstaat about the

execution of the Juliana Canal Widening project have not yet been settled.

The Group also takes care that all its entities respect the laws and regulations in force, including the compliance rules. Since 2018 we are fully cooperating in a judicial investigation related to the award of a contract in Russia, which has been executed in the meantime. In the present circumstances, it is still not possible to assess the financial consequences.

Employee benefit obligations

DEFINED CONTRIBUTION PLANS

Contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

BELGIAN DEFINED CONTRIBUTION PLANS WITH GUARANTEED RETURN

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, strictly speaking, those plans classify as defined benefit plans. The IASB recognised that the accounting for such so-called "contribution-based plans" in accordance with the currently applicable defined benefit methodology is problematic. Considering as well the uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium, the Company until 2014 adopted a retrospective approach whereby the net liability recognised in the statement of financial position is based on the sum of the positive differences, determined by individual plan participants, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date (i.e. the net liability is based on the deficit measured at intrinsic value, if any).

As a result of the law of April 28, 2003 related to supplementary pension plans, the employer guaranteed a minimum rate of return on the employees' contributions (i.e. 3.75%) and, in case of a defined contribution plan 3.25% on the employers' contribution. As a result of the law of December 18, 2015 aiming to guarantee the sustainability and the social nature of the supplementary pension plans, these minimum guaranteed rates of return have been adjusted. On contributions paid as from January 1, 2016 onwards, a new, variable minimum

guaranteed rate of return is applicable. This percentage is calculated as 65% of the average 10-year OLO return considered over a period of 24 months, with a minimum of 1.75% and a maximum of 3.75%. In view of the overall low OLO returns over the last years, the current percentage is fixed at 1.75%. For the existing pensions plans at DEME, the old 3.25% and 3.75% guaranteed minimum rates of return remain applicable on the cumulative reserves per 31 December 2015, until the employee leaves the company. The new guaranteed rate of return (1.75% per 1 January 2016) is only applicable on contributions after 31 December 2015.

In view of the minimum guaranteed rates of return, 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 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.

BONUSES

Bonuses received by company employees and management are based on financial key indicators and personal performance.

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.

Trade and other payables

Trade and other payables are stated at nominal value.

Income taxes

Income taxes are classified as either current or deferred taxes. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in 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.

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. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This criterion is reassessed at each balance sheet date.

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, a credit will be recognised in profit and loss, deferred taxes, and the related asset in the statement of financial position recognised in the line item deferred tax assets, when the entity satisfies the criteria to receive the credit.

Risks from financial instruments

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 used exclusively as hedging instruments and not for trading or other speculative purposes.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk consisting of currency risk, interest rate risk and price risks.

CREDIT RISK

Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations, causing a financial loss to the Group. Trade receivables are subject to a policy of active risk management, which focuses on the assessment of country risk, credit availability, on-going credit evaluation and account monitoring procedures. Other than in the case of very strong, creditworthy clients with an undisputed credit history, all substantial credit risks are normally covered by means of credit insurance, standby letters of credit, bank guarantees and/or advance payments. Revenues and earnings are only recognised in the accounts when there is sufficient certainty that they will be realised.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal circumstances without incurring unacceptable losses or risking damage to the Group's reputation. The

Group maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements at all times. In addition, the Group has certain unutilised revolving committed facilities at its disposal.

The explanatory notes disclose 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 refer to note 12 for more information about the Group's net financial debt, cash and cash equivalents (freely available and not) and credit facilities that are not drawn yet.

MARKET RISK

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. The Group enters into derivative financial instruments and also incurs financial liabilities or holds financial assets in order to manage market risk. Where possible, the Group seeks to apply hedge accounting in order to manage volatility in the income statement. It is the Group policy and practice not to enter into derivative transactions for speculative purposes.

The Group's **currency risk** can be split into two categories: translational and transactional currency risk.

Translational currency risk

A translational currency risk arises when the financial statements of subsidiaries in foreign currencies are converted into the Group's presentation currency, which is the euro.

A number of group companies have other presentation currencies such as SGD, NGN, INR, DKK, BRL, GBP, QAR, RUB, BRL, AUD and USD. In 2019 these entities contributed 20 % to the Group's turnover. In 2018 this was 24 %.

The Group doesn't hedge against translational currency risk.

Transactional currency risk

The Group's foreign currency risk management policy consists of hedging the transactional currency risk resulting from

its operating activities. The investing and financing activities of the Group are in line with the functional currencies and can only occasionally involve a currency risk which is managed on a case-by-case basis.

Foreign currency risk in the area of operating activities arises from commercial flows denominated in currencies other than the functional currency. The Group's turnover of 2019 was contracted for 66 % in EURO, followed by USD, SGD, INR, DKK, QAR, GBP and RUB. In 2018 this was 70 % in EURO, followed by SGD, USD, INR, DKK, RUB, QAR, XOF, GBP, AUD and BRL. The Group's expenses are mainly in euro and to a lesser extent in another currency or in the currency of the country in which the activities are undertaken.

The Group uses forward-exchange contracts to limit the currency risk on the forecasted net commercial flows denominated in currencies other than the functional currency.

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

REVENUE FROM CONTRACTS WITH CUSTOMERS

DEME's activities encompass dredging, land reclamation, hydraulic engineering, services for the offshore oil & gas and renewable energy industries and environmental works.

The consolidated revenue is recognised in accordance with IFRS 15. Most construction and service contracts with our customers involve only one performance obligation, which is fulfilled progressively.

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.

The Group has concluded that revenue from construction and service contracts should be recognised over time. This method of revenue recognition was already used under the former IAS 11 standard. As such, the revenue recognition reflects the rate at which our performance obligations are fulfilled corresponding to the transfer to our customers of control of a good or service. When there is no transfer of control throughout the contract we still recognise revenue over time, based on the fact that the asset we create has no alternative use, as well as the fact that we have an enforceable right to payment 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 in production process at reporting date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that will probably be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. Management concluded that costs to fulfill 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. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

FINANCIAL INCOME

Financial income comprises interest income, dividend income, foreign exchange gains and gains on financial derivatives that are recognised in the income statement.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income 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).

Expenses

FINANCIAL EXPENSES

Financial expenses comprise interest expense on borrowings, foreign exchange losses, and losses on hedging instruments that are recognised on the income statement.

All interest expense and other costs incurred in connection with borrowings, except those which were eligible to be capitalised, are taken to profit or loss as financial expenses. The interest expense is recognised in the income statement using the effective interest rate method.

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. 🌱

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - OTHER OPERATING INCOME AND EXPENSES

Balance at December 31

(in thousands of EUR)	2019	2018
Gain on sale of property, plant and equipment and intangible assets	5,106	7,085
Remeasurement profit business combinations	-	10,605
Other operating income	33,588	63,073
Total other operating income	38,694	80,763
Loss on sale of property, plant and equipment and intangible assets	583	729
Other operating expenses	15,547	24,777
Movement in amounts written off inventories and trade receivables	8,641	4,911
Total other operating expenses	24,771	30,417

See earlier in this report for information about business combinations in the course of 2018 which partly explains the other operating income of that year.

NOTE 2 - EMPLOYMENT

Balance at December 31

Average number of persons employed during the year (in FTE)	2019	2018
Employees and management personnel	2,835	2,663
Workers	2,254	2,274
Total	5,089	4,937

Personnel expenses (in thousands of EUR)	2019	2018
Remuneration and social charges	444,383	429,982
Pension expenses	10,103	9,322
Total	454,486	439,304

Following information is disclosed in DEME's **sustainability report**:

- gender breakdown;
- ratio of full-time versus part-time;
- age profile by gender;
- training hours;
- number of nationalities.

NOTE 3 - INTANGIBLE ASSETS

2019 (in thousands of EUR)	RESEARCH AND DEVELOPMENT EXPENSES	CONCESSIONS, PATENTS, LICENCES, ETC.	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost at January 1, 2019	3,466	26,179	8,645	38,290
Movements during the year				
Acquisitions, including fixed assets, own production	378	1,505	-	1,883
Sales and disposals	-	-67	-	-67
Transfers from one heading to another	-	-193	-	-193
Translation differences	-	-	-	-
Acquisitions through business combinations	-	-	-	-
Scope exit	-	-9	-	-9
At December 31, 2019	3,844	27,415	8,645	39,904
Cumulative depreciation and impairment at January 1, 2019	3,402	22,698	8,645	34,745
Movements during the year				
Recorded	419	454	-	873
Written down after sales and disposals	-	-67	-	-67
Transfers from one heading to another	-	-59	-	-59
Translation differences	-	6	-	6
Acquisitions through business combinations	-	-	-	-
Scope exit	-	-9	-	-
At December 31, 2019	3,821	23,023	8,645	35,489
Net book value at the end of the year	23	4,392	-	4,415

Total acquired intangible assets amount to 1,883 (000) EUR and consist mainly of software licences and concession rights. Amortisation of intangible assets is recognised under 'depreciation and impairment losses' in the consolidated income statement for an amount of 873 (000) EUR. Intangible assets according to the definition in IAS 38 *intangible assets* are only recognised to the extent that future economic benefits are probable.

2018 (in thousands of EUR)	RESEARCH AND DEVELOPMENT EXPENSES	CONCESSIONS, PATENTS, LICENCES, ETC.	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost at January 1, 2018	3,223	26,318	8,628	38,169
Movements during the year				
Acquisitions, including fixed assets, own production	180	1,068	-	1,248
Sales and disposals	-14	-1,172	-	-1,186
Transfers from one heading to another	77	-14	-	63
Translation differences	-	7	-	7
Acquisitions through business combinations	-	-	17	17
Scope exit	-	-28	-	-28
At December 31, 2018	3,466	26,179	8,645	38,290
Cumulative depreciation and impairment at January 1, 2018	3,223	20,767	8,628	32,618
Movements during the year				
Recorded	255	2,921	-	3,176
Written down after sales and disposals	-15	-1,173	-	-1,188
Transfers from one heading to another	-61	126	-	65
Translation differences	-	48	-	48
Acquisitions through business combinations	-	-	17	17
Scope exit	-	9	-	9
At December 31, 2018	3,402	22,698	8,645	34,745
Net book value at the end of the year	64	3,481	-	3,545

Total acquired intangible assets amount to 1,248 (000) EUR and consist mainly of software licences and concession rights. Amortisation of intangible assets is recognised under 'depreciation and impairment losses' in the consolidated income statement for an amount of 3,176 (000) EUR.

NOTE 4 - GOODWILL

(in thousands of EUR)		2019	2018
Balance at January 1		18,339	26,142
Movements during the year	Acquisitions through business combinations	-	5,986
	Disposals	-	-7,803
	Impairment losses	-	-5,986
Balance at December 31		18,339	18,339

No movement in goodwill during 2019. Additional goodwill in 2018 is the amount booked on the purchase of 50.9% additional economic rights in MEDCO for an amount of 5.3 million EUR as well as the final goodwill of 0.7 million EUR on the acquisition of A2Sea and G-tec. Both amounts are written down as of December 31, 2018. In accordance with IAS 36 *impairment of assets*, goodwill was tested for impairment at December 31, 2019 and 2018.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

2019 (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, 2019	89,162	3,760,722	23,204	1,910	429,943	4,304,941	
Change in accounting principle (IFRS 16)	66,162	4,333	13,014	-	-	83,509	
Movements during the year	Acquisitions, including fixed assets, own production	15,362	169,736	9,413	-	236,054	430,565
	Sales and disposals	-8,176	-153,046	-3,962	-	6,229	-158,955
	Transfers from one heading to another	-70	132,513	101	1	-132,411	134
	Translation differences	108	1,674	-48	-	1	1,735
	Acquisitions through business combinations	-	-	-	-	-	-
At December 31, 2019	162,548	3,915,932	41,722	1,911	539,816	4,661,929	
Cumulative depreciation and impairment at January 1, 2019							
	41,873	1,943,766	18,989	1,540	-	2,006,168	
Movements during the year	Recorded	13,816	273,231	7,881	64	-	294,992
	Written down after sales and disposals	-3,865	-140,955	-3,833	-	-	-148,653
	Transfers from one heading to another	-20	-129	149	-	-	-
	Translation differences	126	2,287	34	-	-	2,447
	Acquisitions through business combinations	-	-	-	-	-	-
At December 31, 2019	51,930	2,078,200	23,220	1,604	-	2,154,954	
Net book value at the end of prior year	47,289	1,816,956	4,215	370	429,943	2,298,773	
Net book value at the end of the year	110,618	1,837,732	18,502	307	539,816	2,506,975	

In 2015, the DEME Group commissioned the building of six new vessels. In the beginning of 2017, a new order for two additional vessels, 'Spartacus' and 'Orion', was placed. In 2018 the Group placed an order for the two self-propelled split barges 'Bengel' and 'Deugniet' (3,500 m³) and the two hoppers 'River Thames' (2,300 m³) and 'Meuse River' (8,300 m³) for a total value of 133 million EUR. The vessels are being constructed by Royal IHC, and are expected to join the fleet in 2020. In 2019, DEME announced a new investment in a SOV (Service Operation Vessel). This catamaran is especially designed for the maintenance of offshore wind farms and can carry and accommodate a crew of up to 24 people. Delivery of this vessel is expected in 2021.

During 2017 'Scheldt River' and 'Minerva', two hopper dredgers, were brought into use. In 2018 the multipurpose vessel 'Living Stone', the crane ship 'Gulliver' and the self-propelled jack-up vessel 'Apollo' followed. And in 2019 the hopper dredger 'Bonny River', the last of the six vessels ordered in 2015, became operational.

At December 31, 2019, a remaining amount of 173.3 million EUR from **assets under construction** still has to be invested in the coming years.

At December 31, 2019, an amount of 55.7 million EUR **mortgage on vessels** is outstanding compared to 97.7 million EUR at December 31, 2018.

The net carrying amount of **finance lease assets** including the impact of IFRS 16 amounted to 127.7 million EUR at December 31, 2019, compared to 46.6 million EUR at the end of last year.

2018 (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, 2018	89,331	3,280,246	28,656	1,873	422,405	3,822,511	
Movements during the year	Acquisitions, including fixed assets, own production	1,969	177,393	2,640	-	251,591	433,593
	Sales and disposals	-2,507	-131,193	-9,390	-	-3,942	-147,032
	Transfers from one heading to another	-	240,315	-178	-	-240,137	-
	Translation differences	179	1,901	120	-	26	2,226
	Acquisitions through business combinations	190	192,060	1,356	37	-	193,643
At December 31, 2018	89,162	3,760,722	23,204	1,910	429,943	4,304,941	
Cumulative depreciation and impairment at January 1, 2018							
	37,801	1,717,402	24,554	1,439	-	1,781,196	
Movements during the year	Recorded	3,920	247,202	2,544	64	-	253,730
	Written down after sales and disposals	-194	-130,402	-9,238	-	-	-139,834
	Transfers from one heading to another	-	67	-67	-	-	-
	Translation differences	157	811	55	-	-	1,023
	Acquisitions through business combinations	189	108,686	1,141	37	-	110,053
At December 31, 2018	41,873	1,943,766	18,989	1,540	-	2,006,168	
Net book value at the end of prior year	51,530	1,562,844	4,102	434	422,405	2,041,315	
Net book value at the end of the year	47,289	1,816,956	4,215	370	429,943	2,298,773	

At December 31, 2018 a remaining amount of 309.4 million EUR from **assets under construction** still had to be invested in the coming years.

At December 31, 2018 an amount of 97.7 million EUR **mortgage on vessels** was outstanding, compared to 113.2 million EUR at December 31, 2017.

The net carrying amount of **finance lease assets** (all floating and construction equipment) amounted to 46.6 million EUR at December 31, 2018, compared to 52.4 million EUR at the end of 2017.

The acquisitions through **business combinations** in 2018 mainly relate to the increase of DEME's stake in the company MEDCO which integrate investments for 79.6 million EUR (amongst others, two cutter dredgers 'Al Mahaar' and 'Al Jarraf').

The impact of the first adoption of IFRS 16 amounts to 83.5 million EUR and the split per type of asset can be found below.

Per class of property, plant and equipment	FINANCE LEASE ASSETS PER DECEMBER 31, 2018	IMPACT IFRS 16 ON TOTAL ASSETS	FINANCE LEASE ASSETS PER JANUARY 1, 2019	FINANCE LEASE ASSETS PER DECEMBER 31, 2019
Land and buildings	-	66,162	66,162	64,222
Floating and other construction equipment	46,577	4,333	50,910	48,580
Furniture and vehicles	-	13,014	13,014	14,931
Total finance lease assets in property, plant & equipment	46,577	83,509	130,086	127,733

NOTE 6 - INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(in thousands of EUR)		EQUITY VALUE	GOODWILL ALLOCATED	2019	2018
Balance at January 1		81,947	363	82,310	74,657
Movements during the year	Additions	5,656	-	5,656	7,943
	Disposals (-)	-639	-	-639	-5,578
	Share in the result of participations accounted for using the equity method	18,449	-	18,449	6,929
	Dividends distributed by the participations	-3,232	-	-3,232	-2,438
	Other comprehensive income	-24,739	-	-24,739	-219
	Transfer (to) from other items	-353	-	-353	3,276
	Other movements	-4,817	-	-4,817	-1,083
	Translation differences	416	-	416	-1,177
Balance at December 31		72,688	363	73,051	82,310

The list of major companies contributing to DEME's invested amount in joint ventures and associates can be found earlier in this report.

The **disposals** of the year relate to the sale of B-wind Polska sp.z.o.o. (51.1 %) and C-wind Polska sp.z.o.o. (51.1 %), Hithermoor Soil Treatments Ltd (37.45 %), and Renewable Energy Base Ostend NV (25.5 %). Total impact of these sales on the result of the year is immaterial.

The disposals of last year mainly related to the sale of Extract-Ecoterres SAS, in which DEME held 37.45% of the shares.

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 and, if the negative net asset exceeds the investor's interest, a corresponding liability is recognised. This is included in **the transfer (to) from other items**.

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, 2019, the **other comprehensive income (OCI)** of the current period includes a negative amount of -24.7 million EUR, which reflects DEME's share in the negative fair value of the IRS's of Rentel NV, C-Power NV, Seamade NV and Normalux SA, net of deferred tax assets. 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. Last year's amount of -0.2 million EUR only included the fair value of the IRS's accounted for in Normalux SA (financing of 'Gulliver').

Below a split between joint ventures and associates as of December 31, 2019 can be found.

(in thousands of EUR)		INVESTMENTS IN JOINT VENTURES	INVESTMENTS IN ASSOCIATES	2019
Balance at January 1, 2019		41,632	40,678	82,310
Movements during the year	Additions	3,448	2,208	5,656
	Disposals (-)	93	-732	-639
	Share in the result of participations accounted for using the equity method	937	17,512	18,449
	Dividends distributed by the participations	-90	-3,142	-3,232
	Other comprehensive income	-166	-24,573	-24,739
	Transfer (to) from other items	-487	134	-353
	Other movements	-503	-4,314	-4,817
	Translation differences	392	24	416
Balance at December 31, 2019		45,256	27,795	73,051

If the Group would consolidate the investments in **joint ventures** according to the proportionate method instead of the equity method, the impact on the following key figures as of December 31, 2019 would be

	JOINT VENTURES (OUR SHARE)
Turnover after intercompany eliminations	64,218
EBITDA	13,547
EBIT	3,605
Net financial debt	-21,930

NOTE 7 - OTHER NON-CURRENT FINANCIAL ASSETS

(in thousands of EUR)		2019	2018
Balance at January 1		108,066	94,137
Movements during the year	Additions	4,205	34,233
	Disposals (-)	-64,265	-19,581
	Transfer (to) from other items	-10,511	-
	Impairment / reversal of impairment	-	-
	Other movements	-1,313	-1,994
	Translation differences	-	1,271
Balance at December 31		36,182	108,066
Of which	Loans to joint ventures and associates	29,480	102,311
	Other non-current financial assets	6,702	5,755

The **disposal** of 64.3 million EUR in 2019 is the repayment of loans that had been granted to the companies developing the Merkur and Rentel offshore wind farms. This repayment had a positive impact on the net financial position of DEME as of December 31, 2019. In 2018 the repayments amounted to 19.6 mio EUR.

The **transfer** of -10.5 million EUR in 2019 is the transfer to **assets held for sale** of the net position of DEME vis-à-vis Merkur Offshore GmbH. This amount comprises both the negative share in the investee's equity (-8.6 million EUR) and the DEME loan receivable from Merkur (19.1 million EUR). DEME holds a 12.5% participation in Merkur Offshore GmbH, a German wind farm, and the sale of its shares is still subject to the customary regulatory approvals and consent from lenders, conditions precedent which were not yet fulfilled on December 31, 2019. Therefore no capital gain has been recognised in DEME's consolidated financial statements.



NOTE 8 - FINANCIAL DERIVATIVES

Balance at December 31

2019 (in thousands of EUR)	NON-CURRENT ASSET	NON-CURRENT LIABILITY	CURRENT ASSET	CURRENT LIABILITY	TOTAL NET BALANCE MARKET VALUE	NOTIONAL AMOUNT
Exchange rate instruments (forward sales/purchase agreements)	-	-3	517	-3,700	-3,186	101,321
Interest rate swaps	-	-7,190	-	-3,567	-10,757	989,965
Fuel hedges	-	-613	234	-2,089	-2,468	19,088
Balance at December 31, 2019	-	-7,806	751	-9,356	-16,411	

2018 (in thousands of EUR)	NON-CURRENT ASSET	NON-CURRENT LIABILITY	CURRENT ASSET	CURRENT LIABILITY	TOTAL NET BALANCE MARKET VALUE	NOTIONAL AMOUNT
Exchange rate instruments (forward sales/purchase agreements)	9	-308	275	-4,419	-4,443	188,423
Interest rate swaps	-	-5,376	-	-3,143	-8,519	800,847
Fuel hedges	-	-2,877	-	-3,428	-6,305	24,982
Balance at December 31, 2018	9	-8,561	275	-10,990	-19,267	-

The following table discloses by currency the fair value and the notional amount of exchange rate instruments.

2019 (in thousands of EUR)	Market value			Notional amount		
	Currency	Forward purchase	Forward sale	Total amount	Forward purchase	Forward sale
USD	102	-488	-386	-5,123	76,440	71,317
AUD	92	-	92	-5,478	300	-5,178
PLN	-	-2,851	-2,851	-	75,075	75,075
SGD	174	-78	96	-92,603	8,559	-84,044
GBP	-27	-142	-169	-3,509	5,166	1,657
RUB	-	-4	-4	-	3,180	3,180
INR	-	-29	-29	-	9,390	9,390
Other	3	62	65	-2,540	32,464	29,924
Balance at December 31, 2019	344	-3,530	-3,186	-109,253	210,574	101,321

2018 (in thousands of EUR)	Market value			Notional amount		
	Currency	Forward purchase	Forward sale	Total amount	Forward purchase	Forward sale
USD	-40	-4,138	-4,178	-44,633	170,239	125,606
AUD	-34	-	-34	-12,978	-	-12,978
PLN	-	-329	-4	-	72,268	72,268
SGD	54	-329	-275	-16,271	19,677	3,406
GBP	-	69	69	-465	7,394	6,929
RUB	-	-	-	-	-	-
INR	2	-5	-3	-307	307	-
Other	-18	-	-18	-6,808	-	-6,808
Balance at December 31, 2018	-36	-4,407	-4,443	-81,462	269,885	188,423

NOTE 9 - INCOME TAXES AND DEFERRED TAXES

Balance at December 31

Income taxes and deferred taxes recognised in comprehensive income (in thousands of EUR)	2019	2018
Current tax expense	38,612	38,733
Deferred tax expense / (income)	-8,291	4,498
Income taxes and deferred taxes recognised in the income statement	30,321	43,231
Income taxes and deferred taxes recognised in other elements of the comprehensive income	-3,606	-4,377
Income taxes and deferred taxes recognised in comprehensive income	26,715	38,854

Reconciliation of the effective tax rate (in thousands of EUR)	2019	2018
Result before taxes	134,896	189,621
Tax expense at nominal tax rate in Belgium (29.58 % in 2019 and in 2018)	39,902	56,090
Increase (decrease) in tax rate resulting from:		
Tax effect of non-deductible expenses	2,473	1,550
Tax effect of non-taxable revenue	-113	-361
Tax credits and impact of notional interest	-	1,981
Effects of different tax rates applicable to subsidiaries operating in other jurisdictions or income taxable under special tax regimes such as tonnage tax	-13,253	-20,902
Tax impact of (de)recognition of provisions for uncertain tax positions	-9,033	7,937
Tax impact of adjustments to current and deferred tax relating to previous periods	-915	-6,467
Tax impact on losses for which no deferred tax assets were recognised	11,259	3,403
Tax expense	30,320	43,231
Effective tax rate for the period	22.48%	22.80%

Carrying amount of deferred taxes (in thousands of EUR)	Deferred tax assets		Deferred tax liabilities	
	2019	2018	2019	2018
Balance at January 1	90,928	96,636	89,580	97,409
Recognised in the income statement	3,142	-5,172	-5,148	-674
Charged to equity	3,606	1,300	-	-3,077
Acquisition of subsidiary or change in %	-	4,777	-	2,526
Disposal of subsidiary or change in %	-	-	-	-
Translation differences	-	-	192	9
Netting of deferred taxes (*)	-8,190	-6,613	-8,190	-6,613
Balance at December 31	89,486	90,928	76,434	89,580

Recognised deferred tax assets and liabilities Deferred tax assets and liabilities are attributable to the following items (in thousands of EUR)	Deferred tax assets		Deferred tax liabilities	
	2019	2018	2019	2018
Property, plant and equipment and intangible assets	15,560	21,860	56,569	53,982
Employee benefits	11,651	10,765	-	-
Financial derivative instruments	2,813	2,483	11	5
Working capital items	27,107	32,676	11,372	6,275
Tax losses	57,168	28,024	-	-
Tax credits	29,724	41,469	-	-
Other items	-	-	63,020	75,666
Netting of deferred taxes (*)	-54,537	-46,348	-54,538	-46,348
Total	89,486	90,928	76,434	89,580

(*) The tax netting item reflects the netting of deferred tax assets and liabilities per entity.

NOTE 10 - INVENTORIES AND CONSTRUCTION CONTRACTS

Balance at December 31

(in thousands of EUR / (-) is credit balance)	2019	2018
Inventories		
Raw materials and consumables	13,152	15,244
Construction contracts		
Advances received	-39,565	-95,132
Amounts due from customers under construction contracts	228,548	353,001
Amounts due to customers under construction contracts	-165,662	-243,136
Net balance of construction contracts in progress	62,886	109,865
Cumulative incurred costs plus profit in proportion to progress less provisions for losses	4,178,946	3,642,555
Progress billings	-4,116,060	-3,532,690
Net balance of construction contracts in progress	62,886	109,865

Advances are amounts received by DEME before the related work is performed.

The payments due from customers include amounts which will be paid subject to specified conditions from third parties. The determination of the profits in proportion to the stage of completion and the provision for losses is based on estimated costs and revenues of the related projects. These estimates contain uncertainties.

According to the definition of IFRS 15 *revenue from contracts with customers*, the remaining performance obligations, meaning the turnover to execute in the future years regarding the ongoing projects amount to 1,975.1 million EUR at December 31, 2019, of which 1,159.0 million EUR to execute in 2020, 405.3 million EUR in 2021 and 410.8 million EUR beyond 2021. At December 31, 2018 the remaining performance obligation amounted to 1,746.2 million EUR.

In 2019 an impairment loss of 10.8 million EUR was recognised due to the insolvency of Servion, for which DEME Offshore carried out maintenance works on offshore wind farms.

NOTE 11 - TRADE AND OTHER OPERATING RECEIVABLES

Balance at December 31

(in thousands of EUR)	2019	2018
Trade receivables gross amount	407,959	451,350
Amounts written off	-19,024	-10,735
Trade receivables net amount	388,935	440,615
Corporation taxes and VAT	45,708	56,417
Other operating receivables	29,288	43,704
Total trade and other operating receivables	463,931	540,736

NOTE 12 - INTEREST-BEARING DEBT AND NET FINANCIAL DEBT

Net financial debt as defined by the Group						
(in thousands of EUR / (-) is debit balance)	Non-current	Current	2019	Non-current	Current	2018
Balance at December 31						
Subordinated loans	37,414	13,208	50,622	18,902	4,573	23,475
Bonds	-	-	-	-	200,000	200,000
Finance leases	88,323	25,975	114,298	28,043	6,840	34,883
Credit institutions	821,410	193,858	1,015,268	446,728	134,077	580,805
Other loans	650	-	650	1,122	137	1,259
Short-term credit facilities	-	2,750	2,750	-	2,750	2,750
Total interest-bearing debt	947,797	235,791	1,183,588	494,795	348,377	843,172
Cash and cash equivalents	-	-475,135	-475,135	-	-287,395	-287,395
Total net financial debt	947,797	-239,344	708,453	494,795	60,982	555,777

Debt maturity schedule of total long-term financial liabilities

(in thousands of EUR)	More than 5 years	Between 1 and 5 years	Less than 1 year	Total
Balance at December 31, 2019				
Subordinated loans	-	37,414	13,208	50,622
Finance leases	29,826	58,498	25,974	114,298
Credit institutions	198,948	622,462	193,858	1,015,268
Other loans	-	650	-	650
Total long-term financial liabilities	228,774	719,024	233,040	1,180,838

Cash flows related to financial liabilities

(in thousands of EUR)		2019	2018
Total interest-bearing debt			
Balance at January 1		843,172	720,375
Movements during the year	Cash movements		
	New interest-bearing debt	632,404	245,316
	Repayment of interest-bearing debt	-394,386	-158,026
Movements during the year	Non-cash movements		
	Assumed in business combinations	-	35,507
	IFRS 16 leases	102,398	-
Balance at December 31		1,183,588	843,172

Cash and cash equivalents

Cash and cash equivalents are not always freely available as a result of transfer restrictions, joint control or other legal restrictions. As of December 31, 2019, 392 million EUR cash is available for use by the Group, compared to 206 million EUR at the end of the prior year.

Credit facilities and bank term loans

At December 31, 2019, DEME has confirmed bank credit facilities of 105 million EUR which are not drawn at year end, compared to 120 million EUR at the end of 2018. Moreover, the Group has the possibility to issue commercial paper for amounts up to 125 million EUR. At December 31, 2019, neither of these two sources of financing has been used.

Financial covenants

Bilateral loans are subject to specific covenants. At December 31, 2019 as well as at December 31, 2018, 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.

NOTE 13 - FINANCE AND OPERATING LEASE AND THE IMPACT OF IFRS 16

Finance lease debt					
(in thousands of EUR)	More than 5 years	Between 1 and 5 years	Less than 1 year	2019	2018
Gross lease payments	47,252	61,647	26,780	135,679	37,409
Interest payments	-17,426	-3,150	-805	-21,381	-2,526
Finance lease present value	29,826	58,497	25,975	114,298	34,883
Land and buildings				64,860	-
Floating and other construction equipment				34,401	34,883
Furniture and vehicles				15,037	-
Total finance lease payments per class of property, plant and equipment				114,298	34,883

As of January 1, 2019, IFRS 16 leases became effective. This explains the increase in lease payments compared to 2018.

The impact of the first-time adoption of IFRS 16 on the Group's liabilities can be found below.

Per type of debt	FINANCE LEASE DEBT DECEMBER 31, 2018	IMPACT IFRS 16 ON TOTAL LIABILITIES	FINANCE LEASE DEBT JANUARY 1, 2019
Non-current lease debt	28,043	65,663	93,706
Current lease debt	6,840	17,846	24,686
Total lease debt	34,883	83,509	118,392

Per class of property, plant and equipment	LEASE PAYMENTS DECEMBER 31, 2018	IMPACT IFRS 16 ON TOTAL ASSETS	LEASE PAYMENTS JANUARY 1, 2019
Land and buildings	-	66,162	66,162
Floating and other construction equipment	34,883	4,333	39,216
Furniture and vehicles	-	13,014	13,014
Total lease payments in property, plant & equipment	34,883	83,509	118,392

Operating lease

Future lease payments under non-cancellable operating leases reported at the end of 2018 amounted to 109,273 (000) EUR. Difference between this amount and the impact of the first-time adoption of IFRS 16 is mainly because of the discounting effect used for IFRS 16.

Impact of IFRS 16 on the figures as of December 31, 2019

(in thousands of EUR)	Impact IFRS 16
Consolidated statement of financial position	
Property, plant and equipment	85,338
Non-current lease debt	66,865
Current lease debt	19,280
Total impact on net financial debt	86,145
Consolidated statement of income	
Operating income (EBIT)	569
EBITDA	17,627
Financial result	-1,372
Result for the period	-803
Consolidated statement of cash flows	
Cash flow from operating activities	17,627
Cash flow from financing activities	-17,627

NOTE 14 - EMPLOYEE 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 benefit obligations		
(in thousands of EUR)	2019	2018
Retirement benefit obligations	54,441	43,128
Other employee benefits	2,851	2,996
Balance at December 31	57,292	46,124

Retirement benefit obligations

(in thousands of EUR)	2019	2018
Present value of wholly or partially funded obligations	239,882	193,335
Fair value of plan assets	-185,441	-150,207
Net funded benefit obligation as recorded in the balance sheet at December 31	54,441	43,128

Movement of retirement benefit obligations

	2019	2018
Balance at January 1	43,128	37,724
Charges recognised in income	10,247	9,322
Charges recognised in other comprehensive income	12,938	3,413
Contributions from employer	-11,872	-10,090
Other movements	-	2,759
Balance at December 31	54,441	43,128

Charges recognised in income

	2019	2018
Current service cost	9,731	8,776
Past service cost & other	-111	-22
Interest cost	3,144	2,966
Interest income on plan assets	-2,517	-2,398
Total charges recognised in income	10,247	9,322

Charges recognised in other comprehensive income

	2019	2018
Actuarial (gains)/losses	39,466	3,709
Return on plan assets (excluding interest income)	-26,528	-296
Total charges recognised in other comprehensive income	12,938	3,413

Movement in employee benefit plan obligations and assets

	2019	2018
Employee benefit plan obligations balance at January 1	193,335	176,055
Current service cost	9,731	8,776
Interest cost	3,144	2,966
Contributions from employees	176	229
Benefits paid to beneficiaries	-3,868	-6,649
Remeasurement of liabilities resulting in actuarial (gains)/losses	39,466	3,709
<i>due to changes to demographic assumptions</i>	-127	-
<i>due to changes to financial assumptions</i>	35,666	-218
<i>due to experience adjustments</i>	3,927	3,927
Past service cost	-111	-22
Other movements	-1,991	8,271
Employee benefit plan obligations balance at December 31	239,882	193,335

(in thousands of EUR)	2019	2018
Movement in employee benefit plan assets		
Employee benefit plan assets balance at January 1	150,207	138,331
Return on plan assets (+) (excluding interest income)	26,528	261
Interest income on plan assets (+)	2,517	2,398
Contributions from employer/employees	12,048	10,385
Benefits paid to beneficiaries	-3,868	-6,649
Reclassification of Belgian defined contribution plans	-	-
Other movements	-1,991	5,481
Employee benefit plan assets balance at December 31	185,441	150,207
Main actuarial assumptions at the end of the period		
Discount rate	0.69%	1.67%
Expected rate of salary increases (inflation included)	3.20%	3.15%
Long-term inflation	1.70%	1.90%
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 defined benefit plan obligations	16.28	15.37
Average actual return on plan assets	18.95%	1.91%
Expected contribution in next financial year	11,607	10,044
Sensitivity analysis (impact on amount of obligations)		
Discount rate		
25bp increase	-3.99%	-2.70%
25bp decrease	4.18%	3.53%
Salary growth rate		
25bp increase	1.80%	1.83%
25bp decrease	-1.72%	-1.12%
Life expectancy		
Increase by 1 year	1.31%	1.26%

NOTE 15 - OTHER CURRENT LIABILITIES

Balance at December 31

(in thousands of EUR)	2019	2018
Other current taxes	36,821	24,606
Other amounts payable	11,295	14,451
Accruals and deferred income	6,439	14,436
Other current liabilities	54,555	53,493

NOTE 16 - RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

Balance at December 31

(in thousands of EUR)	2019	2018
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.	55,686	97,731
Bank guarantees or corporate guarantees as security for commitments of enterprises included in the consolidation.	1,172,014	1,279,417
Commitments received		
Bank guarantees received as security for commitments to enterprises included in the consolidation.	543,296	450,725

DREDGING, ENVIRONMENTAL AND MARINE ENGINEERING NV

Statutory Auditor's Report on the Consolidated Financial Statements for the Year ended December 31, 2019

In accordance with our engagement letter dated November 18, 2019, we are pleased to report to you on the audit of the consolidated financial statements of Dredging Environmental and Marine Engineering NV ("the Company") and its subsidiaries (jointly "the Group").

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated income statement, 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, as well as the summary of principal accounting policies and a selection of explanatory notes. The consolidated statement of financial position shows total assets of 3,944,779 (000) EUR and the consolidated statement of comprehensive income shows a profit (share of the Group) for the year then ended of 125,041 (000) EUR.

In our opinion, the consolidated financial statements are prepared, in all material respects, in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB

applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the Board of Directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw the attention to the 'Basis of Preparation' note of the consolidated financial statements that details the basis of preparation of the consolidated financial statements. The consolidated financial statements are based on the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union, but do not contain all the explanatory notes required by those standards and do not constitute a complete set of financial statements established in accordance with International Financial Reporting Standards as adopted by the European Union.

Responsibilities of the Board of Directors for the preparation of the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and

normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the Company nor regarding the efficiency or effectiveness demonstrated by the Board of Directors in the way that the Company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 statutory 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 the audit evidence obtained up to

the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, 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.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has 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.

Antwerp, 24 April 2020

The statutory auditor DELOITTE Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Rik Neckebroek & Ben Vandeweyer

PARENT COMPANY FINANCIAL STATEMENTS

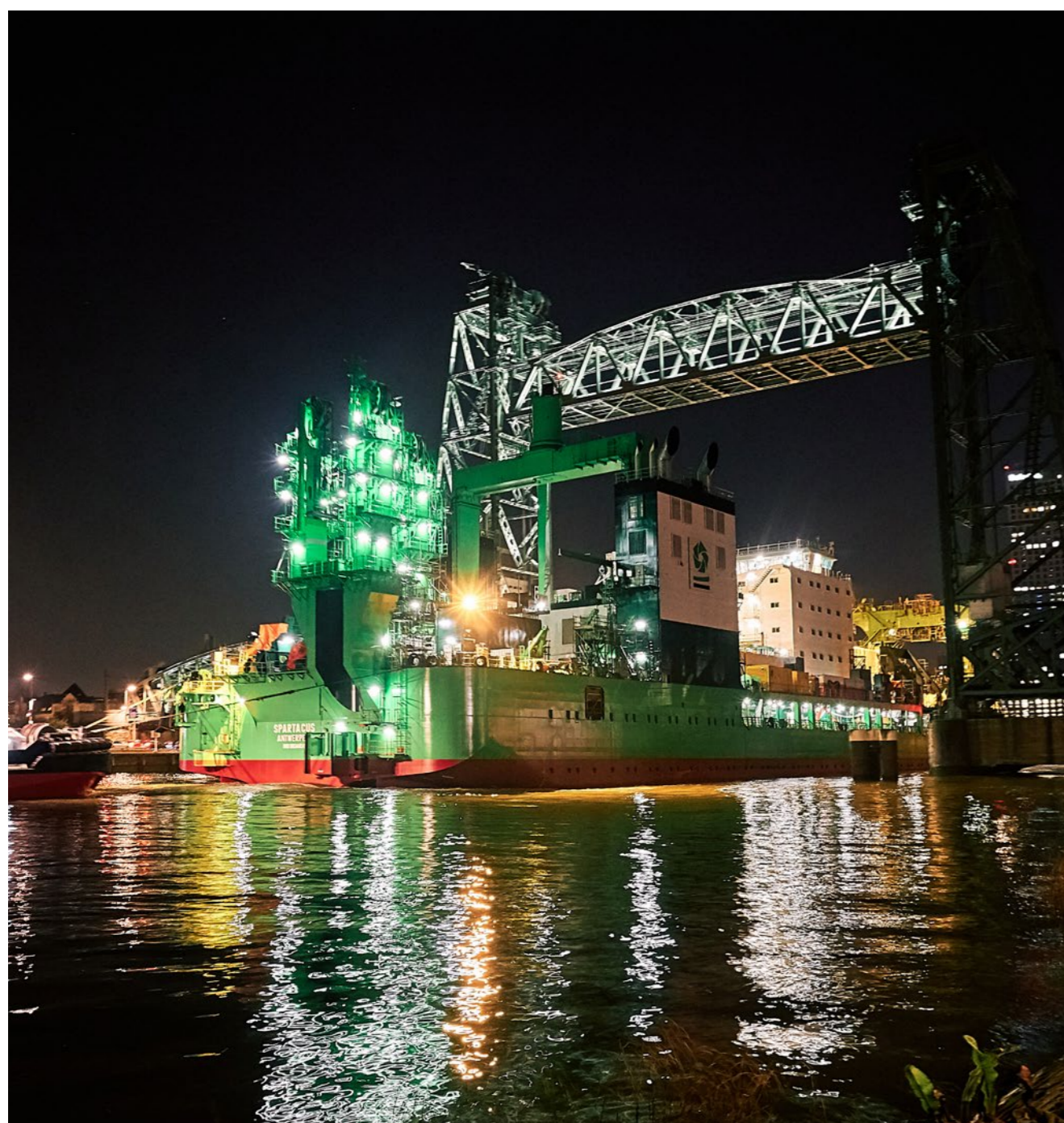
INTRODUCTION

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 auditor, 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 auditor has issued an unqualified auditor's report on the statutory annual accounts of DEME NV.



BALANCE SHEET

as of December 31
(according to Belgian GAAP)

ASSETS

(in thousands of EUR)	2019	2018
FIXED ASSETS	925,266	798,182
FORMATION EXPENSES	-	-
INTANGIBLE ASSETS	92	179
PROPERTY, PLANT AND EQUIPMENT	536,975	414,389
Land and buildings	-	-
Plant, machinery and equipment	278	480
Furniture and vehicles	-	-
Leasing and other similar rights	-	-
Other tangible fixed assets	-	-
Assets under construction and advance payments	536,697	413,909
FINANCIAL ASSETS	388,199	383,614
Affiliated enterprises	378,167	373,803
<i>Participating interests</i>	340,901	337,109
<i>Amounts receivable</i>	37,266	36,694
Other enterprises linked by participating interests	9,789	9,789
<i>Participating interests</i>	9,789	9,789
<i>Amounts receivable</i>	-	-
Other financial assets	243	22
<i>Shares</i>	243	22
<i>Amounts receivable and cash guarantees</i>	-	-
CURRENT ASSETS	19,628	47,816
AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR	-	-
Trade receivables	-	-
Other amounts receivable	-	-
INVENTORIES AND CONTRACTS IN PROGRESS	871	-
AMOUNTS RECEIVABLE WITHIN ONE YEAR	18,652	47,738
Trade receivables	16,361	10,582
Other amounts receivable	2,291	37,156
OWN SHARES AND OTHER INVESTMENTS	-	-
CASH AT BANK AND IN HAND	105	78
DEFERRED CHARGES AND ACCRUED INCOME	-	-
TOTAL ASSETS	944,894	845,998

BALANCE SHEET

as of December 31
(according to Belgian GAAP)

LIABILITIES

(in thousands of EUR)	2019	2018
CAPITAL AND RESERVES	297,493	260,566
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	225,435	188,508
PROVISIONS AND DEFERRED TAXES	82	-
Provisions for liabilities and charges	82	-
Deferred tax liabilities	-	-
CREDITORS	647,319	585,432
AMOUNTS PAYABLE AFTER MORE THAN ONE YEAR	377,382	276,155
Financial liabilities	377,382	276,155
<i>Subordinated loans</i>	-	30,400
<i>Bonds</i>	-	-
<i>Finance leases</i>	-	-
<i>Credit institutions</i>	-	-
<i>Other long-term financial liabilities</i>	377,382	245,755
AMOUNTS PAYABLE WITHIN ONE YEAR	269,937	301,964
Current portion of amounts payable after more than one year	-	200,000
Financial liabilities	-	-
<i>Credit institutions</i>	-	-
<i>Other current financial liabilities</i>	-	-
Trade payables	22,239	40,406
Advances received on contracts in progress	-	-
Taxes, remuneration and social security	1,355	536
<i>Taxes</i>	128	103
<i>Remuneration and social security</i>	1,227	433
Other amounts payable	246,343	61,022
ACCRUED CHARGES AND DEFERRED INCOME	-	7,313
TOTAL LIABILITIES	944,894	845,998

PROFIT AND LOSS STATEMENT

as of December 31
(according to Belgian GAAP)

(in thousands of EUR)	2019	2018
OPERATING INCOME	27,302	14,223
Turnover	25,108	13,978
Increase (+), decrease (-) in contracts in progress	-	-
Other operating income	731	245
Non-recurring operating income	1,463	-
OPERATING CHARGES	-33,227	-17,317
Raw materials and consumables	-14,962	-3,864
<i>Purchases</i>	-14,962	-3,864
<i>Increase (-), decrease (+) in inventories</i>	-	-
Services and other goods	-9,321	-5,956
Remuneration, social security costs and pensions	-8,401	-6,980
Depreciation and other amounts written off on (in) tangible fixed assets	-289	-454
Increase (+), decrease (-) in amounts written off on inventories, contracts in progress and trade debtors	-152	-
Increase (+), decrease (-) in provisions for liabilities and charges	-82	-
Other operating charges	-20	-63
Non-recurring operating charges	-	-
OPERATING RESULT	-5,925	-3,094
FINANCIAL INCOME	49,941	227,588
Income from financial assets	48,346	219,596
Income from current assets	704	6,141
Other financial income	891	1,851
Non-recurring financial income	-	-
FINANCIAL CHARGES	-7,043	-33,966
Interests and other debt charges	-1,986	-10,493
Other financial charges	-488	-638
Non-recurring financial charges	-4,569	-22,835
RESULT FOR THE FINANCIAL PERIOD BEFORE TAXATION	36,973	190,528
TRANSFER FROM (TO) DEFERRED TAXES	-	-
INCOME TAXES	-46	-28
Income taxes	-46	-28
Adjustment of income taxes and write-back of tax provisions	-	-
RESULT FOR THE FINANCIAL PERIOD	36,927	190,500
TRANSFER FROM (TO) THE UNTAXED RESERVES	-	-
PROFIT FOR THE PERIOD AVAILABLE FOR APPROPRIATION	36,927	190,500
TRANSFER FROM PROFIT CARRIED FORWARD	188,508	53,010
TRANSFER TO LEGAL RESERVES	-	-
DISTRIBUTION OF DIVIDENDS	-	-55,002
TRANSFER TO PROFIT CARRIED FORWARD	225,435	188,508



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.

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