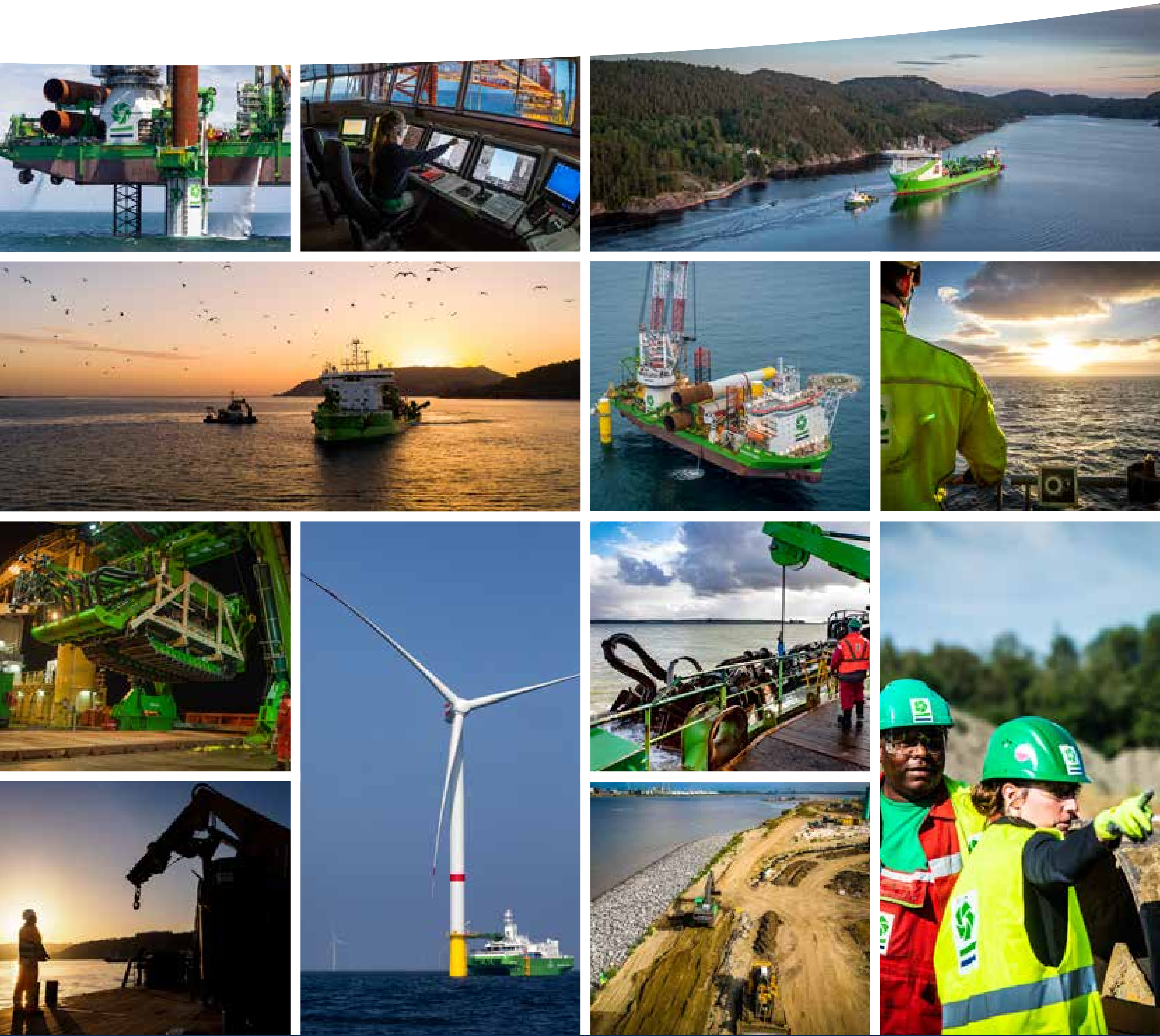
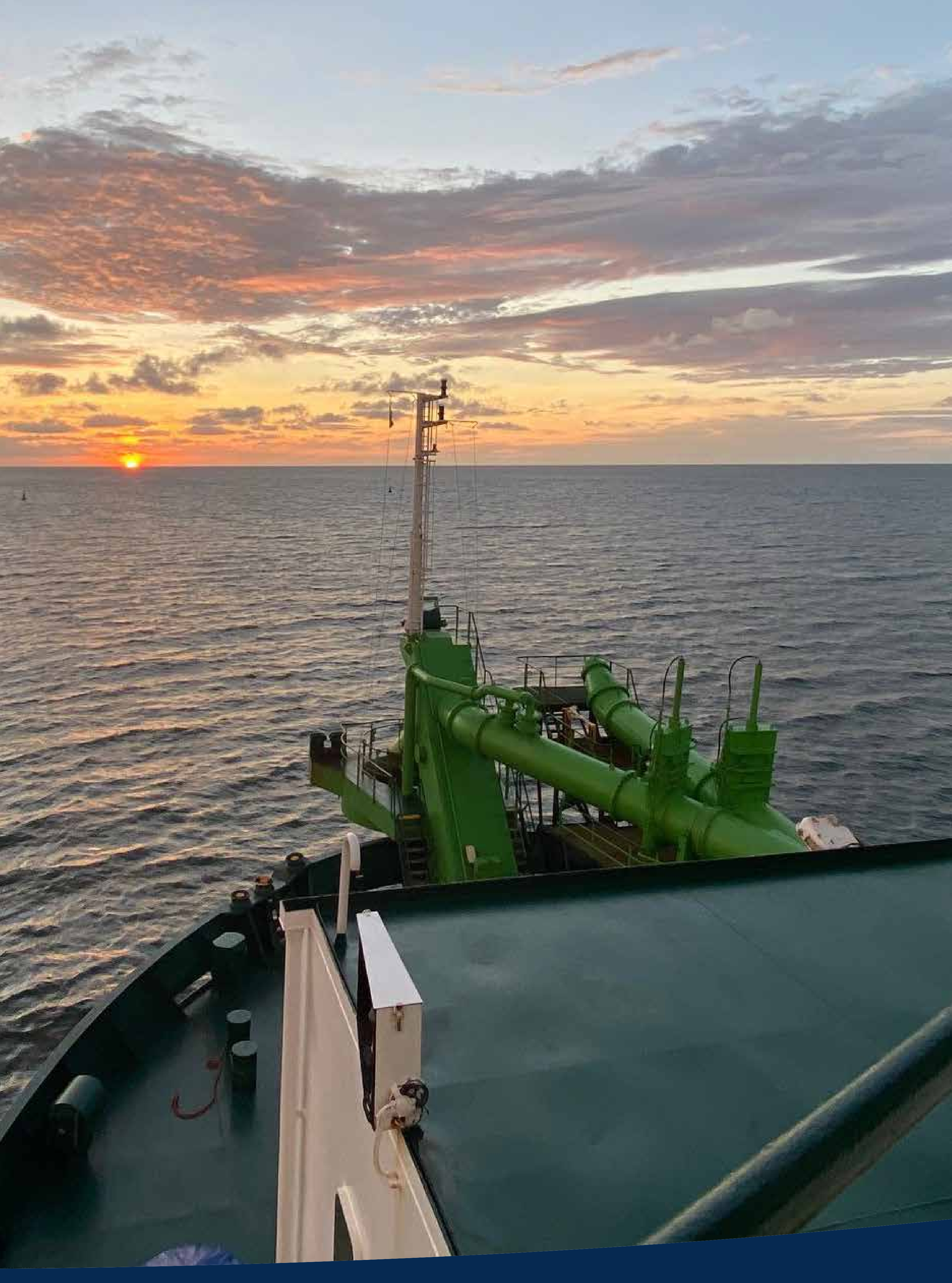
DEME



FINANCIAL REPORT 2021



FINANCIAL REPORT

PRELIMINARY REMARK

On December 2nd, 2021, the Board of Directors of CFE NV (a publicly listed company on Euronext Brussels and DEME's shareholder) announced its intention to transfer its 100% stake in DEME NV to a new company (DEME Group NV) by means of a partial demerger and to remunerate CFE's shareholders by issuing DEME Group NV shares. A listing of the DEME Group NV shares on Euronext Brussels will be applied for. After completion of the proposed transaction, the current CFE Group will be split into two separate listed groups:

– the industrial group CFE NV with strong market positions in contracting and real estate development in Belgium, Luxembourg and Poland, and;
– DEME Group NV, active worldwide in dredging and marine engineering.

In view of this transaction, expected to be completed by the summer of 2022, DEME established this Financial Report in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Prior Financial Information Reports, as available on the DEME website, were prepared in accordance with IFRS "measurement and recognition principles". The major difference relates to some explanatory notes, such as segment reporting, which were previously not included in the Financial Information Report.

This Financial Report includes the financial highlights, information about risk assessment and control, the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity, segment reporting and all explanatory notes. For areas where additional information is presented or additional disclosures are made compared to prior year versions of the Financial Information Report , such as the segment reporting, disclosures for the comparative year 2020 were added.

The statutory parent company balance sheet and profit and loss statement under BE GAAP (at this moment still DEME NV) are included at the end of this report.

DEME NV also prepares an Activity Report and a Sustainability Report accompanied by this Financial Report.

TABLE OF CONTENTS

06 FINANCIAL HIGHLIGHTS

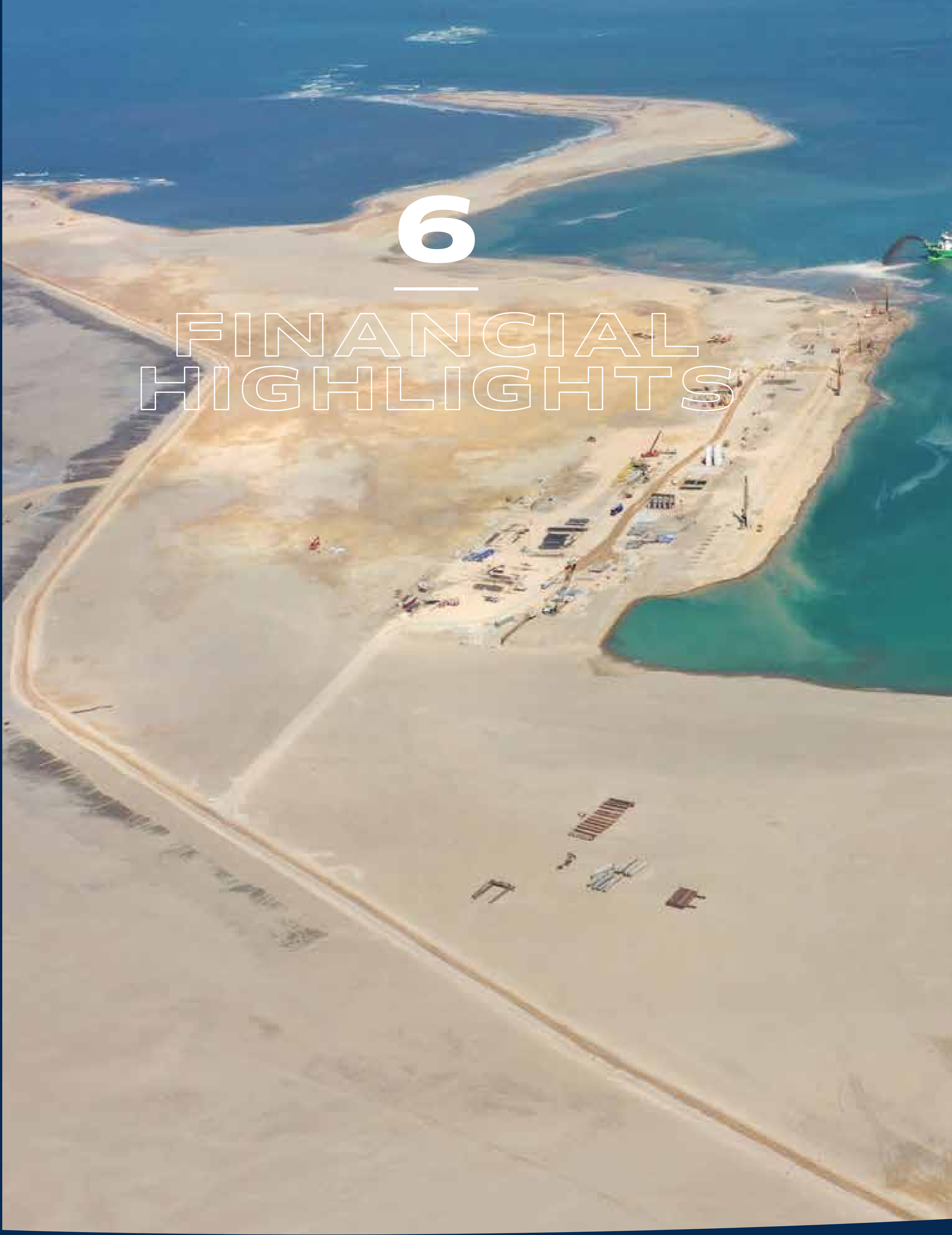
17 RISK ASSESSMENT AND CONTROL

120 PARENT COMPANY FINANCIAL STATEMENTS

29
CONSOLIDATED FINANCIAL STATEMENTS

6

FINANCIAL HIGHLIGHTS



DEME GROUP KEY FIGURES

As of December 31 (in millions of EUR)

	2021	2020	DELTA
Turnover	2,510.6	2,195.8	314.8
EBITDA	469.3	369.5	99.8
EBIT	143.3	64.3	79.0
Net result from joint ventures and associates	10.5	22.4	-11.9
Net result share of the Group	114.6	50.4	64.2
Order book	5,905.2	4,500.1	1,405.1
Shareholders' equity (excl. minority interests)	1,579.5	1,467.5	112.0
Net financial debt	-392.7	-489.0	96.3
Operating working capital	-488.7	-556.6	67.9
Balance sheet total	4,049.6	3,919.9	129.7
Total investments	298.7	258.8	39.9
Dividend of the year	40.8	20.4	20.4
NON-FINANCIAL KEY FIGURES			
Average # personnel (in FTE)	4,880	4,976	-96
Ratio male/female personnel (%)	85/15	85/15	-
Number of nationalities	80	80	-
Lost Time Incident Frequency Rate (LTIFR)	0.19	0.19	-
GHG emissions worldwide in 1,000 Ton CO_2-eq. (scope 1 & 2)	833	660	173
Occupancy rate of Trailing Suction Hopper Dredgers (in weeks)	41.4	37.5	3.9
Occupancy rate of Cutter Suction Dredgers (in weeks)	25.3	10.5	14.8
Occupancy rate of Offshore equipment (in weeks)	42.2	42.0	0.2

Definitions

EBITDA is the sum of operating result (EBIT), depreciation, amortisation expenses and impairment of goodwill.

EBIT is the operating result or earnings before financial result and taxes and before our share in the result of joint ventures and associates.

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

Operating working capital is net working capital (current assets less current liabilities), excluding interest-bearing debt and cash and cash equivalents and including other non-current assets.

Net financial debt is the sum of current and non-current interest-bearing debt (that includes lease liabilities) decreased with cash and cash equivalents.

Total investments is the amount paid for the acquisition of intangible, tangible and financial fixed assets, which equals the total investment amount of the consolidated cash flow from investing activities.

Lost Time Incident Frequency Rate is the number of worldwide accidents involving work incapacity multiplied by 200,000 and divided by the number of hours worked by employees.

The **occupancy rate** is the weighted average operational occupation in weeks of the DEME fleet expressed over a given calendar year.

More information about the calculation of some **non-financial key figures** can be found in the **'Glossary'** of this Financial Report.

DEME GROUP KEY FIGURES BY SEGMENT

As of December 31 (in millions of EUR)

	2021	2020	DELTA
Turnover	**2,510.6**	**2,195.8**	**314.8**
Dredging & Infra	1,478.3	1,151.6	326.7
Offshore Energy	916.4	962.0	-45.6
Environmental	166.2	140.0	26.2
Concessions	1.5	2.1	-0.6
Reconciliation	-51.7	-59.9	8.2
EBITDA	**469.3**	**369.5**	**99.8**
Dredging & Infra	305.8	181.3	124.5
Offshore Energy	170.9	145.5	25.4
Environmental	16.8	16.4	0.4
Concessions	-12.5	38.3	-50.8
Reconciliation	-11.7	-12.0	0.3
EBIT	**143.3**	**64.3**	**79.0**
Dredging & Infra	74.0	-12.1	86.1
Offshore Energy	74.6	34.4	40.2
Environmental	8.8	6.8	2.0
Concessions	-12.6	38.3	-50.9
Reconciliation	-1.6	-3.1	1.5
Net result from joint ventures and associates	**10.5**	**22.4**	**-11.9**
Dredging & Infra	0.0	-0.2	0.2
Offshore Energy	0.0	0.0	0.0
Environmental	0.6	0.3	0.3
Concessions	11.1	21.3	-10.2
Reconciliation	-1.1	1.1	-2.2
Order book	**5,905.2**	**4,500.1**	**1,405.1**
Dredging & Infra	2,833.3	3,176.5	-343.2
Offshore Energy	2,816.6	1,133.5	1,683.1
Environmental	255.3	190.1	65.2
Concessions	0.0	0.0	0.0

DEME GROUP FINANCIAL PERFORMANCE

During 2021, DEME recovered from the downturn faced in 2020, mainly as a result of the COVID-19 pandemic.

Turnover increased by 14.3% to 2,510.6 million EUR, which is slightly lower compared to the 2,622.0 million EUR recorded in 2019. We note however that the 2019 turnover contained a substantial amount of procurement turnover, which did not recur in 2021. When excluding the procurement turnover, the 2021 turnover exceeds the pre-COVID level of 2019 with more than 10%, which illustrates DEME's high level of activity over the past year.

The segment reporting comprises financial information of the four business segments of the Group: **Dredging & Infra, Offshore Energy, Environmental and Concessions**, which are all separate operating segments. In the segment reporting joint ventures are consolidated according to the proportionate consolidation method. The total of the reported segment amounts is reconciled with the corresponding amounts in the DEME consolidated financial statements.

The 2021 recovery was strongest in DEME's **Dredging & Infra activity**: the turnover increased by 28.4 % to 1,478.3 million EUR. In Egypt, several of DEME's vessels were deployed on the large-scale **dredging** works for the extension of the port of Abu Qir, a project that is in fact still continuing in 2022. The deepening works on the Elbe river in Germany were successfully completed, while work on the Swinoujscie-Szczecin project in Poland has already made substantial progress. Maintenance dredging mainly took place in Belgium (River Scheldt and works on the Belgian Coast), Germany, Papua New Guinea and in several places in Africa. Among the major projects, DEME's fleet was also successfully deployed on a new campaign to deepen the access channel to the port of Sabetta in Russia. The intense activity is also illustrated by the high utilisation rate of the fleet: 41.4 weeks for the hoppers (2020: 37.5 weeks) and 25.3 weeks for the cutters (2020: 10.5 weeks). In 2021, DEME's dredging fleet was joined by the 'Spartacus', the world's most powerful cutter suction dredger, which was deployed in Egypt immediately upon delivery and which lives up to the high expectations. DEME also made good progress on the works on three major **infrastructure** projects in the Netherlands, along with the start-up works on the Fehmarnbelt (tunnel link between Denmark and Germany) and on the Oosterweel Link around Antwerp.

DEME Offshore Energy realised a turnover of 916.4 million EUR in 2021, which is 45.6 million EUR lower compared to 2020, mainly explained by the decrease of procurement revenue mentioned earlier. The turnover of own projects increased slightly, and the utilisation rate of DEME Offshore's fleet was 42.2 weeks, compared to 42.0 weeks in 2020. As communicated by DEME, delivery of DEME Offshore's new installation vessel 'Orion' faces a delay , which meant that for certain complex projects

DEME had to deploy other vessels, even from outside DEME's fleet. The largest projects on which DEME Offshore was engaged in 2021 were Hornsea II in the United Kingdom (1.4 GW, the world's largest offshore wind farm with 165 turbines with a capacity of 8 MW) and Saint-Nazaire in France (480 MW, the first commercial offshore wind farm to be installed in French territorial waters). Several projects involving cable-laying works, rock placement and installation of wind turbines also ensured a high level of activity.

The turnover of the **environmental activities** in 2021 (166.2 million EUR) increased with 26.2 million EUR. Important contributions to the turnover came from Exxon Bowling project in Scotland, Blue Gate in Belgium, Amoras in Belgium, the Dragages Wallon in Belgium and the VNF dredging works in France.

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

In 2021, the following Concession projects were running and contributing to the Group's performance:

- The 325 MW C-Power offshore wind farm, which is the first offshore wind farm in the concession area on the Thornton Bank in the North Sea, 30 km from the Belgian coastline. The wind farm provides 300,000 families with renewable energy, leading to a CO_2 reduction of 415 kilotons per year;
- The 309 MW Rentel offshore wind farm, located in the Belgian North Sea, is performing technically well, with high availability, but unfortunately lower than predicted wind conditions. Commissioned in March 2019, Rentel provides 300,000 families with renewable energy, leading to a CO_2 reduction of 362 kilotons per year;
- The 487 MW SeaMade offshore wind farm, currently Belgium's largest, provides renewable energy to 500,000 families and represents a CO_2 reduction of 600 kilotons per year. The wind farm was commissioned mid-2021;
- Port development and operating activities in the Port of Duqm in Oman where DEME Concessions has a 28-year port concession (secured in 2014).

DEME Concessions continues to invest in deep-sea mineral harvesting through its subsidiary Global Sea Mineral Resources (GSR) NV. In April, the 'Patania II', GSR's deep-sea robot, successfully demonstrated that it can ride on the seabed and collect polymetallic nodules at a depth of 4,500 metres. GSR will only apply for an operating contract if it is scientifically proven that the extraction of nodules has a lower impact than landbased sources for the primary metals required to make the transition to a low carbon society.

In July, HYPORT Duqm, the strategic green hydrogen project in Oman, signed a cooperation agreement with energy giant Uniper to explore the offtake of green ammonia. This agreement is an important milestone for HYPORT Duqm, after having acquired a 150 km² site for renewable production in the Special Economic Zone of Duqm earlier in 2021. In its first phase, it will develop a green hydrogen plant of 500 MW on that site.

DEME realised an **EBITDA** in 2021 of 469.3 million EUR (18.7% of the turnover), which is not only a significant increase compared to 369.5 million EUR in 2020, but is also markedly higher than the 437.0 million EUR (16.7% of turnover) reported in 2019.

The **operating income (EBIT)** amounts to 143.3 million EUR which is 79.0 million higher than the EBIT of 2020.

Net financial result amounts to -5.4 million EUR compared to -25.7 million EUR at the end of 2020. The increase in this result is partly due to a decrease in the net interest expenses and compared with 2020, the appreciation of most currencies against the euro resulted in exchange rate profits of 6.1 million EUR whereas in 2020 there was a net exchange rate loss of 12.0 million EUR.

The **effective tax** rate for the period is 22.5% versus 25.4% in 2020 and the total of income taxes and deferred taxes in deduction of the result of the year amounts to 31.1 million EUR compared to 9.8 million EUR in 2020.

The **net result from joint ventures and associates** decreased to an amount of 10.5 million EUR. The contributions from equity-accounted investments are a.o. realised by participations that develop and operate offshore wind farms, such as Rentel, SeaMade and C-Power (explained above) next to the profit realised in jointly controlled participations or in other participations in which the Group holds a minority interest.

The **net profit** for 2021 amounted to 114.6 million EUR, which is more than double that of the corona year 2020, but still below the level of 2019.

DEME's **order book** increased in 2021 to an all-time high record of 5,905 million EUR, compared to 4,500 million EUR at the end of 2020. This figure does not include projects for which final contracts have yet to be concluded (such as the works in Taiwan, for which DEME is preferred bidder, and the works on the Right Bank of the Oosterweel Link). Projects with a total value of 3.1 billion EUR were acquired in the course of 2021 (2020: 2.5 billion EUR).

The order book for **Dredging & Infra** currently stands at 2.8 billion EUR. This figure includes four major projects:

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

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

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

The order book for **Environmental** currently stands at ca. 255 mio EUR.

In 2021, DEME **invested** 298.7 million EUR in the renewal and expansion of its fleet. At the beginning of August, DEME took delivery of the 'Spartacus', the world's most powerful and innovative cutter suction dredger. The

vessel was successfully deployed on the works in Abu Qir (Egypt). The ‘Groenewind’ (a service operation vessel for the maintenance of Belgian wind farms) was launched at the end of June. This vessel is being deployed on the Rentel and SeaMade offshore wind farms. Thanks to the DP2 technology, an impressive fuel consumption reduction of up to 50% can be achieved compared to a monohull service operation vessel. The ‘Orion’ and the ‘Green Jade’ are still under construction, and delivery is expected in 2022 and 2023 respectively. Moreover, the ‘Sea Installer’ and the 'Sea Challenger', DP2 jack-up installation vessels of DEME Offshore, will get a major crane upgrade. The hoisting capacity will be increased from 900 tonnes to 1,600 tonnes, which will enable the ships to install next-generation wind turbines and DEME Offshore to maintain a leading position in the installation of wind turbines.

In January 2022, DEME has entered into an agreement with the Norwegian shipping company Eidesvik to acquire the DP3 offshore installation vessel 'Viking Neptun'. DEME will upgrade the vessel to a cable laying vessel and integrate her into the DEME fleet and have her operational in the beginning of 2023.

Notwithstanding the markedly higher level of activity at DEME and the sustained investments, DEME nevertheless succeeded in reducing its **net financial debt** by 96.3 million EUR to 392.7 million EUR at year-end 2021. As of December 31, 2021, the Group had 528.6 million EUR in cash and cash equivalents, the facility to issue 125 million EUR commercial paper and 118 million EUR unused, confirmed credit lines. DEME was compliant with all of its financial covenants on December 31, 2021.

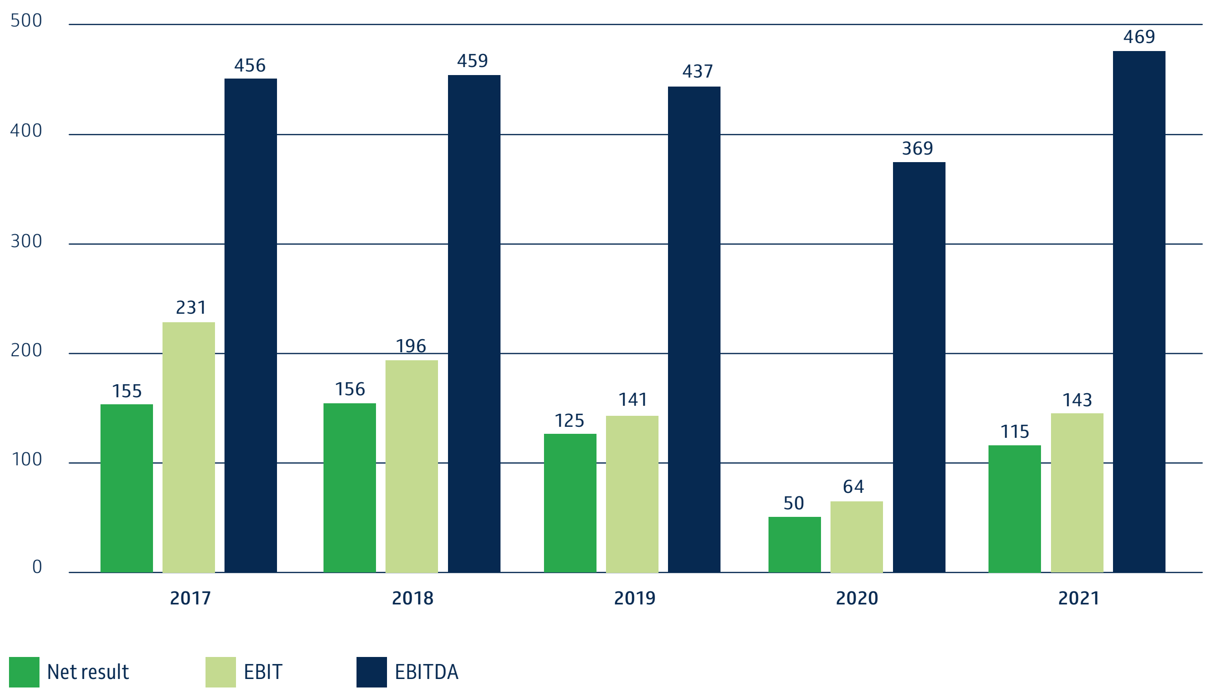
According to the current interpretation of the rules, DEME’s activity in offshore wind will be considered as being both ‘eligible’ and largely ‘aligned’ with the EU Taxonomy. Based on the current definitions, 28% of the total turnover is eligible and 24% of the total turnover is aligned. At the beginning of 2022, DEME converted its existing long-term credit facilities into sustainable financing (‘sustainability linked loans’).

DEME GROUP EVOLUTION OF CONSOLIDATED TURNOVER AND EBITDA

As of December 31 (in millions of EUR)

DEME GROUP EVOLUTION OF NET RESULT, EBIT AND EBITDA

As of December 31 (in millions of EUR)

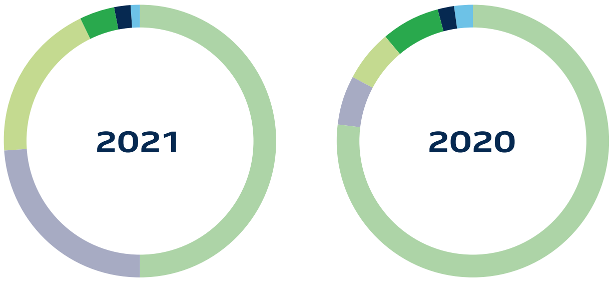


DEME GROUP TURNOVER BY GEOGRAPHICAL MARKET AND SEGMENT (*)

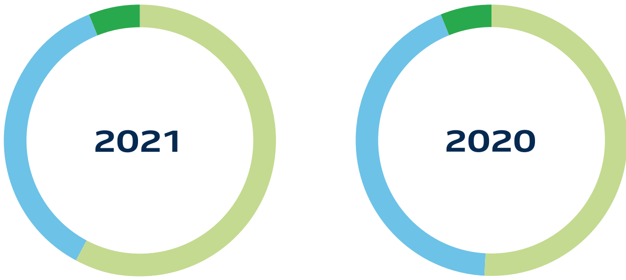
As of December 31

BY GEOGRAPHICAL MARKET	2021	2020
Europe - EU	50%	77% (1)
Europe - non EU	24% (1)	6%
Africa	19%	6%
Asia & Oceania	4%	7%
America	2%	2%
Indian subcontinent	1%	2%
Middle East	0%	0%

(1) UK included.

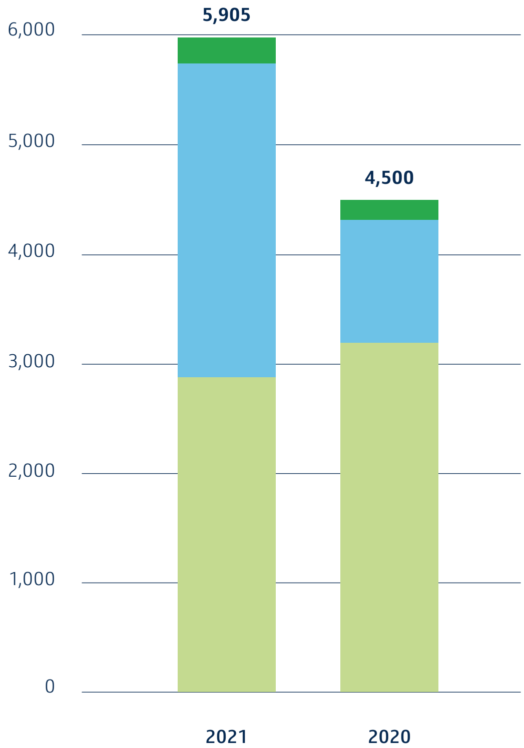


BY SEGMENT	2021	2020
Dredging & Infra	58%	51%
Offshore Energy	36%	43%
Environmental	6%	6%
Concessions	0%	0%



DEME GROUP ORDER BOOK BY SEGMENT (*)

As of December 31 (in millions of EUR)



BY SEGMENT	2021	2020
Dredging & Infra	48%	71%
Offshore Energy	48%	25%
Environmental	4%	4%
Concessions	0%	0%

(*) Definition of 'Geographical Market' and 'Segment' can be found in the Glossary of this Financial Report. Reference is also made to Note (1) turnover and order book.

17

RISK ASSESSMENT AND CONTROL

RISK ASSESSMENT AND CONTROL

The most important financial and operational risks DEME can be encountered with are described below. For non-financial risks we also refer to the Sustainability Report. The order in which the subsequent risk factors are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's results of operations, financial condition and prospects. The list of risks described hereafter is thus not exhaustive and is based upon the information known at the date of preparing this report. It is possible that certain other risks exist that are currently unknown, cannot be foreseen, are considered as remote or are not significant for the Group, its activities or its financial condition.

RISKS RELATED TO DEME'S INDUSTRY AND THE MARKET

DEME's business and growth opportunities are subject to macroeconomic developments
DEME is a worldwide player and consequently vulnerable to developments that may arise on the macroeconomic level. DEME's activities are primarily driven by the growth of the global population, the trend to locate industry near coastlines and along major rivers, the growth of the global economy and the need for suitable infrastructure that this growth entails (mainly ports, land for goods-handling operations, and maritime access routes), the increasing demand for energy and the transition to renewable energy and climate neutrality, the scarcity of specific raw materials, and the development of international trade and shipping. An important factor for dredging has been the growth in seaborne trade with an increasing size of the largest tankers and container ships which have also led to rising investments in the canals that are crucial for international trade.

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

DEME's business and growth opportunities are subject to geopolitical developments
Because of its global footprint DEME's operations are, in some areas where it is active, exposed to elevated risks relating to political and or social instability (including war and civil unrest, armed conflict, terrorism, hostage taking, piracy, extortion and sabotage). The occurrence, continuation or aggravation of any such events or circumstances could materially adversely disrupt DEME's operations or otherwise affect its business, personnel, equipment and vessels.

DEME aims to mitigate these risks in such areas by constantly monitoring the situation and security in those politically unstable areas where projects are being performed and by arranging suitable insurance cover. Protectionism is alleviated when and where possible by means of local partnerships. Moreover, DEME may, should the need arise, suspend a project in order to bring its personnel, equipment and vessels into safety.

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

DEME faces significant competition in its industry
The sectors in which DEME operates are highly competitive, and DEME faces competition from other local and international market players active in in those sectors. The capital intensity of the sectors in which DEME is active, the resulting limited number of players, and DEME's leading position in both the dredging and offshore wind markets, alleviate at some extent potential competitive pressure. Competitive factors include price, service quality, scope of activities (incl. geographically), reputation, experience and environmental impact by other market players and the availability of favourable payment and credit terms. DEME's competitors may also engage in aggressive pricing which could result in DEME having to lower its price or improve credit terms significantly in order to secure projects, thereby lowering its gross profit margins and cash flow.

In particular, DEME's ability to compete will largely depend on its ability to continue to innovate and provide state-of-the-art solutions to its customers. DEME needs to keep up with the evolving technologies (both hardware and software), its technology and equipment to retain its market share, reputation and position. At present DEME disposes over a renewed and competitive fleet as a result of an intensive programme of investment in recent years. In view of expected market growth, the ambition to increase its market share and to meet the increasing demand in the market, DEME envisages investing in vessels and other technology to extend its execution capacity amongst others by investing on a continuous basis in the replacement and maintenance of the existing fleet. The specific investment amount varies from year to year depending on the circumstances. It is possible that unanticipated costs may be incurred.

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

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

Investment projects in the industry are often highly complex from both the technical and financial points of view. Cost control during the construction phase of new vessels in Dredging and Offshore requires close monitoring and coordination with the shipyard. Furthermore there is a long period of time between the moment that the decision to invest is taken and the mobilisation of the financing and the moment that the new vessel is delivered. This can give rise to lost opportunities or under-utilization should the market conditions have changed in the meantime.

In the same spirit, concessions activities and project development may also be subject to uncertainty as to whether the necessary financing for the new project will be obtained.

The expansion and development of DEME's business may require additional capital, which it may obtain through debt and/or equity financing to fund its future capital expenditures. Additional debt financing, if obtained, may expose DEME to additional covenants imposed by financial institutions or lenders. As a result of this capital-intensive nature of the industry, DEME has had and may continue to have a significant amount of borrowings, though closely followed up by management and the Board of Directors.

Considerable part of DEME's revenue is subject to tender procedures which include price as one of the main criteria. The dredging industry is cyclical in nature (in terms of capital dredging works, as opposed to maintenance works), and price pressures are indeed being witnessed, in particular during low cycles. As fleet utilisation is important, some of DEME's competitors may sometimes adopt a strategy of tendering for projects at lower prices. However, tender procedures do increasingly also take into account other criteria such as track-record, methodologies, ESG factors, level of sustainability in the offering, etc.

Further on, the specific characteristics of the vessels and other equipment and the limited number of players in the global markets in which DEME is active (e.g. dredging, offshore wind, etc) could have a negative impact on the valuation of these assets in the event they would be sold.

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

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

The prices at which DEME can purchase certain raw materials (e.g. steel) or energy (fuel oil or LNG) may fluctuate significantly according to local and international market conditions (e.g. shortages, market price volatility, currency fluctuations, changes in governmental programs, etc.), thus exposing DEME to prices risks.

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

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

In its business development and diversification efforts, DEME is investing in industries and markets that have not materialised and/or rely on unproven technology to date (e.g., Deep Sea Harvesting with GSR, and Green Hydrogen with DEME Concessions).

DEME's **ability to compete** will, among other things, depend largely on its ability to continue to innovate and provide state-of-the-art solutions to its customers.

RISKS RELATED TO DEME'S BUSINESS

DEME faces project management and execution risks

DEME's business revolves around projects in the order book.
As is customary for the business in which DEME operates, projects are usually characterised by the obligations entered into upon the submission of the offer as part of the tendering process for a project and, upon award, the signing

of a contract to construct or deliver an infrastructure or a scope of work with an unique character for a fixed, lump-sum or variable price and within an agreed period of time. Sometimes such contracts also include the obligation for DEME to design the object to be delivered and/or to arrange for the necessary financing for the performance of its obligations under the contract. Risks can arise throughout the entire project management and execution process, from tendering to contract negotiation and, upon award, the execution of engineering, procurement, construction, commissioning and delivery.

Some of the risks associated with projects include:
- possible costs overruns, particularly for those projects with fixed-price contracts or with limited price escalation provisions, where the actual costs of a project may exceed the cost estimation made by DEME at the initiation of the project due to unanticipated additional costs for DEME (e.g. resulting from supply price increases, additional work, delays in performance, etc). Such additional costs cannot always be passed on to the customer, resulting in DEME bearing all, or at least a portion of, these additional costs. Depending on the size of a project, variations from estimated costs for the contract performance could have a material adverse effect on DEME's financial performance, results of operations or cash flows. In particular, projects based on new designs may entail higher risks to cost overruns as, in such instance, DEME may be less able to make a proper cost estimate for the project beforehand, especially, when it ventures into new business segments for the first time;
- inability for the client or customer to obtain the necessary financing for the project or to obtain such financing in a timely manner, should the contractor assume the burden of the financing under the contract;
- construction and project management risks associated with the actual execution of projects and maintenance of operations, including risks relating to the execution of engineering, procurement, construction commissioning and delivery of a project;
- delay (due to possible internal and/or external factors) in meeting delivery performance requirements of contracts (e.g. "milestones") which may result in potential penalties or damages. This includes third party risks in the form of poor performance or non-performance of subcontractors, suppliers, vendors, joint venture partners or other parties, which could affect DEME's ability to execute its projects as planned, thereby causing delays. For instance, this could happen when substitute manufacturers are limited, especially for specialised equipment;
- failure to meet other performance requirements under the contract (e.g. in terms of quality, performance period etc.) and the direct and indirect consequences arising therefrom, such as potential penalties or damages, additional costs etc.;
- failure to comply with the warranty obligations under the contract (e.g. responsibility for maintenance, etc.) for the duration of such warranty (e.g. 10 years) and the direct and indirect consequences arising therefrom, such as potential penalties or damages, and any cost overruns resulting from the performance of such warranty obligations due to, for example, unanticipated additional costs;
- adverse effects on DEME's business resulting from failure to comply with, compliance with or any changes in the applicable regulations and legislations in the relevant jurisdiction regulating, for example, safety and social obligations vis-à-vis subcontractors;
- some contracts, in particular public contracts, may not have limitation of liability clauses which means there is no cap on the penalties or damages to be paid.

In addition, during the project, DEME may be confronted, with certain other risks of a general nature which are, directly or indirectly, caused by factors that are inherent to DEME's business (e.g. marine engineering contracts). More specifically, DEME may be subject to increased project costs due to, for example, possible non-working days, a possible delay in the delivery of the works, injuries to DEME employees or to third parties, damages to DEME's equipment/vessels or those of third parties, as a result of any of the following factors:
- the determination of the nature and the composition of the soil and/or specific site conditions;
- the climatic and meteorological condition including extreme climate events (storms, tsunamis, earthquakes, etc.);
- the wear and tear of equipment;
- technical or mechanical incidents and breakdowns that may influence the performance of the vessels or cause damage to own or third party equipment (for example, collision);
- the concept and engineering of the project as well as the assessment of the technical suitability of the equipment;
- changes to the regulatory framework during the course of the contract;
- the relationship with and reliance on subcontractors, suppliers and (joint venture) partners, particularly in the context of Engineering, Procurement, Construction and Installation **(EPCI)** projects.

DEME tries to manage these operational risks as best as possible, including taking out insurance policies whenever possible.

DEME has an **ORM** (Opportunity & Risk Management) department with the objective of detecting opportunities & risks timely. In order to do this, DEME brings the right people together at the right time using a uniform approach and a structured tool for analysing, prioritising & visualising ORM. In doing that, it focuses on the drivers to reach project success namely cost, time and project quality. The outcome results in a tighter focus on the management of opportunities and actions on risks to be implemented. DEME uses the ORM system for the proper identification, assessment and management of risks and opportunities with respect to tendering, preparation and execution of projects. By means of detailed and interactive ORM dashboards, all the opportunities and risks are continuously monitored so that decisions and necessary actions can be taken.

Further on, there is a **Risk Committee,** composed of the CEO, CFO and the member of the Executive Committee responsible for the relevant segment or any person appointed by the latter, complemented with non-executive directors and/or any other persons designated by the Board of Directors.

The Risk Committee assists the CEO in his task of assessing risk management matters, and in particular analyses and approves all binding offers related to EPC and Design and Build contracts and all other important contracts.

The Risk Committee reports regularly to the Board of Directors on the performance of its duties and identifies any matters for which it believes action or improvement is necessary and makes recommendations regarding the steps to be taken.

The risk to obtain, maintain or renew the approvals, licences, permits and certificates required to operate its business

DEME requires various approvals, licenses, permits and certificates to operate its business.

For instance, the Belgian operating companies must hold a certificate of recognition as contractor. Recognition is granted by the Federal Government Service for the Economy, SME, the Self-Employed and Energy and is renewable every 5 years. Comparable requirements exist for the activities of the foreign operating companies too.

With respect to the vessels the flying of a flag is always accompanied by the completion of a registration procedure and a technical survey (the vessel must comply with specific technical standards). Upon the successful completion of the procedure the vessel is granted a "Certificate of Registry", which gives the vessel the right to fly a particular flag and guarantees the right of free passage. The exact technical standards and procedures may differ from jurisdiction to jurisdiction and change with the passage of time.

DEME's department 'Class and Flag' is responsible for maintaining for the vessels the respective flag and regulatory certificates and updates on the required planning for any surveys required. The validity of the certificates varies from a few days (conditional) to permanent. For some certificates periodical surveys/inspections must be performed within a specified period.

Even after DEME has obtained the required licences, permits and approvals, the operations are subject to continued review and the governing regulations may change.

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

Like other groups active in dredging, land reclamation, offshore works, infrastructure and/or environmental projects, DEME faces specific environmental risks relating to the disturbance of fauna and flora in the work environment, accidental contamination or other undesirable environmental effects. These environmental risks can be broken down into three main components:

- Firstly, the environmental companies within the Group must by the very nature of their activities – soil and sludge remediation – deal with dangerous and harmful substances. The nature of some kinds of contamination and the technologies used to cope with them are not always free of risks;
- Secondly, the infra business of DEME – active in marine infrastructure – relies heavily on natural resources, which will be depleted when consumption exceeds their natural accrual. Government bodies may impose restrictions on the use of certain natural resources or may demand to re-use certain resources. The client for example will either impose minimum values of re-use or favour tenders which have the highest value of re-used materials. As a consequence, DEME has to organise itself on this circular economy and find ways to recycle materials;
- Thirdly, climate-related risks such as global warming cause more frequent extreme weather conditions such as storms and heavy rainfall with flooding, which could result into more operational downtime for DEME (of, e.g., DEME's vessels, wind farms, infrastructure or dredging activities).

The development of a new project is subject to a variety of risks, which may lead to uncertainty as to whether the project will effectively materialise

DEME, as a project developer, focuses on projects in the fields of renewable energy, marine infrastructure and ports, dredging, green hydrogen and other special projects.

The process from the first idea until the actual completion could entail an extensive period of time. This means that considerable costs may be incurred and time may be spent by DEME on such new project development process without having the assurance that the project would effectively materialise.

Obtaining the required concession for the new project from the relevant governmental authority can be a risk, due to, for instance, uncertainty in interpretation and/or application of changing or ambiguous regulations in the relevant jurisdiction(s), onerous restrictions being imposed or changes being adopted in respect of the conditions of the concession and/or political instability.

Further, much of DEME's work depends on its compliance with environmental and other regulations.

When commencing the development of a new project it's necessary to obtain the proper financing for the project and to find financial institutions willing to finance this new project. In view to such financing, a new project is typically structured by means of the set-up of a project company or "special purpose vehicle" (SPV), through which DEME, together with third parties (e.g., project sponsors, equity partners, etc.) invests and raises capital on non-recourse basis. The special purpose vehicle, in which DEME invests, typically arranges the financing of the project independently with a banking consortium. However the banking consortium, in the event of the non-performance of the credit agreement, will generally not be able to exercise any recourse against the SPV's shareholders.

Within DEME there is a **Technical Committee** & a Technical Committee for DEME Concessions in particular, composed of the CEO, CFO and the member of the Executive Committee responsible for the relevant segment or any person appointed by the latter, complemented with non-executive directors and/or any other persons designated by the Board of Directors.

The members of such Technical Committee have the necessary expertise in the field of the Company's projects. Their role is the evaluation of projects/investments, which play a special role within the Group, from a risk, investment and image perspective and to analyse them in more depth in preparation for the Board of Directors.

The Technical Committee meets in preparation for each Board of Directors. The Technical Committee discusses the submitted projects/investments in detail and asks for clarification or elaboration where necessary. The chairman of the Technical Committee reports to the next Board of Directors on the findings of the Technical Committee.

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

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

FINANCIAL RISKS

DEME faces risks in relation to the financing of its future capital needs, including interest rate risks and the risk that it may not continue to be able to secure financing on favourable terms

To finance its investments and activities, DEME frequently makes use of external financing sources, both for short and long-term financing.

The extent of leverage may expose the Group to various risks, including increasing its vulnerability to downturns or adverse changes in general economic, industry or competitive conditions and government regulations and requiring a substantial portion of its cash flows from operations to be dedicated to the payment of principal and interest on the Group's indebtedness, therefore reducing its ability to use its cash flows to fund its operations, capital expenditures and future business opportunities.

For its short-term borrowings, DEME is exposed to interest risks on its variable interest external borrowings. DEME's interest costs are therefore subject to fluctuations in the market interest rates. Should DEME use such short-term borrowings to finance short-term needs (e.g. working capital for projects) DEME could hedge the floating interest rate.

For its long-term borrowings, DEME covers the vast majority of the risks of changes in the underlying variable interest rates through derivative financial instruments, mainly by using *interest rate swaps*. As for the uncovered part of the interest rate risks (which relate mainly to short-term borrowing), adverse changes in variable interest rates may lead to increases in the interest charges borne by DEME. Derivative financial instruments may prove ineffective and may expose DEME to additional costs or other risks.

DEME aims to maintain a healthy balance between the consolidated net equity and the consolidated net debt. DEME has significant credit facilities and guarantee facilities with various international banks. In addition to this it has a commercial paper programme to cover its short-term borrowing requirements.

DEME must in the context of some of its long-term credit facilities comply with certain restrictive covenants relating to DEME's capital-raising activities and other financial and operational matters (e.g. the balance sheet total, net equity, net financial debt and EBITDA), which may make it more difficult for DEME to obtain additional capital and to pursue business opportunities, including potential acquisitions. Any breach of these covenants could give rise to the acceleration of the loans.
DEME's ability to obtain external financing in the future is subject to a variety of uncertainties, including with respect to its financial condition, results of operations and cash flows, bank credit risks assessments and general market conditions.

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

The global nature of DEME's activities means that payments made further to contracts, purchases and expenditures may be in a variety of currencies, thus exposing DEME to exchange rate risks. Most of the Group's purchases are typically transacted in EUR or USD. This means that the Group will face a risk of exchange rate fluctuation when the sales are made in a different currency than the purchases. DEME may be unable to pass along increased costs to its customers.

DEME uses **derivative financial instruments** in order to reduce the effects of currency fluctuations on its cash flows and financial condition. In principle, DEME arranges cover only for committed cashflows in currencies other than the home currency. It does so mainly in the form of forward transactions (project hedging or capex) or swaps (operating capital, follow-up of forward transactions), so the currency exchange risk is particularly relevant in the pre-committed period.

To cope with the exchange rate risks associated with foreign currencies subject to local restrictions, use is made, where possible, of NDF (non-deliverable forward) hedging. The Group's hedging and financial strategy may prove ineffective or may subject the Group to increased costs or other risks, including the possibility that its counterparties to hedging contracts will default on their obligations. In addition, DEME does not hedge against translational currency risks.

DEME's reporting currency is euros. However, given the Group's global operations, a significant portion of the Group's assets, liabilities, expenses and revenue are denominated in currencies other than euros and are thus translated to euros at the applicable exchange rates to prepare the Group's consolidated financial statements. Therefore, fluctuations in exchange rates between euros and such other currencies affect the value of those items expressed in euro terms in the Group's consolidated financial statements. A change of one or more of the foreign currencies in which DEME's local subsidiaries operate against euros impacts its revenue and profitability expressed in euro accordingly. Exchange rate changes also affect the Group's consolidated statement of financial position and income statement. Changes in the euro values of the Group's consolidated assets and liabilities resulting from exchange rate movements may cause the Group to record foreign currency gains and losses through profit or loss, or through its foreign currency translation reserve recognised in other comprehensive income and accumulated in equity.

LEGAL AND REGULATORY RISKS

DEME may be involved in costly and burdensome litigations

DEME has been and may continue to be involved in litigation, other legal claims and proceedings, investigations and regulatory enforcement actions from time to time with various parties in its course of business. The outcome of such proceedings, investigations and enforcement actions cannot be predicted with certainty.

Disputes and legal proceedings in which the Group may be involved are subject to many uncertainties, and their outcomes are often difficult to predict. The defence of any such claims and any associated settlement costs can be substantial, even with respect to claims that have no merit.

As a general rule, DEME's contracts are subject to the laws of the countries in which the projects are executed, supplemented where possible by the arbitration clause of the International Chamber of Commerce, in particular for countries where the legal system might not offer sufficient protection. Disputes may, for instance, arise around different interpretations of new items arising during the performance of the contract, or around misinterpretations of contractual clauses.

Furthermore, DEME's business is subject to operational risks, including environmental hazards, accidents, disruption or flooding, which could result in damage to, or destruction of, equipment, structures or buildings, environmental damage or personal injuries, or legal liability towards third parties.

DEME may also be involved in proceedings initiated by, among others, employees or former employees of DEME with occupational disease claims related to certain activities (e.g. diving, working in the sun for extensive periods) or to exposure to hazardous substances (e.g. fumes, corrosive or toxic substances) and tax or regulatory authorities. Certain of these proceedings can notably lead to DEME having to pay damages, remedies or criminal or civil sanctions, fines or disgorgement of profit.

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

Doing business on a worldwide basis requires DEME to comply with international antitrust, anti-money laundering, anti-bribery and anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. In addition, sanctions imposed by international organisations or individual nations restrict or prohibit transactions with certain countries, and with certain companies and individuals identified on lists maintained by the United Nations, the U.S. federal government, the European Union, various EU member states and other local governments. DEME may be unaware of, or unable to timely anticipate and prepare for, developments in such laws, regulations and sanctions.

DEME's subsidiaries and joint ventures work autonomously in an international environment with a multitude of stakeholders who participate in or are impacted by the Group's operations: project managers and their representatives, concession-granting authorities, regulatory authorities, contractors, design offices, joint contractors, subcontractors, suppliers, service providers, local residents, communities, etc.

Despite the fact that DEME operates a **global compliance program** (through, for instance, DEME's Code of Ethics & Business Integrity and the Group's existing policies, procedures, training, whistle-blower hotline, IT tools, internal controls and risk management in relation to antitrust, anti-money laundering, anti-bribery or anti-corruption laws and regulations and sanctions, including the monitoring thereof by DEME's Compliance Department, there can be no assurance, however, that such codes, policies and procedures will be complied with at all times or will effectively detect and prevent violations of the applicable laws by one or more of DEME's employees, agents, third-party providers or any other representatives involved in DEME's business.

Due to the increasing complexity, size and geographical spread of DEME's operations and the extent of its reliance on employees, agents, third-party providers or any other representatives involved in DEME's business, it may become more difficult to effectively monitor and control all of DEME's global activities, and in certain emerging markets which are known to be more prone to bribery, corruption and other compliance risks.

Compliance with and changes to environmental, health and safety laws, including laws relating to the investigation and remediation of contamination

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

Moreover, the regulations to which DEME is subject vary from jurisdiction to jurisdiction, and may change over time, regarding, among others, export, import and transit inspections, excise, rates and quotas, income tax, withholding tax, VAT and other tax, environmental legislation, checks on international trade and currency, and workplace and social security policies.

The ordinary course of operation of DEME's business involves certain inherent risks related to the environment and health and safety of employees, subcontractors and others. DEME could incur substantial liability in the event of accidents, exposure to hazardous substances, spillages or other events resulting in injury or death, even if any such event is not as a result of any fault on DEME's part. Furthermore, in some of the countries where DEME works, the activities may be affected by social and/or political instability (terrorism, armed conflict, seizure of bank accounts etc.) as well as prone to malicious and/or criminal acts (vandalism, theft, physical attacks, kidnapping, piracy, etc.).

Even though it is DEME's policy to strictly abide by all the applicable legislation and regulations in every jurisdiction in which DEME is active, ensuring compliance with this complex array of laws and regulations is a heavy process and requires significant resources and results in material costs. In certain jurisdictions, incidents resulting from dredging, land reclamation, offshore works, infrastructure and/or environmental activities (for instance, contamination of air, water and soil) require the contractor to execute the cleaning up works and bear the cost thereof.

Although DEME adopts various measures, including to address and remediate identified risks of accidents, risks for injury and health impacts, in the event of accidents, injuries in which DEME's employees or subcontractors would be involved cannot be entirely excluded.

The QHSE (**Quality, Health, Safety & Environment**) slogan is 'Zero accidents and zero environmental incidents', the target of the organisation. The Company's priority is and remains the well-being of the employees and subcontractors by creating a high-quality, healthy, safe and eco-friendly work environment. QHSE is always on the agenda of DEME's Management Team, Executive Committee and Board of Directors meetings. Apart from that, each employee has a stop work authority: the right and the obligation to stop any activity that is deemed to involve unacceptable risks. Key Performance Indicators (KPIs) are in place at all levels of the organisation to follow up on QHSE performance. The QHSE KPIs include both leading ones such as Green Initiatives, timely closed actions, toolbox participations, etc. as well as lagging indicators such as the safety thermometer.

DEME always seeks to monitor and adapt to changes in the legal systems, regulatory controls and customs and practices in the jurisdictions where it operates.

The implementation by governments or the interpretation by tax authorities of changes in tax rates, tax liabilities or tax accounting rules

DEME operates in a range of countries subject to different tax regimes. DEME's effective tax rate and tax liability are based on the application of current income tax laws, regulations and tax treaties.

Significant judgment is required to determine worldwide tax liabilities, including, because (among other reasons) tax laws and regulations in effect in the various countries in which DEME operates do not always provide clear and definitive guidelines.

DEME's effective tax rates and tax exposure could be affected by changes in the composition of its earnings in countries or jurisdictions with higher or lower tax rates, changes in applicable tax rates, changes to transfer pricing rules, changes in the valuation of DEME's deferred tax assets and liabilities, DEME's ability to utilise tax losses and tax credits, changes to interest deductibility or other changes in the tax laws and the way such tax laws are applied by tax administrations (possibly with retroactive effect), including through tax arrangements issued by the relevant competent tax authorities and corresponding challenges by tax authorities to DEME's judgment or interpretation in tax matters.

In addition, DEME is regularly subject to audits of its income tax returns and VAT declarations by the tax authorities in the various countries in which DEME operates.

The taxation of the operations can be subject to judgments and might result in disputes with local tax authorities. If management considers it probable that such disputes will lead to an outflow of resources, accruals have been recorded accordingly.

From time to time various governments also make substantive changes to tax rules and the application of rules to companies, including changes potentially impacting the Group's ability to defer taxes on international earnings.

Although DEME believes its tax estimates are reasonable, due to continuous screening by its Tax Department, any final determination could be different from the treatment reflected in DEME's historical income tax provisions and accruals.

OTHER RISKS

DEME increasingly relies on digital communication and the use of information technology for its business, which increases its exposure to potential cybercrimes, failures or disruptions in its IT systems and other related risks

DEME increasingly relies on digital communication, connectivity, and the use of technology to run its worldwide business, further catalysed by remote working. Information technology is crucial in supporting and protecting core and supporting processes. This has enabled DEME to work more fluidly and efficient, and makes it possible to follow-up its local operations as good as in real-time from its headquarters, but it also leads to a vulnerability linked to cyber-security challenges and dependency on digitalised processes. **Internal policies, procedures and instructions** are in place to mitigate the information technology risk, amongst others, multi-factor authentication, single sign-on with Office 365 for all cloud-based applications, hard-disk encryption as well as End-Point protection on all PCs, up to regular "Ethical hacking" exercises, awareness campaigns and penetration testing by the **Enterprise Security Office (ESO)**.

In its role, ESO provides the management with periodic updates on the security risk landscape and performs security risk assessments. As such it informs the Group on potential threats to the security of staff and property.

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

The success of DEME's business depends largely on its ability to continue to recruit and retain skilled personnel, and to do so at competitive conditions. DEME works in the talent market to recruit enough skilled employees and must motivate and retain them, even for work far from home. Offering attractive conditions of employment and holiday arrangements is not always enough to recompense the long working hours, shift working, and the night-time and weekend work. Furthermore, DEME must recruit and retain adequate numbers of highly qualified engineers, professionals and managers for the performance of the technical, support and managerial functions. Not being able to attract talent could limit the execution of current operations as well as have an impact on the growth of DEME. To attract talent, DEME has a professional recruitment team. The company invests in the development of employees through various training programmes and prepares candidates for key promotions to improve leadership.

DEME's intellectual property and know-how

DEME makes use of certain proprietary technology and know-how, including the intellectual property and know-how that it has developed itself. For instance, the technology installed in DEME's newest Dredging and Offshore vessels or the intellectual property it uses in its operations. DEME enters into confidentiality agreements with third parties that are involved in Research & Development ("R&D"). The intellectual property rights arising from such R&D accrues to DEME on the basis of a standard contract, with the inventing party. Depending on the type and value of the intellectual property it may be protected further by filing a patent application.

RISK ASSESSMENT/ MANAGEMENT IN GENERAL

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

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

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

With respect to the financials, both the Executive Committee as well as its Board of Directors conduct risk assessments on a programmed & recurring basis (half-yearly and yearly results, yearly budget exercise etc.) as well as on an ad hoc basis when specific topics surface.

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

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

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in its task of carrying out on **accounting, audit and internal control matters** and exercising **general supervision** in a broad sense.

The duties of the Audit Committee include the following:
- informing the Board of Directors on the result of the statutory audit of the annual and the consolidated accounts of the Company and explain how the statutory audit of the annual and the consolidated accounts contributed to the integrity of the financial reports and the role the Audit Committee played in this process;
- monitoring the financial reporting process in relation to the Company and make recommendations or proposals to safeguard the integrity of the process;
- monitoring the effectiveness of the Company's internal control and risk management systems and, if there is an internal audit, monitoring the internal audit of the Company and its effectiveness;
- monitoring management's responsiveness to the findings of the internal audit function and to the recommendations made in the external auditor's management letter;
- monitoring the statutory audit of the annual and the consolidated accounts of the Company, including any follow-up on any questions and recommendations made by the statutory auditor;
- reviewing and monitoring the independence of the statutory auditor, in particular whether the provision of additional services to the Company is appropriate. More specifically, the Audit Committee analyses, together with the statutory auditor, the threats to the statutory auditor's independence and the security measures taken to limit these threats, when the total amount of fees exceeds the criteria specified in article 4 §3 of Regulation (EU) No 537/2014;
- making recommendations to the Board of Directors for the appointment and reappointment of the statutory auditor of the Company in accordance with article 16 § 2 of Regulation (EU) No 537/2014;
- reviewing the specific arrangements for raising concerns – in confidence – about possible improprieties in financial reporting or other matters; and
- performing such other functions as assigned by the Board of Directors and review other items of an internal control nature which may from time to time be brought before the Audit Committee.

Matters relating to the audit plan and any issues arising from the audit process are placed on the agenda of every Audit Committee meeting.

The Audit Committee also reports regularly to the Board of Directors on the exercise of its duties identifying any matters where it considers that action or improvement is needed and making recommendations as regards the steps to be taken.

INTERNAL AUDIT DEPARTMENT

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

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

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

29

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

As of December 31 (in thousands of EUR)

	Notes	2021	2020
REVENUES		**2,580,773**	**2,335,944**
Turnover	(1)	2,510,607	2,195,828
Other operating income	(2)	70,166	140,116
OPERATING EXPENSES		**-2,437,492**	**-2,271,663**
Raw materials, consumables, services and subcontracted work		-1,575,624	-1,482,795
Personnel expenses	(3)	-488,896	-454,635
Depreciation and amortisation expenses	(4)/(6)/(7)	-291,108	-284,591
Impairment of property, plant and equipment and right-of-use assets	(6)/(7)	-34,608	-15,586
Impairment of goodwill and intangible assets	(4)/(5)	-311	-5,000
Other operating expenses	(2)	-46,945	-29,056
OPERATING RESULT		**143,281**	**64,281**
FINANCIAL RESULT		**-5,412**	**-25,651**
Interest income		4,181	4,369
Interest expense		-6,920	-12,338
Realised/unrealised foreign currency translation effects		6,130	-11,984
Other financial income and expenses		-8,803	-5,698
RESULT BEFORE TAXES		**137,869**	**38,630**
Current taxes and deferred taxes	(11)	-31,079	-9,812
RESULT AFTER TAXES		**106,790**	**28,818**
Share of profit (loss) of joint ventures and associates	(8)	10,548	22,395
RESULT FOR THE PERIOD		**117,338**	**51,213**
Attributable to non-controlling interests		2,757	803
SHARE OF THE GROUP		**114,581**	**50,410**
Number of shares		4,538,100	4,538,100
Earnings per share (basic and diluted)		25.25	11.11

For the changes in presentation of the consolidated statement of income compared to the Financial Information Report of 2020, reference is made to Note (28) First application of (fully) IFRS accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As of December 31 (in thousands of EUR)

	Notes	2021	2020
Result attributable to non-controlling interests		2,757	803
Share of the Group		114,581	50,410
RESULT FOR THE PERIOD		**117,338**	**51,213**
Other comprehensive income that may be reclassified to profit and loss in subsequent periods			
Changes in fair value related to hedging instruments	(10)	4,582	-189
Share of other comprehensive income of joint-ventures and associates	(8)	10,343	-6,975
Changes in cumulative translation adjustment reserve		3,855	-6,587
Other comprehensive income that cannot be reclassified to profit and loss in subsequent periods			
Remeasurement of net liabilities relating to defined benefit plans	(20)	-847	-3,832
Share of other comprehensive income of joint-ventures and associates	(8)	27	-
TOTAL OTHER COMPREHENSIVE INCOME		**17,961**	**-17,583**
TOTAL COMPREHENSIVE INCOME		**135,299**	**33,630**
Attributable to non-controlling interests		2,827	1,621
SHARE OF THE GROUP		**132,472**	**32,009**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31 (in thousands of EUR)

ASSETS	Notes	2021	2020
NON-CURRENT ASSETS		2,694,235	2,691,083
Intangible assets	(4)	25,513	24,935
Goodwill	(5)	13,028	13,339
Property, plant and equipment	(6)	2,259,041	2,337,089
Right-of-use assets	(7)	90,620	75,917
Investments in joint ventures and associates	(8)	132,781	105,918
Other non-current financial assets	(9)	33,451	32,813
Non-current financial derivatives	(10)	613	1,433
Other non-current assets	(9)	4,239	3,221
Deferred tax assets	(11)	134,949	96,418
CURRENT ASSETS		1,355,362	1,228,871
Inventories	(12)	12,168	10,456
Contract assets	(13)	326,685	251,747
Trade and other operating receivables	(14)	384,022	309,636
Current financial derivatives	(10)	3,207	6,842
Assets held for sale	(15)	32,456	-
Other current assets	(16)	68,192	28,253
Cash and cash equivalents	(10)/(18)	528,632	621,937
TOTAL ASSETS		4,049,597	3,919,954

For the changes in presentation of the consolidated statement of financial position compared to the Financial Information Report of 2020, reference is made to Note (28) First application of (fully) IFRS accounts.

GROUP EQUITY AND LIABILITIES	Notes	2021	2020
SHAREHOLDERS' EQUITY	(17)	**1,579,543**	**1,467,492**
Issued capital		31,110	31,110
Share premium		5,645	5,645
Retained earnings and other reserves		1,618,824	1,524,664
Hedging reserve		-25,872	-40,978
Remeasurement on retirement obligations		-41,283	-40,454
Cumulative translation adjustment		-8,881	-12,495
NON-CONTROLLING INTERESTS		**19,696**	**17,840**
GROUP EQUITY		**1,599,239**	**1,485,332**
NON-CURRENT LIABILITIES		**786,718**	**890,489**
Retirement obligations	(20)	65,267	63,029
Provisions	(22)	39,572	30,097
Interest-bearing debt	(18)	577,970	735,054
Non-current financial derivatives	(10)	26,868	9,018
Other non-current financial liabilities	(8)	2,827	5,933
Deferred tax liabilities	(11)	74,214	47,358
CURRENT LIABILITIES		**1,663,640**	**1,544,133**
Interest-bearing debt	(18)	343,340	375,913
Current financial derivatives	(10)	12,368	6,761
Provisions	(22)	3,738	200
Contract liabilities	(13)	181,095	156,799
Advances received	(13)	101,067	60,582
Trade payables		772,905	717,338
Remuneration and social debt		94,026	83,968
Current income taxes	(11)	76,370	66,336
Other current liabilities	(21)	78,731	76,236
TOTAL LIABILITIES		**2,450,358**	**2,434,622**
TOTAL GROUP EQUITY AND LIABILITIES		**4,049,597**	**3,919,954**

For the changes in presentation of the consolidated statement of financial position compared to the Financial Information Report of 2020, reference is made to Note (28) First application of (fully) IFRS accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31 (in thousands of EUR)

	Notes	2021	2020
CASH AND CASH EQUIVALENTS, OPENING BALANCE		**621,937**	**475,135**
Operating result		143,281	64,281
Dividends from participations accounted for using the equity method	(8)	10,479	15,080
Reclassification of (income) loss from sales of property, plant and equipment and financial participations to cash flow from divestments		-16,159	-74,617
Interest received		4,181	4,369
Interest paid		-4,383	-12,122
Other financial income (costs)		-2,673	-17,682
Income taxes paid	(11)	-38,422	-25,735
NON-CASH ADJUSTMENTS		**344,052**	**318,723**
Depreciation and amortisation expenses		291,108	284,591
Impairment of property, plant and equipment and right-of-use assets		34,608	15,586
Impairment of goodwill and intangible assets		311	5,000
(Decrease) increase of retirement obligations	(20)	1,146	639
(Decrease) increase of provisions	(2)/(22)	13,013	12,509
Other non-cash operating expenses (income) (*)		3,866	398
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**440,356**	**272,297**
CHANGES IN WORKING CAPITAL		**-20,782**	**104,124**
Decrease (increase) in inventories and advances received		38,773	23,713
Decrease (increase) in amounts receivable		-90,181	143,119
Decrease (increase) in contract assets		-74,938	-23,199
Increase (decrease) in current liabilities (other than borrowings)		81,268	-30,646
Increase (decrease) in contract liabilities		24,296	-8,863
CASH FLOW FROM OPERATING ACTIVITIES		**419,574**	**376,421**
INVESTMENTS		**-298,660**	**-258,788**
Acquisition of intangible assets		-1,908	-2,833
Acquisition of property, plant and equipment	(6)	-280,136	-198,739
Cash (out) inflows on acquisition of subsidiaries		-	-17,828
Cash (out) inflows on acquisition of associates and joint ventures	(8)	-15,632	-37,009
New borrowings given to joint ventures and associates	(9)	-595	-2,379
Cash outflows of other financial assets	(9)	-389	-
DIVESTMENTS		**32,248**	**111,649**
Sale of intangible assets		-	-
Sale of property, plant and equipment	(6)	28,446	16,936
Cash inflows on disposal of subsidiaries		-	-
Cash (out) inflows on disposal of associates and joint ventures	(8)	-2,539	89,958
Repayment of borrowings given to joint ventures and associates	(9)	6,341	4,166
Cash inflows of other financial assets		-	589
CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (**)		**-266,412**	**-147,139**
New interest-bearing debt	(18)	51,344	175,566
Repayment of interest-bearing debt	(18)	-278,875	-253,952
Gross dividend paid to the shareholders	(17)	-20,421	-
CASH FLOW (USED IN) / FROM FINANCIAL ACTIVITIES		**-247,952**	**-78,386**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**-94,790**	**150,896**
Change in consolidation scope or method		-	-37
Impact of exchange rate changes on cash and cash equivalents		1,485	-4,057
CASH AND CASH EQUIVALENTS, ENDING BALANCE		**528,632**	**621,937**

(*) Other non-cash operating expenses (income) mainly relate to bad debt allowances and the gain or losses resulting from the time value of financial derivative instruments.

(**) The amounts of cash flow from investments and divestments can differ from the amounts invested or divested in the notes to which reference is made, due to non-cash corrections such as additons of the year that are not yet paid for.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2021 (in thousands of EUR)	Share capital and share premium	Hedging reserve	Remeasu-rement on retirement obligations	Retained earnings and other reserve	Cumulative translation adjustment	Shareholders' equity	Non-controlling interests	Group equity
Ending, December 31, 2020	**36,755**	**-40,978**	**-40,454**	**1,524,664**	**-12,495**	**1,467,492**	**17,840**	**1,485,332**
Impact IFRS amendments						-		-
Opening, January 1, 2021	**36,755**	**-40,978**	**-40,454**	**1,524,664**	**-12,495**	**1,467,492**	**17,840**	**1,485,332**
Profit				114,581		114,581	2,757	**117,338**
Other comprehensive income		15,106	-829		3,614	17,891	70	**17,961**
Total comprehensive income		**15,107**	**-829**	**114,581**	**3,614**	**132,472**	**2,827**	**135,299**
Dividends paid				-20,421		-20,421	-1,008	**-21,429**
Other						-	37	**37**
Ending, December 31, 2021	**36,755**	**-25,872**	**-41,283**	**1,618,824**	**-8,881**	**1,579,543**	**19,696**	**1,599,239**

Share capital amounts to 31,110 thousand EUR and share premium amounts to 5,645 thousand EUR.

The hedging reserve includes the fair value fluctuations of effective cash flow hedges, net from income taxes. Reference is made to note (10) on financial risk management and financial derivatives.

Changes in fair value of cash flow hedges also include the changes in the hedging reserve for joint ventures and associates, for which we refer to note (8) regarding investments in joint ventures and associates.

Remeasurement on retirement obligations relate to the defined benefit plan (including the Belgian contribution-based plans which are considered to be defined benefit plans under IFRS) actuarial gains/losses (-) and asset limitation, after income taxes. For more information, reference is made to note (20) employee benefit obligations, where the remeasurement is shown before income taxes.

Retained earnings and other reserves include the legal reserve, available reserves, untaxed reserves and retained earnings of parent company DEME NV before result appropriation of the year, as well as the consolidation reserves. More detail can be found in note (17) about share capital and reserves.

2020 (in thousands of EUR)	Share capital and share premium	Hedging reserve	Remeasu-rement on retirement obligations	Retained earnings and other reserve	Cumulative translation adjustment	Shareholders' equity	Non-controlling interests	Group equity
Ending, December 31, 2019	**36,755**	**-33,578**	**-36,695**	**1,474,254**	**-5,253**	**1,435,483**	**11,671**	**1,447,154**
Impact IFRS amendments						-		-
Opening, January 1, 2020	**36,755**	**-33,578**	**-36,695**	**1,474,254**	**-5,253**	**1,435,483**	**11,671**	**1,447,154**
Profit				50,410		50,410	803	**51,213**
Other comprehensive income		-7,400	-3,759		-7,242	-18,401	818	**-17,583**
Total comprehensive income		**-7,400**	**-3,759**	**50,410**	**-7,242**	**32,009**	**1,621**	**33,630**
Dividends paid						-	71	**71**
Other						-	4,477	**4,477**
Ending, December 31, 2020	**36,755**	**-40,978**	**-40,454**	**1,524,664**	**-12,495**	**1,467,492**	**17,840**	**1,485,332**

SEGMENT REPORTING

DEME has evolved into a global marine sustainable solutions provider. The company is proud of and continues to grow its **Dredging and Infra activities**. The expansion of Singapore, the widening of the Suez and Panama canals and the construction of the New Doha Port are just a few iconic examples of dredging works. DEME also builds marine infrastructure such as locks, quay walls and tunnels. The Fehmarnbelt project, one of the world's largest submerged tunnel between Denmark and Germany is perhaps the project with the highest visibility. DEME has also successfully expanded its **Offshore Energy activities**, with a focus on offshore renewable energy projects. It has contributed to the construction of an impressive GW of offshore projects and is confirming its market leadership in this fast-growing market with its expansion into the US and Asia. Yet another activity is the cleaning of polluted sites within **DEME Environmental**. The depollution of the London Olympics' site exemplifies this expertise. Besides contracting, DEME is growing its **concessions activities in offshore wind, infra, green hydrogen and deepsea harvesting.**

Those various activities are organised under four distinct segments:

DREDGING & INFRA

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

OFFSHORE ENERGY

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

ENVIRONMENTAL

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

CONCESSIONS

DEME Concessions NV is the investment and development arm of the Group. It invests in, develops, builds and operates – through participations in special purpose companies - greenfield and brownfield projects in three sectors: offshore wind, dredging and marine infrastructure, and green hydrogen. Besides creating economic value on its projects and generating equity returns on its investments, it also aims to secure regular activities for the Group contracting activities in the EPC phases of its projects. Besides these concessions activities, the Group has a deep-water exploration division that holds concessions of polymetallic nodules and develops a technology to collect and process these polymetallic nodules containing nickel, cobalt, manganese and copper from the deep ocean floor.

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

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

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

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

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

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

For each segment the turnover, EBITDA, depreciation and impairment cost and EBIT is reported. For the Concessions segment these measures of performance are only applicable to the subsidiaries (fully consolidated entities included in this segment). As the business of the Concessions segment is often resulting in a minority stake in participations, the operating result of these participations is reflected in the result from associates and joint ventures that is also segmented.

The basis for the segment reporting is the management reporting system. Next to all activities done by our subsidiaries, the management report also includes the projects executed by joint ventures, showing the DEME's share of revenues and expenses in the joint venture. This proportionate consolidation method whereby the Group accounts for the assets, liabilities, revenues and expenses according to its interest in the joint venture, is no longer allowed under IFRS for joint ventures. Management however has to monitor the performance of the entire business, both executed in control as in joint ventures. In the segment reporting the joint ventures are consolidated according to the proportionate consolidation method and the intercompany transactions between the joint ventures and DEME subsidiaries are eliminated following the rules of proportionate consolidation. The total of the reported segment amounts is reconciled with the corresponding amounts in the DEME consolidated financial statements. The Share of the Group (IFRS net result) is not affected by the difference in consolidation method, only the presentation of the result of the year is different.

As for the net result from joint ventures and associates and the carrying amount of joint ventures and associates, the reconciliation column includes the net result and carrying amount of joint ventures that are consolidated according to the equity method in the financial statements but according to the proportionate consolidation method in the segment reporting. These reconciling items and more information about our investments in joint ventures and associates can be found in note (8).

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

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

Based on DEME's internal management reporting system, we present the following segmented information:

2021 (in thousands of EUR)	Dredging & Infra	Offshore Energy	Environ-mental	Concessions	Total Segments	Reconciliation	Group Financial Statements
Turnover	1,478,306	916,354	166,163	1,467	**2,562,290**	-51,683	**2,510,607**
EBITDA	305,848	170,888	16,834	-12,529	**481,041**	-11,733	**469,308**
Depreciation & Impairment	-231,806	-96,277	-8,037	-89	**-336,209**	10,182	**-326,027**
EBIT	74,042	74,611	8,797	-12,618	**144,832**	-1,551	**143,281**
Financial result					**-7,447**	2,035	**-5,412**
RESULT BEFORE TAXES					**137,385**	**484**	**137,869**
Income taxes and deferred taxes					**-31,637**	558	**-31,079**
Net result from joint ventures and associates	1	-	624	11,068	**11,693**	-1,145	**10,548**
RESULT FOR THE PERIOD					**117,441**	**-103**	**117,338**
Attributable to non-controlling interests					**2,860**	-103	**2,757**
NET RESULT SHARE OF THE GROUP					**114,581**	**-**	**114,581**
Net book value intangible assets	8,462	17,085	2	-	**25,548**	-35	**25,513**
Net book value property, plant and equipment and right-of-use assets	1,661,329	722,997	44,783	132	**2,429,241**	-79,580	**2,349,661**
Carrying amount of joint ventures and associates	5,020	-	2,768	31,602	**39,390**	90,564	**129,954**
Booked as non-current asset	5,020	-	2,805	34,393	**42,217**	90,564	**132,781**
Booked as non-current financial liability (- is credit)	-	-	-37	-2,790	**-2,827**	-	**-2,827**
Acquisition of property, plant and equipment and right-of-use assets (*)	251,535	66,414	14,226	37	**332,212**	-10,774	**321,438**
Additions in investments in joint ventures and associates	70	-	-	347	**417**	15,215	**15,632**

(*) Acquisitions according to balance sheet (rollforward fixed assets) and not according to cash flow statement.

2020 (in thousands of EUR)	Dredging & Infra	Offshore Energy	Environ-mental	Concessions	Total Segments	Reconciliation	Group Financial Statements
Turnover	1,151,616	961,977	140,008	2,119	**2,255,720**	-59,892	**2,195,828**
EBITDA	181,292	145,456	16,414	38,310	**381,472**	-12,014	**369,458**
Depreciation & Impairment	-193,406	-111,058	-9,567	-49	**-314,080**	8,903	**-305,177**
EBIT	-12,114	34,398	6,847	38,261	**67,392**	-3,111	**64,281**
Financial result					**-27,280**	1,629	**-25,651**
RESULT BEFORE TAXES					**40,112**	**-1,482**	**38,630**
Income taxes and deferred taxes					**-10,217**	405	**-9,812**
Net result from joint ventures and associates	-229	-5	295	21,260	**21,428**	967	**22,395**
RESULT FOR THE PERIOD					**51,323**	**-110**	**51,213**
Attributable to non-controlling interests					**913**	-110	**803**
NET RESULT SHARE OF THE GROUP					**50,410**	**-**	**50,410**
Net book value intangible assets	5,980	18,990	10	-	**24,979**	-44	**24,935**
Net book value property, plant and equipment and right-of-use assets	1,676,437	780,669	38,381	155	**2,495,642**	-82,637	**2,413,006**
Carrying amount of joint ventures and associates	4,704	2	2,348	21,683	**28,737**	71,248	**99,985**
Booked as non-current asset	4,704	2	2,348	23,800	**30,854**	75,064	**105,918**
Booked as non-current financial liability (- is credit)	-	-	-	-2,117	**-2,117**	-3,816	**-5,933**
Acquisition of property, plant and equipment and right-of-use assets (*)	188,654	43,215	15,396	104	**247,369**	-35.619	**211,750**
Additions in investments in joint ventures and associates	-	-	478	910	**1,387**	35,622	**37,009**

(*) Acquisitions according to balance sheet (rollforward fixed assets) and not according to cash flow statement.

RECONCILIATION SEGMENT REPORTING

The above tables reconcile the financial information as reported in the consolidated statement of financial position and the consolidated statement of income (using the equity consolidation method as required under IFRS 11) with the financial information disclosed per segment reporting (using the proportionate consolidation method).

As a consequence, the lines referring to 'net result of joint ventures and associates' or 'addition in investments in joint ventures and associates' in the segment reporting only include associates, while the joint ventures are eventually added in the reconciliation items.

GROUP STRUCTURE AND SUMMARY OF PRINCIPAL ACCOUNTING POLICIES INCLUDING CHANGES IN THE REPORTING PERIOD

GENERAL STATEMENT

DEME is a world leader in the highly specialised fields of dredging, solutions for the offshore energy market, environmental and infra marine works. The company can build on more than 140 years of know-how and experience and is a front runner in innovation and new technologies. The parent company itself originated on the 5th of April 1930. DEME's vision is to work towards a sustainable future by offering solutions for global challenges: a rising sea level, a growing population, reduction of CO_2 emissions, polluted rivers, seas and soils and the scarcity of natural resources. While the company's roots are in Belgium, DEME has built a strong presence in all of the world's seas and continents.
The parent company, Dredging, Environmental and Marine Engineering NV (DEME NV) is registered in Scheldedijk 30, Zwijndrecht in Belgium where also the head office is located. The company is registered at the Chamber of Commerce in Antwerp, Belgium with number BE 0400.473.705 .
As of date of preparation of this report the company is not listed. We refer to the preliminary remark of this report and to the note (17) regarding share capital and reserves for more information about our shareholders.
The website of the Group is www.deme-group.com.
The consolidated financial statements of DEME NV for 2021 and 2020 include the Company and group companies hereinafter referred to jointly as the 'Group' and individually as subsidiaries, joint-ventures and associates. The section 'principles of consolidation' explains how group companies are included in the consolidated financial statements.
The consolidated key figures, consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows together with the management reporting and segment reporting were presented to the Board of Directors of February 17, 2022. The full financial information report including all explanatory notes is presented and authorised for publication by the Board of Directors on March 29, 2022.

STATEMENT OF COMPLIANCE

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

BASIS OF PREPARATION

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

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

The consolidated financial statements are prepared as of and for the period ending December 31, 2021.

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

In application of IFRS 1 *first-time adoption of International Financial Reporting Standards*, the Group has applied consistent accounting principles, based on IFRS-EU, for all the periods presented in these financial statements.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below:

- Amendment to IFRS 16 *leases COVID-19-related rent concessions* beyond 30 June 2021 (effective April 1, 2021 with early application permitted);
- Amendments to IAS 1 *presentation of financial statements* about the classification of liabilities as current or non-current, effective January 1, 2023 (*);
- Amendments to IFRS 3 *business combinations*, IAS 16 *property, plant and equipment*, IAS 37 *provisions, contingent liabilities and contingent assets* as well as annual improvements, effective January 1, 2022;
- Amendments to IFRS 17 *insurance contracts* and IAS 8 *accounting policies, changes in accounting estimates and errors: definition of accounting estimates,* effective January 1, 2023 (*);
- Amendments to IAS 1 *presentation of financial statements* and IFRS practice statement 2: *disclosure of accounting policies*, effective January 1, 2023 (*);
- Amendments to IAS 12 *income taxes* about deferred taxes related to assets and liabilities arising from a single transaction, effective January 1, 2023 (*).

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

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

SIGNIFICANT JUDGMENTS AND ESTIMATES

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

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

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

Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.

In preparing the financial statements of the year 2021 and 2020 no critical judgments were made.

PRINCIPLES OF CONSOLIDATION

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

Control is achieved when the Company:

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

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

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

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

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs).

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

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

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

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

The proportionate consolidation method whereby the Group accounts for the assets, liabilities, revenues and expenses according to its interest in the joint venture, is not allowed under IFRS but is still applied in the management reporting which is the basis for the segment reporting.

Interests in joint ventures or associates are accounted for from the date when the entity becomes a joint venture or associate. At the acquisition of the interest, any surplus between the cost of the investment and the share in the fair value of net assets of the entity is recorded as goodwill included in the carrying amount of the investment. Any surplus between the share of the Group in the fair value of net assets and the cost of the investment after remeasurement is immediately recorded in the income statement during the period of acquisition of the investment.

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

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group. The gross amount on transactions with associates or joint ventures is not eliminated; only any gain or loss on these transactions is eliminated.

A **joint operation** is a joint arrangement in which the parties (joint operators) have direct rights over the assets and direct obligations with respect to the entity’s liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When a DEME Group entity starts activity in a joint operation, DEME recognises in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred held jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of its share of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Within the DEME Group there are also project driven construction consortiums that are not structured as a separate legal entity. They are directly integrated on a line-by-line basis in the figures of the DEME subsidiary that is participating in the consortium.

CHANGES IN THE CONSOLIDATION SCOPE IN THE REPORTING PERIOD

The following subsidiaries, jointly controlled entities and associates were **liquidated** during 2021:

Subsidiaries:
- DEME Concessions Infrastructure NV (100%);
- DEME Shipping Company LTD (100%);
- Dredging International Services Middle East DMCEST (100%);
- Mascarenes Dredging & Management LTD (100%);
- Middle East Marine Contracting LTD (100%).

The following subsidiaries, jointly controlled entities and associates were **merged** with another entity of the DEME Group during 2021:

Subsidiaries:
- Agroviro NV;
- Dredging International Luxembourg SA;
- Purazur NV;
- Société de Dragage Luxembourg SA.

The following subsidiaries, jointly controlled entities and associates were **newly created** during 2021:

Subsidiaries:
- Hyport Oostende Holdco NV (70%);
- Thistle Wind Partners LTD (100%).

Jointly controlled entities:
- CDWE Green Jade Shipowner LTD (49.99%);
- Japan Offshore Marine LTD (49%);
- Wérisol SA (37.45%);

Associates:
- Asyad Terminals DUQM LLC (14.70%);
- Duqm Logistic Lands and Investment Company LLC (26%);
- Hyport Coordination Company LLC (50%);
- Hyve BV (16.67%);
- Nou Vela SA (46.60%);
- Port La Nouvelle SEMOP (23.77%);
- Rhama Port Hub SRL(28%);
- Zeeboerderij Westdiep BV (20%).

The **percentage** of shareholding in or the **consolidation method** of the following subsidiaries, jointly controlled entities and associates **changed** in the course of 2021:
- DIAP Thailand Co Ltd (from fully consolidation to equity method consolidation; from 98% to 48.90%);
- G-tec Offshore SA / G-tec SAS / G-tec NV / G-tec BV (from 72,5% to 100%); As a consequence of the above, Hydrogeo SARL changed from 43,50% to 60% and from consolidation according to the equity method towards fully consolidation;
- Highwind NV (from 99.1 % to 100 %);
- PT Dredging International Indonesia (from 60% to 95%).

The **name** of the following subsidiaries, jointly controlled entities and associates **changed** in the course of 2021:
- DEME Environmental NV (prior DEME Environmental Contractors NV) ;
- DEME Luxembourg SA (prior Safindi SA) ;
- Spartacus Shipping SA (prior Maritime Services & Solutions SA).

CHANGES IN THE CONSOLIDATION SCOPE IN THE PREVIOUS REPORTING PERIOD

The following main subsidiaries, jointly controlled entities and associates were **liquidated** during 2020:

Subsidiaries:

- DEME Environmental Contractors UK Ltd (74.90%).

The following main subsidiaries, jointly controlled entities and associates were **merged** with another entity of the DEME Group during 2020:

Subsidiaries:

- CBD SAS;
- Innovation Holding BV;
- Innovation Shipping BV;
- Paes Maritiem BV.

The following main subsidiaries, jointly controlled entities and associates were **newly created** during 2020:

Subsidiaries:

- Deeptech NV (100%);
- Delta River Shipping SA (100%);
- Dredging International Argentina SA (100%);
- Dredging International Bahrain WLL (95%);
- Meuse River Shipping SA (100%).

Jointly controlled entities:

- Blue Site SA (37.45%);
- Combined Marine Terminal Operations Marafi LLC (37.68%).

Associates:

- Feluy M2M SA (19.47%).

The following main subsidiaries, jointly controlled entities and associates were **acquired** during 2020:

Subsidiaries:

- Seatec Holding BV and affiliate (100%);
- SPT Offshore Holding BV and affiliates (100%).

The **percentage** of shareholding in the following main subsidiaries, jointly controlled entities and associates **changed** in the course of 2020:

- CBD SAS NV (from 50% to 100%);
- Duqm Industrial Land Company LLC (from 34.9% to 27.55%);
- High Wind NV (from 50.4% to 99.1%);
- International Seaport Dredging Pvt Ltd (from 89.61% to 93.64%);
- Terranova NV (from 43.73% to 24.96%).

The 12.5% participation in Merkur Offshore Gmbh was **sold** in 2020.

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

LIST OF THE GROUP'S SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Within the DEME Group there are no significant restrictions to transfer funds in the form of cash and dividends. All subsidiaries, joint ventures and associates have the same year-end closing date as of December 31, except for those in India where the year-end closing date is March 31.

Where the year-end closing date differs from the December 31 closing date, the figures included in the consolidation are those for the period ended December 31 calendar date.

SUBSIDIARIES (FULLY CONSOLIDATED)

As of December 31, 2021

Name	Place	Country	% of Share-holding	Main Segment
Dredging International NV	Zwijndrecht	Belgium	100%	Dredging & Infra
Logimarine NV	Berchem	Belgium	100%	Dredging & Infra
Cathie Associates Holding CVBA	Diegem	Belgium	100%	Offshore Energy
Baggerwerken Decloedt en Zoon NV	Ostend	Belgium	100%	Dredging & Infra
Deeptech NV	Ostend	Belgium	100%	Concessions
Global Sea Mineral Resources NV	Ostend	Belgium	100%	Concessions
G-TEC SA	Vottem	Belgium	100% **	Offshore Energy
G-TEC Offshore SA	Vottem	Belgium	100% **	Offshore Energy
DEME Building Materials NV	Zwijndrecht	Belgium	100%	Dredging & Infra
DEME Concessions NV	Zwijndrecht	Belgium	100%	Concessions
DEME Concessions Wind NV	Zwijndrecht	Belgium	100%	Concessions
DEME Coordination Center NV	Zwijndrecht	Belgium	100%	Concessions
DEME Infrasea Solutions NV	Zwijndrecht	Belgium	100%	Dredging & Infra
DEME Infra Marine Contractors NV	Zwijndrecht	Belgium	100%	Dredging & Infra
DEME Offshore BE NV	Zwijndrecht	Belgium	100%	Offshore Energy
DEME Offshore Holding NV	Zwijndrecht	Belgium	100%	Offshore Energy
Geowind NV	Zwijndrecht	Belgium	100%	Offshore Energy
High Wind NV	Zwijndrecht	Belgium	100%	Offshore Energy
Ecoterres SA	Farciennes	Belgium	74.90%	Environmental
Ekosto NV	Sint-Gillis-Waas	Belgium	74.90%	Environmental
DEME Environmental NV	Zwijndrecht	Belgium	74.90% ***	Environmental
Hyport Oostende Holdco NV	Zwijndrecht	Belgium	70% *	Concessions
DEME Blue Energy NV	Zwijndrecht	Belgium	69.99%	Concessions
Filterres SA	Farciennes	Belgium	56.10%	Environmental
Combined Marine Terminal Operations Worldwide NV	Zwijndrecht	Belgium	54.37%	Dredging & Infra
Grond Recyclage Centrum NV	Zwijndrecht	Belgium	52.43%	Environmental
GRC Zolder NV	Zwijndrecht	Belgium	36.70%	Environmental
Soyo Dragagem Lda	Luanda	Angola	100%	Dredging & Infra
Dragagem Angola Serviços Lda	Luanda	Angola	100%	Dredging & Infra
Dredging International Argentina SA	Buenos Aires	Argentina	100%	Dredging & Infra
Dredging International Australia Pty Ltd	Brisbane	Australia	100%	Dredging & Infra
GeoSea Australia Pty Ltd	Brisbane	Australia	100%	Offshore Energy
Dredging International Bahrain WLL	Manama	Bahrain	95%	Dredging & Infra
Dragabras Serviços de Dragagem Ltda	Rio de Janeiro	Brazil	100%	Dredging & Infra
DEC do Brasil Engenharia Ambiental Ltda	Rio de Janeiro	Brazil	74.9%	Environmental
DEME Offshore CA Ltd	Halifax	Canada	100%	Offshore Energy
Dredging International Management Consulting Shanghai Ltd	Shanghai	China	100%	Dredging & Infra
Far East Dredging Ltd	Hong Kong	China	100%	Dredging & Infra
Bellsea Ltd	Nicosia	Cyprus	100%	Dredging & Infra
DEME Cyprus Ltd	Nicosia	Cyprus	100%	Dredging & Infra
DEME Offshore CY Ltd	Nicosia	Cyprus	100%	Offshore Energy
Dredging International Cyprus Ltd	Nicosia	Cyprus	100%	Dredging & Infra
Dredging International Services Cyprus Ltd	Nicosia	Cyprus	100%	Dredging & Infra
Novadeal Ltd	Nicosia	Cyprus	100%	Dredging & Infra
T.C.M.C. The Channel Management Company Ltd	Nicosia	Cyprus	100%	Dredging & Infra

* Newly created or acquired during 2021
** Change in % of shareholding
*** Change in name

Name	Place	Country	% of Share-holding	Main Segment
DEME Offshore DK SAS	Fredericia	Denmark	100%	Offshore Energy
DEME Offshore FR SAS	Lambersart	France	100%	Offshore Energy
G-TEC SAS	Lambersart	France	100% **	Offshore Energy
Société de Dragage International SA	Lambersart	France	100%	Dredging & Infra
DEME Offshore DE GmbH	Bremen	Germany	100%	Offshore Energy
Nordsee Nassbagger- und Tiefbau GmbH	Bremen	Germany	100%	Dredging & Infra
Oam-Deme Mineraliën GmbH	Grosshansdorf	Germany	70%	Dredging & Infra
DEME Building Materials Ltd	Weybridge	Great Britain	100%	Dredging & Infra
NewWaves Solutions Ltd	Weybridge	Great Britain	100%	Dredging & Infra / Offshore Energy
SPT Offshore UK Ltd	Manchester	Great Britain	100%	Offshore Energy
Thistle Wind Partners Ltd	Weybridge	Great Britain	100% *	Concessions
Dredging International India Pvt Ltd	New Delhi	India	99.97%	Dredging & Infra
International Seaport Dredging Pvt Ltd	Chennai	India	93.64%	Dredging & Infra
PT Dredging International Indonesia	Jakarta	Indonesia	95% **	Dredging & Infra
Sidra Spa	Rome	Italy	100%	Dredging & Infra
Apollo Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra
Bonny River Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra
CRiver Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra
Delta River Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra
DEME Luxembourg SA	Luxembourg	Luxembourg	100% ***	Dredging & Infra / Offshore Energy
DEME Offshore LU SA	Luxembourg	Luxembourg	100%	Offshore Energy
DEME Offshore LU Procurement & Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra / Offshore Energy
Meuse River Shipping SA	Luxembourg	Luxembourg	100%	Dredging & Infra
Safindi RE SA	Luxembourg	Luxembourg	100%	Dredging & Infra
Spartacus Shipping SA	Luxembourg	Luxembourg	100% ***	Dredging & Infra
SPT Offshore Sdn Bhd	Kuala Lumpur	Malaysia	100%	Offshore Energy
Dredging International Malaysia Sdn Bhd	Kuala Lumpur	Malaysia	30% (1)	Dredging & Infra
Hydrogeo SARL	Hey El-Fat Rabat	Marocco	60% **	Offshore Energy
Dredging International Mexico SA de CV	Mexico D.F.	Mexico	100%	Dredging & Infra
Logimarine SA de CV	Mexico D.F.	Mexico	100%	Dredging & Infra
Dragamoz Lda	Maputo	Mozambique	100%	Dredging & Infra
Earth Moving International Nigeria Ltd	Port Harcourt	Nigeria	100%	Dredging & Infra
Novadeal EKO FZE	Lagos	Nigeria	100%	Dredging & Infra
Dredging and Environmental Services Nigeria Ltd	Lagos	Nigeria	39%(1)	Dredging & Infra
Dredging International Services (Nigeria) Ltd	Lagos	Nigeria	39%(1)	Dredging & Infra
Combined Marine Terminal Operators Nigeria Ltd	Lagos	Nigeria	21.25%(2)	Dredging & Infra
Dredging International de Panama SA	Panama	Panama	100%	Dredging & Infra
Corporacion Arenera Marina SA	Panama	Panama	100%	Dredging & Infra
Dredeco PNG Ltd	Port Moresby	Papua New Guinea	100%	Dredging & Infra
Berin Engenharia Dragagens e Ambiente SA	Lisbon	Portugal	100%	Dredging & Infra
Middle East Dredging Company QSC	Doha	Qatar	49%(3)	Dredging & Infra
Dragmorstroy LLC	St. Petersburg	Russia	100%	Dredging & Infra
Dredging International Saudi Arabia Co Ltd	Al-Khobar	Saudi Arabia	100%	Dredging & Infra
Dredging International Asia Pacific Pte Ltd	Singapore	Singapore	100%	Dredging & Infra
Dredging International South Africa Pty Ltd	Durban	South-Africa	100%	Dredging & Infra
Dredging International España SA	Alicante	Spain	100%	Dredging & Infra
Naviera Living Stone SLU	Alicante	Spain	100%	Offshore Energy
Deme Concessions Netherlands BV	Breda	The Netherlands	100%	Concessions
Deme Concessions Merkur BV	Breda	The Netherlands	100%	Concessions
DEME Offshore NL BV	Breda	The Netherlands	100%	Offshore Energy
DEME Offshore Shipping BV	Breda	The Netherlands	100%	Offshore Energy

* Newly created or acquired during 2021
** Change in % of shareholding
*** Change in name

(1) The economic rights in this company are 100%
(2) The economic rights in this company are 54.375%
(3) The economic rights in this company are 95%

Name	Place	Country	% of Share-holding	Main Segment
Dredging International Netherlands BV	Breda	The Netherlands	100%	Dredging & Infra
G-TEC BV	Delft	The Netherlands	100% **	Offshore Energy
DEME Infra Marine Contractors BV	Dordrecht	The Netherlands	100%	Dredging & Infra
DEME Building Materials BV	Ritthem	The Netherlands	100%	Dredging & Infra
Seatec Holding BV	Colijnsplaat	The Netherlands	100%	Offshore Energy
SPT Equipment BV	Woerden	The Netherlands	100%	Offshore Energy
SPT Offshore Holding BV	Woerden	The Netherlands	100%	Offshore Energy
SPT Offshore BV	Woerden	The Netherlands	100%	Offshore Energy
Seatec Subsea Systems BV	Colijnsplaat	The Netherlands	100%	Offshore Energy
De Vries & van de Wiel Beheer BV	Amsterdam	The Netherlands	74.90%	Environmental
De Vries & van de Wiel Kust- en Oeverwerken BV	Amsterdam	The Netherlands	74.90%	Environmental
Aannemingsmaatschappij De Vries & van de Wiel BV	Amsterdam	The Netherlands	74.90%	Environmental
Zandexploitatiemaatschappij De Vries & van de Wiel BV	Amsterdam	The Netherlands	74.90%	Environmental
Milieutechniek De Vries & van de Wiel BV	Amsterdam	The Netherlands	74.90%	Environmental
Dredging International Ukraine LLC	Odessa	Ukraine	100%	Dredging & Infra
Dredging International RAK FZ LLC	Ras Al Khaimah	United Arab Emirates	100%	Dredging & Infra
DEME Offshore US INC	East Boston	USA	100%	Offshore Energy
DEME Offshore US LLC	East Boston	USA	100%	Offshore Energy
Marine Construction & Solutions Holding LLC	Katy - Texas	USA	100%	Dredging & Infra
Marine Construction & Solutions LLC	Katy - Texas	USA	100%	Dredging & Infra
Servicios Maritimos Servimar SA	Caracas	Venezuela	100%	Dredging & Infra

JOINT VENTURES (EQUITY METHOD IN FINANCIAL STATEMENTS BUT PROPORTIONATE METHOD IN SEGMENT REPORTING)

As of December 31, 2021

Name	Place	Country	% of Share-holding	Main Segment
Scaldis Salvage & Marine Contractors NV	Antwerp	Belgium	54.37%	Offshore Energy
Transterra NV	Stabroek	Belgium	50%	Dredging & Infra
Sédisol SA	Farciennes	Belgium	37.45%	Environmental
Blue Site SA	Farciennes	Belgium	37.45%	Environmental
Wérisol SA	Liege	Belgium	37.45% *	Environmental
Silvamo NV	Roeselare	Belgium	37.45%	Environmental
Top Wallonie NV	Mouscron	Belgium	37.45%	Environmental
MSB Minerações Sustentáveis do Brasil SA	Sao Paulo	Brazil	51%	Dredging & Infra
DEME Brazil Serviços de Dragagem Ltda	Rio de Janeiro	Brazil	50%	Dredging & Infra
Guangzhou Coscocs DEME New Energy Engineering Co. Ltd	Guangzhou	China	50%	Offshore Energy
Earth Moving Worldwide Cyprus Ltd	Nicosia	Cyprus	50%	Dredging & Infra
Japan Offshore Marine Ltd	Bunkyo-ky Tokyo	Japan	49% *	Offshore Energy
BNS JV Ltd	Camberley	Great Britain	50%	Dredging & Infra
Normalux Maritime SA	Luxembourg	Luxembourg	37.50%	Offshore Energy
Combined Marine Terminal Operations Marafi LLC	Duqm	Oman	37.68%	Dredging & Infra
Gulf Earth Moving Qatar WLL	Doha	Qatar	50%	Dredging & Infra
Mordraga LLC	St. Petersburg	Russia	40%	Dredging & Infra
Dragafi Asia Pacific Pte Ltd	Singapore	Singapore	40%	Dredging & Infra
DIAP Thailand Co Ltd	Bangkok	Thailand	48.9% **	Dredging & Infra
CSBC Deme Wind Engineering Co Ltd (CDWE)	Taipei	Taiwan	49.99%	Offshore Energy
CDWE Green Jade Shipowner Ltd	Taipei	Taiwan	49.99% *	Offshore Energy
DBM-Bontrup BV	Amsterdam	The Netherlands	50%	Dredging & Infra
K3 DEME BV	Amsterdam	The Netherlands	50%	Dredging & Infra
Deeprock Beheer BV	Breda	The Netherlands	50%	Offshore Energy
Deeprock CV	Breda	The Netherlands	50%	Offshore Energy
Overseas Contracting & Chartering Services BV	Papendrecht	The Netherlands	50%	Offshore Energy
Earth Moving Middle East Contracting DMCEST	Dubai	United Arab Emirates	50%	Dredging & Infra

* Newly created or acquired during 2021 ** Change in % of shareholding

ASSOCIATES (EQUITY METHOD)

As of December 31, 2021

Name	Place	Country	% of Share-holding	Main Segment
Consortium Antwerp Port (Oman) NV	Zwijndrecht	Belgium	60%	Concessions
Power@Sea NV	Zwijndrecht	Belgium	51.10%	Concessions
Consortium Antwerp Port Industrial Port Land NV	Zwijndrecht	Belgium	50%	Concessions
Blue Open NV	Zwijndrecht	Belgium	49.94%	Environmental
Bluepower NV	Zwijndrecht	Belgium	35%	Concessions
Bluechem Building NV	Ghent	Belgium	25.47%	Environmental
Blue Gate Antwerp Development NV	Zwijndrecht	Belgium	25.46%	Environmental
Terranova NV	Zwijndrecht	Belgium	24.96%	Environmental
Zeeboerderij Westdiep BV	Halle	Belgium	20% *	Concessions
Feluy M2M SA	Farciennes	Belgium	19.47%	Environmental
Otary BIS NV	Ostend	Belgium	18.89%	Concessions
Otary RS NV	Ostend	Belgium	18.89%	Concessions
Rentel NV	Ostend	Belgium	18.89%	Concessions
Hyve BV	Leuven	Belgium	16.67% *	Concessions
Terranova Solar NV	Stabroek	Belgium	16.85%	Environmental
North Sea Wave NV	Ostend	Belgium	13.22%	Concessions
SeaMade NV	Ostend	Belgium	13.22%	Concessions
La Vélorie SA	Tournai	Belgium	12.48%	Environmental
C-Power Holdco NV	Zwijndrecht	Belgium	10%	Concessions
C-Power NV	Ostend	Belgium	6.46%	Concessions
Nou Vela SA	Port-La Nouvelle	France	46.60% *	Concessions
Port La Nouvelle SEMOP	Port-La Nouvelle	France	23.77% *	Concessions
West Islay Tidal Energy Park Ltd	Glasgow	Great Britain	35%	Concessions
Rhama Port Hub SRL	Ravenna	Italy	28% *	Dredging & Infra
Hyport Coordination Company LLC	Al-Duqm	Oman	50% *	Concessions
Port of Duqm Company SAOC	Al-Duqm	Oman	30%	Concessions
Duqm Industrial Land Company LLC	Al-Duqm	Oman	27.55%	Concessions
Duqm Logistic Lands and Investment Company LLC	Al-Duqm	Oman	26% *	Concessions
Asyad Terminals DUQM LLC	Al-Duqm	Oman	14.70% *	Concessions
DIAP-Daelim Joint Venture Pte Ltd	Singapore	Singapore	51%	Dredging & Infra
DIAP-SHAP Joint Venture Pte Ltd	Singapore	Singapore	51%	Dredging & Infra
Baak Blankenburg-Verbinding BV	Nieuwegein	The Netherlands	15%	Concessions

* Newly created or acquired during 2021

BUSINESS COMBINATIONS POLICY

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the income statement as OPEX expenses as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, with the exception of:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *income taxes* and IAS 19 *employee benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *share-based payment* at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *non-current assets held for sale and discontinued operations* are measured in accordance with that standard.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Non-controlling interests that represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 *provisions, contingent liabilities and contingent assets,* as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

As current IFRSs do not specify recognition and measurement principles in respect of business combinations between entities under common control (these are excluded from the scope of IFRS 3 *business combinations*), the Group applies predecessor accounting. This means that the assets and liabilities of the acquiree are initially recognised at their carrying amount without fair value adjustments.The difference between the acquisition/selling price and the carrying amount of the net assets acquired/disposed of is accounted for in equity as a compensation to the shareholder.

BUSINESS COMBINATIONS IN THE COURSE OF 2021 AND 2020

Business combinations and disposals in the course of 2021

There were no business combinations in the current year.

Further in 2020, DEME Concessions Merkur BV disposed of its 12.5% stake in the Merkur offshore wind farm (Merkur Offshore Gmbh), one of the largest operational wind farms (396 MW) in Germany. This transaction resulted in the receipts of 89.8 million EUR in cash for DEME and a capital gain of 63.9 million EUR. In 2021, an additional capital gain of 12.2 million EUR was recognised related to this disposal as the result of a favourable and final settlement of a contingent consideration previously accounted for.

In follow up of the acquisition of SPT Offshore Holding BV in 2020, the estimated earn-out obligation remains unchanged. As a result, no changes have been made to the purchase price allocation of 2020.

Business combinations and disposals in the course of 2020

On October 30, 2020, DEME Offshore Holding NV acquired 100% of the shares of the company SPT Offshore Holding BV to obtain its technology. This company holds 100% of the shares of the following companies: SPT Equipment BV, SPT Offshore BV, SPT Offshore UK Ltd, SPT Offshore SDN Bhd, Seatec Holding BV and its affiliate Seatec Subsea Systems BV.

All these companies are fully consolidated. The evaluation of all the identifiable assets and liabilities obtained by this acquisition took place on June 30, 2020. The market value of the identified assets and liabilities is shown below.

SPT OFFSHORE (in thousands of EUR)	
Intangible assets	19,252
Property, plant and equipment	5,361
Trade and other operating receivables	3,968
Cash and cash equivalents	1,878
Employee benefit obligations	-
Current and non-current interest-bearing debt	-1,038
Other non-current assets and liabilities	-3,415
Trade and other operating payables	-3,870
TOTAL NET ASSETS ACQUIRED	**22,136**
ACQUISITION PRICE	**22,136**
ACQUISITION PRICE, NET OF CASH	**20,258**

The following methods were used to determine the market value of the identifiable assets and liabilities acquired:

- intangible assets: the market value was estimated by DEME on a best effort basis;
- other assets and liabilities: the market value is based on the value at which those assets or liabilities can be transferred to third parties.

The purchase price consists of an amount of 18.2 million EUR, paid on the closing date of the transaction, and of an earn-out obligation that was estimated at 3.9 million EUR, which is the maximum amount under the contract. As it concerns an asset deal and no business combination, there are no goodwill flows. There is no residual goodwill.

In 2020, DEME Concessions Merkur BV disposed of its 12.5% stake in the Merkur offshore wind farm (Merkur Offshore Gmbh), one of the largest operational wind farms (396 MW) in Germany. This transaction earned DEME 89.8 million EUR in cash and a capital gain of 63.9 million EUR.

FOREIGN CURRENCIES

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Financial statements of foreign entities with a functional currency not equal to the euro, are translated as follows:

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

In case of a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In note (10) a table with currency rates from foreign currency to EUR can be found as per December 31, 2021 and 2020.

INTANGIBLE ASSETS

Acquired concessions, patents, licences and similar rights

These intangibles that are separately acquired and that have a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. These intangibles mainly relate to the acquired technology of the SPT Offshore business that is amortised over the economic lifetime of 10 years.

Research and development

Expenditure on research activities is recognised in the income statement as an OPEX expense as incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

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

Subsequent to measurement recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Impairment testing is done during the development at each closing period.

Exploration for and evaluation of mineral resources

DEME expenses costs incurred for the exploration and evaluation of mineral resources on the seabed since the recognition criteria are not met.

GOODWILL

Goodwill arising from a business combination is recognised as an asset on the date on which control was obtained (the acquisition date). Goodwill is measured at cost being the excess of the consideration transferred, the non-controlling interests in the acquired company and the fair value of the stake already owned by the Group in the acquired company (if any) over the net amount of identifiable assets acquired and liabilities assumed on the acquisition date.

Non-controlling interests are initially measured either at fair value, or at the non-controlling interests' share of the acquiree's recognised identifiable net assets. The basis of measurement is selected on a transaction-by-transaction basis.

If, after reassessment, the net balance, at the acquisition date, of identifiable assets acquired and liabilities assumed is higher than the sum of the consideration transferred, non-controlling interests in the acquiree and the fair value of the stake in the acquiree previously owned by the Group (if any), the surplus is recognised immediately in the income statement as a gain from a bargain purchase.

Goodwill is not amortised but is subject to impairment tests taking place annually or more frequently if there is an indication that the cash-generating unit to which it is allocated could have suffered a loss of value.

Goodwill is stated on the balance sheet at cost less accumulated impairment losses, if any. Impairment of goodwill is not reversed in future periods.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Historical cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location, as well as for its intended use. Historical cost includes the original purchase price, borrowing costs incurred during the construction period, and related direct costs. Main dredging and offshore equipment consists of components with different useful lives that are accounted for as separate items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The wear and tear of dredging equipment is highly dependent on project-specific combinations of soil conditions, material to be processed, maritime circumstances, and the intensity of the deployment of the equipment (factors that are difficult to predict). Due to these erratic and time-independent patterns, the maintenance and repair expenses for upkeep of the assets during the operation of the vessel are predominantly charged to the profit and loss account.

Dry-docking costs of main production equipment (major repair costs) are recognised in the carrying amount of the vessel when incurred and depreciated over the period until the next dry-docking.

Depreciation is charged to the income statement on a straight-line basis over the useful lives taking into account an estimated residual value.

Land is not depreciated as it is deemed to have an infinite life, except for landfills used for sand production that are depreciated according to the tonnes extracted. Buildings are depreciated over 25 years. The depreciation periods of the floating and other construction materials range from 3 years (such as for pipelines) to 21 years. The principal component of trailing suction hopper dredgers and cutter suction dredgers is depreciated over a period of 18 years. For new hopper dredgers, cutter suction dredgers, cable lay vessels and DP3 offshore crane vessels in production since 2019, the principal component is depreciated over a period of 20 years and a second component is amortised over a period of 10 years. For major jack-up vessels this depreciation rule was already applicable. The principal component mainly includes the hull and machinery and the second component relates to parts of a vessel for which the lifespan is shorter than the economic life cycle of the vessel. Furniture and other fixed assets are depreciated over a period between 3 and 10 years.

Property, plant and equipment under construction are included based on the instalments paid and the capitalised interests during the construction period.

For all equipment with a residual value, this amount has been estimated as 1% of the investment value from 2019 onwards. DEME will apply this 1% residual value for older vessels as an extra year of depreciation beyond the useful life of the vessel. The impact of this change in accounting rule is 2 million EUR.

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

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

THE GROUP AS LESSEE, RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (less than one year) and leases of low-value assets.

Right-of-use assets and lease liabilities

Assets, representing the right to use the underlying leased asset, are capitalised as right-of-use assets at cost, comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The corresponding lease liabilities, representing the net present value of the lease payments to be made over the lease term, are recognised as long-term or current liabilities depending on the period in which they are due. The lease payments are discounted using the lessee's incremental borrowing rate. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease liabilities are included in interest-bearing debt. Lease interest is charged to the income statement as an interest expense. Leased assets are depreciated, using straight-line depreciation over the shorter of the lease term and the estimated useful life of the assets, including the period of renewable options, in case it is reasonably certain that the option will be exercised. When there is reasonable certainty that ownership will be obtained by the end of the lease term, the depreciation policy for the leased asset is consistent with that for depreciable assets which are owned. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, the asset is depreciated over the shorter of the lease term and its expected useful life. The right-of-use assets are also subject to impairment.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

The weighted average cost method is used to calculate the cost for raw materials, whereas the cost of consumables is determined using the FIFO method.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale.

When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write down or loss occurs.The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

No inventories are pledged as security for liabilities.

CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets concern the gross amount yet to be charged which is expected to be received from customers for contractual work performed up to the reporting date (hereinafter: “work in progress”) and services rendered. Work in progress is valued as the sum of the cost price of the work performed, plus a part of the expected results upon completion of the project in proportion to the progress made and less progress billings, and less potential provisions for losses. Provisions are recognised for expected losses on work in progress as soon as they are anticipated and if applicable, any profits already recognised are reversed. They are presented as contract liabilities. Revenues for additional work and claims are included in the overall contract revenues if the client has formally accepted the sum involved. The cost price includes project costs, consisting of payroll costs, materials, costs of subcontracted work, rental charges and maintenance costs of the equipment used and other project costs. The vessel rates used are based on the expected average vessel occupation in the long run. The progress of a project is measured as the ratio of basis of the cost of the work performed in relation to the total expected cost price of the project as a whole. Profits are not recognised unless a reliable estimate of the end of project result can be made. DEME considers that no such reliable estimate can be made as long as the percentage of completion remains below 10% of the total expected cost price of the project or if the installation vessels for offshore wind farm foundation projects has not yet been mobilised. The balance of the value of work in progress is determined per project. For projects where the progress billings and advance payments exceed the value of work in progress, the balance is recognised under contract liabilities instead of under contract assets. Advances are amounts received by the Group before the related work is performed. The Group presents those separately from other contract liabilities.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated initially at fair value and subsequently at amortised cost less accumulated impairment losses. For the impact of IFRS 9 and the application of the expected credit loss model, we refer to note (10) of this report where we elaborate on the credit and counterparty risk. Amortised cost is determined using the effective interest rate.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets and disposal groups as **held for sale** if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of income. All notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and on bank accounts and short-term investments with an initial term of less than three months. Cash, cash equivalents and short-term deposits are carried in the balance sheet at nominal value.

IMPAIRMENT TANGIBLE AND INTANGIBLE ASSETS INCLUDING GOODWILL

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets and intangible assets to determine whether there is any indication of impairment. If such indication exists or when it is required, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, and for goodwill, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss.

When there is an indication that prior recognition impairment losses no longer exist, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss. An impairment loss on goodwill is never reversed.

PROVISIONS

Provisions are recognised in the balance sheet when the Group has a presented obligation (legal or constructive) resulting from a past event, when it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

The unwinding of discount on provisions is recognised as a financial expense.

Warranty provisions

Provision for warranties are recognised based on the best estimate of the expected cash outflows or cost of repair to settle contractually agreed warranties during the defect notification period for completed projects. The carrying amount of these provisions is estimated based on common industry practice and the Group’s experience with warranty claims for relevant projects. Initial recognition of these assurance-type warranties is based on historical experience and the estimate of warranty-related costs is revised annually.

Restructuring provisions

Restructuring provisions will be recognised (but does currently not apply) when the Group has a constructive obligation, meaning when there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs and the timeline. The Group must also notify all the employees affected about this plan's main features.

Other provisions

Other provisions, more specifically in the Environmental segment, relate to the legal provision for the capping of the landfill when the dumping areas are full or to the provision for end of contract reinstatement of a site. Other provisions, which are explained in note (22), can also be a provision for a legal proceeding.

EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plans without interest guarantee by the employer

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

Belgian defined contribution plans with interest guarantee by the employer

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Consequently, these 'defined contribution' plans classify as 'defined benefit' plans.

Defined benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected as a separate reserve in equity and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income;
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are recognised initially at fair value adjusted for the attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between the proceeds (adjusted for transaction costs) and redemption value being recognised in the income statement over the period of the loan or borrowings on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortised cost.

INCOME TAXES

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

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

Current income taxes include expected tax charges based on the accounting profit for the current year and adjustments to tax charges of prior years. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred taxes are calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment, provisions for defined benefit plans, fair value measurement of derivatives and tax losses carried forward.

Deferred taxes are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realised or settled, based on tax rates enacted or substantively enacted by the balance sheet date. A deferred tax asset shall be recognised for the carryforward of the unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax assets arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax assets are also recognised for all deductible differences arising from investments in subsidiaries, joint ventures and associates to the extent that, it is probable that the temporary difference will reverse in the foreseeable future and the taxable profit will be available against which the temporary difference can be utilised. At each balance sheet date the Group reassess if all the above criteria are met.

IFRIC 23, which became effective as from January 1, 2019 onwards, clarifies how to apply the recognition and measurement requirements in IAS 12 *income taxes* when an uncertainty over current and deferred income tax treatments exists. The acceptability of a particular tax treatment under tax law may not be known until the relevant taxation authority or a court takes a decision in the future. In assessing whether and how an uncertain tax treatment affects the determination of taxable results, the Group assumes that a taxation authority will examine amounts it has a right to examine and has full knowledge of all related information when making those examinations. If the Group concludes it is probable that the taxation authority will accept an uncertain tax treatment, it determines the taxable result consistently with the tax treatment used or planned to be used in its income tax filings. If the Group concludes that it is not probable that a taxation authority will accept an uncertain tax treatment, it reflects the effect of uncertainty in determining its accounting tax position. If the possible outcomes are binary or concentrated to one value, the uncertain tax position is measured using the most likely amount. In case there exists a range of possible outcomes that are neither binary nor concentrated on one value, the sum of the weighted amounts in a range of possible outcomes might best predict the resolution of the uncertainty.

INVESTMENT TAX CREDITS

Investment tax credits are excluded from the scope of IAS 12 *income taxes* and IAS 20 *accounting for government grants and disclosure of government assistance*. In accordance with IAS 8 *accounting policies, changes in accounting estimates and errors*, the Group defined an accounting policy in respect of investment tax credits by making an analogy to IAS 12 *income taxes*. By making this analogy and when the entity satisfies the criteria to receive the credit, this will be recognised in profit and loss (deferred taxes), and the related assets in the statement of financial position (deferred tax asset).

RISKS FROM FINANCIAL INSTRUMENTS

The Group's financial instruments are cash and cash equivalents, trade and other receivables, interest-bearing loans, trade and other payables and derivatives. Derivatives are used exclusively as hedging instruments and not for trading or other speculative purposes.

The Group is exposed to the following risks from financial instruments which will be further elaborated in note (10) of this Financial Report:

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The company uses derivative financial instruments primarily to reduce exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks. As already mentioned above, the Group's policy prohibits the use of derivatives for speculation. The company does not hold or issue derivative financial instruments for trading purposes. However, derivatives which do not qualify as hedging instruments as defined by IFRS 9 are presented as instruments held for trading. Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Recognition of any resulting unrealised gain or loss depends on the nature of the derivative and the effectiveness of the hedge. The fair value of interest-rate swaps is the estimated amount that the company would receive or pay when exercising the swaps at the closing date, taking into account current interest rates and the solvency of the swap counterparty. The fair value of a forward-exchange contract is the quoted value at the closing date, and therefore the present value of the quoted forward price.

Hedge accounting is applicable if all criteria in the IFRS 9 standard are fulfilled:

- there is formal designation and documentation for the hedging relationship at the inception of this relationship;
- the economic relationship between the hedged item and the hedging;
- instrument and the potential sources of ineffectiveness must be documented;
- the retrospective ineffectiveness must be assessed at each closing.

Variations of fair value between periods are recognised differently according to the accounting classification.

Cash flow hedges

When a derivative financial instrument hedges variations in cash flows relating to a recognised liability, a firm commitment or an expected transaction, the effective part of any gain or loss resulting from the derivative financial instrument is recognised directly in other elements of the comprehensive income and is presented in a separate reserve in equity. When the firm commitment or the expected transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from the comprehensive income and is reported under a separate reserve in the equity. Otherwise, the cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss on the financial instrument is taken in result. Gains or losses resulting from the time value of financial derivative instruments are recognised in the income statement. When a hedging instrument or hedge relationship expires but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss (at that point) remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is expected not to occur, the cumulative unrealised gain or loss recognised in equity is immediately taken to income.

Fair value hedges

When a derivative financial instrument hedges variations in the fair value of a recognised receivable or payable, any gain or loss resulting from the remeasurement of the hedging instrument is recognised in the income statement. The hedged item is also stated at the fair value attributable to the risk hedged, with any gain or loss being recognised in the income statement. The fair value of hedged items, in respect of the risk hedged, is their carrying amount at the balance sheet date translated into euros at the exchange rate on that date.

Instruments related to construction contracts

If a derivative financial instrument hedges variations in cash flows relating to a recognised liability, a firm commitment or an expected transaction in the framework of a construction contract (mainly forward purchases of raw materials, or foreign exchange purchases or sales), a documentation of the cash flow hedge relationship as described above will not be prepared. Any gain or loss resulting from the derivative financial instrument is recognised in the income statement. These instruments are, however, submitted to a test of efficiency based on the same methodology as utilised for hedge accounting. The effective part of any gain or loss on the financial instrument is considered as construction cost and is presented as an operational result based upon the percentage of completion of the contract. The fair value variation itself however is not considered for determining the percentage of completion of the contract.

REVENUES

Turnover or revenue from contracts with customers

All segments, except for the DEME concessions segment, that's the Group's investment and development vehicle, are contributing to the Group's turnover.

Consolidated turnover comprises the total of the work and services realised by DEME and its subsidiaries pursuing their main activity.

DEME's activities encompass dredging, land reclamation, hydraulic engineering, construction and services for the offshore oil & gas and renewable energy industries, civil engineering and environmental works. These activities being construction or execution of a service are executed following a contract with the customer.

The consolidated revenue is recognised in accordance with IFRS 15. Most construction and service contracts with the customers involve only one performance obligation, which is fulfilled progressively over time. For a limited number of "EPCI" contracts in the renewable business (offshore wind farms), multiple performance obligations were identified. In those contracts the EPC and T&I part for the monopiles can be separated, as well as the cable laying part and the EPC and T&I part for the offshore substations (OSS). Those parts of the contract are capable of being distinct, and are distinct in the context of the contract, and accordingly are considered as separate performance obligations.

Where a contract includes several distinct performance obligations, the Group allocates the overall price of the contract to each performance obligation in accordance with IFRS 15. That price corresponds to the amount of the consideration to which it expects to be entitled. The most common variable considerations such as the steel price, fuel consumption or design price modifications shall only be included in the transaction price to the extent that it is highly probable that a significant reversal in the revenue recognised will not occur. When the price includes a variable component, such as a performance bonus or a claim, the Group only recognises that consideration from the moment that agreement is reached with the client.

There are no IFRS 15 service-type warranties.

The Group has concluded that revenue from construction and service contracts should be recognised over time. As such, the revenue recognition reflects the rate at which our performance obligations are fulfilled corresponding to the transfer of control of a good or service to our customers. When there is no transfer of control throughout the contract revenue is still recognised over time, based on the fact that the asset created has no alternative use, as well as the fact that an enforceable right to payment exists for performance completed to date.

Revenue from construction and service contracts is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. A correction is made for the cost of material (e.g. steel) that is purchased but not yet manufactured or utilised in the production process at the reporting date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of project costs incurred that will probably be recoverable. Project costs are recognised as expenses in the period in which they are incurred. Management concluded that costs to fulfil a contract that are not incurred in respect of the satisfaction of the performance obligation have no material impact on the recognition of revenues and margin of the project. As such, these costs are also recognised when incurred and are included computing the stage of completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When there are major constraints on transferring cash from the working country to the head office, the profit on a contract is only recognised on a cash basis.

Other operating income

Other operating income includes the gain on sale of intangible assets, the gain on sale of property, plant and equipment as well as the gain on sale of financial assets, next to other non recurring income.
The latter includes the insurance income received with respect to damages to our vessels and equipment, as well as liquidated damages received in the context of a construction contract of new equipment only if it compensates incremental charges incurred due to late delivery of the new equipment.

OPERATING EXPENSES

Raw materials, consumables, services and subcontracted work

This category in the consolidated statement of income is the OPEX of the Group. All operating expenses (also SG&A expenses incurred through our normal business operations) are included except for personnel expenses, depreciation, amortisation and impairment costs and other operating expenses that are disclosed in a separate note.

Research and development, advertising and promotional costs and IT systems development costs

Research, advertising and promotional costs are expensed in the year in which they are incurred. Development costs and IT systems development costs are expensed in the year in which they are incurred if they do not meet the criteria for capitalisation . These costs are included in the operating expenses (OPEX) of the Group.

Other operating expenses

Other operating expenses include the loss on sale of intangible assets and the loss on sale of property, plant and equipment. The non-cash movements in amounts written off inventories and trade receivables, in retirement benefit obligations and in provisions is also recorded as other operating expenses. Next to above, other costs such as various taxes, import and stamp duties are also included in other operating expenses.

FINANCIAL RESULT

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income also includes positive changes in the fair value of financial derivatives.

Dividend income (from non-consolidated participations) is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be reliably measured).

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

Other financial expenses mainly relate to costs incurred for project related bank guarantees.

GLOSSARY AND DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

- An **activity line** is the lowest level of internal operating segment to report on.
- **Associated companies** are those in which the Group has significant influence. The significant influence is the power to take part in the financial and operating policies of a company without having control or joint control over these policies.
- **BoP**: Balance of plant (BOP) is the term used to describe all the infrastructure and facilities of a wind turbine installation except for the turbine itself. It, therefore, encompasses all aspects of the project not covered in the turbine supply contract. This includes project management, ground condition surveys, crane pads / hard standings, foundations, substation and electricals as well.
- **Cutter Suction Dredger (CSD)**: meaning a stationary hydraulic dredger, held in place using spuds and anchors, which makes use of a cutter head to loosen the material to be dredged. It cuts and pumps the dredged materials into a pressured pipeline ashore or into barges. While dredging the cutter head describes arcs and is swung around the spud-pole powered by winches. It combines powerful cutting with suction dredging techniques. The cutter head can be replaced by several kinds of suction heads for special purposes, such as environmental dredging. This kind of dredger is mainly used where the sea -and riverbed is hard and/or compact. Large heavy-duty cutter dredgers are capable of dredging some types of rock, which have not been pre-treated. Most of the DEME Cutter Suction dredgers are self-propelled to allow easy movement from site to site.
- **Decommissioning**: dismantling (making it inoperative) or removal of an object.
- **EBIT** is the operating result or earnings before financial result and taxes and before our share in the result of joint ventures and associates.
- **EBITDA** is the sum of operating result (EBIT), depreciation, amortisation expenses and impairment of goodwill.
- **EPC project**: An Engineering, Procurement and Construction Project is a contract type that defines the contractor’s scope of work. A Contractor provides the works for the Engineering, Procurement and Construction and hand-over to the Owner for a start-up and operation.
- **EPCI project**: An Engineering, Procurement, Construction and Installation Project is one of the typical contract types of the Offshore Energy segment that covers Engineering, Procurement, Construction, and Installation scope of works to be provided by a contractor.
- **Fallpipe Vessel**: meaning a self-propelled vessel designed specifically for dumping rocks on the seabed. The vessel is able to transport and dump rocks of variable size and is equipped with a flexible fallpipe which can be lowered into the water to install rock on pipelines and other subsea structures. The vessel is equipped with a dynamic positioning system, making it possible to position rocks very accurate. The fallpipe vessel can position rock to a depth of 2.000 meters by using an active heave compensated Remotely Operated Vehicle.
- **Geographical market** is determined as the area (location) at which projects are realised and services are provided or the project location for offshore works.
- **GHG emissions**: Greenhouse gases, or GHGs, are compound gases that trap heat or longwave radiation in the atmosphere. Their presence in the atmosphere makes the Earth's surface warmer. DEME follows the Greenhouse Gas Protocol and reports its GHG emissions according to three scopes:
  - **Scope 1** includes all direct GHG emissions. These occur from sources that are owned or controlled by DEME (e.g. combustion of fuel and natural gas);
  - **Scope 2** accounts for indirect GHG emissions from the generation of electricity purchased by DEME. Scope 2 emissions physically occur at the facility where electricity is generated;
  - **Scope 3** is a reporting category for all other indirect emissions. These emissions are a consequence of DEME’s activities but occur through sources that are not owned or controlled by DEME. Here we only report the emissions which result from business air miles.

  DEME includes carbon dioxide (CO_2), nitrous oxide (N_2O) and methane (CH_4) emissions in its carbon footprint. In the selection of emission conversion factors (linking fuel consumption to CO_2eq emissions), sector-specific emission factors from the IMO are used for vessels. For all other equipment, the worldwide (direct CO_2) emission factors of Defra (the UK government’s Department for Environment, Food and Rural Affairs) are used.
- **IFRS**: International Financial Reporting Standards (IFRS) are a set of accounting rules adopted by the European Union for the financial statements of public companies that are intended to make them consistent, transparent, and easily comparable around the world. The IFRSs are issued by the London-based Accounting Standards Board (IASB) and address record keeping, account reporting, and other aspects of financial reporting. Since 2005, all publicly listed companies within the European Union need to comply with these standards in their external financial reporting.
- **IP**: Intellectual Property.
- A **joint venture** is a joint arrangement whereby the parties exerting joint control over the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
- **LNG**: Liquified Natural Gas.
- **LTIFR** (Lost Time Incident Frequency Rate): The frequency rate is the number of incidents with injury that caused the person to be off work longer than 1 day/ shift (day of the incident not included) & fatalities divided by the amount of performed work hours, multiplied by 200,000. Illnesses, non-work related and commuting incidents are excluded.
- **Management Reporting**: The management reporting of the Group is a quarterly internal reporting of the economic figures of the Group in which group companies jointly controlled by DEME are not consolidated by using the equity method (so in contradiction to the standards

IFRS 10 and IFRS 11) but according to the proportionate method. As such turnover and result of projects executed in joint ventures are visible, closely followed up and reported within the Group. The presentation of the figures is also done by operational segment.
- **Multi-purpose Cable Installation Vessel**: meaning a deep-sea vessel designed and used to lay underwater cables for telecommunications, electric power transmission and many other purposes. This type of vessel is used for connecting offshore structures through intra-array (inter-turbine) cables and consequently bringing the offshore produced energy ashore through export cables. Beside cable laying activities, the vessel can be employed in a wide range of associated activities, such as offshore support, ploughing, subsea rock installation, offshore construction, floating windpark installation etc. The vessels are equipped with one or more turning tables allowing to continuously load and install very long cables.
- **NDF**: A non-deliverable forward (NDF) is a foreign exchange derivatives contract whereby two parties agree to exchange cash at a given spot rate on a future date. The contract is settled in a widely traded currency, rather than the original currency.
- **Net financial debt** is the sum of current and non-current interest-bearing debt (that includes lease liabilities) decreased with cash and cash equivalents.
- **OCI (Other Comprehensive Income)** is those revenues, expenses, gains and losses that are excluded from net income on the income statement.
- **Offshore Installation Vessel (Floating or Jack-up units)**: meaning an Afloat or Self-elevating vessel used for the installation and maintenance of offshore wind farms or any other offshore construction works. A Jack-up vessel or self-elevating unit is a self-propelled mobile platform consisting of a buoyant hull fitted with a number of movable legs, capable of raising its hull over the surface of the seabed. Once on location the hull is raised to the required elevation above the sea surface supported to the sea bed, leading to stable working conditions independent of any swell on the sea. Unlike a Self-elevating vessel, a Floating Offshore installation vessels can't lift herself above the sea surface, which means that the vessel is not dependent on the water depths and the seabed conditions.
- **OLO** is the abbreviation for 'Obligation Linéaire/Lineaire Obligatie'. It are bonds issued by the Belgian government for normally a long time. OLO's on 10 year are common a general indicator for the overall bond interest levels.
- **Operating working capital (OWC)** is net working capital (current assets less current liabilities), excluding interest-bearing debt and cash and cash equivalents and including other non-current assets.
- **OPEX**: OPEX are all the operating expenses of the Group. SG&A expenses incurred through normal business operations are also included except for personnel expenses, depreciation, amortisation & impairment costs and other operating expenses.
- **Opportunity and Risk Management system (ORM)**: system for the proper identification, assessment and management of risks and opportunities with respect to tendering, preparation and execution of projects.
- **Order book**: The Group's order book is the contract value of assignments acquired as of December 31 but that is not yet accounted for as turnover because of non-completion. The order book also includes the Group's share in the order book of joint ventures, but not of associates. Contracts are not included in the order book until the agreement with the client is signed. A letter of award is not sufficient to include the contract in the order book according to the Group. Additionally financial close must be reached when projects will be executed in 'uncertain' countries before including them in the order book. 'Uncertain countries' are identified at the discretion of the Executive Committee.
- **OSS (offshore substation)**: the systems that collect and export the power generated by turbines through specialized submarine cables are an essential component of offshore wind farms, especially at large, multi-megawatt sites.
- **PPP**: Public-Private partnership.
- **R&D**: Research & Development
- **Salvage works** include the following activities: heavy lift support during salvage operations and wreck removals
- A **segment** is an aggregation of operating segments (activity lines) to report on. More information about the different DEME segments and their nature can be found in the chapter 'Segment Reporting' of this Financial Report.
- **SG&A costs**: Sales, General and Administrative expenses. All expenses made at DEME level related to our Supporting Services Departments at our Sales and Tender organisation. As such these expenses are not directly linked to any projects or type of equipment. Expenses of a non- operational nature.
- **Total investments** is the amount paid for the acquisition of intangible, tangible and financial fixed assets, which equals the total investment amount of the consolidated cash flow from investing activities.
- **Trailing Suction Hopper Dredger (TSHD)**: meaning a self-propelled vessel, which fills its hold or hopper during dredging activities. The vessel is equipped with either single or twin trailing suction dredge pipes that extend to the sea bottom. While trailing at low speed, using centrifugal pumps, the dredged materials are stored into the hopper. Afterward the vessel can sail long distances and empty her hold by opening bottom doors or valves (dumping), by rainbowing or by pumping its load off ashore through the use of floating -and land pipelines. This kind of dredger, which can operate independently, is mainly used in open waters: rivers, canals, estuaries and the open sea.
- **T&I**: Transport & Installation.
- **Weighted occupancy rate**: this is the weighted average operational occupation in weeks, of the DEME Group fleet, expressed over a given calendar year. It's calculated as a weighted average based upon internal rates of hire of the vessels.

COMPARATIVE FINANCIAL STATEMENT ANALYSIS

This introduction has to be read together with DEME Group financial performance earlier in this report where the major contributors to the result of the year are explained. In the Group's financial performance when elaborating on the performance of the segments separately, as well as in the segment reporting, management reporting figures are used. The only reconciling item between these figures and the figures as in the financial statements is the impact of the different consolidation method for joint ventures. Joint ventures are consolidated proportionally in the management reporting figures, whereas according to equity method in the financial statements. The Share of the Group is not affected by the difference in consolidation method, only the presentation of the result of the year is different.

In the notes and in the comparative financial statement analysis the figures as per financial statements are disclosed.

CONSOLIDATED STATEMENT OF INCOME COMPARATIVE ANALYSIS

As of December 31 (in thousands of EUR)

	Notes	2021	2020	DELTA
REVENUES		**2,580,773**	**2,335,944**	**244,829**
Turnover	(1)	2,510,607	2,195,828	314,779
Other operating income	(2)	70,166	140,116	-69,950
OPERATING EXPENSES		**-2,437,492**	**-2,271,663**	**-165,829**
Raw materials, consumables, services and subcontracted work		-1,575,624	-1,482,795	-92,829
Personnel expenses	(3)	-488,896	-454,635	-34,261
Depreciation and amortisation expenses	(4)/(6)/(7)	-291,108	-284,591	-6,517
Impairment of property, plant and equipment and right-of-use assets	(6)/(7)	-34,608	-15,586	-19,022
Impairment of goodwill and intangible assets	(4)/(5)	-311	-5,000	4,689
Other operating expenses	(2)	-46,945	-29,056	-17,889
OPERATING RESULT		**143,281**	**64,281**	**79,000**
FINANCIAL RESULT		**-5,412**	**-25,651**	**20,239**
Interest income		4,181	4,369	-188
Interest expense		-6,920	-12,338	5,418
Realised/unrealised foreign currency translation effects		6,130	-11,984	18,114
Other financial income and expenses		-8,803	-5,698	-3,105
RESULT BEFORE TAXES		**137,869**	**38,630**	**99,239**
Current taxes and deferred taxes	(11)	-31,079	-9,812	-21,267
RESULT AFTER TAXES		**106,790**	**28,818**	**77,972**
Share of profit (loss) of joint ventures and associates	(8)	10,548	22,395	-11,847
RESULT FOR THE PERIOD		**117,338**	**51,213**	**66,125**
Attributable to non-controlling interests		2,757	803	1,954
SHARE OF THE GROUP		**114,581**	**50,410**	**64,171**
Number of shares		4,538,100	4,538,100	-
Earnings per share		25.25	11.11	14.14

Total revenues in 2021 increased with 244.8 million EUR or 10.4 % compared to 2020. Turnover increased with 314.8 million EUR whereas other operating income decreased with 69.9 million EUR.

A major event last year contributing to other operating income was the gain on the sale of its 12.5% participation in Merkur Offshore Gmbh, a German wind farm for an amount of 63.9 million EUR. This gain was realised within the Concessions segment.

The operating result or EBIT increased with 79 million EUR . Higher margins compared to 2020, that was impacted by the pandemic and the non-availability of the installation vessel 'Orion', are partly compensated by higher personnel expenses, higher depreciation and impairment costs and higher other operating expenses that will be further explained in the notes.

The improvement of the financial result is mainly related to the realised/unrealised foreign currency translation effect that is 6.1 million EUR positive, whereas an amount of -12 million EUR was registered last year.

The result before taxes is 99.2 million EUR higher than last year and the effective tax rate decreased to 22.5% compared to 25.4% last year.

The share of profit of joint ventures and associates decreased with 11.8 million EUR and the amount attributable to non-controlling interests increased with 1.9 million EUR.

The share of the Group more than doubled compared to last year to an amount of 114.6 million EUR which is 25.25 EUR per share.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION COMPARATIVE ANALYSIS

As of December 31 (in thousands of EUR)

ASSETS	Notes	2021	2020	DELTA
NON-CURRENT ASSETS		2,694,235	2,691,083	3,152
Intangible assets	(4)	25,513	24,935	578
Goodwill	(5)	13,028	13,339	-311
Property, plant and equipment	(6)	2,259,041	2,337,089	-78,048
Right-of-use assets	(7)	90,620	75,917	14,703
Investments in joint ventures and associates	(8)	132,781	105,918	26,863
Other non-current financial assets	(9)	33,451	32,813	638
Non-current financial derivatives	(10)	613	1,433	-820
Other non-current assets	(9)	4,239	3,221	1,018
Deferred tax assets	(11)	134,949	96,418	38,531
CURRENT ASSETS		1,355,362	1,228,871	126,491
Inventories	(12)	12,168	10,456	1,712
Contract assets	(13)	326,685	251,747	74,938
Trade and other operating receivables	(14)	384,022	309,636	74,386
Current financial derivatives	(10)	3,207	6,842	-3,635
Assets held for sale	(15)	32,456	-	32,456
Other current assets	(16)	68,192	28,253	39,939
Cash and cash equivalents	(10)/(18)	528,632	621,937	-93,305
TOTAL ASSETS		4,049,597	3,919,954	129,643

Total balance sheet of the year increased with 129.6 million EUR which is almost all related to the increase in current assets. Contract assets and trade and other operating receivables increased with respectively 74.9, 74.4 and 39.9 million EUR also reflecting the higher activity of the Group in 2021. The increase of 32.4 million EUR assets held for sale within current assets is related to the reclassification of the net book value of the 'Thor' vessel from property, plant and equipment. Next to this disposal also the 'Goliath' and 'Omalius' were disposed and sold outside the Group. The 'Groenewind' and the 'Spartacus' came into production, but were already included in assets under construction as of December 31, 2020, for more than 2/3th of their acquisition value. In 2021 the Group booked 34.6 million EUR accelerated depreciation and impairment costs of which 25.5 million EUR is related to the impairment of the cutter suction dredgers 'Al Mahaar' and ' Al Jarraf'. The high increase in right-of-use assets mainly relates to a long-term lease contract for a yard in Vlissingen (The Netherlands). The increase in investments in joint ventures and associates is partly related to the increase of other comprehensive income (impact of interest-rate hedges) and partly to additions of the year. The result of the year of 10.5 million EUR included in the consolidated statement of income is offset by dividends paid to the DEME Group parent company subsidiaries. Cash and cash equivalents decreased with 93.3 million EUR to 528.6 million EUR but were at an exceptional high level at the end of last year as a measure for safeguarding the net working capital in view of the COVID-crisis.

GROUP EQUITY AND LIABILITIES	Notes	2021	2020	DELTA
SHAREHOLDERS' EQUITY	(17)	1,579,543	1,467,492	112,051
Issued capital		31,110	31,110	-
Share premium		5,645	5,645	-
Retained earnings and other reserves		1,618,824	1,524,664	94,160
Hedging reserve		-25,872	-40,978	15,106
Remeasurement on retirement obligations		-41,283	-40,454	-829
Cumulative translation adjustment		-8,881	-12,495	3,614
NON-CONTROLLING INTERESTS		19,696	17,840	1,856
GROUP EQUITY		1,599,239	1,485,332	113,907
NON-CURRENT LIABILITIES		786,718	890,489	-103,771
Retirement obligations	(20)	65,267	63,029	2,238
Provisions	(22)	39,572	30,097	9,475
Interest-bearing debt	(18)	577,970	735,054	-157,084
Non-current financial derivatives	(10)	26,868	9,018	17,850
Other non-current financial liabilities	(8)	2,827	5,933	-3,106
Deferred tax liabilities	(11)	74,214	47,358	26,856
CURRENT LIABILITIES		1,663,640	1,544,133	119,507
Interest-bearing debt	(18)	343,340	375,913	-32,573
Current financial derivatives	(10)	12,368	6,761	5,607
Provisions	(22)	3,738	200	3,538
Contract liabilities	(13)	181,095	156,799	24,296
Advances received	(13)	101,067	60,582	40,485
Trade payables		772,905	717,338	55,567
Remuneration and social debt		94,026	83,968	10,058
Current income taxes		76,370	66,336	10,034
Other current liabilities	(21)	78,731	76,236	2,495
TOTAL LIABILITIES		2,450,358	2,434,622	15,736
TOTAL GROUP EQUITY AND LIABILITIES		4,049,597	3,919,954	129,643

Non-current liabilities decreased with 103.7 million EUR of which 157.1 million EUR is related to the decrease in non-current interest-bearing debt offset by an increase in deferred tax liabilities and non-current financial derivatives. Also the current interest-bearing debt decreased mainly because at the end of 2021 such a high level of cash in hand financed by short term debt was no longer a priority. The other current liabilities increased reflecting the higher activity level in 2021.

Total liabilities increased with 15.7 million EUR and Group Equity increased with 113.9 million EUR. Result of the Group amounted to 114.6 million EUR and although a dividend of 20.4 million EUR was distributed, Shareholders’ Equity only decreased with 112 million EUR as the Equity was positively impacted by an increase in Other Comprehensive Income for an amount of 17.9 million EUR, mainly thanks to the positive evolution of the cash flow hedges, more specifically the interest rate hedges, in 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS COMPARATIVE ANALYSIS

As of December 31 (in thousands of EUR)

	Notes	2021	2020	DELTA
CASH AND CASH EQUIVALENTS, OPENING BALANCE		621,937	475,135	146,802
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		440,356	272,297	168,059
CHANGES IN WORKING CAPITAL		-20,782	104,124	-124,906
CASH FLOW FROM OPERATING ACTIVITIES		419,574	376,421	43,153
Investments		-298,660	-258,788	-39,872
Divestments		32,248	111,649	-79,401
CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES		-266,412	-147,139	-119,273
New interest-bearing debt	(18)	51,344	175,566	-124,222
Repayment of interest-bearing debt	(18)	-278,875	-253,952	-24,923
Gross dividend paid to the shareholders	(17)	-20,421	-	-20,421
CASH FLOW (USED IN) / FROM FINANCIAL ACTIVITIES		-247,952	-78,386	-169,566
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-94,790	150,896	-245,686
Change in consolidation scope or method		-	-37	37
Impact of exchange rate changes on cash and cash equivalents		1,485	-4,057	5,542
CASH AND CASH EQUIVALENTS, ENDING BALANCE		528,632	621,937	-93,305

Cash from operating activities

Cash flow from operating activities increased from ca. 376 million EUR in 2020 to ca. 419 million EUR in 2021. This mainly relates to:

- The improved activity level and corresponding increase in the net operating result of ca. 143 million EUR realised in 2021 compared to ca. 64 million EUR in 2020. The aforementioned net operating result includes items reclassed to investing cash flow for an amount of ca. 16 million EUR in 2021 compared to ca. 74.6 million EUR in 2020. The 2020 amount mainly related to the sale of the Merkur offshore wind farm;
- The increased working capital per December 31, 2021, mainly caused by an increase in amounts receivable and contract assets (i.e., unbilled revenue). The effect of the changes in working capital on the cash flow from operating activities amounted to ca. -21 million EUR in 2021 compared to +104 million EUR in 2020;
- Other material cash flows from operating activities in 2021 include an inflow of ca. 10.5 million EUR of dividends received from participations in joint ventures and associates, and an outflow of ca. 38 million EUR of income taxes.

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

Cash flow (used in) from investing activities

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

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

Cash flow (used in) from financial activities

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

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

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – TURNOVER AND ORDER BOOK

Balance at December 31

TURNOVER

Below a split by nature, segment and geographical market can be found.

Turnover by nature (in thousands of EUR)	2021	2020
Revenue from contracts with customers	2,498,256	2,187,745
Revenue from ancillary activities	12,351	8,083
Total turnover as per financial statements	**2,510,607**	**2,195,828**

Revenue from contracts with customers mainly comprises the net revenue from the operational activities of the segments. For most contracting activities the contract is based on a fixed/lump sum price. The Group acts as contractor and principal of the engagement.

Revenue from ancillary activities is revenue that can be very divers such as sale of equipment or fees. It is turnover that is not followed up as a separate project in the management reporting system.

The Group has determined that the disaggregation of revenue by product line is best reflected by the revenue information that is disclosed for each reportable segment under IFRS 8, as this information is regularly reviewed by the chief decision makers (see also separate chapter on Segment Reporting) and best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Turnover by segment (in thousands of EUR)	2021	2020
Dredging & Infra	1,478,306	1,151,616
Offshore Energy	916,354	961,977
Environmental	166,163	140,008
Concessions	1,467	2,119
Total turnover by segment	**2,562,290**	**2,255,720**
Reconciliation	-51,683	-59,892
Total turnover as per financial statements	**2,510,607**	**2,195,828**

The reconciliation between the segment turnover and the turnover in the consolidated statement of income is the turnover of joint ventures. These are consolidated according to the proportionate method in the segment reporting but according to the equity consolidation method (application of IAS 28) in the financial statements.

Turnover by geographical market (in thousands of EUR)	2021	2020
Belgium	279,248	427,199
Europe - EU	976,939	1,252,767
Europe - non EU	608,708	127,988
Africa	491,058	133,735
Asia & Oceania	93,700	143,386
America	42,359	51,011
Indian subcontinent	17,317	52,633
Middle East	1,278	7,109
Total turnover as per financial statements	**2,510,607**	**2,195,828**

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

The Abu Qir Port Expansion Project in Egypt (Dredging & Infra segment), contributed between 10 % and 15 % in the Group's turnover of 2021 and qualifies as such as a **material client** in relation to the total turnover of the Group. Because of the occasional nature and spread of the contracts, none of the DEME clients structurally qualify as a material client in relation to the total turnover of the Group.

ORDER BOOK

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

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

Further on, experience shows that once an agreement has been reached, cancellations or substantial reductions in the scope or size of contracts are quite rare, but they do occur, certainly in markets that are under severe pressure.

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

The value of the Group's order book as per December 31, 2021, amounts to 5.9 billion EUR (2020: 4.5 billion EUR). Projects with a total value of 3.1 billion EUR were acquired in the course of 2021 (2020: 2.5 billion EUR).

Order book by geographical market (in thousands of EUR)	**2021**	**2020**
Europe - EU	2,866,265	3,140,781
Europe - non EU	814,462	199,740
Africa	414,346	754,370
Asia & Oceania	325,516	342,930
America	1,454,872	20,112
Indian subcontinent	25,786	21,190
Middle East	3,942	20,940
Total Order book	**5,905,190**	**4,500,063**

In the history of the Group this is an all-time high amount mainly thanks to the award in 2021 of several major Offshore Wind projects both in Europe as in the US for the upcoming years.

Order book 2021 split in time (in thousands of EUR)	2022	2023	2024	Beyond	Total
Total Order book	2,021,166	1,456,930	1,079,065	1,348,028	5,905,190

Order book 2020 split in time (in thousands of EUR)	2021	2022	2023	Beyond	Total
Total Order book	1,753,994	1,300,982	629,483	815,604	4,500,063

The Group estimates that 34.2% of the order book will be executed in the next year (2020: 38.9%). Actual execution depends on several factors, such as weather circumstances, soil and technical conditions, vessel availability and a lot of other factors.

NOTE 2 – OTHER OPERATING INCOME AND EXPENSES

Balance at December 31

OTHER OPERATING INCOME

(in thousands of EUR)	2021	2020
Gain on sale of intangible assets	-	-
Gain on sale of property, plant and equipment	3,983	11,170
Gain on disposal of equity method investees	12,186	63,935
Other operating income	53,997	65,011
Total other operating income	**70,166**	**140,116**

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

Gain on sale of equity method investees in 2021 as well as in 2020 refers to the gain on the sale of 12.5 % participation in Merkur Offshore Gmbh, a German windfarm. An additional capital gain of 12.1 million EUR was recognised in 2021 as the result of a favourable and final settlement of a contingent consideration previously accounted for. See earlier in this report for more information about this sale in the chapter about business combinations and disposals.

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

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

OTHER OPERATING EXPENSES

(in thousands of EUR)	2021	2020
Loss on sale of intangible assets	-	-
Loss on sale of property, plant and equipment	10	489
Movement in amounts written off inventories and trade receivables	3,185	-3,852
Movement in retirement benefit obligations	1,146	639
Movement in provisions	13,013	12,509
Other operating expenses	29,591	19,271
Total other operating expenses	**46,945**	**29,056**

For the movement in **provisions** reference is made to note (22) Provisions, and for information about the **retirement benefit obligations** we refer to note (20).

Other operating expenses mainly include various taxes, import and stamp duties. The increase in 2021 compared to 2020 is related to the deployment of several cutter and hopper suction dredgers in Egypt .

Amounts written off inventories and trade receivables mainly relate to a provision for bad debt that was accrued in the fourth quarter of 2021 as the client is linking the receivable back-to-back to the outcome of their insurance claim.

NOTE 3 – PERSONNEL EXPENSES AND EMPLOYMENT

Balance at December 31

Average number of persons employed during the year (in FTE)	2021	2020
Employees	2,797	2,852
Workers	2,083	2,124
Total	**4,880**	**4,976**

The average headcount reported in this note is drawn up on the basis of the Consolidation scope whereby only the average headcount of entities controlled by the Group are included.

Personnel expenses (in thousands of EUR)	2021	2020
Remuneration	416,972	383,860
Social charges	57,649	57,521
Pension expenses	14,275	13,254
Total	**488,896**	**454,635**

In 2021 DEME paid an amount to the Belgian tax authorities after the receipt of corrective tax assessments re prior years. The amount paid is included in remuneration.

Additional information is disclosed in DEME's **Sustainability Report,** such as:

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

NOTE 4 – INTANGIBLE ASSETS

2021 (in thousands of EUR)		Development costs	Concessions, patents, licences, etc.	Other intangible assets	Total
Acquisition cost at January 1, 2021		**4,007**	**48,557**	**7,963**	**60,527**
Movements during the year	Additions, including fixed assets, own production	-	1,620	288	1,908
	Sales and disposals	89	-1,185	-33	-1,129
	Transfers from one heading to another	-	-1,968	4,065	2,097
	Translation differences	-	1	-	1
	Additions through business combinations	-	-	-	-
	Scope change	-	-	-	-
At December 31, 2021		**4,096**	**47,025**	**12,283**	**63,404**
Cumulative amortisation and impairment at January 1, 2021		**4,004**	**23,625**	**7,963**	**35,592**
Movements during the year	Amortisation of the year	3	2,936	474	3,413
	Sales and disposals	89	-1,185	-33	-1,129
	Transfers from one heading to another	-	-660	674	14
	Translation differences	-	1	-	1
	Additions through business combinations	-	-	-	-
	Scope change	-	-	-	-
At December 31, 2021		**4,096**	**24,717**	**9,078**	**37,891**
Net book value at the end of the year		**-**	**22,308**	**3,205**	**25,513**

The concessions, patents and licences do not include indefinite useful lives intangible assets.

In the line **transfers from one heading to another,** also transfers from assets under construction originally booked within property, plant and equipment are included.

The **addition of the year** 2021 of 1.9 million EUR is primarily related to the activation of software licences.

Amortisation charge of the year is recognised under 'depreciation and amortisation expenses' in the consolidated income statement for an amount of 3.4 million EUR.

An amount of 17 million EUR out of the 25.5 million EUR total net book value of intangibles at the end of the year is related to the first consolidation of the SPT Offshore group at the end of 2020. These intangibles are amortised over the economic lifetime of 10 years and explain the increase in amortisation of the year.

2020 (in thousands of EUR)		Development costs	Concessions, patents, licences, etc.	Other intangible assets	Total
Acquisition cost at January 1, 2020		**3,844**	**27,415**	**8,645**	**39,904**
Movements during the year	Additions, including fixed assets, own production	355	2,478	-	2,833
	Sales and disposals	-152	-905	-681	-1,738
	Transfers from one heading to another	-40	298	-	258
	Translation differences	-	-2	-1	-3
	Acquisitions through business combinations	-	19,273	-	19,273
	Scope change	-	-		-
At December 31, 2020		**4,007**	**48,557**	**7,963**	**60,527**
Cumulative amortisation and impairment at January 1, 2020		**3,821**	**23,023**	**8,645**	**35,489**
Movements during the year	Amortisation of the year	375	1,428	6	1,809
	Written down after sales and disposals	-152	-717	-680	-1,549
	Transfers from one heading to another	-40	-129	-8	-177
	Translation differences	-	-1	-	-1
	Acquisitions through business combinations	-	21	-	21
	Scope change	-	-	-	-
At December 31, 2020		**4,004**	**23,625**	**7,963**	**35,592**
Net book value at the end of the year		**3**	**24,932**	**-**	**24,935**

The intangible assets increased in 2020 by 20.5 million EUR to 24.9 million EUR. An amount of 19.3 million EUR of this increase is related to the acquisition of the SPT Offshore group in 2020. Reference is made to the information included in the section business combinations in the course of 2020.

NOTE 5 – GOODWILL

(in thousands of EUR)		**2021**	**2020**
Balance at January 1		**13,339**	**18,339**
Movements during the year	Acquisitions through business combinations	-	-
	Disposals	-	-
	Impairment losses	-311	-5,000
Balance at December 31		**13,028**	**13,339**

IMPAIRMENT TESTING OF GOODWILL

In accordance with IAS 36 *Impairment of assets*, goodwill was tested for impairment at December 31, 2021 and 2020. In 2021 impairment losses of 0.3 million EUR were recognised in the Environmental segment. In 2020 impairment losses of 5.0 million EUR were recognised on the activities of International Seaport Dredging Pvt Ltd in India in the Dredging & Infra segment.

Within the DEME Group, goodwill is tested for impairment annually. The impairment tests are based on figures and insights of the third quarter of the annual reporting year. If there is an indication that the cash generating unit to which the goodwill is allocated could have suffered a loss of value, impairment testing is done more frequently than once a year. In 2021, there were no such indicators and no additional impairment tests have been prepared.

CARRYING AMOUNT OF GOODWILL

Goodwill is allocated to the cash generating unit that will benefit most of the knowledge acquired upon the acquisition. Management has identified the lowest level of cash generating units based on the most appropriate and lowest level available information about operations for internal reporting purposes. The current outstanding goodwill of the DEME Group is allocated as follows:

Carrying amount of goodwill (in thousands of EUR)	**2021**	**2020**
CGU Infra	3,536	3,536
CGU Dredging – Asia Pacific	3,024	3,024
CGU Environmental Ecoterres	2,496	2,807
CGU Offshore	1,943	1,943
CGU Offshore Foundations	1,256	1,256
CGU Concessions	605	605
CGU Dredging DBM	168	168
Total	**13,028**	**13,339**

The comparison of the carrying amount of each mentioned cash generating unit with the recoverable amount of the respective cash generating unit did not result in an impairment need for the annual reporting year 2021 except for an amount of 0.3 million EUR related to a subconsolidiaton within the Environmental segment.

The recoverable amount of each cash generating unit is based on a discounted cash flow model that represents the fair value minus the cost of disposal. The projected cash flows used are obtained from the budgets, prepared by management, of the respective cash generating unit and approved by the Board of Directors. These budgets cover a three-year period. Cash flows beyond the three-year period are extrapolated using a cautious growth rate of 1%. The discount rate used equals the weighted cost of capital (WACC) calculated on the consolidated DEME Group figures, as per the third quarter of 2021, amounting to 6.46%.

SENSITIVITY ANALYSIS

A sensitivity analysis has been performed by adjusting important assumptions used in the calculation of the recoverable amount.

Gross margin
The gross margin used in the discounted cash flow model is based upon the estimates of management and has been approved by the Board of Directors for a period of three years to come.
Sensitivity is tested by reducing the estimated gross margins to 95% of their initial value. Adjusting the gross margin downwards did not result in impairment for any of the mentioned cash generating units.

Discount rate
The discount rate used is the weighted average costs of capital, calculated on DEME Group figures. Future cash flows will negatively be impacted if the discount rate rises.
Sensitivity is tested by increasing the weighted average cost of capital with 1%. Adjusting the weighted average cost of capital to a higher value did not result in an impairment for any of the mentioned cash generating units.

Growth rate
The DEME Group assumes a careful growth of 1% of its gross margin in the years to come. Should the growth percentage be lower, the recoverable amount of each cash generating unit will drop.
Sensitivity is tested by reducing the growth rate to 0%. Adjusting the growth rate did not result in an impairment for any of the mentioned cash generating units.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

2021 (in thousands of EUR)		Land and buildings	Floating and other construction equipment	Furniture and vehicles	Other tangible assets	Assets under construction	Total property, plant and equipment
Acquisition cost at January 1, 2021		**98,742**	**3,998,148**	**19,153**	**1,911**	**505,821**	**4,623,775**
Movements during the year	Additions, including fixed assets, own production	8,750	142,770	2,266	-	126,372	280,158
	Sales and disposals	-1,013	-136,246	-2,077	-	-26	-139,362
	Transfer to 'Asset held for Sale'	-	-58,699	-	-	-	-58,699
	Transfers from one heading to another	1,423	320,950	724	-	-323,212	-115
	Translation differences	8	5,327	155	-	-	5,490
	Acquisitions through business combinations	-	-	-	-	-	-
	Scope change	-	-	-	-	-	-
At December 31, 2021		**107,910**	**4,272,250**	**20,221**	**1,911**	**308,955**	**4,711,247**
Cumulative depreciation and impairment at January 1, 2021		**45,882**	**2,223,883**	**15,253**	**1,668**	**-**	**2,286,686**
Movements during the year	Depreciation charge of the year	4,035	294,135	2,332	64	-	300,566
	Sales and disposals	-827	-111,879	-2,184	-	-	-114,890
	Transfer to 'Asset held for Sale'	-	-26,242	-	-	-	-26,242
	Transfers from one heading to another	-	1,140	671	-	-	1,811
	Translation differences	8	4,141	126	-	-	4,275
	Acquisitions through business combinations	-	-	-	-	-	-
	Scope change	-	-	-	-	-	-
At December 31, 2021		**49,098**	**2,385,178**	**16,198**	**1,732**	**-**	**2,452,206**
Net book value at the end of prior year		**52,860**	**1,774,265**	**3,900**	**243**	**505,821**	**2,337,089**
Net book value at the end of the year		**58,812**	**1,887,072**	**4,023**	**179**	**308,955**	**2,259,041**

In 2021 the cutter suction dredger 'Spartacus' and the service operation vessel 'Groenewind' joined the fleet and were transferred from 'Assets under construction' to 'Floating and other construction equipment'.

The net book value of the 'Floating equipment' amounts to 97% of the total net book value of 1,887 million EUR for the 'Floating and other construction equipment'. Other construction equipment consists amongst other of dry earth moving equipment, pipelines and equipment of DEME Infra.

The installation vessel 'Orion' is expected to be delivered in the first half of 2022. The amount invested for the 'Orion' up to December 31, 2021 is included in 'Assets under construction'.

In 2021, 4.4 million EUR borrowing costs related to assets under construction were capitalised.

In January 2022, DEME has entered into an agreement with the Norwegian shipping company Eidesvik to acquire the DP3 offshore installation vessel 'Viking Neptun'. DEME will upgrade the vessel to a cable laying vessel and integrate her into the DEME fleet and have her operational in the beginning of 2023.

In 2020 CDWE, the Taiwanese joint venture between DEME (49.99%) and partner CSBC, ordered the offshore wind installation vessel 'Green Jade' in Taiwan. The first floating heavy-duty crane and installation vessel with DP3 capacity in Taiwan will be equipped with a high-tech crane with a lifting capacity of 4,000 tonnes. Starting in 2023, the vessel will be deployed in the thriving local offshore wind market. As the joint venture is integrated according to equity method, the new vessel is not included in property, plant and equipment. DEME however invested itself approximately 30 million EUR in CDWE in 2020 and 13.3 million EUR in 2021 as capital for the joint venture.

The depreciation cost of 2021 includes 34.6 million EUR impairment cost of which 25.5 million EUR relates to the impairment of the cutter suction dredgers 'Al Mahaar' and 'Al Jarraf'. This impairment is exceptional and resulting from a strategic rebalancing of our fleet upon the delivery of the cutter section dredger 'Spartacus'.

The DP2 offshore installation vessel 'Thor', with a net bookvalue of 32.5 million EUR, has been transferred to 'Asset held for sale' (note (15)).

In 2021 the offshore vessels 'Li Ya' (formerly 'Goliath') and 'Omalius' were sold. No gain on sale was realised for the 'Omalius'. See note (2) Other operating income.

In the line transfers from one heading to another, also transfers to and from intangible assets and right-of-use assets are included.

At December 31, 2021, an amount of 18.3 million EUR mortgage on vessels is outstanding, which is a decrease of 37.4 million EUR compared to 55.7 million EUR at December 31, 2020.

At December 31, 2021, the commitment made for investments in the coming years amounts to 251.7 million EUR, mainly for the 'Orion' and the upgrades for vessels 'Viking Neptun' and 'Sea Installer'.

2020 (in thousands of EUR)		Land and buildings	Floating and other construction equipment	Furniture and vehicles	Other tangible assets	Assets under construction	Total property, plant and equipment
Acquisition cost at January 1, 2020		**89,124**	**3,812,338**	**21,609**	**1,911**	**539,816**	**4,464,797**
Movements during the year	Additions, including fixed assets, own production	7,688	87,550	1,319	-	99,706	196,263
	Sales and disposals	-713	-117,987	-4,958	-	-4,921	-128,579
	Transfers from one heading to another	2,892	219,605	1,522	-	-129,847	94,172
	Translation differences	-249	-9,348	-702	-	-4	-10,303
	Acquisitions through business combinations	-	5,626	363	-	1,071	7,060
	Scope change	-	364	-	-	-	364
At December 31, 2020		**98,742**	**3,998,148**	**19,153**	**1,911**	**505,821**	**4,623,775**
Cumulative depreciation and impairment at January 1, 2020		**42,770**	**2,023,441**	**17,741**	**1,604**	**-**	**2,085,556**
Movements during the year	Depreciation charge of the year	3,774	267,122	2,796	64	-	273,756
	Written down after sales and disposals	-504	-117,052	-4,957	-	-	-122,513
	Transfers from one heading to another	60	55,593	29	-	-	55,682
	Translation differences	-218	-7,186	-568	-	-	-7,972
	Acquisitions through business combinations	-	1,788	212	-	-	2,000
	Scope change	-	177	-	-	-	177
at December 31, 2020		**45,882**	**2,223,883**	**15,253**	**1,668**	**-**	**2,286,686**
Net book value at the end of prior year		**46,354**	**1,788,897**	**3,868**	**307**	**539,815**	**2,379,241**
Net book value at the end of the year		**52,860**	**1,774,265**	**3,900**	**243**	**505,821**	**2,337,089**

In 2020 the two self-propelled split barges ‘Bengel’ and ‘Deugniet’ (3,500 m³) and the two trailing suction hoppers ‘River Thames’ (2,500 m³) and ‘Meuse River’ (8,300 m³), all constructed by Royal IHC, joined the fleet. The delivery of two important vessels, the cutter suction dredger 'Spartacus' and the installation vessel 'Orion', experienced considerable delays at the shipyards. As a result, they could not be delivered in 2020 as foreseen.

In 2020, 6.1 million EUR borrowing costs related to assets under construction were capitalised.

At December 31, 2020, a remaining amount of 128.8 million EUR still had to be invested in the coming years for 'Spartacus', 'Orion' and 'Groenewind'.

The depreciation cost of 2020 included 15.6 million EUR impairment cost of certain specific vessels.

At December 31, 2020, an amount of 55.7 million EUR mortgage on vessels was outstanding which was unchanged compared to December 31, 2019.

NOTE 7 – RIGHT-OF-USE ASSETS

2021 (in thousands of EUR)		Land and buildings	Floating and other construction equipment	Vehicles	Total Right-of-use assets
Acquisition cost at January 1, 2021		**74,909**	**10,952**	**24,969**	**110,830**
Movements during the year	Additions, including fixed assets, own production	25,974	3,428	11,878	41,280
	Sales and disposals	-11,805	-2,332	-2,806	-16,943
	Transfers from one heading to another	-	-1,967	-	-1,967
	Translation differences	1,126	295	101	1,522
	Acquisitions through business combinations	-	-	-	-
	Scope change	-	-	-	-
At December 31, 2021		**90,204**	**10,376**	**34,142**	**134,722**
Cumulative depreciation and impairment at January 1, 2021		**18,475**	**5,980**	**10,458**	**34,913**
Movements during the year	Depreciation charge of the year	10,543	3,364	7,831	21,738
	Sales and disposals	-6,386	-2,332	-2,642	-11,360
	Transfers from one heading to another	-	-1,760	-51	-1,811
	Translation differences	458	115	49	622
	Acquisitions through business combinations	-	-	-	-
	Scope change	-	-	-	-
At December 31, 2021		**23,090**	**5,367**	**15,645**	**44,102**
Net book value at the end of prior year		**56,434**	**4,972**	**14,511**	**75,917**
Net book value at the end of the year		**67,114**	**5,009**	**18,497**	**90,620**

The net carrying amount of right-of-use assets amounts to 90.6 million EUR at December 31, 2021, compared to 75.9 million EUR at the end of 2020. At December 31, 2021, the net book value of 'Land and buildings' can be split in 52.0 million EUR land and 15.1 million EUR buildings (2020: 37.9 million EUR land and 18.5 million EUR buildings). A major increase in land in 2021 is related to the long term hire (till 2040) of a yard in Vlissingen (The Netherlands).

The category 'Floating and other construction equipment' includes amongst others support vessels, accomodation vessels and dry earth equipment.

Lease liabilities that correspond with the right-of-use assets are disclosed in note (19).

2020 (in thousands of EUR)		Land and buildings	Floating and other construction equipment	Vehicles	Total Right-of-use assets
Acquisition cost at January 1, 2020		**73,423**	**103,596**	**20,113**	**197,132**
Movements during the year	Additions, including fixed assets, own production	4,996	3,689	6,802	15,487
	Sales and disposals	-4,352	-1,055	-2,162	-7,569
	Transfers from one heading to another	-	-94,607	-	-94,607
	Translation differences	-1,141	-671	-84	-1,896
	Acquisitions through business combinations	-	-	300	300
	Scope change	1,983	-	-	1,983
At December 31, 2020		**74,909**	**10,952**	**24,969**	**110,830**
Cumulative depreciation and impairment at January 1, 2020		**9,201**	**55,015**	**5,182**	**69,398**
Movements during the year	Depreciation charge of the year	10,788	7,619	6,204	24,611
	Written down after sales and disposals	-1,176	-1,015	-671	-2,862
	Transfers from one heading to another	-	-55,473	-210	-55,683
	Translation differences	-338	-166	-47	-551
	Acquisitions through business combinations	-	-	-	-
	Scope change	-	-	-	-
At December 31, 2020		**18,475**	**5,980**	**10,458**	**34,913**
Net book value at the end of prior year		**64,222**	**48,581**	**14,931**	**127,734**
Net book value at the end of the year		**56,434**	**4,972**	**14,511**	**75,917**

The net carrying amount of right-of-use assets amounted to 75.9 million EUR at December 31, 2020, compared to 127.7 million EUR at the end of 2019. In 2020 the Group decided to do an early redemption of the finance lease for the vessel 'Victor Horta' which also explains the major decrease of lease assets compared to 2019.

Lease liabilities that correspond with the right-of-use assets are disclosed in note (19).

NOTE 8 – INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The list of the companies contributing to DEME's investments in joint ventures and associates, the percentage of shareholding by the DEME Group, the segment in which they operate and the place of incorporation can be found earlier in this report. None of the companies are listed on a public market. The joint ventures and associates have other contingent liabilities or commitments for which the Group has a corresponding commitment for an amount of 65.3 million EUR (about 50 million related to the Dredging & Infra segment).

In the financial statements, all investments in joint ventures and associates are accounted for using the equity method. Only in the segment reporting, a separate chapter in this report, joint ventures are accounted for using the proportionate consolidation method.

The **changes over the period** are explained below.

The amount of goodwill included in the carrying amount of the Group's interest in joint ventures is 0.3 million EUR with no change in that amount in 2020 nor in 2021. There is no goodwill included in the carrying amount of associates.

Changes over the period (in thousands of EUR)		Investments in joint ventures	Investments in associates	2021	Investments in joint ventures	Investments in associates	2020
Balance at January 1		**71,248**	**28,737**	**99,985**	**39,002**	**27,661**	**66,663**
Movements during the year	Additions	15,215	417	15,632	35,622	1,387	37,009
	Disposals (-)	4,057	-	4,057	-122	-	-122
	Share in the result of participations accounted for using the equity method	-1,145	11,693	10,548	967	21,428	22,395
	Dividends distributed by the participations	-3,694	-6,785	-10,479	-4,291	-10,789	-15,080
	Other comprehensive income	344	10,026	10,370	130	-7,105	-6,975
	Other movements	-207	-5,367	-5,574	1,445	-3,316	-1,871
	Translation differences	4,746	669	5,415	-1,505	-529	-2,034
Balance at December 31		**90,564**	**39,390**	**129,954**	**71,248**	**28,737**	**99,985**
Booked as a non-current asset		90,564	42,217	**132,781**	75,064	30,854	**105,918**
Booked as a non-current financial liability (- is credit)		-	-2,827	**-2,827**	-3,816	-2,117	**-5,933**

Most of the **result of the year** (about 70 %) of 10.5 million EUR is related to the DEME participations in Rentel NV and Seamade NV that operate offshore wind farms.

The same applies to the **dividends received** in 2021, whereby the amount received from associates is for 95 % from Rentel NV and Seamade NV, whereas the dividend received from joint ventures is for about 88 % coming from Mordraga LLC.

Some joint ventures and associates finance significant assets such as infrastructure works, offshore wind farms or vessels and therefore hold interest rate swaps (IRS). Per December 31, 2021, the **other comprehensive income (OCI)** of the current period includes a negative amount of -22.2 million EUR compared to -32.6 million EUR at the end of 2020. This reflects DEME's share in the negative fair value of the IRS's of Rentel NV, C-Power NV, Seamade NV, Normalux SA, BAAK Blankenburg-Verbinding BV and Port La Nouvelle SEMOP, net of deferred tax assets. A minor amount of -0.1 million EUR is the remeasurement of net liabilities relating to defined benefit and contribution plans. The negative fair value (DEME share) is indirectly reflected in the consolidated balance sheet by decreasing DEME's share in the net assets of the investee for the same amount.

There are no equity accounted for investees where DEME has not recorded the share in the negative equity of the joint venture or associate. The equity accounted for investees for whom the share in the net assets is negative, are allocated to other components of the investor's interest in the equity accounted investee such as shareholder loans on equity accounted investees. This allocation is presented in the line **other movements.** The amount can be positive or negative as the transfer from receivable to investment in joint ventures and associates is reversed once the net assets of the equity accounted investees are positive again. If after allocation the negative net asset exceeds the investor's interest, a corresponding liability (non-current financial liability) is booked instead of a negative investment within non-current assets.

Additions of the year in 2020 include a capital increase of 30.4 million EUR in the joint venture CDWE in Taiwan. In 2021 an additional amount of 13.3 million EUR was invested in this joint venture. In 2020 CDWE, the Taiwanese joint venture between DEME (49.99%) and partner CSBC, ordered the offshore wind installation vessel 'Green Jade' in Taiwan. As the joint venture is integrated according to the equity method, this new vessel is not included in property, plant and equipment but DEME's funding in the new vessel is reflected through the addition of the year in the investments in joint ventures.

2021 SUMMARISED FINANCIAL INFORMATION AND RECONCILIATION TO THE CARRYING AMOUNT

Summarised financial information of the Group's associates and joint ventures by segment is set out below. This information represents 100 % amounts in associates and joint ventures financial statements prepared in accordance with IFRS Standards. Intercompany transactions are not eliminated.

Summarised financial information of associates 2021 (in thousands of EUR) (100 % standalone amounts)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Financial position					
Non-current assets	125	-	34,884	2,917,740	**2,952,749**
Current assets	37,547	-	42,363	966,044	**1,045,954**
Equity	9,955	-	13,470	651,486	**674,911**
Non-current liabilities	1,715	-	23,059	2,887,892	**2,912,666**
Current liabilities	26,002	-	40,719	344,405	**411,126**
Net financial debt (+ is net debt)	-7,556	-	12,140	2,508,011	**2,512,595**
Income statement					
Revenues	43,789	-	28,379	673,026	**745,194**
Result for the period	2	-	3,171	67,077	**70,250**

The Group's associates can be mainly found in the Concessions segment and the non-current assets and liabilities (financial debt) of them are related to the offshore wind farms C-Power, Rentel and Seamade as well as to building of the roadway and tunnel of Blankenburg in the Netherlands (Baak).

Summarised financial information of main associates 2021 (in thousands of EUR) (100 % standalone amounts)	Concessions				Total
	C-Power NV	Rentel NV	Seamade NV	Baak Blankenburg-Verbinding BV	
Financial position					
Non-current assets	657,984	830,434	1,164,920	-	**2,653,338**
Current assets	113,769	59,872	142,589	582,934	**899,164**
Equity	258,899	78,435	44,982	335	**382,651**
Non-current liabilities	442,868	734,333	1,133,993	556,941	**2,868,135**
Current liabilities	69,985	77,539	128,534	25,658	**301,716**
Net financial debt (+ is net debt)	366,380	671,599	979,844	521,750	**2,539,573**
Income statement					
Revenues	138,929	138,308	145,762	211,044	**634,043**
Result for the period	5,911	30,792	12,600	12,891	**62,194**

Summarised financial information of joint ventures 2021 (in thousands of EUR) (100 % standalone amounts)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Financial position					
Non-current assets	19,266	156,776	5,266	-	**181,308**
Current assets	37,812	91,429	7,157	-	**136,398**
Equity	29,751	155,586	6,499	-	**191,836**
Non-current liabilities	5,466	57,921	2,136	-	**65,523**
Current liabilities	21,862	34,697	3,787	-	**60,346**
Net financial debt (+ is net debt)	-1,965	27,497	-2,227	-	**23,305**
Income statement					
Revenues	148,722	87,630	5,780	-	**242,132**
Result for the period	-4,958	4,790	817	-	**649**

The Group's joint venture activities for the Dredging & Infra segment mainly relate to dredging works in Russia (Modraga LLC) and Singapore and to infra works executed together with the group Aertssen (Earth Moving Worldwide LTD and Transterra NV). The Group's joint venture activities also relate to offshore works (CDWE Taiwan and Deeprock BV) and salvage works (Scaldis NV), both within the Offshore Energy segment.

Summarised financial information of main joint ventures 2021 (in thousands of EUR) (100 % standalone amounts)	Offshore Energy CSBC Deme Wind Engineering Co Ltd (CDWE)	Offshore Energy Deeprock CV	Dredging & Infra Earth Moving Worldwide Cyprus Ltd	Total
Financial position				
Non-current assets	77,105	2,888	13,019	**93,012**
Current assets	36,128	25,581	14,066	**75,775**
Equity	92,907	33,891	12,201	**138,999**
Non-current liabilities	-528	9,958	5,653	**15,083**
Current liabilities	20,854	-15,379	9,232	**14,707**
Net financial debt (+ is net debt)	-18,800	11,190	3,952	**-3,658**
Income statement				
Revenues	10,581	29,143	23,241	**62,965**
Result for the period	-2,887	11,218	-4,826	**3,505**

The reconciliation of the total net assets to the carrying amount of the Group's interests in the associates and joint ventures is as follows.

Reconciliation to the carrying amount of associates 2021 (in thousands of EUR)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Net assets of associates: 100 % standalone amounts	9,955	-	13,470	651,486	**674,911**
Proportion of the Group's ownership interests in the standalone amounts	**5,020**	**-**	**2,571**	**91,902**	**99,493**
Reconciliation items	-	-	197	-60,300	**-60,103**
Carrying amount of the Group's interest in associates	**5,020**	**-**	**2,768**	**31,602**	**39,390**
Booked as a non-current asset	5,020	-	2,805	34,392	**42,217**
Booked as a non-current financial liability (- is credit)	-	-	-37	-2,790	**-2,827**

Reconciliation to the carrying amount of joint ventures 2021 (in thousands of EUR)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Net assets of associates: 100 % standalone amounts	29,751	155,586	6,499	-	**191,836**
Proportion of the Group's ownership interests in the standalone amounts	**14,618**	**73,052**	**2,434**	**-**	**90,104**
Reconciliation items	-465	-	925	-	**460**
Carrying amount of the Group's interest in associates booked as a non-current asset	**14,153**	**73,052**	**3,359**	**-**	**90,564**

The reconciliation items are related to the recognition of the income in accordance with the DEME Group accounting policies and to the intercompany eliminations.

2020 SUMMARISED FINANCIAL INFORMATION AND RECONCILIATION TO THE CARRYING AMOUNT

Summarised financial information of associates 2020 (in thousands of EUR) (100 % standalone amounts)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Financial position					
Non-current assets	301	18	37,781	3,101,098	**3,139,198**
Current assets	27,702	443	34,849	698,800	**761,794**
Equity	9,224	6	11,193	548,844	**569,267**
Non-current liabilities	80	72	23,797	2,943,866	**2,967,815**
Current liabilities	18,699	384	37,640	307,188	**363,911**
Net financial debt (+ is net debt)	-818	8	22,571	2,509,573	**2,531,334**
Income statement					
Revenues	72,328	113	19,769	636,420	**728,630**
Result for the period	-450	-11	2,209	138,719	**140,467**

Summarised financial information of joint ventures 2020 (in thousands of EUR) (100 % standalone amounts)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Financial position					
Non-current assets	40,776	145,702	2,392	-	**188,870**
Current assets	40,148	75,181	7,519	-	**122,848**
Equity	29,656	113,343	2,116	-	**145,115**
Non-current liabilities	10,711	67,078	3,963	-	**81,752**
Current liabilities	40,557	40,462	3,832	-	**84,851**
Net financial debt (+ is net debt)	7,216	45,265	-4,225	-	**48,256**
Income statement					
Revenues	209,224	81,110	4,195	-	**294,529**
Result for the period	9,694	-736	-649	-	**8,309**

Reconciliation to the carrying amount of associates 2020 (in thousands of EUR)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Net assets of associates: 100 % standalone amounts	9,224	6	11,193	548,844	**569,267**
Proportion of the Group's ownership interests in the standalone amounts	4,704	2	2,151	76,380	**83,237**
Reconciliation items	-	-	197	-54,697	**-54,500**
Carrying amount of the Group's interest in associates	4,704	2	2,348	21,683	**28,737**
Booked as a non-current asset	4,704	2	2,348	23,800	**30,854**
Booked as a non-current financial liability (- is credit)	-	-	-	-2,117	**-2,117**

Reconciliation to the carrying amount of joint ventures 2020 (in thousands of EUR)	Dredging & Infra	Offshore Energy	Environmental	Concessions	Total
Net assets of associates: 100 % standalone amounts	29,656	113,343	2,116	-	**145,115**
Proportion of the Group's ownership interests in the standalone amounts	**14,157**	**53,061**	**-1,594**	**-**	**65,624**
Reconciliation items	4,837	-	787	-	**5,624**
Carrying amount of the Group's interest in associates	**18,994**	**53,061**	**-807**	**-**	**71,248**
Booked as a non-current asset	18,994	53,061	3,009	-	**75,064**
Booked as a non-current financial liability (- is credit)	-	-	-3,816	-	**-3,816**

JOINT VENTURES IMPACT ON KEY FIGURES IF CONSOLIDATED ACCORDING TO PROPORTIONATE METHOD

The projects executed in joint ventures are closely followed and reported upon in the Group's management reporting. That is the reason why joint ventures are consolidated according to the proportionate method in the economic reporting or in the segment reporting.

The impact on the key figures if the investments in joint ventures are consolidated according to the proportionate method instead of the equity method is presented in the table below. The impact as set out below corresponds with the reconciliation column in the explanatory part regarding segment reporting.

Our share in joint ventures (in thousands of EUR)	2021	2020
Turnover after intercompany eliminations	51,683	59,892
EBITDA	11,733	12,014
EBIT	1,551	3,111
Net financial debt (- is credit)	-1,771	-11,592
Net book value property, plant & equipment and right-of-use assets	79,580	82,637

NOTE 9 – OTHER NON-CURRENT ASSETS

OTHER NON-CURRENT FINANCIAL ASSETS

(in thousands of EUR)		2021	2020
Balance at January 1		**32,813**	**36,182**
Movements during the year	Additions	984	3,657
	Disposals (-)	-6,341	-5,960
	Transfer (to) from other items	5,995	-1,066
	Other movements	-	-
	Translation differences	-	-
Balance at December 31		**33,451**	**32,813**
Of which	Loans to joint ventures and associates	**25,668**	**25,422**
	Other non-current financial assets	**7,783**	**7,391**

The **disposal** of 6.3 million EUR in 2021 and 5.9 million EUR in 2020 is the repayment of loans that have been granted to the companies developing and meanwhile operating the C-Power, Rentel and Seamade offshore wind farms.

The loans to joint ventures and associates are mostly related to the financing of the construction of the wind farms Rentel and Seamade. No expected credit losses are recorded on other non-current financial assets as the repayment of the loans follow a solid business plan.

The equity accounted investees for whom the share in the net assets is negative, are allocated to other components of the investor's interest in the equity accounted investee such as shareholder loans on equity accounted investees. This allocation is presented in the line **transfer (to) from other items.** The amount can be positive or negative as the transfer from receivable to investment in joint ventures and associates is reversed once the net assets of the equity accounted investees are positive again.

The non-current financial assets, other than loans to joint ventures and associates mainly include long term deposits and guarantees.

OTHER NON-CURRENT ASSETS

(in thousands of EUR)		2021	2020
Balance at January 1		**3,221**	**3,921**
Movements during the year	Additions	1,017	3,143
	Disposals (-)	-	-643
	Transfer (to) from other items	-	-
	Other movements	-	-3,200
	Translation differences	-	-
Balance at December 31		**4,239**	**3,221**

Other non-current assets are non-current operating receivables and loans.

The **other movement** in 2020 is related to the elimination of a long term loan on Highwind NV that is fully consolidated since 2020, whereas in 2019 it was consolidated as an equity investee.

NOTE 10 – FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVES

The Group's financial instruments are cash and cash equivalents, trade and other receivables, interest-bearing loans and bank overdrafts, trade and other payables and derivatives. Derivatives are **designated** exclusively **as hedging instruments** and not for trading or other speculative purposes.

The Group is exposed to the following risks linked to financial instruments:

- Market risk consisting of:
  - Interest rate risk;
  - Currency risk;
  - Price risk/commodity risk;
- Credit and Counterparty risk;
- Liquidity risk

MARKET RISK

To finance its investments and activities, DEME frequently makes use of external finance, both in the short and the long term. The extent of leverage may expose the Group to various risks, including increasing its vulnerability to downturns or adverse changes in general economic, industry or competitive conditions and government regulations and requiring a substantial portion of its cash flows from operations to be dedicated to the payment of principal and interest on the Group's indebtedness, therefore reducing its ability to use its cash flows to fund its operations, capital expenditures and future business opportunities.

Market risk is the risk that changes in market prices (foreign exchange rates, interest rates, fuel prices,…) will affect the Group's income statement or the value of its assets and liabilities. The objective of market risk management is to manage and control market risk exposures and to keep the market risk position within acceptable boundaries while achieving the best possible return.

INTEREST RATE RISK

Balance at December 31

DEME contracts considerable financing for the acquisition of its fleet and related capital expenditure. Interest rate risk can be defined as the extent to which the results or value of a financial transaction are affected by a change in market interest rates. The interest rate risk management is centrally performed within the group.

To achieve the best possible balance between financing costs and the volatility of the financial results for its long-term borrowings, DEME covers the vast majority of the risks of changes in the underlying floating interest rates through derivative financial instruments, mainly by using interest rate swaps. As for the uncovered part of the interest rate risks (which relate mainly to short-term borrowing) adverse changes in variable interest rates may lead to increases in the interest charges borne by DEME.

These hedging instruments generally equal the same notional amounts and generally have the same maturity dates as the hedged debts.

As such these swaps are determined as an effective hedge of outstanding or anticipated borrowings and meet the hedge accounting requirements of IFRS 9. The fair values of the effective portion of the hedging instrument are therefore recognised directly in the other comprehensive income under hedge accounting treatment. The ineffective part of any gain or loss on the financial instrument will be taken in result. Gains or losses resulting from the time value of financial derivative instruments are recognised in the income statement.

At closing date, the instruments qualified as cash flow hedges have the following characteristics:

2021 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value
Interest rate swaps	-	-2,608	-	-1,892	-4,500
	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years	Notional amount
	181,045	141,294	255,003	37,188	**614,530**

2020 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value
Interest rate swaps	-	-8,970	-	-4,405	-13,375
	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years	Notional amount
	186,551	181,045	317,949	115,536	**801,081**

Some joint ventures and associates finance significant assets such as infrastructure works, offshore windfarms or vessels and therefore also hold interest rate swaps (IRS). Per December 31, 2021, the other comprehensive income (OCI) of the current period includes a negative amount of -22.2 million EUR compared to -32.6 million EUR at the end of 2020. This reflects DEME's share in the negative fair value of the IRS's of Rentel NV, C-Power NV, Seamade NV, Normalux SA, BAAK Blankenburg-Verbinding BV and Port La Nouvelle SEMOP, net of deferred tax assets.

All those instruments swap the variable interest rate into a fixed one as described in the tables below. Lease liabilities are not included in the tables below. Reference is also made to note (18) Interest-bearing debt and net financial debt.

(in thousands of EUR)

2021

Effective average interest rate *before* considering derivatives products

	Fixed rate			Floating rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	101,230	48.98%	0.88%	622,237	100.00%	0.52%	**723,467**	**87.28%**	**0.57%**
Short-term credit facilities	105,450	51.02%	-0.64% (*)	-	-	-	**105,450**	**12.72%**	**-0.64%**
Total	**206,680**	**100.00%**	**0.43%**	**622,237**	**100.00%**	**0.52%**	**828,917**	**100.00%**	**0.42%**

Effective average interest rate *after* considering derivatives products

	Fixed rate			Floating rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	715,761	87.16%	1.07%	7,707	100.00%	0.75%	**723,467**	**87.28%**	**1.07%**
Short-term credit facilities	105,450	12.84%	-0.64% (*)	-	-	-	**105,450**	**12.72%**	**-0.64%**
Total	**821,211**	**100.00%**	**0.93%**	**7,707**	**100.00%**	**0.75%**	**828,917**	**100.00%**	**0.85%**

(*) On December 3rd, 2021, DEME Coordination Center NV entered into a short term loan agreement, under the TLTRO-program (Targeted Longer-Term Refinancing Operation) of the European Central Bank, which offers DEME Coordination Center an interest rate of EURIBOR unfloored + a margin of *minus* 20 basis points.

2020

Effective average interest rate *before* considering derivatives products

	Fixed rate			Floating rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	76,713	34.45%	1.06%	810,989	100.00%	0.63%	**887,702**	**85.88%**	**0.67%**
Short-term credit facilities	145,950	65.55%	0.39%	-	-	-	**145,950**	**14.12%**	**0.39%**
Total	**222,663**	**100.00%**	**0.37%**	**810,989**	**100.00%**	**0.63%**	**1,033,652**	**100.00%**	**0.63%**

Effective average interest rate *after* considering derivatives products

	Fixed rate			Floating rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	877,794	85.74%	1.18%	9,908	100.00%	0.75%	**887,702**	**85.88%**	**1.18%**
Short-term credit facilities	145,950	14.26%	0.39%	-	-	-	**145,950**	**14.12%**	**0.39%**
Total	**1,023,744**	**100.00%**	**1.01%**	**9,908**	**100.00%**	**0.75%**	**1,033,652**	**100.00%**	**1.06%**

SENSITIVITY TO THE INTEREST RATE RISK

Balance at December 31

The Group is subject to the risk of fluctuating interest rates for cash flows relating to financial instruments at floating rate that are not hedged.

With reference to the table above, including the swap instruments, just over 99% of the Group's outstanding debt portfolio (short and long-term) has a fixed interest rate character, which limits the exposure of the Group to interest rate fluctuations.

In the analysis below, it is assumed that the figures for the financial debt and the derivative instruments as at December 31, 2021 and 2020 remain constant over the year.

If Euribor rises by 50 base points at closing date, this will mean an interest charge increase on the remaining portfolio at floating interest rate of only 39 thousands EUR for 2021 and 50 thousands EUR for 2020 thanks to high percentage of hedged financial instruments.

2021 (in thousands of EUR)	Result (- is debit/+ is credit)	
	Impact of calculation +50bp	Impact of calculation -50bp
Non-current interest-bearing debts (+ current portion due in the year) after accounting hedge	-39	+39
Net short-term financial debts (*)	-	-

(*) excluding cash at bank and in hand

2020 (in thousands of EUR)	Result (- is debit/+ is credit)	
	Impact of calculation +50bp	Impact of calculation -50bp
Non-current interest-bearing debts (+ current portion due in the year) after accounting hedge	-50	+50
Net short-term financial debts (*)	-	-

(*) excluding cash at bank and in hand

The Group does not maintain a **hedging ratio** as an instruction as such, although the hedge ratio is kept as high as possible. However as shown above, for interest rate risk the hedging ratio comes close to 100%. The funding activity with respect to the fully owned subsidiaries is fully centralised at Deme Coordination Center NV. Deme Coordination Center NV has taken out long term loans from various banks at floating rates. The cashflow schemes that are hedged by means of IRS's are one on one identical to the cashflow schemes representing each individual loan contract. When **in-effectiveness** occurs, the hedge is being amended accordingly. When loans are taken out on a joint venture level, there is a dependance on the partner for hedging decisions.

CURRENCY RISK

DEME is exposed to risks associated with fluctuations in currency exchange rates.

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

TRANSLATIONAL CURRENCY RISK

DEME's reporting currency is euros, however, given the Group's global operations, a significant portion of the Group's assets, liabilities, expenses and revenue are denominated in currencies other than euros. Such assets, liabilities, expenses and revenue are translated to euros at the applicable exchange rates to prepare the Group's consolidated financial statements. Therefore, fluctuations in exchange rates between euros and such other currencies affect the value of those items expressed in euro terms in the Group's consolidated financial statements. A change of one or more of the foreign currencies in which DEME's local subsidiaries operate against euros impacts its revenue and profitability expressed in euro terms accordingly. Changes in the euro values of the Group's consolidated assets and liabilities resulting from exchange rate movements may cause the Group to record foreign currency gains and losses through profit or loss, or through its cumulative translation adjustment reserve recognised in other comprehensive income and accumulated in equity.

The main foreign currency companies contributing to the Group's turnover have USD, GBP, DKK, PLN, PGK, SGD, UYU, BRL, INR, NGN, COP and MXN as their currency. In 2021 these entities, especially in USD & GBP, contributed 34% to the Group's turnover. In 2020 this was 22%. The Group doesn't hedge against translational currency risk.

Some of the main exchange rates that have been used to convert the financial statements:

Currency rates from foreign currency to EUR

	December 31, 2021		December 31, 2020	
	Closing rate	Average rate	Closing rate	Average rate
AED	0.2395	0.2303	0.2229	0.2382
AOA	0.0016	0.0014	0.0013	0.0016
AUD	0.6386	0.6333	0.6300	0.6057
BRL	0.1579	0.1570	0.1577	0.1727
CAD	0.6963	0.6743	0.6432	0.6541
CNY	0.1385	0.1313	0.1255	0.1268
EGP	0.0562	0.0540	0.0522	0.0555
HKD	0.1128	0.1088	0.1056	0.1127
INR	0.0118	0.0115	0.0112	0.0119
JPY	0.0076	0.0077	0.0079	0.0082
MXN	0.0429	0.0415	0.0412	0.0412
MYR	0.2113	0.2048	0.2037	0.2088
NGN	0.0021	0.0021	0.0022	0.0025
OMR	2.2866	2.1983	2.1285	2.2734
PGK	0.2432	0.2348	0.2272	0.2511
PHP	0.0173	0.0172	0.0171	0.0176
PLN	0.2182	0.2193	0.2197	0.2251
QAR	0.2416	0.2316	0.2249	0.2398
RUB	0.0118	0.0115	0.0111	0.0122
SGD	0.6521	0.6305	0.6199	0.6361
TWD	0.0317	0.0304	0.0292	0.0297
UAH	0.0323	0.0310	0.0289	0.0326
USD	0.8797	0.8459	0.8188	0.8747
UYU	0.0197	0.0195	0.0193	0.0212
ZAR	0.0550	0.0569	0.0557	0.0537

TRANSACTIONAL CURRENCY RISK

Balance at December 31

The global nature of DEME's activities means that payments made further to contracts may be in a variety of currencies, thus exposing DEME to exchange rate risks. Similarly purchases and expenditure in foreign currencies also give rise to exchange rate risks. Most of the Group's purchases are typically transacted in euros or U.S. dollars. This means that the Group will face a risk of exchange rate fluctuation when the sales are made in a different currency than the purchase. DEME may be unable to pass along increased costs to its customers.

- **Financing & Investing:** DEME's transactional currency risk regarding financing and investing activities could arise from financial loans denominated in currencies other than the euro. As presented in the table below for the outstanding long-term debts (without considering lease debts which are mainly in euros), the financing transactional currency risk can be considered to be nil.

(in thousands of EUR)	2021	2020
EUR	723,467	887,703
USD	-	-
Other currencies	-	-
Total Long-term debts (*)	**723,467**	**887,703**

(*) Lease liabilities are not included. Total Long-term debts also includes the current portion of the Long-term debts (note (18)).

- **Operational activities:** Given the international character of its business operations and the execution of contracts in foreign currency, DEME is exposed to currency risks. DEME's transactional foreign currency risk arises from commercial flows denominated in currencies other than the euro. In 2021, 62% of the Group's turnover was contracted in EUR followed by USD,GBP,DKK,RUB,PLN,SGD, UYU and INR. In 2020 this was 67% in EUR, followed by USD,RUB,PLN,DKK,SGD,INR,GBP and TWD. The Group's expenses are mainly in euros. To a lesser extent costs are charged in a currency not equal to the euro or in

the currency of a country in which our activities are performed. The residual foreign currency risk is assessed on a case-by-case basis and, if necessary, DEME uses forward exchange contracts to hedge its residual foreign currency risk on projected net commercial flows denominated in currencies other than the euro. The fair value variation of exchange rate instruments is considered as construction costs. This variation is presented as an operating result.
Exchange rate risk for large projects and large investments are hedged as much as possible, also for smaller volumes hedging is taken out in most cases. When **in-effectiveness** occurs due to timing mismatches, the FX-trades are being rolled to the future. In-effectiveness in terms of volumes is in most cases an underhedge. When overhedge occurs due to underlying flow being cancelled or being paid in other currency than the hedged currency, the hedge will be amended accordingly.

The following tables disclose the fair value and the notional amount of exchange rate instruments issued (forward sales/purchase agreements) (+ is asset / - is liability):

2021 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value
Exchange rate instruments	114	-24,260	1,056	-10,162	**-33,252**

2020 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value
Exchange rate instruments	1,229	-48	5,957	-568	**6,570**

2021 (in thousands of EUR)	Market value			Notional amount		
Currency	Forward purchase	Forward sale	Total amount	Forward purchase	Forward sale	Total amount
USD	561	-32,816	-32,255	-48,067	1,314,750	1,266,683
AUD	-5	-	-5	-7,200	-	-7,200
PLN	70	-6	64	-31,178	24,600	-6,578
SGD	363	-	363	-77,229	-	-77,229
JPY	-12	-	-12	-95,009	-	-95,009
EGP	-	-1,121	-1,121	-	1,224,090	1,224,090
DKK	-	-	-	-19,039	3,639	-15,400
COP	-	19	19	-	10,800,000	10,800,000
GBP	-	-393	-393	-	36,993	36,993
TWD	196	-108	88	-	-	-
Balance at December 31	**1,173**	**-34,425**	**-33,252**			

2020 (in thousands of EUR)	Market value			Notional amount		
Currency	Forward purchase	Forward sale	Total amount	Forward purchase	Forward sale	Total amount
USD	-157	2,662	2,505	-23,053	111,765	88,712
AUD	44	-	44	-5,520		-5,520
PLN	16	1,416	1,432	-49,700	226,862	177,162
SGD	560	-	560	-140,490		-140,490
RUB	-21	1,522	1,501	-20,560	1,370,210	1,349,650
JPY	-	-	-	-144,000		-144,000
EGP		-426	-426	-	592,500	592,500
DKK	-	-	-	-28,083	11	-28,072
Other	-43	997	954	-	-	-
Balance at December 31	**399**	**6,171**	**6,570**			

SENSITIVITY

Balance at December 31

Sensitivity to currency fluctuations is mainly related to the evolution of a portfolio of foreign currencies versus the euro.

The fair value of foreign currency monetary items is impacted by currency fluctuations. In order to eliminate most of these effects in foreign currencies, the Group uses monetary items and/or derivative financial instruments as described above, which are meant to offset the impact of such results to a major extent.

The following analysis is performed supposing that the amount of financial assets/liabilities and derivatives as at December 31, 2021 and 2020 remain constant over the year. A variation of 5% (appreciation of the EUR) at closing date would give an increase or a decrease on the non-hedged assets & liabilities (mainly for USD, GBP, TWD, SGD and additionally RUB for 2020) disclosed as follows.

2021 (in thousands of EUR)	Balance sheet impact (+ is debit/- is credit)	
	Impact of the sensitivity calculation - depreciation of 5% of the EUR	Impact of the sensitivity calculation - appreciation of 5% of the EUR
Non-current interest- bearing debts (+ current portion due in the year) after accounting hedge	-	-
Net short-term financial debts (*)	+2,593	-2,346
Outstanding trade receivables & payables after accounting hedge	+294	-294

(*) including cash at bank and in hand

2020 (in thousands of EUR)	Balance sheet impact (+ is debit/- is credit)	
	Impact of the sensitivity calculation - depreciation of 5% of the EUR	Impact of the sensitivity calculation - appreciation of 5% of the EUR
Non-current interest- bearing debts (+ current portion due in the year) after accounting hedge	-	-
Net short-term financial debts (*)	+4,605	-4,167
Outstanding trade receivables & payables after accounting hedge	+440	-440

(*) including cash at bank and in hand

PRICE RISK/COMMODITY RISK

Balance at December 31

DEME is also exposed to commodity risks, and hedges against oil price fluctuations by entering into forward contracts. The fair value variation of these instruments is considered as construction costs. This variation is presented as an operating result. The fair value and notional amount of these instruments can be found below.

2021 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value	Notional amount
Fuel hedges	500	-	2,151	-314	**2,337**	**16,292**

2020 (in thousands of EUR)	Non-current asset	Non-current liability	Current asset	Current liability	Total net balance Fair Value	Notional amount
Fuel hedges	204	-	885	-1,788	**-699**	**10,656**

CREDIT AND COUNTERPARTY RISK

A credit risk may arise in the event a customer or counterparty fails to perform its contractual obligations in respect of DEME in accordance with the provisions of the contract concerned.

Non-payment by a customer may be the consequence of a lack of liquidity, bankruptcy or fraud on the part of the customer or be attributable to the general political or economic situation in the customer's country. Although DEME aims to minimize the credit risks of its customers by examining their solvency prior to finalising the contract and putting the required payment guarantees in place (including credit insurance policies with public service credit insurers such as Credendo and private credit insurers, bank guarantees and through letters of credit) it is not possible to entirely exclude the credit risks of customers.

A large part of the consolidated turnover is realised through public or semi-public sector customers. The level of counterparty risk is limited by the large number of customers. To contain the risk, DEME constantly monitors its outstanding trade receivables and adjusts its position if necessary.

Overdue receivables in the table below, as said before mainly covered by Credendo, relate to additional works and subsequent contract modifications accepted by the customers, pending settlements to be recovered by an overall agreement with the client and that are part of a broader negotiation process. Further on, revenues and earnings are only recognised in the accounts when it's probable that they will be realised.

DEME values all its financial assets (amongst others contract assets) in conformity with the expected credit loss model of IFRS 9. As such, the discounted effect of estimated losses, in case a debtor would default on its obligations, would be reflected in its book value. The credit history of the Group over recent years indicates credit losses are **insignificant** compared to the level of activity. Therefore management is of the opinion that credit risk is adequately controlled by the current applicable procedures. The payment behavior of the Group's customers remains unchanged in 2021. The outbreak of COVID-19 as from 2020 onwards has not materially impacted the Group's allowances for doubtful debts. At the reporting date there was no concentration of credit risk with any customers.

CREDIT RISK ON ACCOUNTS RECEIVABLE / COUNTERPARTY RISK:

Balance at December 31

The aging of trade receivables (net amount and excluding other operating receivables) (note (14)) is as follows:

2021 (in thousands of EUR)	Closing	Not expired	Expired <1 month	Expired <2 months	Expired < 3 months	Expired <6 months	Expired < 1 year	Expired > 1 year
Trade receivables	314,175	217,102	10,470	14,421	5,372	9,573	10,244	46,993
Loss allowance	-18,423	-	-	-	-	-	-	-18,423
Total net amounts	**295,752**	**217,102**	**10,470**	**14,421**	**5,372**	**9,573**	**10,244**	**28,570**

2020 (in thousands of EUR)	Closing	Not expired	Expired <1 month	Expired <2 months	Expired < 3 months	Expired <6 months	Expired < 1 year	Expired > 1 year
Trade receivables	263,537	164,003	3,212	18,312	1,687	16,587	14,017	45,719
Loss allowance	-15,172	-	-	-	-	-	-	-15,172
Total net amounts	**248,365**	**164,003**	**3,212**	**18,312**	**1,687**	**16,587**	**14,017**	**30,547**

In view of IFRS 1 *first-time adoption of International Financial Reporting Standards* (note (28)), the aging balance of trade receivables (net amount and excluding other operating receivables) as of **January 1, 2020** is shown below.

01/01/2020 (in thousands of EUR)	Closing	Not expired	Expired <1 month	Expired <2 months	Expired < 3 months	Expired <6 months	Expired < 1 year	Expired > 1 year
Trade receivables	364,631	186,382	13,119	30,865	3,690	20,689	41,496	68,390
Loss allowance	-19,024	-	-	-	-	-	-	-19,024
Total net amounts	**345,607**	**186,382**	**13,119**	**30,865**	**3,690**	**20,689**	**41,496**	**49,366**

All other financial assets of the consolidated balance sheet are considered as not expired.

CREDIT RISK ON CASH AND CASH EQUIVALENTS

DEME is also exposed to counterparty risks when investing the assets available to it and when subscribing to financial derivatives. DEME has a policy to minimize counterparty by avoiding concentrations of these and in such matters working only with banks with which it has a long-standing relationship, but it is not possible to entirely exclude credit risks of financial counter parties.

The Group has cash and cash equivalents of 528,6 million EUR at December 31, 2021 (2020: 621,9 million EUR). The cash and cash equivalents are held with reputable bank and financial institution counterparties that have good investment grade credit ratings.

LIQUIDITY RISK & CAPITAL MANAGEMENT

Although DEME operates strict financial policies and ensures that there is a diversity of sources of finance and repayment periods, it cannot be ruled out that the non-performance of significant payment obligations by customers or the inability to arrange adequate external financing subject to acceptable conditions could have a negative effect on the cash flow and liquidity of DEME and thus have a negative impact on the activities, financial situation and results of DEME.

All these factors might result in DEME having difficulties to comply with its credit facility covenants. If DEME's future cash flows from operations and other capital resources would be insufficient to honour its payment obligations or to fund its liquidity needs, DEME may be forced to adapt its business activities and capital expenditures, sell assets, obtain additional debt or equity capital, restructure or refinance all or a part of its debt on or before maturity or forgo opportunities such as acquisitions.

The liquidity risk is limited by spreading borrowing among several banks, agreeing a variety of repayment periods and also by mitigating the credit risk as described above.

DEME aims to maintain a healthy balance between the consolidated Group equity and the consolidated net debt. DEME has significant credit facilities and guarantee facilities with various international banks. In addition to this it has a commercial paper programme to cover its short-term borrowing requirements. The risk on its current long-term variable interest bank loans has been entirely covered by making use of interest rate swaps (see interest rate risk factor).

DEME mainly invests in equipment with a long lifespan, which is written off over several years.

For that reason, DEME seeks to structure a substantial part of its debts as long-term debt. Since 2015, DEME has worked out a new bank financing structure, based on bilateral unsecured long-term financing with several banks. DEME must in the context of some of its long-term credit facilities respect certain covenants. Any breach of these covenants could give rise to the acceleration of the loans.

At December 31, 2021 as well as at December 31, 2020 , the Group complies with the solvency ratio (>25%), the debt/EBITDA ratio (<3), and the interest cover ratio (>4), that were agreed upon within the contractual terms of the loans received. We refer also to note (18).

At year-end 2021, DEME has a **net financial debt** of -392,678 thousand EUR (note (18)) and a **Group equity** of 1,599,239 thousand EUR. The Group equity of the DEME group includes share capital, share premium, consolidated reserves and non-controlling interests. The entire equity is used to finance the operations described in the corporate purposes of the subsidiaries.

At December 31, 2021, the Group has 118 million EUR unused bank credit compared to 125 million EUR at the end of 2020. The Group has the possibility to issue commercial paper for amounts up to 125 million EUR. In contrast to December, 31, 2020, when 125 million EUR commercial paper was issued, this facility was not used at all at year-end 2021.

The explanatory note (18) discloses the changes in liabilities arising from financing activities and the extent to which cash and cash equivalents are not freely available as a result of transfer restrictions, joint control or other legal restrictions. We also refer to note (23) working capital as this also elaborates how DEME manages cash and liquidity.

FAIR VALUES & HIERARCHY

Balance at December 31

The fair values are classified in three levels according to the valuation hierarchy of IFRS 13, depending on the type of input used for the valuation of financial instruments.

- Level 1 instruments are unadjusted quoted prices in active markets for identical assets and liabilities. No valuation model is used. In level 1, we find all financial assets (valued at fair value) with a public listing in an active market;
- Level 2 instruments are prices quoted for similar assets and liabilities in active markets, or data based on or supported by observable market data. A valuation based on observable parameters such as discounted cashflow model, the comparison with another similar instrument, the determination of prices by third parties;
- Level 3 instruments are non-observable data for determining the fair value of an asset or liability, e.g. some financial assets for which no public listing is available, loans and advances to customers, valued at amortised cost etc.

Set out below is an overview of the carrying amounts of the Group's financial instruments that are shown in the financial statements. All fair values mentioned in the table below relate to Level 2. During the reporting periods, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

2021 (in thousands of EUR)	Derivatives designated as hedging instrument	Assets & Liabilities at amortised cost	Book value	Fair Value measurement by level	Fair value
Non-current assets	**613**	**37,690**	**38,303**		**38,303**
Other non-current financial assets	-	33,451	33,451	Level 2	33,451
Financial Derivatives	613	-	613	Level 2	613
Other non-current assets	-	4,239	4,239	Level 2	4,239
Current assets	**3,207**	**980,846**	**984,053**		**984,053**
Trade receivables and other operating receivables	-	384,022	384,022	Level 2	384,022
Financial Derivatives	3,207	-	3,207	Level 2	3,207
Cash and cash equivalents	-	528,632	528,632	Level 2	528,632
Other current assets	-	68,192	68,192	Level 2	68,192
Non-current liabilities	**26,868**	**580,797**	**607,665**		**620,631**
Interest-bearing debt	-	577,970	577,970	Level 2	590,936
Financial Derivatives	26,868	-	26,868	Level 2	26,868
Other liabilities	-	2,827	2,827	Level 2	2,827
Current liabilities	**12,368**	**1,466,439**	**1,478,807**		**1,487,090**
Interest-bearing debt	-	343,340	343,340	Level 2	351,623
Financial Derivatives	12,368	-	12,368	Level 2	12,368
Advances received	-	101,067	101,067	Level 2	101,067
Trade payables and other operating debts	-	772,905	772,905	Level 2	772,905
Remuneration and social debt	-	94,026	94,026	Level 2	94,026
Current income taxes	-	76,370	76,370	Level 2	76,370
Other current liabilities	-	78,731	78,731	Level 2	78,731

2020 (in thousands of EUR)	Derivatives designated as hedging instrument	Assets & Liabilities at amortised cost	Book value	Fair Value measurement by level	Fair value
Non-current assets	**1,433**	**36,034**	**37,467**		**37,467**
Other non-current financial assets	-	32,813	32,813	Level 2	32,813
Financial Derivatives	1,433	-	1,433	Level 2	1,433
Other non-current assets	-	3,221	3,221	Level 2	3,221
Current assets	**6,842**	**959,826**	**966,668**		**966,668**
Trade receivables and other operating receivables	-	309,636	309,636	Level 2	309,636
Financial Derivatives	6,842	-	6,842	Level 2	6,842
Cash and cash equivalents	-	621,937	621,937	Level 2	621,937
Other current assets	-	28,253	28,253	Level 2	28,253
Non-current liabilities	**9,018**	**740,987**	**750,005**		**753,789**
Interest-bearing debt	-	735,054	735,054	Level 2	738,838
Financial Derivatives	9,018	-	9,018	Level 2	9,018
Other liabilities	-	5,933	5,933	Level 2	5,933
Current liabilities	**6,761**	**1,380,373**	**1,387,134**		**1,390,137**
Interest-bearing debt	-	375,913	375,913	Level 2	378,916
Financial Derivatives	6,761	-	6,761	Level 2	6,761
Advances received	-	60,582	60,582	Level 2	60,582
Trade payables and other operating debts	-	717,338	717,338	Level 2	717,338
Remuneration and social debt	-	83,968	83,968	Level 2	83,968
Current income taxes	-	66,336	66,336	Level 2	66,336
Other current liabilities	-	76,236	76,236	Level 2	76,236

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade and other operating receivables, other current assets, trade payables and other operating debts, advances received, renumeration and social debts, current income taxes and other current liabilities approximate their carrying amounts because they have a short term maturity;
- The fair value of interest-bearing debts is estimated by discounting future cash flows using the effective interest rates currently available for debt on similar terms, credit risk and remaining maturities; where the interest rate is variable (floating), the fair value is considered to be similar to the carrying amount. A similar approach is used for non-current financial assets;
- The Group enters into financial derivative instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, fuel hedges and foreign exchange forward contracts. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

NOTE 11 – CURRENT TAXES AND DEFERRED TAXES

Balance at December 31

CURRENT TAXES AND DEFERRED TAXES RECOGNISED IN COMPREHENSIVE INCOME

Current taxes and deferred taxes recognised in comprehensive income (in thousands of EUR)	**2021**	**2020**
Current tax expense	45,979	38,946
Reclassification of deferred income taxes regarding prior financial years	-	-
Adjustments in respect of current income tax of previous years	-1,281	7,783
Total current tax expense / (income)	**44,698**	**46,729**
Relating to origination and reversal of temporary differences	-11,570	-24,504
Movement of recognised tax losses carried forward	-2,049	-12,413
Total deferred tax expense / (income)	**-13,619**	**-36,917**
Current taxes and deferred taxes recognised in the income statement	**31,079**	**9,812**
- Employee benefits	-259	-1,273
- Financial derivatives	1,826	224
Current taxes and deferred taxes recognised in other elements of the comprehensive income (+ is liability)	**1,567**	**-1,049**
Current taxes and deferred taxes recognised in comprehensive income	**32,646**	**8,763**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income is recognised in OCI and not in the statement of profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The operational activities of the Group are subject to various tax regimes with tax rates ranging from 0 % to 37.9%.

CURRENT INCOME TAX RECEIVABLES AND PAYABLES

Balance at December 31 (in thousands of EUR)	**2021**	**2020**
Current income tax receivables (+ is debet)	32,303	28,545
Current income tax payables (+ is credit)	76,370	66,336

Current income tax receivables are included in trade and other operating receivables in the consolidated statement of financial position.

RECONCILIATION OF THE EFFECTIVE TAX RATE

Below a reconciliation between the effective tax rate and the tax rate applicable in Belgium is made.

Reconciliation of the effective tax rate (in thousands of EUR)	**2021**	**2020**
Result before taxes	**137,869**	**38,630**
Tax expense at nominal tax rate in Belgium which is 25% in 2021 and 2020	**34,467**	**9,658**
Increase (decrease) in tax rate resulting from:		
Tax effect of non-deductible expenses	2,039	1,759
Tax effect of non-taxable revenue (1)	-9,525	-20,363
Tax credits and impact of notional interest	-	-1,559
Effects of different tax rates applicable to subsidiaries operating in other jurisdictions or income taxable under special tax regimes such as tonnage tax (2)	-7,824	5,516
Tax impact of (de)recognition of provisions for uncertain tax positions	-10,429	-9,229
Tax impact of adjustments to current and deferred tax relating to previous periods	-1,281	7,782
Tax impact on losses for which no deferred tax assets were recognised (3)	23,631	16,248
Tax expense	**31,079**	**9,812**
Effective tax rate for the period	**22.54%**	**25.40%**

(1) The main components of the tax effect on non-taxable revenue are tax deductible losses on receivables and random depreciations (2021), and tax-exempt capital gains on sale of assets (2020).

(2) The effective tax rate (2021: 22.54%) is lower than the nominal tax rate in Belgium (25%), because in a number of countries where we operated in 2021 the nominal tax rate is relatively low and because of the application of tonnage tax.
The effective tax rate (2020: 25.40%) is higher than the nominal tax rate in Belgium (25%), as in a number of countries where we operated in 2020 a relatively high tax rate applies.

(3) The amount of 2021 includes a reassessment on previously recognised tax losses.

The impact of tax credits was immaterial, and has therefore not been reflected separately in the calculations (for both 2021 and 2020).

DEFERRED TAX ASSETS AND LIABILITIES SPLIT BY ORIGIN

The changes of the period of deferred tax assets and liabilities split by their origin is set out below.

Deferred taxes (both assets and liabilities) related to fixed assets are presented separately. These deferred tax positions relate to both temporary differences between the statutory carrying amount and the carrying amount under the DEME group depreciation policy and impairment corrections on fixed assets.

Deferred taxes regarding employee benefits (only deferred tax assets) are related to the provision booked for employee benefits according to IFRS rules as well as the correction on the statutory provisions for employee benefits to comply with the DEME and IFRS rules.

The column reversal statutory provision is mainly related to the reversal of the statutory provisions for repair and maintenance which are not allowed under IFRSs.

Deferred taxes on other timing differences mainly relate to consolidation adjustments on running projects.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. These provisions for uncertain tax positions (UTP) are booked as a deferred tax liability. In this regard, management considers UTP's individually, based on an approach which provides the best prediction of the resolution of the uncertainties with the tax authority. For 2021 (and 2020) each UTP has been measured using the most likely single amount. Currently, the major UTP's relate to ongoing tax litigations in the Philippines, India and Qatar.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The deferred tax assets for tax losses and tax credits are booked separately.

Income tax losses carried forward and/or timing differences of Group companies for which no deferred tax assets are recognised amount to 241.3 million EUR in 2021 (229.1 million EUR in 2020).

2021 (in thousands of EUR) **Deferred tax liabilities related to**	Tangible fixed assets	Employee benefits	Financial derivatives	Reversal statutory provision	Long term tax accruals (UTP)	Other timing differences	Netting	Total
Balance at January 1	**60,676**	**-**	**364**	**570**	**36,748**	**6,676**	**-57,677**	**47,358**
Recognised in income statement	-6,460	-	-299	7,007	-7,120	2,073	-	**-4,799**
Charged to equity	-	-	-	-	-	-	-	**-**
Acquisition or disposal of subsidiary or modification of %	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	377	-	**377**
Netting (*)	-	-	-	-	-	-	31,278	**31,278**
Balance at December 31	**54,217**	**-**	**65**	**7,577**	**29,627**	**9,126**	**-26,399**	**74,214**

Defered tax assets related to	Tangible fixed assets	Employee benefits	Financial derivatives	Tax Losses	Tax credits	Other timing differences	Netting	Total
Balance at January 1	**27,546**	**12,584**	**3,467**	**46,723**	**16,231**	**47,544**	**-57,677**	**96,418**
Recognised in income statement	-1,366	375	-348	2,049	1,403	6,707	-	**8,821**
Charged to equity	-	259	-1,826	-	-	-	-	**-1,567**
Acquisition or disposal of subsidiary or modification of %	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	-	-	**-**
Netting (*)	-	-	-	-	-	-	31,278	**31,278**
Balance at December 31	**26,180**	**13,218**	**1,293**	**48,773**	**17,634**	**54,251**	**-26,399**	**134,949**

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

2020 (in thousands of EUR) **Deferred tax liabilities related to**	Tangible fixed assets	Employee benefits	Financial derivatives	Reversal statutory provision	Long term tax accruals (UTP)	Other timing differences	Netting	Total
Balance at January 1	**56,569**	**-**	**12**	**18,170**	**44,850**	**11,372**	**-54,538**	**76,434**
Recognised in income statement	691	-	353	3,941	-8,102	-3,857	-	**-6,975**
Charged to equity	-	-	-	-	-	-	-	**-**
Acquisition or disposal of subsidiary or modification of %	3,416	-	-	-	-	-	-	**3,416**
Exchange differences	-	-	-	-	-	-838	-	**-838**
Netting (*)	-	-	-	-	-	-	-3,138	**-3,138**
Reclassification prior years	-	-	-	-21,540	-	-	-	**-21,540**
Balance at December 31	**60,676**	**-**	**364**	**570**	**36,748**	**6,676**	**-57,677**	**47,358**

Defered tax assets related to	Tangible fixed assets	Employee benefits	Financial derivatives	Tax Losses	Tax credits	Other timing differences	Netting	Total
Balance at January 1	**15,560**	**11,651**	**2,813**	**71,987**	**14,905**	**27,107**	**-54,538**	**89,486**
Recognised in income statement	11,951	-339	877	12,413	-12,735	17,775	-	**29,943**
Charged to equity	-	1,273	-224	-	-	-	-	**1,049**
Acquisition or disposal of subsidiary or modification of %	34	-2	-	586	-	-	-	**618**
Exchange differences	-	-	-	-	-	-	-	**-**
Netting (*)	-	-	-	-	-	-	-3,138	**-3,138**
Reclassification prior years	-	-	-	-38,262	14,061	2,662	-	**-21,540**
Balance at December 31	**27,546**	**12,584**	**3,467**	**46,723**	**16,231**	**47,544**	**-57,677**	**96,418**

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

NOTE 12 – INVENTORIES

Balance at December 31

(in thousands of EUR)	2021	2020
Raw Materials	2,683	3,672
Consumables	9,485	6,784
Total Inventories	**12,168**	**10,456**
Movement of the year recorded in statement of income	**1,712**	**3,440**

Inventories can be split into Raw Materials and Consumables. **Raw Materials** are mainly related to ballast & dredged material (BAD) and sand from the marine aggregate business within the segment "Dredging & Infra". **Consumables** mainly consist out of fuel, auxiliary materials and spare parts.

The movement of the year is recorded in the line 'Raw materials, consumables, services and subcontracted work' of the consolidated statement of income.

NOTE 13 – CONTRACT ASSETS AND CONTRACT LIABILITIES

Balance at December 31

Contract assets and **Contract liabilities** relate in compliance with IFRS 15 *revenue from contracts with customers* to the work in progress of construction projects executed by the Group and services rendered. Work in progress shows the balance of revenue recognised on those contracts less progress billings, advance payments and potential provisions for losses. **Advances received** are amounts received by the Group before the related work is performed. The Group presents those separately from other contract liabilities.

The Group carries out a diversity of projects, all with different aspects regarding e.g. nature and scope, type of clients, type of contract and payment conditions and geographical location. Most of the turnover is paid with an advance received at the beginning of the project followed by milestones payments after execution of the work and approval by the client.

(in thousands of EUR / (-) is credit)	2021	2020
Contract assets	326,685	251,747
Contract liabilities	-181,095	-156,799
Advances received	-101,067	-60,582
Net balance	**44,523**	**34,366**

Contract assets are the Group's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. A contract asset arises when the Group performed works for a customer that are recognised as revenue to date but are not yet invoiced or paid. As such the revenue recognition reflects the rate at which the Group's performance obligations are fulfilled corresponding to the transfer of control of a good or service to the customers. When there is no transfer of control throughout the contract revenue is still recognised over time, based on the fact that the asset created has no alternative use, as well as the fact that the Group has an enforceable right to the payment for performance completed to date. Contract assets turn into receivables as those works are accepted by the client.

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. A contract liability arises when the Group has invoiced the customer or received payment from them while the work wasn't done yet and the invoices and/or payments exceed the revenue recognised to date. Provisions are recognised for expected losses on work in progress as soon as they are foreseen and if necessary, any profit already recognised is reversed. Those are also recognised as contract liabilities for an amount of 8.1 million EUR as of December 31, 2021.

The determination of estimated profit (or loss) is based on estimated costs and revenues of the related projects and for profitable projects only, in proportion to the stage of completion. These estimates and judgments may contain some uncertainties.

Due to the high number of individual projects (with all different aspects regarding nature, type of clients, contract and payment conditions) a more detailed description of changes in contract assets and contract liabilities compared to prior year are not deemed relevant.

2021 CONTRACT ASSETS AND CONTRACT LIABILITIES BY SEGMENT

(in thousands of EUR / (-) is credit)

2021 Contract assets	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	135,310	104,070	-	239,380
Offshore Energy	108,331	-40,157	-	68,174
Environmental	8,106	11,025	-	19,131
Concessions	-	-	-	-
Total	**251,747**	**74,938**	**-**	**326,684**

2021 Contract liabilities	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	-144,269	19,576	-	-124,693
Offshore Energy	-7,779	-43,296	-	-51,075
Environmental	-4,751	-576	-	-5,327
Concessions	-	-	-	-
Total	**-156,799**	**-24,296**	**-**	**-181,095**

2021 Advances received	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	-26,941	6,477	-	-20,464
Offshore Energy	-33,211	-46,279	-	-79,490
Environmental	-430	-683	-	-1,113
Concessions	-	-	-	-
Total	**-60,582**	**-40,485**	**-**	**-101,067**

2021 Net balance	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	-35,900	130,123	-	94,223
Offshore Energy	67,341	-129,732	-	-62,391
Environmental	2,925	9,766	-	12,691
Concessions	-	-	-	-
Total	**34,366**	**10,157**	**-**	**44,523**

2020 CONTRACT ASSETS AND CONTRACT LIABILITIES BY SEGMENT

(in thousands of EUR / (-) is credit)

2020 Contract assets	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	164,495	-29,185	-	135,310
Offshore Energy (*)	53,427	54,853	51	108,331
Environmental	10,626	-2,520	-	8,106
Concessions	-	-	-	-
Total	**228,548**	**23,148**	**51**	**251,747**

2020 Contract liabilities	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	-64,449	-79,820	-	-144,269
Offshore Energy (*)	-100,682	93,789	-886	-7,779
Environmental	-531	-4,220	-	-4,751
Concessions	-	-	-	-
Total	**-165,662**	**9,749**	**-886**	**-156,799**

(*) changes in comparison to 2019 thanks to acquirement SPT Offshore business and affiliates in 2020

2020 **Advances received**	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	-15,816	-11,125	-	-26,941
Offshore Energy	-9,131	-24,080	-	-33,211
Environmental	-14,618	14,188	-	-430
Concessions	-	-	-	-
Total	**-39,565**	**-21,017**	**-**	**-60,582**

2020 **Net balance**	Balance at January 1	Business-related changes	Changes in consolidation scope	Balance at December 31
Dredging & Infra	84,230	-120,130	-	-35,900
Offshore Energy (*)	-56,386	124,562	-835	67,341
Environmental	-4,523	7,448	-	2,925
Concessions	-	-	-	-
Total	**23,321**	**11,880**	**-835**	**34,366**

(*) changes in comparison to 2019 thanks to acquirement SPT Offshore business and affiliates in 2020

"Business-related changes" in the above tables relate to cumulative catch up adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification.

Most of those performance obligations are expected to be fulfilled by the Group in a similar timing as the order book presented in note (1) on turnover and order book.

NOTE 14 – TRADE AND OTHER OPERATING RECEIVABLES

Balance at December 31

(in thousands of EUR)	**2021**	**2020**
Trade receivables gross amount	314,175	263,537
Amounts written off	-18,423	-15,172
Trade receivables net amount	**295,752**	**248,365**
Corporation taxes	32,302	28,545
Value added tax (VAT)	41,354	18,781
Other operating receivables	14,614	13,945
Total trade and other operating receivables	**384,022**	**309,636**

The ageing balance of outstanding trade receivables is included in note (10). The Group carries out a **diversity of projects,** all with different aspects regarding e.g. nature and scope, type of clients, type of contract and payment conditions and geographical location.

The outstanding balance of **amounts written off** mainly relates to the allowance for the insolvency of a client in 2019, for which DEME Offshore carried out maintenance works on offshore wind farms.

Reference is made to note (11) for **current income tax receivables.**

Other operating receivables mainly relate to amounts due from joint ventures, current accounts with consortium partners and personnel advances.

A separate disclosure , note (25) related parties, summarises all receivables and payables towards joint ventures and associates.

NOTE 15 – ASSETS HELD FOR SALE

Balance at December 31

(in thousands of EUR)	2021	2020
Assets held for sale	**32,456**	**-**

According to IFRS 5 *non-current assets held for sale and discontinued operations* the following conditions must be met for an asset (or 'disposal group') to be classified as held for sale:

- management is committed to a plan to sell;
- the asset is available for immediate sale;
- an active program to locate a buyer is initiated;
- the sale is highly probable, within 12 months of classification as held for sale;
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value;
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

In August 2021, a Memorandum of Agreement was signed under which the jack-up vessel 'Thor', belonging to the Offshore & Energy segment, was sold to a Dutch third party on the condition that the buyer obtains the necessary funding for the vessel.

Per December 31, 2021, DEME management is of the opinion that all of the conditions have been fulfilled and a sale within the next 12 months is highly probable. Subsequently, the 'Thor' vessel was classified as asset held for sale.

NOTE 16 – OTHER CURRENT ASSETS

Balance at December 31

(in thousands of EUR)	2021	2020
Deferred charges and accrued income	45,710	15,976
Environmental landfill volume reservation fee	7,530	4,590
Advance payments on purchases and cost of material regarding construction contracts for costs not incurred	14,952	7,687
Other current assets	**68,192**	**28,253**

Deferred charges and accrued income include amongst others deferred hedge charges for construction contracts, only for their percentage not completed. The hedge charges of construction contracts are recorded as construction cost for the percentage completed. The increase in 2021 compared to 2020 is related to deferred hedge charges for the new offshore energy contracts in the US.

NOTE 17 – SHARE CAPITAL AND RESERVES

Balance at December 31

Per December 31, 2021, the share capital of the DEME group was represented by 4,538,100 ordinary shares without nominal value. The owners of ordinary shares have the right to receive dividends and all shares are of the same class and are entitled to one vote per share in Shareholders' General Meetings. During 2021, there were no changes in the shares capital.

DEME's 100 % shareholder is the Brussels-based civil engineering contractor CFE NV (XBRU BE0003883031), which is controlled (62.1 %) by the Belgian investment Group Ackermans & van Haaren NV (XBRU BE0003764785). Both CFE NV and Ackermans & van Haaren NV are publicly listed companies on Euronext Brussels.

For the financial year 2020 a dividend of 20,421,450 EUR was paid on May 14, 2021, corresponding to 4.5 EUR gross dividend per share. An intermediary dividend, to be paid out of the accumulated results at the end of the financial year 2020, has been approved by DEME's shareholder for an amount of 40,842,900 EUR, corresponding to 9 EUR gross dividend per share, payable on March 25, 2022. As the decision for the intermediary dividend was taken in 2022, this is not reflected in the result distribution of 2021.

On December 2nd, 2021, the Board of Directors of CFE NV, DEME's current shareholder, announced its intention to transfer its 100% stake in DEME NV to a new company (DEME Group NV) by means of a partial demerger and to remunerate CFE's shareholders by issuing DEME Group NV shares. A listing of the DEME Group NV shares on Euronext Brussels will be applied for. After completion of the proposed transaction, the current CFE Group will be split into two separate listed groups:

- the industrial group CFE NV with strong market positions in contracting and real estate development in Belgium, Luxembourg and Poland, and ;
- DEME Group NV, active worldwide in dredging and marine engineering.

In view of this transaction, expected to be completed by the summer of 2022, DEME established this Financial Report with all explanatory notes as required by IFRS.

The consolidated statement of changes in equity is presented earlier in this report. In the table below, we further detail the movement of the period in retained earnings and other reserves.

2021 (in thousands of EUR)	Parent company reserves before profit distribution					
	Legal reserves	Untaxed reserves	Available reserves	Retained earnings	Consolidation reserves	Retained earnings and other reserves
Balance at January 1, 2021	**3,111**	**28,922**	**3,270**	**225,435**	**1,263,926**	**1,524,664**
Parent company result 2020				62,013	-62,013	**-**
Dividends paid				-20,421		**-20,421**
Result share of the Group					114,581	**114,581**
Balance at December 31, 2021	**3,111**	**28,922**	**3,270**	**267,027**	**1,316,494**	**1,618,824**

2020 (in thousands of EUR)	Parent company reserves before profit distribution					
	Legal reserves	Untaxed reserves	Available reserves	Retained earnings	Consolidation reserves	Retained earnings and other reserves
Balance at January 1, 2020	**3,111**	**28,922**	**3,270**	**188,508**	**1,250,443**	**1,474,254**
Parent company result 2019				36,927	-36,927	**-**
Dividends paid				-		**-**
Result share of the Group					50,410	**50,410**
Balance at December 31, 2020	**3,111**	**28,922**	**3,270**	**225,435**	**1,263,926**	**1,524,664**

NOTE 18 – INTEREST-BEARING DEBT AND NET FINANCIAL DEBT

Balance at December 31

NET FINANCIAL DEBT AS DEFINED BY THE GROUP

(in thousands of EUR / (-) is debit balance)			2021			2020
	Non-current	Current	Total	Non-current	Current	Total
Subordinated loans	542	135	677	543	136	679
Lease liabilities (note (19))	72,275	20,118	92,393	59,592	17,722	77,314
Credit institutions	503,649	217,637	721,286	674,269	212,105	886,374
Long term loan Facility 1	*37,601*	*57,942*	*95,543*	*95,543*	*63,447*	*158,990*
Long term loan Facility 2	*50,883*	*41,407*	*92,290*	*92,290*	*41,407*	*133,697*
Long term loan Facility 3	*140,625*	*31,250*	*171,875*	*171,875*	*31,250*	*203,125*
Long term loan Facility 4	*201,250*	*44,196*	*245,446*	*245,446*	*44,196*	*289,642*
Asset-based loan 1	*100*	*4,573*	*4,673*	*4,673*	*4,573*	*9,246*
Asset-based loan 2	*2,443*	*4,687*	*7,130*	*7,130*	*4,687*	*11,817*
Asset-based loan 3	*3,913*	*3,813*	*7,726*	*7,726*	*3,813*	*11,539*
Asset-based loan 4	*7,232*	*3,566*	*10,798*	*10,798*	*3,566*	*14,364*
Asset-based loan 5	*9,615*	*4,192*	*13,807*	*13,807*	*4,192*	*17,999*
Asset-based loan 6	*37,780*	*12,560*	*50,340*	-	-	-
Other long term bank loans	*12,207*	*9,451*	*21,658*	*24,981*	*10,974*	*35,955*
Other long term loans	1,504	-	1,504	650	-	650
Short-term credit facilities		105,450	105,450		145,950	145,950
Short term bank loans		*105,450*	*105,450*		*20,950*	*20,950*
Short term commercial paper		-	-		*125,000*	*125,000*
Total interest-bearing debt	**577,970**	**343,340**	**921,310**	**735,054**	**375,913**	**1,110,967**
Short term deposits		-14,026	-14,026		-134,793	-134,793
Cash at bank and in hand		-514,606	-514,606		-487,144	-487,144
Total cash and cash equivalents		**-528,632**	**-528,632**		**-621,937**	**-621,937**
Total net financial debt	**577,970**	**-185,292**	**392,678**	**735,054**	**-246,024**	**489,030**

To finance the DEME Group capital expenditure (vessels and other equipment), equity participations (e.g. by DEME Concessions) and acquisitions, DEME sources its funding through term loan facilities, which are available for general corporate purposes as well as through asset-based loans.

Currently, DEME Coordination Center NV, which serves as in-house bank financing the DEME-entities, has term loan facilities with ten different commercial banks. Same as for the revolving credit facilities, the documentation is signed bilaterally (no club deal), catering for optimal financing conditions and maximum flexibility. The term loan facility documentation is identical for all banks, apart for the amount, tenor and commercial conditions.

	Initial amount	Dating from	Maturity till
Long term loan facilities			
Long term loan facility 1	435,000	2015-2017	2024
Long term loan facility 2	240,000	2018	2025
Long term loan facility 3	250,000	2019	2027
Long term loan facility 4	350,000	2019	2027
	1,275,000		
Asset-based loans			
Asset-based loan 1	18,392	2018	2026
Asset-based loan 2	18,848	2019	2027
Asset-based loan 3	15,352	2019	2027
Asset-based loan 4	14,364	2020	2028
Asset-based loan 5	18,000	2020	2028
Asset-based loan 6	50,340	2021	2029
	135,296		

The interest rate of the long term loan facilities is based on EURIBOR (floored at zero when negative, unfloored) plus a margin which is updated each semester based on DEME's leverage ratio. The interest rate risk resulting from this floating interest rate base, is hedged through interest rate swaps. (note (10))

The interest rate of the asset-based loans is fixed.

Next to the long term loan facilities and asset-based loans, DEME has lease liabilities and other long term loans.

DEBT MATURITY SCHEDULE OF TOTAL LONG-TERM FINANCIAL LIABILITIES

(in thousands of EUR)	More than 5 years	Between 1 and 5 years	Less than one year	Total
Subordinated loans	-	542	135	**677**
Lease liabilities	34,575	37,700	20,118	**92,393**
Credit institutions	35,692	467,957	217,637	**721,286**
Other long term loans		1,504	-	**1,504**
Total long-term financial liabilities	**70,267**	**507,703**	**237,890**	**815,860**

BANK DEBT SECURITIES

Bank debt securities (in thousands of EUR)	**2021**			**2020**			**2019**		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Guaranteed debt	500,515	311,349	811,864	661,524	344,268	1,005,792	833,428	198,819	1,032,247
Secured debt	3,125	6,250	9,375	12,698	9,171	21,869	20,373	9,137	29,510
Unguaranteed-unsecured debt	74,330	25,741	100,071	60,832	22,474	83,306	93,996	27,835	121,831
Total interest-bearing debt	**577,970**	**343,340**	**921,310**	**735,054**	**375,913**	**1,110,967**	**947,797**	**235,791**	**1,183,588**

In view of IFRS 1 *first-time adoption of International Financial Reporting Standards* (note (28)), the bank debt securities as of **December 31, 2019** (or January 1, 2020) are also disclosed.

Contrary to the way DEME financed its assets before 2015, whereby for each investment, DEME looked for a bank (or a few banks) and provided hard securities in favor of the banks (such as mortgages on the vessels), no securities (other than the DEME NV parent company guarantee) are provided for the long term loan facilities and for the asset-based loans listed above. This offers maximum flexibility with respect to the underlying assets, which can be sold intragroup and can be reflagged according to project needs. In the other long term bank loans there is still one loan with a mortgage on the vessel.

CASH FLOWS RELATED TO FINANCIAL LIABILITIES

Total interest-bearing debt (in thousands of EUR)		**2021**	**2020**
Balance at January 1		**1,110,967**	**1,183,588**
Cash movements as per cash flow from financial activities			
Movements during the year	New interest-bearing debt	51,344	175,566
	Repayment of interest-bearing debt	-278,875	-253,952
Non-cash movements			
Movements during the year	Assumed in business combinations	-	1,038
	IFRS 16 *leases*	36,389	8,727
	Other (a.o. impact of exchange rate changes on cash and cash equivalents)	1,485	-4,000
Balance at December 31		**921,310**	**1,110,967**

CASH AND CASH EQUIVALENTS

Cash and cash equivalents relate to cash and cash equivalents centralised at DEME's internal bank, DEME Coordination Center NV, but also at operational subsidiaries and joint ventures. Therefore, a portion of the consolidated cash and cash equivalents is not always freely available as a result of transfer restrictions, joint control or other legal restrictions.

At December 31, 2021, the amount of cash available for use by the Group amounted to 405 million EUR out of 528.6 million EUR cash & cash equivalents. As such an amount of 123.6 million EUR was restricted. At the end of 2020 the cash that is freely available amounted to 521 million EUR out of 621.9 million EUR cash and cash equivalents. The restricted cash amounted to 100.9 million EUR.

CREDIT FACILITIES AND BANK TERM LOANS

At December 31,2021, the Group has 118 million EUR available but undrawn bank credit facilities compared to 125 million EUR undrawn bank credit facilities (out of 140 million EUR available) at the end of 2020. In addition, the Group has the possibility to issue commercial paper for amounts up to 125 million EUR. In contrast to December, 31, 2020, when 125 million EUR commercial paper was issued, this facility was not used at all at year-end 2021.

FINANCIAL COVENANTS

Bilateral loans are subject to specific covenants. The same set of financial covenants as for the revolving credit facilities is applicable for the long term loan facilities. At December 31, 2021 as well as at December 31, 2020 the Group complies with the solvency ratio (>25%), the debt/EBITDA ratio (<3), and the interest cover ratio (>4), that were agreed upon within the contractual terms of the loans received.

The **solvency ratio** that should be higher than 25% is computed as shareholders' equity less intangible assets and goodwill divided by the balance sheet total adjusted for intangible assets and deferred tax assets. The solvency ratio at December 31, 2021 was 38.1 % (2020: 36.3%).

The **debt/EBITDA ratio** computed as total net financial debt (without subordinated and other loans) divided by EBITDA, should be lower than 3. The debt/EBITDA ratio at December 31, 2021 was 0.83 (2020:1.32).

The **interest cover ratio** computed as EBITDA divided by net financial interest charges (interest charges less interest income), should be higher than 4. The interest cover ratio at December 31, 2021 was 171.3 (2020: 46.4).

NOTE 19 – LEASE LIABILITIES

as of December 31

Lease liabilities (in thousands of EUR)	More than 5 years	Between 1 and 5 years	Less than 1 year	**2021** Total	**2020** Total
Gross lease payments	51,078	39,210	20,262	110,550	95,277
Interest payments	-16,503	-1,510	-144	-18,157	-17,963
Lease liabilities present value	**34,575**	**37,700**	**20,118**	**92,393**	**77,314**
Land and buildings				68,617	57,564
Floating and other construction equipment				4,974	5,012
Furniture				18,802	14,738
Total lease payments per class of property, plant and equipment				**92,393**	**77,314**

There are no material leases concluded at reporting date that didn't commence as of December 31, 2021 . The amount of renewal options and termination options not reflected in the lease liabilities is immaterial.

NOTE 20 – RETIREMENT BENEFIT OBLIGATIONS

The DEME Group contributes to pension and early retirement plans in several of the countries in which it operates. These benefits are recognised in accordance with IAS 19 *employee benefits.*

More than 2/3th of the retirement benefit obligations is related to Belgian employees. The DEME Group currently foresees several occupational pension plans in favor of these employees.

The pension schemes of the type **"defined benefit"** are funded either through a **group insurance** branch 21 either through a company pension fund. Assets of the **pension fund** "KBC Pension Fund Service deelvermogen Decloedt" have been estimated starting from the market value as at October 31, 2021, reported by the investment manager, taking into account the planned cash flows for the rest of the year and assuming a 0% financial return for the months of November and December. Assets of the insured plans are calculated per person according to IAS19 paragraph 115 as the present value at the discount rate of the accrued benefits. Total assets are then increased with the value of the financing funds.

The DEME Group also sponsors pension schemes of the type **"defined contributions",** which are entirely employer funded through a **group insurance** branch 21. In accordance with Belgian social legislation, the employer has to guarantee an interest rate on the employer contributions paid in defined contributions plans of 3.25% for contributions paid until October 1, 2016. For contributions paid as from 2016 the Belgian legislation decided to use a yearly variable interest rate based on a Belgian state bond of 10 year, with an absolute minimum return of 1.75% and an absolute maximum return of 3.75% (0% as from the termination date of the labor contract). All contributions paid before a change in return rate will be held at the original interest rate in the future (legal horizontal guarantee). This horizontal guarantee is not fully covered by the rates provided by the insurance companies towards the employers regarding the effectuation of the group insurance contracts. The employer liabilities as at December 31, 2021, resulting from this legal guarantee, were valued with respect to the contributions attributed in the past and assuming that the interest rate with respect to the legal minimum guarantee remains at 1.75% for the future. Assets are calculated per person according to IAS19 paragraph 115 as the present value at the discount rate of the accrued benefits. Total assets are then increased with the value of the financing funds.

Employee benefit obligations (in thousands of EUR)	**2021**	**2020**
Retirement obligations in Belgium and The Netherlands	62,213	60,026
Other retirement obligations	3,054	3,003
Balance at December 31	**65,267**	**63,029**

Retirement benefit obligations in Belgium and The Netherlands (in thousands of EUR)	**2021**	**2020**
Present value of wholly or partially funded obligations	246,857	250,100
Fair value of plan assets and impact of asset ceiling	-184,644	-190,074
Net funded benefit obligation as recorded in the balance sheet at December 31	**62,213**	**60,026**
MOVEMENT OF RETIREMENT OBLIGATIONS		
Balance at January 1	**60,026**	**54,441**
Charges recognised in income (1)	14,243	13,102
Charges recognised in other comprehensive income (2)	1,073	5,104
Contributions from employer	-13,136	-12,614
Other movements	7	-7
Balance at December 31	**62,213**	**60,026**
(1) Charges recognised in income		
Current service cost	13,916	12,773
Past service cost & other	86	-7
Interest cost	1,223	1,608
Interest income on plan assets (-)	-982	-1,272
Total charges recognised in income	**14,243**	**13,102**
(2) Charges recognised in other comprehensive income		
Actuarial (gains)/losses	-4,945	7,136
Return on plan assets (-) (excluding interest income)	2,976	-2,015
Other movements	3,042	-17
Total charges recognised in other comprehensive income	**1,073**	**5,104**

NOTE 20 - continued	2021	2020
MOVEMENT IN EMPLOYEE BENEFIT PLAN OBLIGATIONS AND ASSETS		
Employee benefit plan obligations balance at January 1	**250,100**	**239,882**
Current service cost	13,916	12,773
Interest cost	1,223	1,608
Contributions from employees	137	177
Benefits paid to beneficiaries	-14,740	-9,661
Remeasurement of liabilities resulting in actuarial gains/losses	-1,945	7,135
due to changes in demographic assumptions	*7,270*	-
due to changes in financial assumptions	*-10,740*	*3,361*
due to experience adjustments	*1,525*	*3,774*
Past service cost	-	-
Other movements	-1,834	-1,814
Employee benefit plan obligations balance at December 31	**246,857**	**250,100**
Employee benefit plan assets balance at January 1	**190,074**	**185,441**
Return on plan assets (+) (excluding interest income)	-2,976	2,015
Interest income on plan assets (+)	982	1,272
Contributions from employer/employees (*)	13,273	12,791
Benefits paid to beneficiaries	-14,740	-9,661
Other movements	-1,927	-1,784
Employee benefit plan assets balance at December 31	**184,686**	**190,074**
MAIN ACTUARIAL ASSUMPTIONS AT THE END OF THE PERIOD		
Discount rate at December 31	0.90%	0.48%
Expected rate of salary increases (inflation included)	3.40%	3.20%
Long term inflation	1.90%	1.70%
Mortality tables BE-plans	MR/FR-5 yrs	MR/FR-5 yrs
Mortality tables NL-plans	GBM/V 2012-2062	GBM/V 2012-2062
OTHER INFORMATION		
Average duration in years of the benefit plan obligations	15.37	14.00
Average actual return on plan assets	-1.06%	1.77%
Expected contribution in next financial year	12,029	12,636
SENSITIVITY ANALYSIS (impact on amount of obligations)		
Discount rate		
25bp increase	-5.00%	-3.79%
25bp decrease	2.78%	7.82%
Salary growth rate		
25bp increase	0.76%	1.89%
25bp decrease	-3.11%	-1.80%
Life expectation		
increase by 1 year	-0.15%	1.17%
ASSETS ALLOCATION		
Cash and cash equivalents	0.07%	0.04%
Equity instruments	0.93%	0.84%
Debt instruments	0.82%	0.82%
Insurance contracts	98.18%	98.30%

(*) In 2021 an amount of 9.8 million EUR relates to defined contribution plans (2020: 9.5 million EUR). Total contribution (defined benefit and contribution plans) expected for the next financial year is 12.1 million EUR.

NOTE 21 – OTHER CURRENT LIABILITIES

Balance at December 31

(in thousands of EUR)	2021	2020
Other current taxes and VAT	38,160	39,028
Other amounts payable	34,770	30,110
Accruals and deferred income	5,801	7,098
Other current liabilities	**78,731**	**76,236**

Other amounts payable relate to amounts due to joint ventures which are also included in the amount disclosed in note (25) related parties, and to other operating payables.

NOTE 22 – PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

PROVISIONS

(in thousands of EUR)	Warranties	Other	2021	2020
Balance at January 1	**30,297**	**-**	**30,297**	**17,787**
Arising during the year	7,281	5,932	13.213	12,844
Utilised during the year	-200	-	-200	-334
Unused amounts reversed	-	-	-	-
Balance at December 31	**37,378**	**5,932**	**43,310**	**30,297**
Current	3,738	-	3,738	200
Non-current	33,640	5,932	39,572	30,097

Reference is made to the summary of principal accounting policies for information about the provisions.
There is no formal plan for restructuring. The dismissal provisions in the normal course of business that exist at the end of the period are immaterial and are booked as remuneration and social charges.
The other provisions are all related to the Environmental segment and the warranties (all assurance type warranties) are related to the Offshore Energy segment.

CONTINGENT ASSETS AND LIABILITIES

Based on available information at the date on which the financial statements were approved by the Board of Directors, we are not aware of any other contingent assets or liabilities than the one described below, with the exception of contingent assets or liabilities related to construction contracts (for example, the Group's claims against customers or claims by subcontractors) that can be described as normal in the construction sector and which are treated by applying the percentage of completion method during the recognition of revenue.

The following contingent assets and liabilities are to be mentioned for the DEME consolidated financial statements.

- In 2018, the Group was involved in a litigation against Rijkswaterstaat in the Netherlands related to the execution of the Juliana Canal widening project. Based on the available information, DEME cannot make a reliable assessment of the financial consequences of this litigation. Despite discussions about the execution of the Juliana Canal widening project taking place with the client Rijkswaterstaat, the issue has not been settled yet;
- One of the Group Companies is involved in legal proceedings initiated by the Dutch Waterboard (het Waterschap Vallei en Veluwe) against a consortium of which said Group Company is a member, due to allegedly unauthorized activities on the project Eemdijk. The alleged unauthorized activities were fully and solely executed by the Group Company's former partner in the consortium, as the Group Company withdrew from the project even before the start of the works. The Group Company was however not able to formally withdraw from the consortium as well. Meanwhile, said former partner has filed for bankruptcy. The outcome of this claim is still uncertain, and it is not possible at this stage to make an accurate estimate of the impact on the Company, if any. However, the outcome of the aforementioned pending legal proceedings is not expected to have a material impact on the Company's future results and cash flows;
- DEME is involved in proceedings before the Court of First Instance in Ghent, as a result of a judicial investigation carried out in respect of the circumstances in which a contract was awarded by negotiated procedure to Mordraga, a Russian joint venture company of the DEME group, for the execution of dredging works in the port of Sabetta (Russia) in April 2014. The works were carried out in the summer months of 2014 and 2015. The contract was terminated in 2016. The investigation was launched following a complaint lodged by a competitor, to whom said contract was not granted by negotiated procedure, and is based solely on selective information provided by this competitor. The Council Chamber of the Court of First Instance in Ghent has decided on 21 February 2022 to refer certain companies of the DEME group to court. DEME has meanwhile lodged an appeal against the decision of the Council Chamber. For the avoidance of doubt, it is to be emphasized that the Council Chamber does not yet rule on the merits of the case. In light of the foregoing, DEME cannot for the time being make a reliable assessment of the possible financial impact of the pending investigation.

The Group takes care that all its entities respect the laws and regulations in force, including the compliance rules.

NOTE 23 – WORKING CAPITAL

Balance at December 31

Net working capital (NWC) is current assets less current liabilities.

Operating working capital (OWC) is net working capital (current assets less current liabilities), excluding interest-bearing debt and cash and cash equivalents and including other non-current assets.

Focus of the DEME Group is to find the balance between the operating working capital on the one hand and the netto cash being the difference between cash and cash equivalents and short term debt on the other hand. In the contracting business operating working capital is difficult to monitor as each project is different, not only in size and capital needs but also and more specifically in the way the Group is paid by its customers. Most of the turnover is paid with an advance payment at the beginning of the project followed by milestones payments after execution of the work and approval by the client.

When the operating working capital is under pressure and when it has to be increased, the Group can either grow its assets or reduce its liabilities. The Group can negotiate shorter milestones and payment terms with the customers or negotiate longer payment terms with the suppliers, however without putting a strain on the relationships with them. The Group can limit the non-project-related expenditure and review and limit the capital expenditure or sell excess equipment and convert them into working capital.

For the financing of its working capital needs, DEME sources its short term funding through a commercial paper program and through revolving credit facilities. The commercial paper program at the end of 2021, that was not used, amounts to 125 million EUR and is accommodated by 3 agents (banks) that place DEME debt with external investors in tranches of different sizes and for tenors ranging from a few weeks up to maximum 1 year. The revolving credit facilities are contracted by DEME Coordination Center NV with 5 different commercial banks, all being relationship banks for DEME. In total, 118 million EUR of credit facilities are available, for general corporate purposes. Besides short term financing also long term financing can be considered to fund raising working capital needs.

WORKING CAPITAL (in thousands of EUR)	2021	2020	DELTA
CURRENT ASSETS			
Inventories	12,168	10,456	1,712
Contract assets	326,685	251,747	74,938
Trade and other operating receivables	384,022	309,636	74,386
Current financial derivatives	3,207	6,842	-3,635
Assets held for sale	32,456	-	32,456
Other current assets	68,192	28,253	39,939
Cash and cash equivalents	528,632	621,937	-93,305
TOTAL CURRENT ASSETS	1,355,362	1,228,871	126,491
CURRENT LIABILITIES			
Interest-bearing debt	343,340	375,913	-32,573
Current financial derivatives	12,368	6,761	5,607
Provisions	3,738	200	3,538
Contract liabilities	181,095	156,799	24,296
Advances received	101,067	60,582	40,485
Trade payables	772,905	717,338	55,567
Remuneration and social debt	94,026	83,968	10,058
Current income taxes	76,370	66,336	10,034
Other current liabilities	78,731	76,236	2,495
TOTAL CURRENT LIABILITIES	1,663,640	1,544,133	119,507
NET WORKING CAPITAL	-308,278	-315,262	6,984
Cash and cash equivalents	-528,632	-621,937	93,305
Current interest-bearing debt	343,340	375,913	-32,573
Non-current financial derivative	613	1,433	-820
Other non-current assets	4,239	3,221	1,018
OPERATING WORKING CAPITAL	-488,718	-556,632	67,914

The reconciliation of the operating working capital movement with the cash flow from changes in working capital can be found below.

RECONCILIATION OPERATING WORKING CAPITAL MOVEMENT WITH CASH FLOW FROM CHANGES IN WORKING CAPITAL (in thousands of EUR)	**2021**	**2020**	**DELTA**
OPERATING WORKING CAPITAL	**-488,718**	**-556,632**	**67,914**
CASH FLOW CORRECTIONS ON WORKING CAPITAL MOVEMENTS OF THE YEAR			
Addition asset held for sale			-32,456
Movement in amounts written off inventories and trade receivables			3,185
Impact financial derivatives included in working capital			-33,217
Correction unpaid taxes & interests			7,556
Other corrections			7,800
CASH FLOW FROM CHANGES IN WORKING CAPITAL			**20,782**

NOTE 24 – RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

Balance at December 31

(in thousands of EUR)	**2021**	**2020**
COMMITMENTS GIVEN		
Amount of real guarantees, given or irrevocably promised by the enterprises included in the consolidation on their own assets, as security for debts and commitments, of enterprises included in the consolidation.	18,281	55,686
Bank and insurance guarantees for commitments of enterprises included in the consolidation.	1,411,273	1,359,208
COMMITMENTS RECEIVED		
Bank guarantees received as security for commitments to enterprises included in the consolidation.	241,035	399,936
FUTURE OPERATIONAL OBLIGATIONS ENTERED INTO WITH SUPPLIERS		
In the environmental business DEME has the obligation to pay a fee for landfill volume reservation over the next 9 years for an estimated amount of 9.9 million EUR.		

NOTE 25 – RELATED PARTY DISCLOSURES

Balance at December 31

JOINT VENTURES AND ASSOCIATES

Reference is made to the DEME Group structure and list of joint ventures and associates earlier in this report.

Transactions with joint ventures and associates are realised in the normal course of business and at arm's length. None of the related parties have entered into any other transactions with the Group that meet the requirements of IAS 24 *related party disclosures*.

(in thousands of EUR)	2021	2020
Assets related to joint ventures and associates		
Non-current financial assets	25,668	25,422
Trade and other operating receivables	13,889	29,888
Liabilities related to joint ventures and associates		
Trade and other current liabilities	20,996	2,531
Expenses and income related to joint ventures and associates (-) is cost and (+) is income		
Revenues	194,362	288,395
Operating expenses	-17,456	-21,915
Financial income and expenses	2,116	3,047

The non-current financial assets are the loans given to joint ventures and associates such as to Seamade NV, Rentel NV, Deeprock BV and Earth Moving Worldwide Ltd.

The revenues realised towards joint ventures and associates are mainly related to Baak Blankenburg-Verbinding BV, CDWE Taiwan LTD, DIAP-Daelim PTE LTD, K3 DEME BV, DIAP Shap PTE LTD, Rentel NV and C-Power NV.

SHAREHOLDERS

DEME entered into a service agreement with CFE NV and Ackermans & van Haaren NV (that is the main shareholder of the CFE group with a stake of 62.10%) on November 28, 2001.

The remuneration due by DEME towards both CFE NV and Ackermans & van Haaren NV under the conditions of this contract amounted to 1,235 thousand EUR to each in 2021 (2020: 1,228 thousand EUR to each).

Additionally DEME invoiced 877 thousand EUR to its shareholders mainly related to IT licences and tax consulting services. (2020: 1,078 thousand EUR).

KEY MANAGEMENT PERSONNEL

DEME has a transparent governance structure where day-to-day decisions are made by the Executive Committee. Supervision on the day-to-day matters is conducted by its Board of Directors, who have mandated the preparation and verification of the accounting and financial information, as well as the effectiveness of the systems of internal control, supervision and risk management to the Audit Committee.

For his role as Executive Director, Luc Vandenbulcke received a fixed and variable remuneration of 1,576 thousand EUR in 2021. (2020: 1,738 thousand EUR).

Representatives from CFE NV and Ackermans & van Haaren NV who are members of the Board of Directors and Audit Committee were not renumerated in 2021 and 2020.

NOTE 26 – AUDITOR REMUNERATION

Balance at December 31

An overview of the remuneration paid to statutory auditors in respect to the Group can be found below.

2021 (in thousands of EUR)	Deloitte		EY		Others		Total
	Amount	%	Amount	%	Amount	%	
Audit fees	1,059	47.1%	358	15.9%	834	37.0%	**2,250**
Tax advisory services	129	9.7%	357	26.9%	840	63.4%	**1,325**
Other non-audit services	78	1.7%	72	1.6%	4,393	96.7%	**4,544**
	1,266	**15.6%**	**787**	**9.7%**	**6,067**	**74.7%**	**8,119**

2020 (in thousands of EUR)	Deloitte		EY		Others		Total
	Amount	%	Amount	%	Amount	%	
Audit fees	1,439	65.6%	66	3.0%	688	31.4%	**2,193**
Tax advisory services	105	8.1%	462	35.8%	725	56.1%	**1,292**
Other non-audit services	55	1.9%	54	1.9%	2,734	96.2%	**2,843**
	1,599	**25.3%**	**582**	**9.2%**	**4,147**	**65.5%**	**6,328**

The other non-audit services mainly relate to consultancy fees regarding the implementation of new software systems. In 2021, the Group started a project related to procurement transformation, invested in specialised software for guarantee management and further invested in a new treasury system. This treasury system incorporates a new payment factory, a worldwide redesign of the internal banking landscape and a sanction screening tool.

NOTE 27 – EVENTS AFTER THE REPORTING PERIOD

Based upon a written unanimous shareholders resolution it was decided upon to pay out on March 25, 2022 an intermediary dividend amounting to 40.84 million EUR. As the decision was taken in 2022 and the dividend is to be paid from the accumulated results at the end of financial year 2020, the intermediary dividend is not included in the result appropriation of the financial statements of the year. The dividend for financial year 2020 declared in 2021 for an amount of 20.4 million EUR, approved in the Shareholders' General Meeting of May 4, 2021, and paid in 2021 has been deducted from Shareholders' Equity in the consolidated statement of financial position.

Given the crisis in Ukraine and Russia, which destabilised both countries and global financial markets, our global economy, already weakened by inflation, rising energy prices, the ongoing pandemic and a limited supply chain, will come under further pressure. At the date of this report, we estimate that this crisis and the restrictive measures taken by Europe and the US against Russia have no material direct consequences for DEME's activities. The indirect impact is currently difficult to predict.

Further on there are no other significant changes to be reported in the financial and commercial situation of the Group as of December 31, 2021.

NOTE 28 – FIRST APPLICATION OF IFRS

The Group has prepared these financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU. These consolidated financial statements are therefore its first IFRS financial statements in accordance with the definitions of IFRS 1 *first-time adoption of International Financial Reporting Standards.* Accordingly, the Group has prepared an opening statement of financial position as of January 1, 2020 and has applied consistent accounting policies to all the periods presented in those financial statements. Estimates for the comparative year and the opening statement of financial position are consistent with estimates in the previous financial statements.

The Group made use of the following exemption available in IFRS1 upon transition to IFRS: as DEME is a subsidiary of CFE NV (hereafter, the parent), a listed entity publishing its consolidated financial statements under IFRS, it will be a first-time adopter later than its parent. According to IFRS1.D16, the Group has opted to measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the Group. Therefore, the Group will not measure its assets and liabilities at the date of transition to IFRS (January 1, 2020) based on the requirements of IFRS 1 (including any exceptions, or other exemptions than IFRS1.D16, to the principle of retroactive application of IFRS).

TRANSITION TO IFRS – RECONCILIATION WITH PREVIOUS GAAP

Previously, while the Group had officially published financial statements (statutory and consolidated) under the accounting principles generally applied in Belgium (BE GAAP), it also prepared and made publicly available consolidated financial statements referring to the recognition and measurement principles of IFRS. Those are available on the official website of the Group (www.deme-group.com) and are hereafter referred to as the "IFRS Financial Information Report 2020 and earlier". The main difference with a full set of IFRS-compliant financial statements relates to the absence of certain notes and disclosure information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDING STATEMENT AS OF TRANSITION DATE

Assets (in thousands of EUR)	Notes	31/12/2021	31/12/2020	01/01/2020
NON-CURRENT ASSETS		**2,694,235**	**2,691,083**	**2,732,369**
Intangible assets	(4)	25,513	24,935	4,415
Goodwill	(5)	13,028	13,339	18,339
Property, plant and equipment	(6)	2,259,041	2,337,089	2,379,241
Right-of-use assets	(7)	90,620	75,917	127,734
Investments in joint ventures and associates	(8)	132,781	105,918	73,051
Other non-current financial assets	(9)	33,451	32,813	36,182
Non-current financial derivatives	(10)	613	1,433	-
Other non-current assets	(9)	4,239	3,221	3,921
Deferred tax assets	(11)	134,949	96,418	89,486
CURRENT ASSETS		**1,355,362**	**1,228,871**	**1,212,410**
Inventories	(12)	12,168	10,456	13,152
Contract assets	(13)	326,685	251,747	228,548
Trade and other operating receivables	(14)	384,022	309,636	429,264
Current financial derivatives	(10)	3,207	6,842	751
Assets held for sale	(15)	32,456	-	10,511
Other current assets	(16)	68,192	28,253	55,049
Cash and cash equivalents	(10)/(18)	528,632	621,937	475,135
TOTAL ASSETS		**4,049,597**	**3,919,954**	**3,944,779**

Group equity and liabilities (in thousands of EUR)	Notes	31/12/2021	31/12/2020	01/01/2020
SHAREHOLDERS' EQUITY	(17)	**1,579,543**	**1,467,492**	**1,435,483**
Issued capital		31,110	31,110	31,110
Share premium		5,645	5,645	5,645
Retained earnings and other reserves		1,618,824	1,524,664	1,474,254
Hedging reserve		-25,872	-40,978	-33,578
Remeasurement on retirement obligations		-41,283	-40,454	-36,695
Cumulative translation adjustment		-8,881	-12,495	-5,253
NON-CONTROLLING INTERESTS		**19,696**	**17,840**	**11,671**
GROUP EQUITY		**1,599,239**	**1,485,332**	**1,447,154**
NON-CURRENT LIABILITIES		**786,718**	**890,489**	**1,113,505**
Retirement obligations	(20)	65,267	63,029	57,292
Provisions	(22)	39,572	30,097	17,787
Interest-bearing debt	(18)	577,970	735,054	947,797
Non-current financial derivatives	(10)	26,868	9,018	7,806
Other non-current financial liabilities	(8)	2,827	5,933	6,389
Deferred tax liabilities	(11)	74,214	47,358	76,434
CURRENT LIABILITIES		**1,663,640**	**1,544,133**	**1,384,120**
Interest-bearing debt	(18)	343,340	375,913	235,791
Current financial derivatives	(10)	12,368	6,761	9,356
Provisions	(22)	3,738	200	-
Contract liabilities	(13)	181,095	156,799	165,662
Advances received		101,067	60,582	39,565
Trade payables		772,905	717,338	760,023
Remuneration and social debt		94,026	83,968	82,056
Current income taxes		76,370	66,336	37,112
Other current liabilities	(21)	78,731	76,236	54,555
TOTAL LIABILITIES		**2,450,358**	**2,434,622**	**2,497,625**
TOTAL GROUP EQUITY AND LIABILITIES		**4,049,597**	**3,919,954**	**3,944,779**

RECONCILIATION WITH THE IFRS CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The transition from the IFRS Financial Information Report to the IFRS Financial Report dit not have any impact on the equity, statement of financial position, comprehensive income or statement of cash flows, as the Group has selected accounting policies consistent with the accounting policies in the IFRS Financial Information Report (which were based on the recognition and measurement principles of IFRS as adopted in the EU, as explained above).

The following reclassifications were made in presenting the consolidated statement of financial position and the consolidated statement of income.

CHANGES IN PRESENTATION IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020

(in thousands of EUR)	31/12/2020 Before reclassification	Disaggregation of right-of-use assets	Reclassification to and from provisions and within deferred taxes	31/12/2020 After reclassification
NON-CURRENT ASSETS	**2,712,623**	**-**	**-21,540**	**2,691,083**
Intangible assets	24,935			24,935
Goodwill	13,339			13,339
Property, plant and equipment	2,413,006	-75,917		2,337,089
Right-of-use assets	-	75,917		75,917
Investments in joint ventures and associates	105,918			105,918
Other non-current financial assets	32,813			32,813
Non-current financial derivatives	1,433			1,433
Other non-current assets	3,221			3,221
Deferred tax assets	117,958		-21,540	96,418
CURRENT ASSETS	**1,228,871**	**-**	**-**	**1,228,871**
TOTAL ASSETS	**3,941,494**	**-**	**-21,540**	**3,919,954**

(in thousands of EUR)	31/12/2020 Before reclassification	Disaggregation of right-of-use assets	Reclassification to and from provisions and within deferred taxes	31/12/2020 After reclassification
GROUP EQUITY	**1,485,332**	**-**	**-**	**1,485,332**
NON-CURRENT LIABILITIES	**881,932**	**-**	**8,557**	**890,489**
Retirement obligations	63,029			63,029
Provisions	5,933		24,164	30,097
Interest-bearing debt	735,054			735,054
Non-current financial derivatives	9,018			9,018
Other non-current financial liabilities	-		5,933	5,933
Deferred tax liabilities	68,898		-21,540	47,358
CURRENT LIABILITIES	**1,574,230**	**-**	**-30,097**	**1,544,133**
Interest-bearing debt	375,913			375,913
Current financial derivatives	6,761			6,761
Provisions	-		200	200
Contract liabilities	156,799			156,799
Advances received	60,582			60,582
Trade payables	747,635		-30,297	717,338
Remuneration and social security	83,968			83,968
Current income taxes	66,336			66,336
Other current liabilities	76,236			76,236
TOTAL LIABILITIES	**2,456,162**	**-**	**-21,540**	**2,434,622**
TOTAL GROUP EQUITY AND LIABILITIES	**3,941,494**	**-**	**-21,540**	**3,919,954**

As from 2021 right-of-use assets are disaggregated from property, plant and equipment. The comparative 2020 figures are adjusted accordingly. This change is a reclassification that doesn't impact the total assets.

Some reclassifications within the categories of deferred taxes were done to be consistent with the presentation of the 2021 figures, resulting in an extra netting between deferred tax assets and liabilities and therefore impacting the amount of total assets and total Group equity and liabilities of 2020.

Since 2021 the liability for warranties is recorded as a provision, whereas the negative amount of investments in joint ventures and associates, previously presented as a provision is now recorded as other non-current financial liabilities. The comparative 2020 and 2019 figures are adjusted accordingly. The above reclassifications do not have an impact on total Group equity and liabilities.

CHANGES IN PRESENTATION IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JANUARY 1, 2020 COMPARED TO DECEMBER 31, 2019

(in thousands of EUR)	31/12/2019 Before reclassification	Disaggregation of right-of-use assets	Reclassification to and from provisions	01/01/2020 After reclassification
NON-CURRENT ASSETS	**2,732,369**	**-**	**-**	**2,732,369**
Intangible assets	4,415			4,415
Goodwill	18,339			18,339
Property, plant and equipment	2,506,975	-127,734		2,379,241
Right-of-use assets	-	127,734		127,734
Investments in joint ventures and associates	73,051			73,051
Other non-current financial assets	36,182			36,182
Non-current financial derivatives	-			-
Other non-current assets	3,921			3,921
Deferred tax assets	89,486			89,486
CURRENT ASSETS	**1,212,410**	**-**	**-**	**1,212,410**
TOTAL ASSETS	**3,944,779**	**-**	**-**	**3,944,779**

(in thousands of EUR)	31/12/2019 Before reclassification	Disaggregation of right-of-use assets	Reclassification to and from provisions	01/01/2020 After reclassification
GROUP EQUITY	**1,447,154**	**-**	**-**	**1,447,154**
NON-CURRENT LIABILITIES	**1,095,718**	**-**	**17,787**	**1,113,505**
Retirement obligations	57,292			57,292
Provisions	6,389		11,398	17,787
Interest-bearing debt	947,797			947,797
Non-current financial derivatives	7,806			7,806
Other non-current financial liabilities	-		6,389	6,389
Deferred tax liabilities	76,434			76,434
CURRENT LIABILITIES	**1,401,907**	**-**	**-17,787**	**1,384,120**
Interest-bearing debt	235,791			235,791
Current financial derivatives	9,356			9,356
Provisions	-		-	-
Contract liabilities	165,662			165,662
Advances received	39,565			39,565
Trade payables	777,810		-17,787	760,023
Remuneration and social security	82,056			82,056
Current income taxes	37,112			37,112
Other current liabilities	54,555			54,555
TOTAL LIABILITIES	**2,497,625**	**-**	**-**	**2,497,625**
TOTAL GROUP EQUITY AND LIABILITIES	**3,944,779**	**-**	**-**	**3,944,779**

As from 2021 right-of-use assets are disaggregated from property, plant and equipment. The comparative 2020 and 2019 figures are adjusted accordingly. This change is a reclassification that does not have an impact on the total assets.

Since 2021 the liability for warranties is recorded as a provision, whereas the negative amount of investments in joint ventures and associates, previously presented as a provision is now recorded as other non-current financial liabilities. The comparative 2020 and 2019 figures are adjusted accordingly. Those changes are reclassifications that do not have an impact on total Group equity and liabilities.

CHANGES IN PRESENTATION OF CONSOLIDATED STATEMENT OF INCOME AS OF DECEMBER 31, 2020

(in thousands of EUR)	31/12/2020 Before reclassification	Disaggregation of depreciation and impairment losses	Reclassification to other operating expenses (*)	31/12/2020 After reclassification
OPERATING EXPENSES	**-2,271,663**	**-**	**-**	**-2,271,663**
Raw materials, consumables, services and subcontracted work	-1,495,304		12,509	-1,482,795
Personnel expenses	-455,274		639	-454,635
Depreciation and amortisation expenses	-300,177	15,586		-284,591
Impairment of property, plant and equipment and right-of-use assets	-	-15,586		-15,586
Impairment of goodwill and intangible assets	-5,000			-5,000
Other operating expenses	-15,908		-13,148	-29,056

(*) Reclassification from services to provision for warranties and from personnel expenses to movement in retirement benefit obligations.

RECONCILIATION WITH THE BE GAAP CONSOLIDATED FINANCIAL STATEMENTS

The IFRS consolidated financial statements include the following adjustments compared to the BE GAAP consolidated financial statements previously published by the Group as of December 31, 2020 (presented net of deferred taxes):

(in thousands of EUR)	SHAREHOLDERS EQUITY January 1, 2020	Result 2020	Other Comprehensive Income 2020	Cumulative Translation Adjustment	Dividend of the year	SHAREHOLDERS EQUITY December 31, 2020
BE GAAP Consolidated Financial Statements	**1,449,338**	**49,629**	**-**	**-7,260**	**-20,421**	**1,471,286**
Employee Benefits	-33,616	899	-3,758			-36,475
Financial instruments	-28,985	1,932	-7,400			-34,453
Intangible Fixed assets	-1,772	609				-1,163
Property, Plant & Equipment	45,327	-8,318				37,009
Right-of-use assets	2,627	-668				1,959
Provisions	2,647	4,122				6,769
Amortisation of Goodwill	2,647	1,483				4,130
Other	-2,730	722		17		-1,991
Dividend of the year	-				20,421	20,421
Total reconciling items	**-13,855**	**781**	**-11,158**	**17**	**20,421**	**-3,794**
IFRS Consolidated Financial Statements	**1,435,483**	**50,410**	**-11,158**	**-7,243**	**-**	**1,467,492**

Employee Benefits: The employee retirement obligations accounted for in accordance with Belgian GAAP were estimated based on the unit credit method as elaborated in CBN advice 2018/15, whereby a provision should be recognised for any unfunded liabilities related to the minimum guaranteed rates of return on employer contributions. In accordance with the principles of IAS 19, the DEME pensions plans are valued in accordance with the projected unit credit method with attribution to backloaded plans (i.e. full career retirement benefits attributed over the total duration of the career). The difference between both provisions is presented above.

Financial Instruments: For the accounting policy about and recognition principles of financial instruments in accordance with IFRS, reference is made to note (10) 'Financial Risk Management and Financial Derivatives'. In the Belgian GAAP consolidated financial statements of the company, these derivative financial instruments were not accounted for as asset or liability and disclosed only as off-balance sheet items in accordance with CBN advice 2010/12.

Intangible Fixed assets: Differences mentioned on the line 'intangible fixed assets' above relate to differences in depreciation rates and capitalisation policy between the DEME Belgian GAAP consolidated financial statements and the IFRS Financial Information, mainly related to the treatment of research and development expenses,technology, concessions and patents acquired.

Property, Plant & Equipment: The principal accounting policies and note (6) 'Property, plant & equipment' describe the recognition and measurement of the assets in this category in the IFRS Financial Information of DEME. For the Belgian GAAP consolidated financial statements, different valuation rules were applied for vessels reported within this category. The main differences relate to:

- In the IFRS Financial Report, the main dredging and offshore equipment is disaggregated into different components each with unique useful lifetime. As such, the different components of one dredging and offshore equipment is accounted for as separate item in the accordance with the principles of IFRS, whilst in the Belgian GAAP consolidated financial statements the same

equipment or vessel is considered to be a single asset for all vessels into production before 2019. The difference in accounting framework causes differences in the depreciation charges for the year.
- IFRS requires that borrowing costs directly attributable to the acquisition or construction of an asset is to be capitalised as part of the cost of that asset whereas the requirement to capitalise similar borrowing costs in the DEME Belgian GAAP consolidated financial statements was different.
- The accounting treatment of maintenance and repair costs incurred, whereby provisions for repair and maintenance were accounted for in the BE GAAP consolidated financial statements. Such provisions are generally not allowed under IFRS, therefore maintenance and repair expenses for upkeep of the assets during the operation of the vessel are predominantly charged to the profit and loss account and dry-docking costs of main production equipment (major repair costs) are recognised in the carrying amount of the vessel when incurred and depreciated over the period until the next dry-docking.

Right-of-use assets: Right-of-use assets relate to the recognition of IFRS 16 assets in the IFRS Financial Information. These lease agreements were accounted for as operational leases in the Belgian GAAP consolidated financial statements of DEME.

Provisions: Differences mentioned on the line 'provisions' mainly relate to a provision for repair and maintenance recorded in the Belgian GAAP consolidated financial statement, whilst such a provision is not allowed in the IFRS Financial information.

Amortisation of Goodwill: Goodwill in the Belgian GAAP consolidated financial statements of DEME was depreciated in accordance with CBN advice 2012/13. No such (annual) depreciations are recorded in the IFRS Financial Information.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT JOINT STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING OF DREDGING, ENVIRONMENTAL & MARINE ENGINEERING NV FOR THE YEAR ENDED DECEMBER 31, 2021 – CONSOLIDATED FINANCIAL STATEMENTS

As requested by the shareholders of Dredging, Environmental & Marine Engineering NV ("the Company"), we report to you in the framework of our contract as independent joint statutory auditors on the Consolidated Financial Statements of the Company and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at December 31, 2021, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended December 31, 2021 and the disclosures (all elements together the "Consolidated Financial Statements").

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the Consolidated Financial Statements of Dredging, Environmental & Marine Engineering NV, which consists of the consolidated statement of financial position as at December 31, 2021 the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the disclosures, which show a consolidated balance sheet total of 4,049,597 thousand EUR of which the consolidated income statement shows a profit for the year (share of the group) of 114,581 thousand EUR.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at December 31, 2021, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Other matters

These Consolidated Financial Statements are prepared on a voluntary basis. The obligations under the Code of companies and associations ("CCA") and adherence to article 3:32 of the CCA in view of the preparation of a Consolidated Annual Board Report are covered by the consolidated financial information established by the Company in accordance with the applicable accounting framework in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

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

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

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Responsibilities of the joint statutory auditors for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Annual Accounts in Belgium. However, an audit does not provide assurance about the future viability of the Company , nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional scepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

Statements regarding independence

- Our audit firms and our network have not performed any prohibited services and our audit firms have remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the Consolidated Financial Statements.

Brussels, May 3, 2022
The joint statutory auditors,

Deloitte Bedrijfsrevisoren BV
Independent statutory auditor
Represented by

Rik Neckebroeck (Partner)

Ben Vandeweyer (Partner)

EY Bedrijfsrevisoren BV
Independent statutory auditor
Represented by

Patrick Rottiers* (Partner)
*Acting on behalf of a BV/SRL

Wim Van Gasse* (Partner)
*Acting on behalf of a BV/SRL

120

PARENT COMPANY FINANCIAL STATEMENTS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INTRODUCTION

The statutory annual accounts of Dredging, Environmental and Marine Engineering NV (DEME NV) are prepared in accordance with Belgian Generally Accepted Accounting Principles.

The entire version of the statutory annual accounts of DEME NV, along with the annual report and the report of the statutory auditors, will be deposited within the legal time frame at the National Bank of Belgium and can be obtained for free through the website of the Company (www.deme-group.com). The statutory auditors issued an unqualified auditor's report on the statutory annual accounts of DEME NV.

BALANCE SHEET

as of December 31 (in thousands of EUR) (according to Belgian GAAP)

ASSETS	2021	2020
FIXED ASSETS	860,002	924,737
FORMATION EXPENSES	**-**	**-**
INTANGIBLE ASSETS		**90**
PROPERTY, PLANT AND EQUIPMENT	**293,797**	**491,883**
Land and buildings	-	-
Plant, machinery and equipment	76	131
Furniture and vehicles	-	-
Leasing and other similar rights	-	-
Other tangible fixed assets	-	-
Assets under construction and advance payments	293,721	491,753
FINANCIAL ASSETS	**566,205**	**432,764**
Affiliated enterprises	556,173	422,732
Participating interests	*527,836*	*387,845*
Amounts receivable	*28,337*	*34,887*
Other enterprises linked by participating interests	9,789	9,789
Participating interests	*9,789*	*9,789*
Amounts receivable	-	-
Other financial assets	243	243
Shares	*243*	*243*
Amount receivable and cash guarantees	-	-
CURRENT ASSETS	45,993	19,356
AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR	**-**	**-**
Trade receivables	-	-
Other amounts receivable	-	-
INVENTORIES AND CONTRACTS IN PROGRESS	**-**	**-**
AMOUNTS RECEIVABLE WITHIN ONE YEAR	**45,800**	**19,243**
Trade receivables	45,791	17,912
Other amounts receivable	9	1,332
OWN SHARES AND OTHER INVESTMENTS	**-**	**-**
CASH AT BANK AND IN HAND	**174**	**101**
DEFERRED CHARGES AND ACCRUED INCOME	**19**	**12**
TOTAL ASSETS	**905,995**	**944,093**

LIABILITIES	2021		2020	
CAPITAL AND RESERVES		418,302		339,084
CAPITAL		31,110		31,110
Issued capital	31,110		31,110	
Uncalled capital (-)	-		-	
SHARE PREMIUM ACCOUNT		5,645		5,645
REVALUATION SURPLUS		-		-
RESERVES		35,304		35,304
Legal reserves	3,111		3,111	
Reserves not available for distribution	-		-	
Untaxed reserves	28,922		28,922	
Reserves available for distribution	3,271		3,271	
PROFIT CARRIED FORWARD		346,243		267,026
PROVISIONS AND DEFERRED TAXES		807		358
Provisions for liabilities and charges	807		358	
Deferred tax liabilities	-		-	
CREDITORS		486,886		604,651
AMOUNTS PAYABLE AFTER MORE THAN ONE YEAR		311,591		318,577
Financial liabilities	311,591		318,577	
Subordinated loans	-		-	
Bonds	-		-	
Finance leases	-		-	
Credit institutions	-		-	
Other long term financial liabilities	*311,591*		*318,577*	
AMOUNTS PAYABLE WITHIN ONE YEAR		175,295		286,073
Current portion of amounts payable after more than one year	25,293		-	
Financial liabilities	-		-	
Credit institutions	-		-	
Other current financial liabilities	-		-	
Trade payables	44,046		11,733	
Advances received on contracts in progress	-		-	
Taxes, remuneration and social security	6,443		2,462	
Taxes	*5,334*		*898*	
Remuneration and social security	*1,109*		*1,565*	
Other amounts payable	99,513		271,878	
ACCRUED CHARGES AND DEFERRED INCOME		-		-
TOTAL LIABILITIES		**905,995**		**944,093**

PROFIT AND LOSS STATEMENT

as of December 31 (in thousands of EUR) (according to Belgian GAAP)

	2021		2020	
OPERATING INCOME		**85,972**		**45,548**
Turnover	31,559		34,227	
Increase (+), decrease (-) in contracts in progress	-		-	
Fixed assets - own construction	-		-	
Other operating income	21,303		10,350	
Non-recurring operating income	33,110		972	
OPERATING CHARGES		**-39,584**		**-34,098**
Raw materials and consumables	-10,011		-11,764	
Purchases	*-10,011*		*-10,893*	
Increase (-), decrease (+) in inventories	*-*		*-871*	
Services and other goods	-11,886		-8,427	
Remuneration, social security costs and pensions	-10,621		-13,460	
Depreciation and other amounts written off on (in)tangible fixed assets	-6,593		-149	
Increase (+), decrease (-) in amounts written off on inventories, contracts in progress and trade debtors	-		-	
Increase (+), decrease (-) in provisions for liabilities and charges	-449		-275	
Other operating charges	-24		-22	
Non-recurring operating charges	-		-	
OPERATING RESULT		**46,388**		**11,450**
FINANCIAL INCOME		**44,170**		**68,436**
Income from financial assets	30,680		59,340	
Income from current assets	-		-	
Other financial income	13,490		9,096	
Non-recurring financial income	-		-	
FINANCIAL CHARGES		**-7,615**		**-16,948**
Interests and other debt charges	-7,306		-5,039	
Other financial charges	-309		-2,110	
Non-recurring financial charges	-		-9,798	
RESULT FOR THE FINANCIAL PERIOD BEFORE TAXATION		**82,943**		**62,939**
TRANSFER FROM (TO) DEFERRED TAXES		**-**		**-**
INCOME TAXES		**-3,726**		**-926**
Income taxes	-3,726		-926	
Adjustment of income taxes and write-back of tax provisions	-		-	
RESULT FOR THE FINANCIAL PERIOD		**79,217**		**62,013**
TRANSFER FROM (TO) THE UNTAXED RESERVES		**-**		**-**
PROFIT FOR THE PERIOD AVAILABLE FOR APPROPRIATION		**79,217**		**62,013**
TRANSFER FROM PROFIT CARRIED FORWARD		**267,026**		**225,435**
TRANSFER TO LEGAL RESERVES		**-**		**-**
DISTRIBUTION OF DIVIDENDS		**-**		**-20,421**
TRANSFER TO PROFIT CARRIED FORWARD		**346,243**		**267,026**

FORWARD-LOOKING STATEMENTS

This Financial Report may contain forward-looking statements. Such statements refer to future expectations and other forward-looking perceptions that are based on the management's current views, estimates and assumptions concerning future events. Such forward-looking statements, by their nature, are subject to known and unknown risks, uncertainties and other factors, which may cause the actual results to be materially different from those contemplated, projected, forecasted, estimated or budgeted whether expressed or implied, by these forward-looking statements contained in this Financial Report.

DEME neither undertakes any obligation to update any forward-looking statements to reflect the actual results, nor does DEME assume any liability to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other report or press release issued by DEME.

Please note some pictures in the Financial Report were taken prior to COVID-19 restrictions and social distancing guidelines.

COMPILED AND COORDINATED BY DEME

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