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

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

## 4 Financial Highlights
- DEME Group Key Figures
- DEME Group Financial Performance
- DEME Group Evolution of Consolidated Turnover and EBITDA

## 10 Consolidated Financial Statements
- Consolidated Statement of Income
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Share Capital and Reserves
- Summary of Principal Accounting Policies
- Statement of compliance
- Basis of preparation
- Significant judgments and estimates
- Principles of consolidation and list of company’s significant subsidiaries, associates and joint ventures
- Business combinations
- Business combinations between entities under common control
- Business combinations and disposals in the course of 2019
- Business combinations and disposals in the course of 2018
- Foreign currencies
- Intangible assets
- Goodwill
- Property, plant and equipment
- The Group as lessee
- Inventories
- Assets due from and amounts due to customers under construction contracts
- Trade and other receivables
- Cash and cash equivalents
- Impairment tangible and intangible assets including goodwill
- Share capital
- Provisions
- Contingent assets and liabilities
- Employee benefit obligations
- Interest-bearing loans and borrowings
- Trade and other payables
- Income taxes
- Investment tax credits
- Risks from financial instruments
- Derivative financial instruments and hedging
- Revenues
- Expenses
- Explanatory Notes to the Consolidated Financial Statements
  - note 1 - Other operating income and expenses
  - note 2 - Employment
  - note 3 - Intangible assets
  - note 4 - Goodwill
  - note 5 - Property, plant and equipment
  - note 6 - Investments in joint ventures and associates
  - note 7 - Other non-current financial assets
  - note 8 - Financial derivatives
  - note 9 - Income taxes and deferred taxes
  - note 10 - Inventories and construction contracts
  - note 11 - Trade and other operating receivables
  - note 12 - Interest-bearing debt and net financial debt
  - note 13 - Finance and operating lease and the impact of IFRS 16
  - note 14 - Employee benefit obligations
  - note 15 - Other current liabilities
  - note 16 - Rights and commitments not reflected in the balance sheet
- Independent Auditor’s Report

## 50 Parent Company Financial Statements
- Introduction
- Balance Sheet
- Profit and Loss Statement
FINANCIAL HIGHLIGHTS
DEME GROUP KEY FIGURES

As of December 31
(in millions of EUR)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>DELTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>2,622.0</td>
<td>2,645.8</td>
<td>-23.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>437.0</td>
<td>458.9</td>
<td>-21.9</td>
</tr>
<tr>
<td>EBIT</td>
<td>141.1</td>
<td>196.0</td>
<td>-54.9</td>
</tr>
<tr>
<td>Net result share of the Group</td>
<td>125.0</td>
<td>155.6</td>
<td>-10.6</td>
</tr>
<tr>
<td>Order book</td>
<td>3,750.0</td>
<td>4,010.0</td>
<td>-260.0</td>
</tr>
<tr>
<td>Average personnel (in FTE)</td>
<td>5,089</td>
<td>4,937</td>
<td>152</td>
</tr>
<tr>
<td>Shareholders’ equity (excl. minority interests)</td>
<td>1,435.5</td>
<td>1,401.4</td>
<td>34.1</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>-708.5</td>
<td>-555.8</td>
<td>-152.7</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>3,944.8</td>
<td>3,820.7</td>
<td>124.1</td>
</tr>
<tr>
<td>Total investments</td>
<td>446.1</td>
<td>410.2</td>
<td>35.9</td>
</tr>
<tr>
<td>Dividend of the year</td>
<td>*</td>
<td>55.0</td>
<td>-55.0</td>
</tr>
</tbody>
</table>

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

Definitions:
- EBITDA is the sum of operating result (EBIT), depreciation, amortisation expenses and impairment of goodwill.
- EBIT is the operating result or earnings before financial result and taxes and before our share in the result of joint ventures and associates.
- Order book is the contract value of assignments that are agreed as of December 31 but that is not yet accounted for or terminated because of non-completion.
- Net financial debt is the sum of current and non-current interest-bearing debt decreased with cash and cash equivalents.
- Total investments is the amount paid for the acquisition of intangible, tangible and financial assets, which includes the total investment amount of the consolidated cash flow from investing activities.

DEME GROUP FINANCIAL PERFORMANCE

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

In its traditional dredging activity, DEME reported a turnover increase of approximately 10% to 1,084.5 million EUR. DEME carried out maintenance dredging works on the river Scheldt and along the Belgian coast, started deepening works on the Elbe in Germany and took part in several large-scale infrastructure projects in the Netherlands together with its infrastructure subsidiary DIMCO. Outside Europe, the large-scale TTP1 project in Singapore is steadily entering its final stage. Other major projects were carried out in Russia, Qatar, India and several locations in Africa.

The turnover of DEME Offshore decreased in 2019 to 1,141.4 million EUR and includes a substantial volume of procurement. With 43% of DEME’s total turnover, DEME Offshore is still the main segment. In Belgium, the installation of the MIG project (Modular Offshore Grid or ‘plug at sea’) was successfully finished, while the installation of the foundations for the Belgian offshore wind farm Seajacks was completed in the United Kingdom. 101 of the 103 foundations for the Moray East wind farm were already installed, while the Hornsea One project was fully completed.

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

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

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

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

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

The net result share of the Group is 125.0 million EUR after deduction of a net financial result of -6.2 million EUR (which is in line with 2018) and after taxes at an effective rate of 22.48% compared to 22.80% last year. The share of profit of joint ventures and associates amounts to 18.4 million EUR, which is 11.5 million EUR higher than in 2018 (6.9 million EUR). This positive result is mainly related to the share of the Group in the result of several wind farms in which it is participating.

The order book amounts to 3,750 million EUR at year-end 2019, compared to 4,101 million EUR at year-end 2018.

The following major dredging contracts were won during 2019:
- the extension for five years of the Lower Or Tedi river project in Papua New Guinea;
- the contract for the widening and deepening of the Elbe river over a length of 116 km between Cuxhaven and Hamburg in Germany;
- the extension of the maintenance dredging contract (2020–2021) for the Scheldt river and the Belgian coast.

The Group also signed many contracts for offshore wind farms across the world:
- the contract for the transport and installation of 165 foundations and turbines for the Hornsea Two offshore wind farm in the UK that is expected to begin in the first quarter of 2021;
- the EPCI contract for the design, fabrication and installation of 80 foundations for the Saint-Nazaire offshore wind farm in France (480 MW), in joint venture with Eiffage and with a consortium value of more than 500 million EUR;
- the EPCI contract for the inter-array cables and interconnectors of the Neart na Gaoithe offshore wind farm in Scotland with execution expected in 2021.

In Taiwan, CSBC DEME Wind Engineering (CDWE), a joint venture with the local company CSBC, signed the following contracts:
- a Preferred Bidder Agreement (PBA) for the Hai Long 2 and 3 wind farms, which is the first large-scale Balance of Plant (BOP) project in Taiwan with EPCI for the foundations, inter-array cables, export cables and the transport and installation of the turbines scheduled for 2023;
- transport and installation of the foundations, along with a PBA for the transport and installation of the turbines for the Zhong Neng offshore wind farm developed by China Steel Corporation, due for completion in 2024.
The Fehmarnbelt project (700 million EUR) for the construction of the world’s longest submerged road and rail tunnel between Denmark and Germany has not yet been included in the order book because the final permits are still pending. The aforementioned expected projects in Taiwan are omitted for the same reason.

In 2019, the Group invested a total of 446.1 million EUR, of which 434.7 million EUR is in (t)angible fixed assets. In 2019, the new trailing suction hopper dredger ‘Bonny River’ (15,000 m³) was put into operation. This vessel, which is capable of dredging very hard soil at great depths, is also equipped with a dual fuel engine that can run on both LNG and diesel. In addition to the major repair costs, in particular those for the jack-up vessel ‘Innovation’, the investments were primarily related to the four large vessels under construction, notably the ‘Spartacus’, the world’s most powerful cutter suction dredger, the offshore installation vessel ‘Orion’, and the trailing suction hopper dredgers ‘Meuse River’ and ‘River Thames’. Due to delays incurred at the shipyards, a number of payments were postponed to 2020. The delays are relatively minor in the case of the ‘Orion’, ‘Meuse River’ and ‘River Thames’, as delivery is still expected in the course of the first six months of 2020. Delivery of the mega cutter ‘Spartacus’ was delayed for several more months until the end of the third quarter of 2020 by the Dutch shipyard IHC Holland BV.

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

DEME’s net financial debt amounted to 708.5 million EUR at year-end 2019 (including an impact of 86.1 million EUR from the first-time application of the new IFRS 16 accounting standard), compared to 555.8 million EUR at year-end 2018. In the course of 2019 DEME’s net financial position was positively impacted for an amount of 64 million EUR by the repayments of loans and the realisation of an investment for a new trailing suction hopper dredger, the offshore installation vessel ‘Orion’, and the trailing suction hopper dredgers ‘Meuse River’ and ‘River Thames’. Due to delays incurred at the shipyards, a number of payments were postponed to 2020. The delays are relatively minor in the case of the ‘Orion’, ‘Meuse River’ and ‘River Thames’, as delivery is still expected in the course of the first six months of 2020. Delivery of the mega cutter ‘Spartacus’ was delayed for several more months until the end of the third quarter of 2020 by the Dutch shipyard IHC Holland BV.

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

For DEME, a constant focus on innovation and sustainability is crucial. Various new initiatives were started in 2019, such as the partnership with SABCA on the deployment of drones for the inspection of offshore wind turbines, the agreement with Equinor for a study of floating concrete substructures for the Hywind Tampen offshore wind farm, the expected investment of DEME in Ostend and the project for the transport of hydrogen in Antwerp.

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

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

For DEME, a constant focus on innovation and sustainability is crucial. Various new initiatives were started in 2019, such as the partnership with SABCA on the deployment of drones for the inspection of offshore wind turbines, the agreement with Equinor for a study of floating concrete substructures for the Hywind Tampen offshore wind farm, the expected investment of DEME in Ostend and the project for the transport of hydrogen in Antwerp.
CONSOLIDATED FINANCIAL STATEMENTS
### CONSOLIDATED STATEMENT OF INCOME
as of December 31

<table>
<thead>
<tr>
<th>(in thousands of EUR)</th>
<th>Notes</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td>2,660,659</td>
<td>2,726,543</td>
</tr>
<tr>
<td>Turnover</td>
<td></td>
<td>2,621,965</td>
<td>2,645,780</td>
</tr>
<tr>
<td>Other operating income</td>
<td>(1)</td>
<td>38,694</td>
<td>80,763</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td>-2,519,513</td>
<td>-2,530,531</td>
</tr>
<tr>
<td>Raw materials, consumables, services and subcontracted work</td>
<td></td>
<td>-1,744,391</td>
<td>-1,797,917</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>(2)</td>
<td>-454,486</td>
<td>-439,304</td>
</tr>
<tr>
<td>Depreciation and impairment losses</td>
<td></td>
<td>-295,865</td>
<td>-256,907</td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td></td>
<td>-</td>
<td>-5,986</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(1)</td>
<td>-24,771</td>
<td>-30,417</td>
</tr>
<tr>
<td><strong>OPERATING RESULT</strong></td>
<td></td>
<td>141,146</td>
<td>196,012</td>
</tr>
<tr>
<td><strong>FINANCIAL RESULT</strong></td>
<td></td>
<td>-6,250</td>
<td>-6,391</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td>10,217</td>
<td>10,279</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>-11,817</td>
<td>-15,711</td>
</tr>
<tr>
<td>Realised/unrealised foreign currency translation effects</td>
<td></td>
<td>793</td>
<td>4,955</td>
</tr>
<tr>
<td>Other financial income and expenses</td>
<td></td>
<td>-5,423</td>
<td>-5,914</td>
</tr>
<tr>
<td><strong>RESULT BEFORE TAXES</strong></td>
<td></td>
<td>134,896</td>
<td>189,621</td>
</tr>
<tr>
<td>Income taxes and deferred taxes</td>
<td>(9)</td>
<td>-30,321</td>
<td>-43,231</td>
</tr>
<tr>
<td><strong>RESULT AFTER TAXES</strong></td>
<td></td>
<td>104,575</td>
<td>146,390</td>
</tr>
<tr>
<td>Share of profit (loss) of joint ventures and associates</td>
<td>(6)</td>
<td>18,450</td>
<td>6,929</td>
</tr>
<tr>
<td><strong>RESULT FOR THE PERIOD</strong></td>
<td></td>
<td>123,025</td>
<td>153,319</td>
</tr>
<tr>
<td>Attributable to non-controlling interests</td>
<td></td>
<td>-2,016</td>
<td>-2,251</td>
</tr>
<tr>
<td><strong>SHARE OF THE GROUP</strong></td>
<td></td>
<td>125,041</td>
<td>155,570</td>
</tr>
<tr>
<td>ASSETS</td>
<td>Notes</td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>---------------------------------------------------------</td>
<td>-------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td>2,732,369</td>
<td>2,603,755</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(3)</td>
<td>4,415</td>
<td>3,545</td>
</tr>
<tr>
<td>Goodwill</td>
<td>(4)</td>
<td>18,339</td>
<td>18,339</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(5)</td>
<td>2,506,975</td>
<td>2,298,773</td>
</tr>
<tr>
<td>Investments in joint ventures and associates</td>
<td>(6)</td>
<td>73,051</td>
<td>82,110</td>
</tr>
<tr>
<td>Other non-current financial assets</td>
<td>(7)</td>
<td>36,182</td>
<td>108,066</td>
</tr>
<tr>
<td>Non-current financial derivatives</td>
<td>(8)</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td></td>
<td>3,921</td>
<td>2,118</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>(9)</td>
<td>89,486</td>
<td>90,928</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td>1,212,410</td>
<td>1,216,967</td>
</tr>
<tr>
<td>Inventories</td>
<td>(10)</td>
<td>13,152</td>
<td>15,244</td>
</tr>
<tr>
<td>Amounts due from customers under construction contracts</td>
<td>(10)</td>
<td>228,548</td>
<td>353,001</td>
</tr>
<tr>
<td>Trade and other operating receivables</td>
<td>(11)</td>
<td>463,931</td>
<td>540,716</td>
</tr>
<tr>
<td>Current financial derivatives</td>
<td>(8)</td>
<td>751</td>
<td>275</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>(7)</td>
<td>10,511</td>
<td>-</td>
</tr>
<tr>
<td>Other current assets</td>
<td></td>
<td>20,382</td>
<td>20,316</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(12)</td>
<td>475,135</td>
<td>287,395</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>3,944,779</td>
<td>3,820,722</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GROUP EQUITY AND LIABILITIES</th>
<th>Notes</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SHAREHOLDERS’ EQUITY</strong></td>
<td></td>
<td>1,435,483</td>
<td>1,401,402</td>
</tr>
<tr>
<td>Issued capital</td>
<td></td>
<td>31,110</td>
<td>31,110</td>
</tr>
<tr>
<td>Share premium</td>
<td></td>
<td>5,645</td>
<td>5,645</td>
</tr>
<tr>
<td>Reserves and retained earnings</td>
<td></td>
<td>1,474,254</td>
<td>1,405,829</td>
</tr>
<tr>
<td>Hedging reserve</td>
<td></td>
<td>-33,578</td>
<td>-7,596</td>
</tr>
<tr>
<td>Remeasurements on defined benefit pension plans</td>
<td></td>
<td>-36,695</td>
<td>-27,199</td>
</tr>
<tr>
<td>Cumulative translation adjustment</td>
<td></td>
<td>-5,253</td>
<td>-6,387</td>
</tr>
<tr>
<td><strong>NON-CONTROLLING INTERESTS</strong></td>
<td></td>
<td>11,671</td>
<td>14,052</td>
</tr>
<tr>
<td><strong>GROUP EQUITY</strong></td>
<td></td>
<td>1,447,154</td>
<td>1,415,454</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td>1,095,718</td>
<td>645,802</td>
</tr>
<tr>
<td>Employee benefit obligations</td>
<td>(14)</td>
<td>52,292</td>
<td>46,124</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>6,389</td>
<td>6,242</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>(12)</td>
<td>942,797</td>
<td>494,795</td>
</tr>
<tr>
<td>Non-current financial derivatives</td>
<td>(8)</td>
<td>2,806</td>
<td>8,561</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(9)</td>
<td>76,434</td>
<td>89,580</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td>1,401,907</td>
<td>1,759,466</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>(12)</td>
<td>123,793</td>
<td>348,377</td>
</tr>
<tr>
<td>Current financial derivatives</td>
<td>(8)</td>
<td>9,556</td>
<td>10,990</td>
</tr>
<tr>
<td>Amounts due to customers under construction contracts</td>
<td>(10)</td>
<td>165,662</td>
<td>243,136</td>
</tr>
<tr>
<td>Advances received</td>
<td></td>
<td>39,565</td>
<td>95,132</td>
</tr>
<tr>
<td>Trade payables</td>
<td></td>
<td>777,810</td>
<td>890,368</td>
</tr>
<tr>
<td>Remuneration and social security</td>
<td></td>
<td>82,056</td>
<td>82,366</td>
</tr>
<tr>
<td>Current income taxes</td>
<td></td>
<td>37,112</td>
<td>35,602</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>(15)</td>
<td>54,555</td>
<td>52,483</td>
</tr>
<tr>
<td><strong>TOTAL GROUP EQUITY AND LIABILITIES</strong></td>
<td></td>
<td>3,944,779</td>
<td>3,820,722</td>
</tr>
</tbody>
</table>
## CONSOLIDATED STATEMENT OF CASH FLOWS
as of December 31

<table>
<thead>
<tr>
<th>(in thousands of EUR)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND CASH EQUIVALENTS, OPENING BALANCE</td>
<td>287,395</td>
<td>434,717</td>
</tr>
<tr>
<td>Profit (loss) from operating activities</td>
<td>141,146</td>
<td>190,012</td>
</tr>
<tr>
<td>Dividends from participations accounted for using the equity method</td>
<td>3,232</td>
<td>2,438</td>
</tr>
<tr>
<td>Reclassification of (income)/loss from sales of property, plant and equipment and financial participation to cash flow from investments</td>
<td>-4,523</td>
<td>-6,356</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-33,594</td>
<td>-4,649</td>
</tr>
<tr>
<td>NON-CASH ADJUSTMENTS</td>
<td>302,737</td>
<td>267,285</td>
</tr>
<tr>
<td>Depreciation and impairment losses</td>
<td>295,865</td>
<td>256,907</td>
</tr>
<tr>
<td>(Decrease)/increase of provisions</td>
<td>6,872</td>
<td>11,448</td>
</tr>
<tr>
<td>Other non-cash expenses (income)</td>
<td>-</td>
<td>-3,070</td>
</tr>
<tr>
<td>CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</td>
<td>408,998</td>
<td>414,730</td>
</tr>
<tr>
<td>CASH FLOW FROM INVESTING ACTIVITIES</td>
<td>388,812</td>
<td>222,380</td>
</tr>
<tr>
<td>INVESTMENTS</td>
<td>-446,142</td>
<td>-410,182</td>
</tr>
<tr>
<td>Acquisition of intangible assets and of property, plant and equipment</td>
<td>-434,668</td>
<td>-441,298</td>
</tr>
<tr>
<td>Cash (out) inflow on acquisition of subsidiaries, associates and joint ventures</td>
<td>-8,216</td>
<td>62,381</td>
</tr>
<tr>
<td>New borrowings given to joint ventures and associates</td>
<td>-3,258</td>
<td>-31,265</td>
</tr>
<tr>
<td>DIVESTMENTS</td>
<td>75,820</td>
<td>18,059</td>
</tr>
<tr>
<td>Sale of intangible assets and of property, plant and equipment</td>
<td>10,431</td>
<td>13,519</td>
</tr>
<tr>
<td>Cash inflow on disposal of subsidiaries, associates and joint ventures</td>
<td>1,125</td>
<td>4,500</td>
</tr>
<tr>
<td>Repayment of borrowings given to joint ventures and associates</td>
<td>64,264</td>
<td>-</td>
</tr>
<tr>
<td>CASH FLOW FROM INVESTING ACTIVITIES</td>
<td>-370,322</td>
<td>-392,123</td>
</tr>
<tr>
<td>Interest received</td>
<td>10,217</td>
<td>10,279</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-19,482</td>
<td>-16,163</td>
</tr>
<tr>
<td>Other financial income/(cost)</td>
<td>-5,129</td>
<td>-1,511</td>
</tr>
<tr>
<td>New interest-bearing debt</td>
<td>632,404</td>
<td>245,316</td>
</tr>
<tr>
<td>Repayment of interest-bearing debt</td>
<td>-394,386</td>
<td>-180,026</td>
</tr>
<tr>
<td>Gross dividend paid to the shareholders</td>
<td>-55,002</td>
<td>-55,002</td>
</tr>
<tr>
<td>CASH FLOW FROM FINANCIAL ACTIVITIES</td>
<td>168,622</td>
<td>24,893</td>
</tr>
<tr>
<td>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</td>
<td>187,112</td>
<td>-144,850</td>
</tr>
<tr>
<td>Change in consolidation scope or method</td>
<td>-</td>
<td>-3,114</td>
</tr>
<tr>
<td>Impact of exchange rate changes on cash and cash equivalents</td>
<td>628</td>
<td>842</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS, ENDING BALANCE</td>
<td>475,135</td>
<td>287,395</td>
</tr>
</tbody>
</table>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### 2019
#### (in thousands of EUR)

<table>
<thead>
<tr>
<th>SHARE CAPITAL AND SHARE PREMIUM</th>
<th>HEDGING RESERVE</th>
<th>DEFINED BENEFIT PENSION PLANS</th>
<th>CONSOLIDATED RESERVES</th>
<th>CUMULATIVE TRANSLATION ADJUSTMENT</th>
<th>SHARE HELD BY EQUITY HOLDERS</th>
<th>NON-CONTROLLING INTERESTS</th>
<th>GROUP EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending, December 31, 2018</td>
<td>36,755</td>
<td>-25,982</td>
<td>1,405,829</td>
<td>6,387</td>
<td>-1,614*</td>
<td>784</td>
<td>-830</td>
</tr>
<tr>
<td>Impact IFRS 16</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impact IFRIC 23</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Opening, January 1, 2019</td>
<td>36,755</td>
<td>-25,982</td>
<td>1,405,829</td>
<td>6,387</td>
<td>-1,614*</td>
<td>784</td>
<td>-830</td>
</tr>
<tr>
<td>Profit</td>
<td></td>
<td></td>
<td>-9,496</td>
<td>1,134</td>
<td>90,657</td>
<td>-2,244</td>
<td>88,453</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td>-25,982</td>
<td>125,041</td>
<td>-2,016</td>
<td>123,025</td>
<td>-182</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td>-25,982</td>
<td>125,041</td>
<td>90,657</td>
<td>-2,244</td>
<td>88,453</td>
</tr>
<tr>
<td>Other</td>
<td>-1,614*</td>
<td>-1,614*</td>
<td>-1,614*</td>
<td>784</td>
<td>-830</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Ending, December 31, 2019</td>
<td>36,755</td>
<td>-33,578</td>
<td>1,474,254</td>
<td>-5,253</td>
<td>1,435,483</td>
<td>11,671</td>
<td>1,447,154</td>
</tr>
</tbody>
</table>

In accordance with IFRS 16, the Group has opted to value the right to use the asset at an amount equal to the lease obligation. Therefore, as per effective date there is no impact on Group equity. The total impact of the first application of IFRIC 23 was considered to be clearly insignificant and as such not resulting in a change of the aggregate amount of all income tax positions per January 1, 2019. (*) Amount relates to the goodwill on the purchase of two entities under common control and is further explained in the explanatory note regarding business combinations in the course of 2019.

### 2018
#### (in thousands of EUR)

<table>
<thead>
<tr>
<th>SHARE CAPITAL AND SHARE PREMIUM</th>
<th>HEDGING RESERVE</th>
<th>DEFINED BENEFIT PENSION PLANS</th>
<th>CONSOLIDATED RESERVES</th>
<th>CUMULATIVE TRANSLATION ADJUSTMENT</th>
<th>SHARE HELD BY EQUITY HOLDERS</th>
<th>NON-CONTROLLING INTERESTS</th>
<th>GROUP EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending, December 31, 2017</td>
<td>36,755</td>
<td>-4,455</td>
<td>1,320,811</td>
<td>-6,537</td>
<td>1,321,842</td>
<td>14,405</td>
<td>1,336,247</td>
</tr>
<tr>
<td>Impact IFRS 15</td>
<td>-</td>
<td>-</td>
<td>-9,550</td>
<td>-</td>
<td>-15,550</td>
<td>-</td>
<td>-13,000</td>
</tr>
<tr>
<td>Opening, January 1, 2018</td>
<td>36,755</td>
<td>-4,455</td>
<td>1,320,811</td>
<td>-6,537</td>
<td>1,321,842</td>
<td>14,405</td>
<td>1,336,247</td>
</tr>
<tr>
<td>Profit</td>
<td></td>
<td></td>
<td>155,570</td>
<td>-</td>
<td>155,570</td>
<td>-2,251</td>
<td>153,319</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-1,141</td>
<td>-2,467</td>
<td>150</td>
<td>-5,458</td>
<td>182</td>
<td>-5,640</td>
<td>147,679</td>
</tr>
<tr>
<td>Total comprehensive Income</td>
<td>-1,141</td>
<td>-2,467</td>
<td>150</td>
<td>-5,458</td>
<td>182</td>
<td>-5,640</td>
<td>147,679</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-55,002</td>
<td>-55,002</td>
<td>-55,002</td>
<td>-365</td>
<td>-55,367</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-2,445</td>
<td>-2,445</td>
<td>-</td>
<td>-182</td>
<td>-182</td>
<td>-182</td>
</tr>
<tr>
<td>Ending, December 31, 2018</td>
<td>36,755</td>
<td>-7,596</td>
<td>1,405,829</td>
<td>-6,387</td>
<td>1,401,402</td>
<td>14,052</td>
<td>1,415,454</td>
</tr>
</tbody>
</table>

In accordance with IFRS 16, the Group has opted to value the right to use the asset at an amount equal to the lease obligation. Therefore, as per effective date there is no impact on Group equity. The total impact of the first application of IFRIC 23 was considered to be clearly insignificant and as such not resulting in a change of the aggregate amount of all income tax positions per January 1, 2019. (*) Amount relates to the goodwill on the purchase of two entities under common control and is further explained in the explanatory note regarding business combinations in the course of 2019.
SHARE CAPITAL AND RESERVES

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

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

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

SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

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

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

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

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

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

IFRS 16 Leases replaces the standard for leases IAS 17 and provides a new framework for the recognition of lease contracts. The standard was issued in January 2016 and became effective as of January 1, 2019. This new standard relates to changes in accounting for operational lease commitments of the Group. IFRS 16 requires lessees to recognise a liability in their statement of financial position and to capitalise the right-of-use of a leased asset if it is leased for a period exceeding one year. The application of IFRS 16 leads to an increase of assets and liabilities with the present value of future lease payments, to an increase of the net financial debt and to an increase of the EBITDA as a consequence of the presentation of the expenses from leases as depreciation and amortisations and as financial expenses instead of operating expenses. The Group applied this standard, as allowed by IFRS 16, retrospectively with the cumulative effect of first adoption of IFRS 16 recognised as per January 1, 2019. Comparative figures for 2018 are not restated. In accordance with IFRS 16, the Group has opted to value the right to use the asset at an amount equal to the lease obligation. Therefore, as per effective date there is no impact on Group equity. The impact of IFRS 16 on the Group’s figures is included in note 13.

IFRIC 23 uncertainty over income tax treatments became effective as from January 1, 2019. IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 income taxes when an uncertainty over current and deferred income tax treatments exists. The Group assesses its uncertain income tax positions per January 1, 2019 and individual positions were remeasured upon first application. Outcome of the assessment was that most income tax uncertainties are binary, not resulting in a tax liability which is different compared to the liabilities as previously accounted for based on the most likely amount. The total impact of the first application of IFRIC 23 was considered to be clearly insignificant and as such not resulting in a change of the aggregate amount of all income tax positions per January 1, 2019.

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

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

Significant judgments and estimates

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

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

These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.

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

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

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

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

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

When a group entity transfers 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 a right to the assets and direct obligations with respect to the entity’s liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When a DEME Group entity starts activity in a joint operation, DEME recognises in relation to its interest in the joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of its share of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

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

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

A listing of the Company’s significant subsidiaries, jointly controlled entities and associates can be found on the next pages.
### MAIN SUBSIDIARIES (FULLY CONSOLIDATED)

**as of December 31, 2019**

<table>
<thead>
<tr>
<th>NAME</th>
<th>PLACE</th>
<th>COUNTRY</th>
<th>% OF SHAREHOLDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dredging International, NV</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>Logimarne, NV</td>
<td>Berchem</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>Carthe Associates Holding, CVBA</td>
<td>Oostende</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>Baggerwerken Oostdokt en Zoon, NV</td>
<td>Oostende</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>Global Sea Minerals Resources, NV</td>
<td>Oostende</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Building Materials, NV</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Concessions Wind, NV</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Coordination Center, NV</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Intratras Solutions, NV</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Infra Marine Contractors, NV</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore BE, NV</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore Holding, NV</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>Geewind, NV</td>
<td>Zuidwolde</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>Ekkontien, SA</td>
<td>Gosselies</td>
<td>Belgium</td>
<td>74.90%</td>
</tr>
<tr>
<td>Elanta, NV</td>
<td>Sint-Gillis-Weerbeke</td>
<td>Belgium</td>
<td>74.90%</td>
</tr>
<tr>
<td>G-tec, SA</td>
<td>Vtemn</td>
<td>Belgium</td>
<td>72.50%</td>
</tr>
<tr>
<td>Agrovino, NV</td>
<td>Zuidwolde</td>
<td>Belgium</td>
<td>74.90%</td>
</tr>
<tr>
<td>DEME Environmental Contractors, NV</td>
<td>Zuidwolde</td>
<td>Belgium</td>
<td>74.90%</td>
</tr>
<tr>
<td>Purazur, NV</td>
<td>Zuidwolde</td>
<td>Belgium</td>
<td>74.90%</td>
</tr>
<tr>
<td>DEME Blue Energy, NV</td>
<td>Zuidwolde</td>
<td>Belgium</td>
<td>69.99%</td>
</tr>
<tr>
<td>Filter, SA</td>
<td>Gosselies</td>
<td>Belgium</td>
<td>56.10%</td>
</tr>
<tr>
<td>Combined Marine Terminal Operations Worldwide, NV</td>
<td>Zuidwolde</td>
<td>Belgium</td>
<td>54.37%</td>
</tr>
<tr>
<td>Grof Recyclecentrum, NV</td>
<td>Zuidwolde</td>
<td>Belgium</td>
<td>52.43%</td>
</tr>
<tr>
<td>GRC Zolder, NV</td>
<td>Zuidwolde</td>
<td>Belgium</td>
<td>36.70%</td>
</tr>
<tr>
<td>Dragagem Angola, S.A.</td>
<td>Luanda</td>
<td>Angola</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International Australia, Pty Ltd</td>
<td>Brisbane</td>
<td>Australia</td>
<td>100%</td>
</tr>
<tr>
<td>GasSea Australia, Pty Ltd</td>
<td>Brisbane</td>
<td>Australia</td>
<td>100%</td>
</tr>
<tr>
<td>Dragabras Serviços de Dragagem, Ltda</td>
<td>Rio de Janeiro</td>
<td>Brazil</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore CA, Ltd</td>
<td>Halifax</td>
<td>Canada</td>
<td>100%</td>
</tr>
<tr>
<td>Far East Dredging, Ltd</td>
<td>Hang Kong</td>
<td>China</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International Cyprus, Ltd</td>
<td>Nicosia</td>
<td>Cyprus</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International Services Cyprus, Ltd</td>
<td>Nicosia</td>
<td>Cyprus</td>
<td>100%</td>
</tr>
<tr>
<td>Bella, Ltd</td>
<td>Nicosia</td>
<td>Cyprus</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Cyprus, Ltd</td>
<td>Nicosia</td>
<td>Cyprus</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore CY, Ltd</td>
<td>Nicosia</td>
<td>Cyprus</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Shipping Company, Ltd</td>
<td>Nicosia</td>
<td>Cyprus</td>
<td>100%</td>
</tr>
<tr>
<td>Norvald, Ltd</td>
<td>Nicosia</td>
<td>Cyprus</td>
<td>100%</td>
</tr>
<tr>
<td>Middle East Marine Contracting, Ltd</td>
<td>Nicosia</td>
<td>Cyprus</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore DK, SAS</td>
<td>Fredericia</td>
<td>Denmark</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore FR, SAS</td>
<td>Lorient</td>
<td>France</td>
<td>100%</td>
</tr>
<tr>
<td>Energie du Nord, SAS</td>
<td>Lorient</td>
<td>France</td>
<td>100%</td>
</tr>
<tr>
<td>Social de Dragage International, SAS</td>
<td>Lorient</td>
<td>France</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore DE, GmbH</td>
<td>Bremen</td>
<td>Germany</td>
<td>100%</td>
</tr>
<tr>
<td>Nordsee Nausbagger- und Tiefbau, GmbH</td>
<td>Bremen</td>
<td>Germany</td>
<td>100%</td>
</tr>
<tr>
<td>Gun-Deen Mineraalbou, GmbH</td>
<td>Groothandorf</td>
<td>Germany</td>
<td>70%</td>
</tr>
<tr>
<td>DEME Building Materials, Ltd</td>
<td>Weybridge, Surrey</td>
<td>Great Britain</td>
<td>100%</td>
</tr>
<tr>
<td>NewWave Solutions, Ltd</td>
<td>Weybridge, Surrey</td>
<td>Great Britain</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Environmental Contractors UK, Ltd</td>
<td>Weybridge, Surrey</td>
<td>Great Britain</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International India, Pvt Ltd</td>
<td>New Delhi</td>
<td>India</td>
<td>99.97%</td>
</tr>
<tr>
<td>International Seaport Dredging, Pvt Ltd</td>
<td>Chennai</td>
<td>India</td>
<td>89.61%</td>
</tr>
<tr>
<td>PT Dredging International Indonesia</td>
<td>Jakarta</td>
<td>Indonesia</td>
<td>60%</td>
</tr>
<tr>
<td>Sidra, SpA</td>
<td>Rome</td>
<td>Italy</td>
<td>100%</td>
</tr>
<tr>
<td>Apollo Shipping, SA</td>
<td>Luxemburg</td>
<td>Luxembourg</td>
<td>100%</td>
</tr>
<tr>
<td>Bonny River Shipping, SA</td>
<td>Luxemburg</td>
<td>Luxembourg</td>
<td>100%*</td>
</tr>
</tbody>
</table>

* Newly created or acquired during 2019

### MAIN JOINT VENTURES (EQUITY METHOD)

**as of December 31, 2019**

<table>
<thead>
<tr>
<th>NAME</th>
<th>PLACE</th>
<th>COUNTRY</th>
<th>% OF SHAREHOLDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citiver Shipping, SA</td>
<td>Luxembourg</td>
<td>Luxembourg</td>
<td>100%*</td>
</tr>
<tr>
<td>DEME Offshore LTD, SA</td>
<td>Luxembourg</td>
<td>Luxembourg</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore UK Procurement &amp; Shipping, SA</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International Luxembourg, SA</td>
<td>Luxembourg</td>
<td>Luxembourg</td>
<td>100%</td>
</tr>
<tr>
<td>Maritime Services &amp; Solutions, SA</td>
<td>Luxembourg</td>
<td>Luxembourg</td>
<td>100%</td>
</tr>
<tr>
<td>Safinol, SA</td>
<td>Luxembourg</td>
<td>Luxembourg</td>
<td>100%</td>
</tr>
<tr>
<td>Société de Dragage Luxembourg, SA</td>
<td>Luxembourg</td>
<td>Luxembourg</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International Malaysia, SDN BHD</td>
<td>Kuala Lumpur</td>
<td>Malaysia</td>
<td>30.5%***</td>
</tr>
<tr>
<td>Dredging International Mexico, SA de CV</td>
<td>Mexico D.F.</td>
<td>Mexico</td>
<td>100%</td>
</tr>
<tr>
<td>Dragamec, Ltd</td>
<td>Masuto</td>
<td>Mozambique</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging and Environmental Services Nigeria, Ltd</td>
<td>Lagos</td>
<td>Nigeria</td>
<td>39%***</td>
</tr>
<tr>
<td>Dredging International Services (Nigeria), Ltd</td>
<td>Lagos</td>
<td>Nigeria</td>
<td>39%***</td>
</tr>
<tr>
<td>Combined Marine Terminal Operators Nigeria, Ltd</td>
<td>Lagos</td>
<td>Nigeria</td>
<td>21.25%***</td>
</tr>
<tr>
<td>Dredging Internacional de Panama, SA</td>
<td>Panama</td>
<td>Panama</td>
<td>100%</td>
</tr>
<tr>
<td>Drakecorp, LTD</td>
<td>Port Moresby</td>
<td>Papua New Guinea</td>
<td>100%</td>
</tr>
<tr>
<td>Middle East Dredging Company, LLC</td>
<td>Doha</td>
<td>Qatar</td>
<td>49%****</td>
</tr>
<tr>
<td>Dragmarine, LLC</td>
<td>St. Petersburg</td>
<td>Russia</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International Asia Pacific, Pty Ltd</td>
<td>Singapore</td>
<td>Singapore</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International España, SA</td>
<td>Madrid</td>
<td>Spain</td>
<td>100%</td>
</tr>
<tr>
<td>NAvelop Living Stone, SLU</td>
<td>Alicante</td>
<td>Spain</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International Netherlands, BV</td>
<td>Broda</td>
<td>The Netherlands</td>
<td>100%*</td>
</tr>
<tr>
<td>Pan Marine BV</td>
<td>Amsterdam</td>
<td>The Netherlands</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore NL, BV</td>
<td>Broda</td>
<td>The Netherlands</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore Shipping, BV</td>
<td>Broda</td>
<td>The Netherlands</td>
<td>100%</td>
</tr>
<tr>
<td>Innovation Holding, BV</td>
<td>Broda</td>
<td>The Netherlands</td>
<td>100%</td>
</tr>
<tr>
<td>Innovation Bv</td>
<td>Broda</td>
<td>The Netherlands</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Info Marine Contractors, BV</td>
<td>Dordrecht</td>
<td>The Netherlands</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Building Materials, BV</td>
<td>Dordrecht</td>
<td>The Netherlands</td>
<td>100%</td>
</tr>
<tr>
<td>De Vries &amp; Van de Wiel Behren, BV</td>
<td>Amsterdam</td>
<td>The Netherlands</td>
<td>100%</td>
</tr>
<tr>
<td>De Vries &amp; Van de Wiel - on Overwijk, BV</td>
<td>Amsterdam</td>
<td>The Netherlands</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International Ukraine, LLC</td>
<td>Odessa</td>
<td>Ukraine</td>
<td>100%</td>
</tr>
<tr>
<td>Dredging International Services Middle East, DMCEST</td>
<td>Dubai</td>
<td>United Arab Emirates</td>
<td>100%</td>
</tr>
<tr>
<td>DEME Offshore US, INC</td>
<td>New Castle, Delaware</td>
<td>USA</td>
<td>100%*</td>
</tr>
<tr>
<td>DEME Offshore US, LLC</td>
<td>New Castle, Delaware</td>
<td>USA</td>
<td>100%*</td>
</tr>
</tbody>
</table>

* Newly created or acquired during 2019
** The economic rights in this company are 100%
*** The economic rights in this company are 54.43%
**** The economic rights in this company are 95%
Business combinations

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

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

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

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

Non-controlling interests that represent ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 provisions, contingent liabilities and contingent assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

Business combinations between entities under common control

As current IFRSs do not specify recognition and measurement principles in respect of business combinations between entities under common control (these are excluded from the scope of IFRS 3 Business combinations), the Group applies predecessor accounting. This means that the assets and liabilities of the acquirees are initially recognised at their carrying amount without fair value adjustments.

---

**MAIN ASSOCIATES (EQUITY METHOD)**

<table>
<thead>
<tr>
<th>NAME</th>
<th>PLACE</th>
<th>COUNTRY</th>
<th>% OF SHAREHOLDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consortium Antwerp Port (Gent), NV</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>66%*</td>
</tr>
<tr>
<td>Power2Sea, NV</td>
<td>Zuidland</td>
<td>Belgium</td>
<td>51.30%</td>
</tr>
<tr>
<td>Consortium Antwerp Port Industrial Port Land, NV</td>
<td>Zwijndrecht</td>
<td>Belgium</td>
<td>50%*</td>
</tr>
<tr>
<td>Blue Open, NV</td>
<td>Zuidland</td>
<td>Belgium</td>
<td>49.94%</td>
</tr>
<tr>
<td>Blauwpoort, NV</td>
<td>Zuidland</td>
<td>Belgium</td>
<td>35%</td>
</tr>
<tr>
<td>Bluchem Building, NV</td>
<td>Gent</td>
<td>Belgium</td>
<td>25.47%</td>
</tr>
<tr>
<td>Otary Bl, NV</td>
<td>Ostend</td>
<td>Belgium</td>
<td>18.89%</td>
</tr>
<tr>
<td>Otary RS, NV</td>
<td>Ostend</td>
<td>Belgium</td>
<td>18.89%</td>
</tr>
<tr>
<td>Rental, NV</td>
<td>Ostend</td>
<td>Belgium</td>
<td>18.89%</td>
</tr>
<tr>
<td>Terranova Solar, NV</td>
<td>Stabroek</td>
<td>Belgium</td>
<td>16.85%</td>
</tr>
<tr>
<td>North Sea Wave, NV</td>
<td>Ostend</td>
<td>Belgium</td>
<td>13.22%</td>
</tr>
<tr>
<td>Seadane, NV</td>
<td>Ostend</td>
<td>Belgium</td>
<td>13.22%</td>
</tr>
<tr>
<td>C-Power Heidsieck, NV</td>
<td>Zuidland</td>
<td>Belgium</td>
<td>5%</td>
</tr>
<tr>
<td>C-Power, NV</td>
<td>Ostend</td>
<td>Belgium</td>
<td>4.46%</td>
</tr>
<tr>
<td>West IJssel Tidal Energy Park, Ltd</td>
<td>Great Britain</td>
<td>Muscat</td>
<td>Oman</td>
</tr>
<tr>
<td>Muscat</td>
<td>Oman</td>
<td>34.96%</td>
<td></td>
</tr>
<tr>
<td>Port of Duqm Company, SAC</td>
<td>Oman</td>
<td>30%*</td>
<td></td>
</tr>
<tr>
<td>Diap-SHAP Joint Venture, Pte Ltd</td>
<td>Singapore</td>
<td>Singapore</td>
<td>51%</td>
</tr>
<tr>
<td>Diap-SHAP Joint Venture, Pte Ltd</td>
<td>Singapore</td>
<td>Singapore</td>
<td>51%</td>
</tr>
<tr>
<td>Bank Blankenberge-Verbinding, BV</td>
<td>Nieuwegein</td>
<td>The Netherlands</td>
<td>15%</td>
</tr>
</tbody>
</table>

* Newly created or acquired during 2019
Business combinations and disposals in the course of 2019

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

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

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

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

In 2019 the shares in the following companies were sold:
- B-wind Polska sp.z.o.o. (51.1%);
- C-wind Polska sp.z.o.o. (51.1%);
- Hithermoil Soil Treatments Ltd (37.45%);
- Renewable Energy Base Ostend NV (23.5%).

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

Business combinations and disposals in the course of 2018

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

This acquisition of control meets the definition of a business combination in accordance with IFRS 3 business combinations, which requires the application of the acquisition method. Under this method, 44.1% historical stake must be remeasured at fair value through the income statement. Following the negative net asset value (not revalued) at the time of the transaction, the remeasurement of the historical participation generates a gain of 10,605 (000) EUR. Subsequently, MEDCO’s identifiable assets and liabilities are revaluated at fair value at the acquisition date in DEME’s consolidated financial statements. The total goodwill generated on this transaction results from the difference between the consideration transferred and the fair value of MEDCO’s identifiable assets and liabilities. The work to value the identifiable assets and liabilities at fair value was completed within a time frame compatible with that of the annual closing of December 31, 2018.

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

<table>
<thead>
<tr>
<th>Classification of asset</th>
<th>MEDCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>79,656</td>
</tr>
<tr>
<td>Trade and other operating receivables</td>
<td>52,925</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>72,454</td>
</tr>
<tr>
<td>Employee benefit obligations</td>
<td>295</td>
</tr>
<tr>
<td>Current and non-current interest-bearing debt</td>
<td>35,330</td>
</tr>
<tr>
<td>Other non-current assets and liabilities</td>
<td>14,629</td>
</tr>
<tr>
<td>Trade and other operating payables</td>
<td>148,716</td>
</tr>
<tr>
<td>Total net assets acquired</td>
<td>5,323</td>
</tr>
<tr>
<td>Value of historical stake of DEME in MEDCO (44.1%)</td>
<td>(10,605)</td>
</tr>
<tr>
<td>Goodwill</td>
<td>(5,282)</td>
</tr>
<tr>
<td>Acquisition price</td>
<td>0</td>
</tr>
</tbody>
</table>

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

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

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

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

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

Foreign currencies

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

Financial statements of foreign entities whose functional currencies are other than the euro, are translated as follows:
- assets and liabilities are translated at the year-end rate;
- income and expenses are translated at the average exchange rate for the year;
- shareholders’ equity accounts are translated at historical exchange rates.

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

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

<table>
<thead>
<tr>
<th>Currency</th>
<th>December 31, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing rate</td>
<td>Average rate</td>
<td>Closing rate</td>
</tr>
<tr>
<td>AED</td>
<td>0.2438</td>
<td>0.2429</td>
</tr>
<tr>
<td>AOK</td>
<td>0.0019</td>
<td>0.0025</td>
</tr>
<tr>
<td>AUD</td>
<td>0.6253</td>
<td>0.6276</td>
</tr>
<tr>
<td>BRL</td>
<td>0.2221</td>
<td>0.2263</td>
</tr>
<tr>
<td>CAD</td>
<td>0.6840</td>
<td>0.6872</td>
</tr>
<tr>
<td>CNY</td>
<td>0.1281</td>
<td>0.1293</td>
</tr>
<tr>
<td>DKK</td>
<td>1.1722</td>
<td>1.1399</td>
</tr>
<tr>
<td>HKD</td>
<td>0.1146</td>
<td>0.1139</td>
</tr>
<tr>
<td>IDR</td>
<td>0.0125</td>
<td>0.0127</td>
</tr>
<tr>
<td>INR</td>
<td>0.0472</td>
<td>0.0462</td>
</tr>
<tr>
<td>JEP</td>
<td>0.1782</td>
<td>0.1755</td>
</tr>
<tr>
<td>JPY</td>
<td>0.0019</td>
<td>0.0029</td>
</tr>
<tr>
<td>KHR</td>
<td>2.1386</td>
<td>2.3183</td>
</tr>
<tr>
<td>KMF</td>
<td>0.2069</td>
<td>0.2069</td>
</tr>
<tr>
<td>KPW</td>
<td>0.0176</td>
<td>0.0173</td>
</tr>
<tr>
<td>LKR</td>
<td>0.2351</td>
<td>0.2325</td>
</tr>
<tr>
<td>MYR</td>
<td>0.2452</td>
<td>0.2451</td>
</tr>
<tr>
<td>NOK</td>
<td>0.0144</td>
<td>0.0138</td>
</tr>
<tr>
<td>NZD</td>
<td>0.6133</td>
<td>0.6134</td>
</tr>
<tr>
<td>NUN</td>
<td>0.0299</td>
<td>0.0287</td>
</tr>
<tr>
<td>PHP</td>
<td>0.0298</td>
<td>0.0289</td>
</tr>
<tr>
<td>QAR</td>
<td>0.0377</td>
<td>0.0347</td>
</tr>
<tr>
<td>USD</td>
<td>0.0876</td>
<td>0.0892</td>
</tr>
<tr>
<td>ZAR</td>
<td>0.0151</td>
<td>0.0151</td>
</tr>
</tbody>
</table>

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

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

Intangible assets

ACQUIRED LICENCES, PATENTS AND SIMILAR RIGHTS

These intangibles that are separately acquired and that have a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives.

RESEARCH AND DEVELOPMENT

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

An internally-generated intangible asset arising from development (or from the development 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.

On the disposal of a foreign operation (i.e. a disposal of the Group’s entire interest in a foreign operation), a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.
Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as the acquired intangible assets that are acquired separately.

EXPLORATION FOR AND DEVELOPMENT OF MINERAL RESOURCES

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

Goodwill

Goodwill arising from a business combination is recognised as an asset on the date on which control was obtained (the acquisition date). Goodwill is measured as the excess of the consideration transferred, the non-controlling interests’ share of the acquiree’s identifiable net assets 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 and liabilities, as the basis of measurement is selected on a transaction-by-transaction basis.

Goodwill is not amortised, but is subject to impairment tests taking place annually or more frequently if there is an indication that the cash-generating unit to which it is allocated (generally a subsidiary) could have suffered a loss of value. Goodwill is tested at least annually for impairment losses, if any. Impairment of goodwill is not reversed in future periods. When a subsidiary is divested from the Group, the resulting goodwill and other comprehensive income relating to the subsidiary are taken into account in determining the net gain or loss on disposal.

If, after reassessment, the net balance, at the acquisition date, of identifiable assets acquired and liabilities assumed is higher than the 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) are derecognised immediately in the income statement as a gain from a bargain purchase.

Property, plant and equipment

Property, plant and equipment are stated at acquired 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 the normal maintenance intended use. Historical cost includes the original purchase price, borrowing costs incurred during the construction period, and related direct costs. Main 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-indepened characteristics, the maintenance and repair expenses for upkeep of the assets during the operation of the vessel are predominantly charged to the profit and loss account.

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

Depreciation is charged to the income statement on a straight-line basis over the useful lives with an estimated residual value. Land is not depreciated as it is deemed to have an infinite life, except for landfills used for sand production that are depreciated according to the tons extracted. Buildings are depreciated over 25 years. The depreciation periods of the floating and other construction materials range from 3 years (such as for pipelines) to 21 years. The principal component of the rigging structures is as follows: hoppers, dredgers and cutter suction dredgers are depreciated over a period of 10 years, for new hoppers dredgers, cutter suction dredgers, cable lay vessels and DP Offshore vessels of 15 years. Containerised 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. The purchased-for-cash assets and goodwill are depreciated over a period between 3 and 10 years.

For all equipment with a residual value, this amount has been adjusted by 5 % to 1 % of the investment value from 2019 onwards. DEME will apply this 1 % residual value for objects with an extraordinary operation or a special situation beyond the useful life of the vessel.

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

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

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

The Group as lessee

LEASES

The Group has adopted IFRS 16 Leases on the Group’s financial statements as from January 1, 2019, and has applied the modified retrospective approach. Assets, representing the right to use the underlying leased asset, are recognised as property, plant and equipment at cost, comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The corresponding lease liabilities, representing the present value of the lease payments, are recognised as a liability on a straight-line basis over the lease term.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the FIFO method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and variable selling expenses.

Amortised cost is determined using the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and short-term deposits at call or on notice. The short-term and short-term deposits are carried in the balance sheet at nominal value.

Impairment tangible and intangible assets including goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. For intangible assets that are not yet available for use, and for goodwill, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the risks specific to the asset. In addition, profits are not recognised unless a reliable estimate can be made of the result on completion of the project. It is considered that no such reliable estimate can be made when actual cost of the work is less than 10 % of the total expected cost price of the project. The balance of the value of work in progress is determined if per project for where the progress billings and advance payments exceed the value of work done or if the assets are recorded under current liabilities instead of under current assets. The respective balance sheet items are “due from customers” as a current asset and “due to customers” which is a current liability. When there is any constraint on transferring cash from the working country to the head office, the profit on a contract is only recognised on a cash basis.

Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently at amortised cost less accumulated impairment losses and other credit losses, as evidenced by specific write-offs. Amortised cost is determined using the effective interest rate.
Share capital

REPURCHASE OF SHARE CAPITAL

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

Provisions

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

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

Contingent assets and liabilities

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

Employee benefit obligations

DEFINED CONTRIBUTION PLANS

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

BELGIAN DEFINED CONTRIBUTION PLANS WITH GUARANTEED RETURN

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, strictly speaking, those plans classify as defined benefit plans. The IA8 recognised the accounting for such so-called “contribution-based plans” in accordance with the currently applicable defined benefit methodology. The Group regards the accounting for such contribution-based plans as being in accordance with the currently applicable defined benefit methodology. Considering as well the uncertainty with respect to the future evolution of actuarial assumptions, the Group has adopted, for the purposes of preparing the consolidated financial statements, a scenario in which key assumptions (such as the discount rate) are set at levels that are conservative relative to the assumptions that would have been used to measure benefit obligations had the Group decided to adopt the contribution-based plans approach. In the consolidated financial statements, the Group presents the first two elements of defined benefit costs as defined benefit plans, fair value measurement of derivatives and tax losses carried forward.

Deferred taxes are measured using the tax rate that applies to the group’s temporary differences, as defined by the tax regulations in the years in which those temporary differences are expected to be realised or settled, based on tax rates enacted or substantively enacted before the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This criterion is reassessed at each balance sheet date.

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 carried out as interest expense over the period of the loan or borrowings on an effective interest rate basis.

Trade and other payables

Trade and other payables are stated at nominal value.

Income taxes

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

Current Income taxes include expected tax charges based on the accounting profit for the current year and adjustments to tax charges of prior years.

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

The Group concludes it is probable that the tax authorities 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 tax effect is calculated by applying a probability weight to each outcome. If the possible outcomes are not binary or concentrated to one value, the tax effect is calculated using a range of possible outcomes and the weighted amount in a range of possible outcomes might best predict the resolution of the uncertainty.

Investment tax credits

Investment tax credits are excluded from income in accordance with IAS 12 income taxes and IAS 20 accounting for government grants and disclosure of government assistance. In accordance with IAS 8 accounting policies, tax credits or charges are included in operating profit or loss in the period in which they are realised. The Group defined an accounting policy for the treatment of investment tax credits by making an analogy to IAS 12 income taxes. By making this analogy, a credit will be recognised in profit and loss, deferred taxes, and the related asset in the statement of financial position and reclassified in the line item deferred tax assets, when the entity satisfies the criteria to receive the credit.
\textbf{MARKET RISK}  
Market risk is the risk that changes in market prices (foreign exchange rates, interest rates, fuel prices, ...) will affect the Group’s income statement or the value of its assets and liabilities. The objective of market risk management is to manage and control market risk exposures. The Group enters into derivative financial instruments and manages its financial assets or liabilities to manage risks (including translation risk) in order to manage overall market risk. Where possible, the Group seeks to apply hedge accounting in order to manage volatility and to align financial performance to the Group policy and practice not to enter into derivative transactions for speculative purposes.

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

\textbf{TRANSLATIONAL CURRENCY RISK}  
A translational currency risk arises when the monetary statements of subsidiaries in foreign currencies are converted into the Group’s presentation currency, which is the euro.

A number of Group companies have other presentation currencies such as SGD, NOK, IDR, DKK, RMB, CAD, GBP, JPY, RUB, AUD and SGD. In 2019 these entities contributed 20 % to the Group’s turnover. In 2018 this was 24 %.

The Group does not hedge against translational currency risk.

\textbf{TRANSACTIONAL CURRENCY RISK}  
The Group’s foreign currency risk management policy consists of hedging the translational currency risk resulting from its operating activities. The investing and financing activities of the Group are in line with the functional currency and can only occasionally involve a currency risk which is managed on a case-by-case basis.

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

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

\textbf{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 forward-exchange contracts is the contract quote 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.

\textbf{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 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 recognised in the income statement in the period that the ineffectiveness occurs.

\textbf{FAIR VALUE HEDGES}  
When a derivative financial instrument hedges variations in the fair value of a recognised asset, liability or firm commitment, the effective part of any gain or loss resulting from the derivative financial instrument is recognised in the income statement. These instruments are, however, subject 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 on the percentage of completion of the contract. The fair value variation itself is not however considered for determining the percentage of completion of the contract.

\textbf{INSTRUMENTS RELATED TO CONSTRUCTION CONTRACTS}  
If a derivative financial instrument hedges variations in cash flows relating to a recognised liability, an 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 from the financial instrument 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, subject 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 on the percentage of completion of the contract. The fair value variation itself is not however considered for determining the percentage of completion of the contract.
NOTE 1 - OTHER OPERATING INCOME AND EXPENSES
Balance at December 31

<table>
<thead>
<tr>
<th></th>
<th>2019 (in thousands of EUR)</th>
<th>2018 (in thousands of EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on sale of property, plant and equipment and intangible assets</td>
<td>5,106</td>
<td>7,085</td>
</tr>
<tr>
<td>Remeasurement profit business combinations</td>
<td>-</td>
<td>10,605</td>
</tr>
<tr>
<td>Other operating income</td>
<td>33,588</td>
<td>63,073</td>
</tr>
<tr>
<td><strong>Total other operating income</strong></td>
<td><strong>38,694</strong></td>
<td><strong>80,763</strong></td>
</tr>
<tr>
<td>Loss on sale of property, plant and equipment and intangible assets</td>
<td>583</td>
<td>729</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>15,547</td>
<td>24,777</td>
</tr>
<tr>
<td>Movement in amounts written off inventories and trade receivables</td>
<td>8,641</td>
<td>4,911</td>
</tr>
<tr>
<td><strong>Total other operating expenses</strong></td>
<td><strong>24,771</strong></td>
<td><strong>40,417</strong></td>
</tr>
</tbody>
</table>

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

NOTE 2 - EMPLOYMENT
Balance at December 31

<table>
<thead>
<tr>
<th></th>
<th>2019 (in FTE)</th>
<th>2018 (in FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees and management personnel</td>
<td>2,835</td>
<td>2,663</td>
</tr>
<tr>
<td>Workers</td>
<td>2,754</td>
<td>2,274</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,589</strong></td>
<td><strong>4,937</strong></td>
</tr>
</tbody>
</table>

Salary expenses (in thousands of EUR) 2019 | 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repair and maintenance charges</td>
<td>444,383</td>
<td>429,982</td>
</tr>
<tr>
<td>Pension expenses</td>
<td>10,103</td>
<td>9,322</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>454,486</strong></td>
<td><strong>439,304</strong></td>
</tr>
</tbody>
</table>

Following information is disclosed in DEME’s sustainability report:
- gender breakdown;
- ratio of full-time versus part-time;
- age profile by gender;
- training hours;
- number of nationalities.

NOTE 3 - INTANGIBLE ASSETS

2019 (in thousands of EUR)

<table>
<thead>
<tr>
<th></th>
<th>RESEARCH AND DEVELOPMENT EXPENSES</th>
<th>CONCESSIONS, PATENTS, Licences, etc.</th>
<th>OTHER INTANGIBLE ASSETS</th>
<th><strong>TOTAL</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition cost at January 1, 2019</strong></td>
<td>3,466</td>
<td>26,179</td>
<td>8,645</td>
<td>38,290</td>
</tr>
<tr>
<td><strong>Movements during the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions, including fixed assets, own production</td>
<td>378</td>
<td>1,505</td>
<td>-</td>
<td>1,883</td>
</tr>
<tr>
<td>Sales and disposals</td>
<td>-</td>
<td>-67</td>
<td>-</td>
<td>-67</td>
</tr>
<tr>
<td>Transfers from one heading to another</td>
<td>-</td>
<td>-193</td>
<td>-</td>
<td>-193</td>
</tr>
<tr>
<td>Translation differences</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquisitions through business combinations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Scope exit</td>
<td>-9</td>
<td>-</td>
<td>-67</td>
<td>-67</td>
</tr>
<tr>
<td><strong>At December 31, 2019</strong></td>
<td>3,844</td>
<td>27,415</td>
<td>8,645</td>
<td>39,904</td>
</tr>
<tr>
<td><strong>Cumulative depreciation and impairment at January 1, 2019</strong></td>
<td>3,402</td>
<td>22,698</td>
<td>8,645</td>
<td>34,745</td>
</tr>
<tr>
<td><strong>Movements during the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recorded</td>
<td>419</td>
<td>454</td>
<td>-</td>
<td>873</td>
</tr>
<tr>
<td>Written down after sales and disposals</td>
<td>-</td>
<td>-67</td>
<td>-</td>
<td>-67</td>
</tr>
<tr>
<td>Transfers from one heading to another</td>
<td>-</td>
<td>-59</td>
<td>-</td>
<td>-59</td>
</tr>
<tr>
<td>Translation differences</td>
<td>-</td>
<td>6</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Acquisitions through business combinations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Scope exit</td>
<td>-9</td>
<td>-</td>
<td>-67</td>
<td>-67</td>
</tr>
<tr>
<td><strong>At December 31, 2019</strong></td>
<td>3,821</td>
<td>23,023</td>
<td>8,645</td>
<td>35,489</td>
</tr>
</tbody>
</table>

**Net book value at the end of the year**

2018 (in thousands of EUR)

<table>
<thead>
<tr>
<th></th>
<th>RESEARCH AND DEVELOPMENT EXPENSES</th>
<th>CONCESSIONS, PATENTS, Licences, etc.</th>
<th>OTHER INTANGIBLE ASSETS</th>
<th><strong>TOTAL</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition cost at January 1, 2018</strong></td>
<td>3,223</td>
<td>26,318</td>
<td>8,645</td>
<td>38,186</td>
</tr>
<tr>
<td><strong>Movements during the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions, including fixed assets, own production</td>
<td>180</td>
<td>1,068</td>
<td>-</td>
<td>1,248</td>
</tr>
<tr>
<td>Sales and disposals</td>
<td>-16</td>
<td>-1,172</td>
<td>-</td>
<td>-1,388</td>
</tr>
<tr>
<td>Transfers from one heading to another</td>
<td>77</td>
<td>-14</td>
<td>-</td>
<td>-91</td>
</tr>
<tr>
<td>Translation differences</td>
<td>-</td>
<td>7</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Acquisitions through business combinations</td>
<td>-</td>
<td>17</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Scope exit</td>
<td>-28</td>
<td>-</td>
<td>-28</td>
<td>-28</td>
</tr>
<tr>
<td><strong>At December 31, 2018</strong></td>
<td>3,466</td>
<td>26,179</td>
<td>8,645</td>
<td>38,290</td>
</tr>
<tr>
<td><strong>Cumulative depreciation and impairment at January 1, 2018</strong></td>
<td>3,223</td>
<td>20,767</td>
<td>8,645</td>
<td>32,635</td>
</tr>
<tr>
<td><strong>Movements during the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recorded</td>
<td>255</td>
<td>2,921</td>
<td>-</td>
<td>3,176</td>
</tr>
<tr>
<td>Written down after sales and disposals</td>
<td>-15</td>
<td>-1,173</td>
<td>-</td>
<td>-1,388</td>
</tr>
<tr>
<td>Transfers from one heading to another</td>
<td>-61</td>
<td>126</td>
<td>-</td>
<td>-55</td>
</tr>
<tr>
<td>Translation differences</td>
<td>-</td>
<td>48</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Acquisitions through business combinations</td>
<td>-</td>
<td>17</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Scope exit</td>
<td>-9</td>
<td>-</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td><strong>At December 31, 2018</strong></td>
<td>3,402</td>
<td>22,698</td>
<td>8,645</td>
<td>34,745</td>
</tr>
</tbody>
</table>

**Net book value at the end of the year**

Total acquired intangible assets amount to 1,883 (000) EUR and consist mainly of software licences and concession rights. Amortisation of intangible assets is recognised under ‘depreciation and impairment losses’ in the consolidated income statement for an amount of 873 (000) EUR. Intangible assets according to the definition in IAS 38 are only recognised to the extent that future economic benefits are probable.
### NOTE 4 - GOODWILL

<table>
<thead>
<tr>
<th>Per class of property, plant and equipment</th>
<th>FAIR VALUE AT ACQUISITION DATE</th>
<th>FAIR VALUE AT DECEMBER 31, 2018</th>
<th>FAIR VALUE AT DECEMBER 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>42,289</td>
<td>1,816,956</td>
<td>4,215</td>
</tr>
<tr>
<td>Floating and other construction equipment</td>
<td>-</td>
<td>370</td>
<td>429,943</td>
</tr>
<tr>
<td>Furniture and vehicles</td>
<td>370</td>
<td>370</td>
<td>429,943</td>
</tr>
<tr>
<td>Other tangible assets</td>
<td>1,006</td>
<td>1,023</td>
<td>1,023</td>
</tr>
<tr>
<td>Assets under construction</td>
<td>2,298,773</td>
<td>3,280,246</td>
<td>4,661,929</td>
</tr>
<tr>
<td><strong>Total finance lease assets</strong></td>
<td><strong>79,6</strong></td>
<td><strong>3,280,246</strong></td>
<td><strong>4,661,929</strong></td>
</tr>
</tbody>
</table>

### NOTE 5 - PROPERTY, PLANT, AND EQUIPMENT

#### 2018

<table>
<thead>
<tr>
<th>Land and buildings</th>
<th>Floating and other construction equipment</th>
<th>Furniture and vehicles</th>
<th>Other tangible assets</th>
<th>Assets under construction</th>
<th><strong>Total finance lease assets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition cost at January 1, 2018</strong></td>
<td><strong>3,280,246</strong></td>
<td><strong>26,656</strong></td>
<td><strong>1,873</strong></td>
<td><strong>422,405</strong></td>
<td><strong>3,822,511</strong></td>
</tr>
<tr>
<td><strong>Movements during the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions, including fixed assets, own production</td>
<td>1,969</td>
<td>177,393</td>
<td>2,640</td>
<td>251,911</td>
<td>433,593</td>
</tr>
<tr>
<td>Sales and disposals</td>
<td>-2,507</td>
<td>-131,193</td>
<td>-9,390</td>
<td>-3,342</td>
<td>-147,032</td>
</tr>
<tr>
<td>Transfers from one heading to another</td>
<td>-240,315</td>
<td>-178</td>
<td>-240,137</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation differences</td>
<td>179</td>
<td>1,901</td>
<td>120</td>
<td>-</td>
<td>2,226</td>
</tr>
<tr>
<td>Acquisitions through business combinations</td>
<td>190</td>
<td>192,060</td>
<td>1,356</td>
<td>37</td>
<td>193,643</td>
</tr>
<tr>
<td><strong>At December 31, 2018</strong></td>
<td><strong>89,162</strong></td>
<td><strong>3,760,722</strong></td>
<td><strong>23,204</strong></td>
<td><strong>1,910</strong></td>
<td><strong>429,943</strong></td>
</tr>
</tbody>
</table>

#### 2019

<table>
<thead>
<tr>
<th>Land and buildings</th>
<th>Floating and other construction equipment</th>
<th>Furniture and vehicles</th>
<th>Other tangible assets</th>
<th>Assets under construction</th>
<th><strong>Total finance lease assets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition cost at January 1, 2019</strong></td>
<td><strong>3,760,722</strong></td>
<td><strong>23,204</strong></td>
<td><strong>1,910</strong></td>
<td><strong>429,943</strong></td>
<td><strong>4,304,941</strong></td>
</tr>
<tr>
<td><strong>Change in accounting principle (IFRS 16)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions, including fixed assets, own production</td>
<td>15,362</td>
<td>169,736</td>
<td>9,413</td>
<td>236,054</td>
<td>430,565</td>
</tr>
<tr>
<td>Sales and disposals</td>
<td>-9,176</td>
<td>-153,046</td>
<td>-3,962</td>
<td>-6,229</td>
<td>-153,955</td>
</tr>
<tr>
<td>Transfers from one heading to another</td>
<td>-70</td>
<td>132,513</td>
<td>101</td>
<td>1</td>
<td>-132,412</td>
</tr>
<tr>
<td>Translation differences</td>
<td>108</td>
<td>1,674</td>
<td>-48</td>
<td>-</td>
<td>1,725</td>
</tr>
<tr>
<td>Acquisitions through business combinations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>At December 31, 2019</strong></td>
<td><strong>162,548</strong></td>
<td><strong>3,915,932</strong></td>
<td><strong>41,722</strong></td>
<td><strong>1,911</strong></td>
<td><strong>539,816</strong></td>
</tr>
</tbody>
</table>

#### 2020

<table>
<thead>
<tr>
<th>Land and buildings</th>
<th>Floating and other construction equipment</th>
<th>Furniture and vehicles</th>
<th>Other tangible assets</th>
<th>Assets under construction</th>
<th><strong>Total finance lease assets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisition cost at January 1, 2020</strong></td>
<td><strong>4,304,941</strong></td>
<td><strong>23,220</strong></td>
<td><strong>1,910</strong></td>
<td><strong>429,943</strong></td>
<td><strong>4,304,941</strong></td>
</tr>
<tr>
<td><strong>Movements during the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions, including fixed assets, own production</td>
<td>15,362</td>
<td>169,736</td>
<td>9,413</td>
<td>236,054</td>
<td>430,565</td>
</tr>
<tr>
<td>Sales and disposals</td>
<td>-9,176</td>
<td>-153,046</td>
<td>-3,962</td>
<td>-6,229</td>
<td>-153,955</td>
</tr>
<tr>
<td>Transfers from one heading to another</td>
<td>-70</td>
<td>132,513</td>
<td>101</td>
<td>1</td>
<td>-132,412</td>
</tr>
<tr>
<td>Translation differences</td>
<td>108</td>
<td>1,674</td>
<td>-48</td>
<td>-</td>
<td>1,725</td>
</tr>
<tr>
<td>Acquisitions through business combinations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>At December 31, 2020</strong></td>
<td><strong>162,548</strong></td>
<td><strong>3,915,932</strong></td>
<td><strong>41,722</strong></td>
<td><strong>1,911</strong></td>
<td><strong>539,816</strong></td>
</tr>
</tbody>
</table>

#### footnote

In 2015, the DEME Group commissioned the building of six new vessels. In the beginning of 2017, a new order for two additional vessels, ‘Spartacus’ and ‘Orient’, was placed. In 2018 the Group placed an order for the two self-propelled split barges ‘Bengel’ and ‘Deugniet’ (3,500 m³) and the two hoppers ‘River Thames’ (2,300 m³) and ‘Meuse River’ (8,300 m³) for a total value of 133 million EUR. The vessels are being constructed by Royal IHC, and are expected to join the fleet in 2020. In 2019, DEME announced a new investment in a SOV (Service Operation Vessel). This catamaran is specially designed for the maintenance of offshore wind farms and can carry and accommodate a crew of up to 24 people. Delivery of this vessel is expected in 2021. During 2017 ‘Scheldt River’ and ‘Minerva’, two hopper dredgers, were brought into use. In 2018 the multipurpose vessel ‘Living Stone’, the crane ship ‘Gulliver’ and the self-propelled jack-up vessel ‘Apollo’ followed. And in 2019 the hopper dredger ‘Bony River’, the last of the six vessels ordered in 2015, became operational.

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

The net carrying amount of finance lease assets including the impact of IFRS 16 amounted to 127.7 million EUR at December 31, 2019, compared to 46.6 million EUR at the end of last year.
NOTE 6 - INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

<table>
<thead>
<tr>
<th>(in thousands of EUR)</th>
<th>EQUITY VALUE</th>
<th>GOODWILL ALLOCATED</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1</td>
<td>81,947</td>
<td>363</td>
<td>82,310</td>
<td>74,657</td>
</tr>
<tr>
<td>Additions</td>
<td>5,656</td>
<td>-</td>
<td>5,656</td>
<td>1,943</td>
</tr>
<tr>
<td>Disposals (-)</td>
<td>-639</td>
<td>-</td>
<td>-639</td>
<td>-5,518</td>
</tr>
<tr>
<td>Share in the result of participations accounted for using the equity method</td>
<td>18,449</td>
<td>-</td>
<td>18,449</td>
<td>6,929</td>
</tr>
<tr>
<td>Dividends distributed by the participations</td>
<td>-3,232</td>
<td>-</td>
<td>-3,232</td>
<td>-2,438</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-24,739</td>
<td>-</td>
<td>-24,739</td>
<td>-219</td>
</tr>
<tr>
<td>Transfer (b) from other items</td>
<td>-353</td>
<td>-</td>
<td>-353</td>
<td>3,276</td>
</tr>
<tr>
<td>Other movements</td>
<td>-4,817</td>
<td>-</td>
<td>-4,817</td>
<td>-1,083</td>
</tr>
<tr>
<td>Translation differences</td>
<td>416</td>
<td>-</td>
<td>416</td>
<td>-1,177</td>
</tr>
<tr>
<td><strong>Balance at December 31</strong></td>
<td><strong>72,688</strong></td>
<td><strong>363</strong></td>
<td><strong>73,051</strong></td>
<td><strong>82,310</strong></td>
</tr>
</tbody>
</table>

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

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

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

The equity accounted investees, for whom the share in the net assets is negative, are allocated to other components of the investor’s interest in the equity accounted investee and, if the negative net asset exceeds the investor’s interest, a corresponding liability is recognised. This is included in the transfer (b) from other items.

Some joint ventures and associates finance significant assets such as infrastructure works, offshore wind farms or vessels and therefore hold interest rate swaps (IRS). Per December 31, 2019, the other comprehensive income (OCI) of the current period includes a negative amount of -24.7 million EUR, which reflects DEME’s share in the negative fair value of the IRS’s of Rentel NV, C-Power NV, Seamade NV and Normalux SA, net of deferred tax assets. The negative fair value (DEME share) is indirectly reflected in the consolidated balance sheet by decreasing DEME’s investment in the net assets of the investee for the same amount. Last year’s amount of -0.2 million EUR only included the fair value of the IRS’s accounted for in Normalux SA (financing of ‘Gulliver’).

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

<table>
<thead>
<tr>
<th>(in thousands of EUR)</th>
<th>INVESTMENTS IN JOINT VENTURES</th>
<th>INVESTMENTS IN ASSOCIATES</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1</td>
<td>41,632</td>
<td>40,678</td>
<td>82,310</td>
</tr>
<tr>
<td>Additions</td>
<td>3,448</td>
<td>2,208</td>
<td>5,656</td>
</tr>
<tr>
<td>Disposals (-)</td>
<td>93</td>
<td>-322</td>
<td>-639</td>
</tr>
<tr>
<td>Share in the result of participations accounted for using the equity method</td>
<td>937</td>
<td>17,512</td>
<td>18,449</td>
</tr>
<tr>
<td>Dividends distributed by the participations</td>
<td>-90</td>
<td>-3,142</td>
<td>-1,232</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-166</td>
<td>-24,573</td>
<td>-24,739</td>
</tr>
<tr>
<td>Transfer (b) from other items</td>
<td>-487</td>
<td>134</td>
<td>-353</td>
</tr>
<tr>
<td>Other movements</td>
<td>-503</td>
<td>-4,314</td>
<td>-4,817</td>
</tr>
<tr>
<td>Translation differences</td>
<td>392</td>
<td>24</td>
<td>416</td>
</tr>
<tr>
<td><strong>Balance at December 31</strong></td>
<td><strong>45,256</strong></td>
<td><strong>27,795</strong></td>
<td><strong>73,051</strong></td>
</tr>
</tbody>
</table>

NOTE 7 - OTHER NON-CURRENT FINANCIAL ASSETS

<table>
<thead>
<tr>
<th>(in thousands of EUR)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1</td>
<td>108,066</td>
<td>94,137</td>
</tr>
<tr>
<td>Additions</td>
<td>4,205</td>
<td>34,233</td>
</tr>
<tr>
<td>Disposals (-)</td>
<td>-64,265</td>
<td>-19,581</td>
</tr>
<tr>
<td>Transfer (b) from other items</td>
<td>-10,111</td>
<td>-</td>
</tr>
<tr>
<td>Impairment / reversal of impairment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other movements</td>
<td>-1,313</td>
<td>-1,994</td>
</tr>
<tr>
<td>Translation differences</td>
<td>-</td>
<td>1,271</td>
</tr>
<tr>
<td><strong>Balance at December 31</strong></td>
<td><strong>36,182</strong></td>
<td><strong>108,066</strong></td>
</tr>
</tbody>
</table>

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

The transfer of -10.5 million EUR in 2019 is the transfer to assets held for sale of the net position of DEME vis-à-vis Merkur Offshore GmbH. This amount comprises both the negative share in the investor’s equity (-8.6 million EUR) and the DEME loan receivable from Merkur Offshore GmbH, a German wind farm, and the sale of its shares is still subject to the customary regulatory approvals and consent from lenders, conditions precedent which were not yet fulfilled on December 31, 2019. Therefore no capital gain has been recognised in DEME’s consolidated financial statements.
**NOTE 8 - FINANCIAL DERIVATIVES**

Balance at December 31

<table>
<thead>
<tr>
<th>2019 (in thousands of EUR)</th>
<th>Non-current asset</th>
<th>Non-current liability</th>
<th>Current asset</th>
<th>Current liability</th>
<th>Total net balance</th>
<th>Market value</th>
<th>Notional amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchangerate instruments (forward sales/purchase agreements)</td>
<td>-</td>
<td>-3</td>
<td>517</td>
<td>-3,700</td>
<td>-3,186</td>
<td>101,321</td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>-1,790</td>
<td>-</td>
<td>-3,567</td>
<td>-10,757</td>
<td>989,965</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel hedges</td>
<td>-613</td>
<td>234</td>
<td>-2,089</td>
<td>-2,468</td>
<td>19,088</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at December 31, 2019</td>
<td>-7,806</td>
<td>751</td>
<td>-9,356</td>
<td>-16,411</td>
<td>-9,356</td>
<td>-4,178</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018 (in thousands of EUR)</th>
<th>Non-current asset</th>
<th>Non-current liability</th>
<th>Current asset</th>
<th>Current liability</th>
<th>Total net balance</th>
<th>Market value</th>
<th>Notional amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchangerate instruments (forward sales/purchase agreements)</td>
<td>9</td>
<td>-308</td>
<td>275</td>
<td>-4,419</td>
<td>-4,443</td>
<td>188,423</td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>-</td>
<td>-5,376</td>
<td>-</td>
<td>-3,143</td>
<td>-8,519</td>
<td>800,847</td>
<td></td>
</tr>
<tr>
<td>Fuel hedges</td>
<td>-2,877</td>
<td>-</td>
<td>-3,428</td>
<td>-6,305</td>
<td>24,982</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at December 31, 2018</td>
<td>9</td>
<td>-6,561</td>
<td>275</td>
<td>-10,990</td>
<td>-10,267</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>2019 (in thousands of EUR)</th>
<th>Market value</th>
<th>Notional amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>Forward purchase</td>
<td>Forward sale</td>
</tr>
<tr>
<td>USD</td>
<td>102</td>
<td>488</td>
</tr>
<tr>
<td>AUD</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>MXN</td>
<td>-2,851</td>
<td>-2,851</td>
</tr>
<tr>
<td>SGD</td>
<td>78</td>
<td>96</td>
</tr>
<tr>
<td>GBP</td>
<td>27</td>
<td>142</td>
</tr>
<tr>
<td>HKD</td>
<td>-</td>
<td>-4</td>
</tr>
<tr>
<td>JPY</td>
<td>-</td>
<td>-29</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>62</td>
</tr>
<tr>
<td>Balance at December 31, 2019</td>
<td>344</td>
<td>-3,530</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018 (in thousands of EUR)</th>
<th>Market value</th>
<th>Notional amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>Forward purchase</td>
<td>Forward sale</td>
</tr>
<tr>
<td>USD</td>
<td>40</td>
<td>-4,130</td>
</tr>
<tr>
<td>AUD</td>
<td>34</td>
<td>-34</td>
</tr>
<tr>
<td>MXN</td>
<td>1</td>
<td>-1</td>
</tr>
<tr>
<td>SGD</td>
<td>54</td>
<td>-329</td>
</tr>
<tr>
<td>GBP</td>
<td>-</td>
<td>69</td>
</tr>
<tr>
<td>HKD</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>JPY</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-18</td>
</tr>
<tr>
<td>Balance at December 31, 2018</td>
<td>-36</td>
<td>-6,613</td>
</tr>
</tbody>
</table>

**NOTE 9 - INCOME TAXES AND DEFERRED TAXES**

Balance at December 31

<table>
<thead>
<tr>
<th>Income taxes and deferred taxes recognised in comprehensive income (in thousands of EUR)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax expense</td>
<td>38,612</td>
<td>38,733</td>
</tr>
<tr>
<td>Deferred tax expense / (income)</td>
<td>-9,291</td>
<td>4,498</td>
</tr>
<tr>
<td>Income taxes and deferred taxes recognised in the income statement</td>
<td>30,321</td>
<td>43,231</td>
</tr>
<tr>
<td>Income taxes and deferred taxes recognised in other elements of the comprehensive income</td>
<td>-3,606</td>
<td>-4,377</td>
</tr>
<tr>
<td>Income taxes and deferred taxes recognised in comprehensive income</td>
<td>26,715</td>
<td>38,854</td>
</tr>
</tbody>
</table>

Reconciliation of the effective tax rate (in thousands of EUR)

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result before taxes</td>
<td>134,896</td>
</tr>
<tr>
<td>Tax expense at nominal tax rate in Belgium (29.58 % in 2019 and in 2018)</td>
<td>39,902</td>
</tr>
<tr>
<td>Increase (decrease) in tax rate resulting from</td>
<td></td>
</tr>
<tr>
<td>Tax effect of non-deductible expenses</td>
<td>2,473</td>
</tr>
<tr>
<td>Tax effect of non-taxable revenue</td>
<td>-113</td>
</tr>
<tr>
<td>Tax credits and impact of notional interest</td>
<td>-</td>
</tr>
<tr>
<td>Effects of different tax rates applicable to subsidiaries operating in other jurisdictions or income taxable under special tax regimes such as taxation</td>
<td>-12,253</td>
</tr>
<tr>
<td>Tax impact of (de)recognition of provisions for uncertain tax positions</td>
<td>-9,033</td>
</tr>
<tr>
<td>Tax impact of adjustments to current and deferred tax relating to previous periods</td>
<td>-915</td>
</tr>
<tr>
<td>Tax impact on losses for which no deferred tax assets were recognised</td>
<td>11,259</td>
</tr>
<tr>
<td>Tax expense</td>
<td>30,320</td>
</tr>
<tr>
<td>Effective tax rate for the period</td>
<td>22.48%</td>
</tr>
</tbody>
</table>

Carrying amount of deferred taxes (in thousands of EUR)

<table>
<thead>
<tr>
<th>Deferred tax assets</th>
<th>Deferred tax liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Balance at January 1</td>
<td>90,928</td>
</tr>
<tr>
<td>Recognised in the income statement</td>
<td>3142</td>
</tr>
<tr>
<td>Charged to equity</td>
<td>3,606</td>
</tr>
<tr>
<td>Acquisition of subsidiary or change in %</td>
<td>-</td>
</tr>
<tr>
<td>Disposal of subsidiary or change in %</td>
<td>-</td>
</tr>
<tr>
<td>Translation differences</td>
<td>-</td>
</tr>
<tr>
<td>Netting of deferred taxes (**)</td>
<td>-9,190</td>
</tr>
<tr>
<td>Balance at December 31</td>
<td>89,468</td>
</tr>
</tbody>
</table>

Recognised deferred tax assets and liabilities Deferred tax assets and liabilities are attributable to the following items (in thousands of EUR)

<table>
<thead>
<tr>
<th>Deferred tax assets</th>
<th>Deferred tax liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Balance at December 31</td>
<td>89,468</td>
</tr>
</tbody>
</table>

Property, plant and equipment and intangible assets | 15,560 | 21,860 | 56,569 | 53,982 |
Employee benefits | 11,651 | 10,765 | - | - |
Financial derivative instruments | 2,813 | 2,483 | 11 | 5 |
Working capital items | 27,107 | 32,676 | 11,372 | 6,275 |
Tax losses | 57,168 | 28,024 | - | - |
Tax credits | 29,724 | 41,469 | - | - |
Other items | - | -63,020 | 75,666 | |
Netting of deferred taxes (**) | -54,537 | -46,348 | -54,538 | -46,348 |
Total | 89,468 | 90,928 | 76,434 | 89,580 |

(*) The tax netting item reflects the netting of deferred tax assets and liabilities per entity.
### NOTE 10 - INVENTORIES AND CONSTRUCTION CONTRACTS

**Balance at December 31**

<table>
<thead>
<tr>
<th>(In thousands of EUR / (-) is credit balance)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw materials and consumables</td>
<td>13,152</td>
<td>15,244</td>
</tr>
<tr>
<td>Construction contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances received</td>
<td>-39,565</td>
<td>-95,132</td>
</tr>
<tr>
<td>Amounts due from customers under contracts</td>
<td>228,548</td>
<td>353,001</td>
</tr>
<tr>
<td>Amounts due to customers under contracts</td>
<td>-165,662</td>
<td>-243,136</td>
</tr>
<tr>
<td>Net balance of construction contracts in progress</td>
<td>62,886</td>
<td>109,865</td>
</tr>
<tr>
<td>Cumulative incurred costs plus profit in proportion to progress less provisions for losses</td>
<td>4,178,946</td>
<td>3,642,555</td>
</tr>
<tr>
<td>Progress billings</td>
<td>-4,716,060</td>
<td>-3,532,690</td>
</tr>
<tr>
<td>Net balance of construction contracts in progress</td>
<td>62,886</td>
<td>109,865</td>
</tr>
</tbody>
</table>

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

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

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

### NOTE 11 - TRADE AND OTHER OPERATING RECEIVABLES

**Balance at December 31**

<table>
<thead>
<tr>
<th>(In thousands of EUR)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables gross amount</td>
<td>407,959</td>
<td>451,350</td>
</tr>
<tr>
<td>Amounts written off</td>
<td>-19,024</td>
<td>-10,735</td>
</tr>
<tr>
<td>Trade receivables net amount</td>
<td>388,935</td>
<td>440,615</td>
</tr>
<tr>
<td>Corporation taxes and VAT</td>
<td>45,708</td>
<td>56,477</td>
</tr>
<tr>
<td>Other operating receivables</td>
<td>29,288</td>
<td>43,704</td>
</tr>
<tr>
<td>Total trade and other operating receivables</td>
<td>463,931</td>
<td>540,736</td>
</tr>
</tbody>
</table>

### NOTE 12 - INTEREST-BEARING DEBT AND NET FINANCIAL DEBT

**Net financial debt as defined by the Group**

<table>
<thead>
<tr>
<th>(In thousands of EUR / (-) is credit balance)</th>
<th>Non-current</th>
<th>Current</th>
<th>2019</th>
<th>Non-current</th>
<th>Current</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subordinated loans</td>
<td>37,414</td>
<td>13,208</td>
<td>50,622</td>
<td>18,902</td>
<td>4,573</td>
<td>23,475</td>
</tr>
<tr>
<td>Bonds</td>
<td>-</td>
<td>-</td>
<td>200,000</td>
<td>200,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance leases</td>
<td>88,323</td>
<td>25,975</td>
<td>114,298</td>
<td>28,043</td>
<td>6,840</td>
<td>34,883</td>
</tr>
<tr>
<td>Credit institutions</td>
<td>821,410</td>
<td>193,858</td>
<td>1,015,268</td>
<td>446,728</td>
<td>134,077</td>
<td>580,805</td>
</tr>
<tr>
<td>Other loans</td>
<td>650</td>
<td>-</td>
<td>1,122</td>
<td>1,127</td>
<td>1,259</td>
<td></td>
</tr>
<tr>
<td>Short-term credit facilities</td>
<td>-</td>
<td>2,750</td>
<td>-</td>
<td>2,750</td>
<td>-</td>
<td>2,750</td>
</tr>
<tr>
<td>Total interest-bearing debt</td>
<td>942,797</td>
<td>235,791</td>
<td>1,183,588</td>
<td>494,795</td>
<td>348,377</td>
<td>843,172</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>-</td>
<td>-675,135</td>
<td>-675,135</td>
<td>-282,395</td>
<td>-281,395</td>
<td></td>
</tr>
<tr>
<td>Total net financial debt</td>
<td>942,797</td>
<td>-239,344</td>
<td>708,453</td>
<td>494,795</td>
<td>60,982</td>
<td>555,777</td>
</tr>
</tbody>
</table>

**Debt maturity schedule of total long-term financial liabilities**

<table>
<thead>
<tr>
<th>(In thousands of EUR)</th>
<th>More than 5 years</th>
<th>Between 1 and 5 years</th>
<th>Less than 1 year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subordinated loans</td>
<td>-</td>
<td>37,414</td>
<td>13,208</td>
<td>50,622</td>
</tr>
<tr>
<td>Bonds</td>
<td>-</td>
<td>-</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Finance leases</td>
<td>29,826</td>
<td>58,498</td>
<td>25,974</td>
<td>114,298</td>
</tr>
<tr>
<td>Credit institutions</td>
<td>198,948</td>
<td>622,462</td>
<td>193,858</td>
<td>1,015,268</td>
</tr>
<tr>
<td>Other loans</td>
<td>-</td>
<td>650</td>
<td>-</td>
<td>650</td>
</tr>
<tr>
<td>Total long-term financial liabilities</td>
<td>228,774</td>
<td>719,024</td>
<td>233,040</td>
<td>1,183,838</td>
</tr>
</tbody>
</table>

**Cash flows related to financial liabilities**

<table>
<thead>
<tr>
<th>(in thousands of EUR)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total interest-bearing debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at January 1</td>
<td>842,172</td>
<td>720,375</td>
</tr>
<tr>
<td>Movements during the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash movements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New interest-bearing debt</td>
<td>632,404</td>
<td>245,316</td>
</tr>
<tr>
<td>Repayment of interest-bearing debt</td>
<td>-394,386</td>
<td>-150,026</td>
</tr>
<tr>
<td>Non-cash movements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assumed in business combinations</td>
<td>-</td>
<td>25,507</td>
</tr>
<tr>
<td>IFRS 16 leases</td>
<td>102,398</td>
<td>-</td>
</tr>
<tr>
<td>Balance at December 31</td>
<td>1,183,588</td>
<td>843,172</td>
</tr>
</tbody>
</table>

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

Credit facilities and bank term loans
At December 31, 2019, DEME has confirmed bank credit facilities of 105 million EUR which are not drawn at year end, compared to 120 million EUR at the end of 2018. Moreover, the Group has the possibility to issue commercial paper for amounts up to 125 million EUR.

Financial covenants
Bilateral loans are subject to specific covenants. At December 31, 2019, as well as at December 31, 2018, the Group complies with the solvency ratio (>25%), the debt/EBITDA ratio (< 3) and the interest cover ratio (> 4), that were agreed upon within the contractual terms of the loans received.
NOTE 13 - FINANCE AND OPERATING LEASE AND THE IMPACT OF IFRS 16

Finance lease debt

<table>
<thead>
<tr>
<th>(in thousands of EUR)</th>
<th>More than 5 years</th>
<th>Between 1 and 5 years</th>
<th>Less than 1 year</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross lease payments</td>
<td>47,252</td>
<td>61,647</td>
<td>26,780</td>
<td>135,679</td>
<td>37,409</td>
</tr>
<tr>
<td>Interest payments</td>
<td>-17,426</td>
<td>-3,156</td>
<td>-405</td>
<td>-21,381</td>
<td>-2,526</td>
</tr>
<tr>
<td>Finance lease present value</td>
<td>29,826</td>
<td>56,497</td>
<td>25,975</td>
<td>114,298</td>
<td>34,883</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>64,860</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Floating and other construction equipment</td>
<td>34,401</td>
<td>34,883</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Furniture and vehicles</td>
<td>15,037</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total finance lease payments per class of property, plant and equipment</td>
<td>114,298</td>
<td>34,883</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Operating lease

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

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

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

NOTE 14 - EMPLOYEE BENEFIT OBLIGATIONS

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

Employee benefit obligations

<table>
<thead>
<tr>
<th>(in thousands of EUR)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement benefit obligations</td>
<td>54,441</td>
<td>43,128</td>
</tr>
<tr>
<td>Other employee benefits</td>
<td>2,851</td>
<td>2,996</td>
</tr>
<tr>
<td>Balance at December 31</td>
<td>57,292</td>
<td>46,124</td>
</tr>
</tbody>
</table>

Retirement benefit obligations

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

Movement of retirement benefit obligations

<table>
<thead>
<tr>
<th></th>
<th>January 1</th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance</td>
<td>43,128</td>
<td>43,128</td>
</tr>
<tr>
<td>Charges recognised in income</td>
<td>10,247</td>
<td>9,322</td>
</tr>
<tr>
<td>Charges recognised in other comprehensive income</td>
<td>12,938</td>
<td>3,413</td>
</tr>
<tr>
<td>Contributions from employer</td>
<td>-11,872</td>
<td>-10,901</td>
</tr>
<tr>
<td>Other movements</td>
<td>-2,759</td>
<td>-2,759</td>
</tr>
<tr>
<td>Balance at December 31</td>
<td>54,441</td>
<td>43,128</td>
</tr>
</tbody>
</table>

Retirement benefit obligations

<table>
<thead>
<tr>
<th>(in thousands of EUR)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>9,731</td>
<td>8,776</td>
</tr>
<tr>
<td>Past service cost &amp; other</td>
<td>-111</td>
<td>-22</td>
</tr>
<tr>
<td>Interest cost</td>
<td>3,144</td>
<td>2,966</td>
</tr>
<tr>
<td>Interest income on plan assets</td>
<td>-2,517</td>
<td>-2,398</td>
</tr>
<tr>
<td>Total charges recognised in income</td>
<td>10,247</td>
<td>9,322</td>
</tr>
<tr>
<td>Charges recognised in other comprehensive income</td>
<td>39,466</td>
<td>3,709</td>
</tr>
<tr>
<td>Return on plan assets (excluding interest income)</td>
<td>-26,528</td>
<td>-296</td>
</tr>
<tr>
<td>Total charges recognised in other comprehensive income</td>
<td>12,938</td>
<td>3,413</td>
</tr>
</tbody>
</table>

Employee benefit plan obligations balance at January 1 | 193,335 | 176,055 |
| Current service cost | 9,731 | 8,776 |
| Interest cost | 3,144 | 2,966 |
| Contributions from employees | 176 | 229 |
| Benefits paid to beneficiaries | -3,868 | -6,649 |
| Remeasurement of liabilities resulting in actuarial (gains)/losses | 39,466 | 3,709 |
| Due to changes to demographic assumptions | -127 | - |
| Due to changes to financial assumptions | 35,666 | -218 |
| Due to experience adjustments | 3,027 | 3,027 |
| Past service cost | -111 | -22 |
| Other movements | -1,991 | 8,271 |
| Employee benefit plan obligations balance at December 31 | 239,882 | 193,335 |
### Movement in employee benefit plan assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee benefit plan assets balance at January 1</td>
<td>150,207</td>
<td>138,331</td>
</tr>
<tr>
<td>Return on plan assets (+) (excluding interest income)</td>
<td>26,528</td>
<td>261</td>
</tr>
<tr>
<td>Interest income on plan assets (+)</td>
<td>2,517</td>
<td>2,398</td>
</tr>
<tr>
<td>Contributions from employer/employees</td>
<td>12,048</td>
<td>10,385</td>
</tr>
<tr>
<td>Benefits paid to beneficiaries</td>
<td>-3,868</td>
<td>-6,649</td>
</tr>
<tr>
<td>Reclassification of Belgian defined contribution plans</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other movements</td>
<td>-1,991</td>
<td>5,481</td>
</tr>
<tr>
<td><strong>Employee benefit plan assets balance at December 31</strong></td>
<td><strong>185,441</strong></td>
<td><strong>150,207</strong></td>
</tr>
</tbody>
</table>

### Main actuarial assumptions at the end of the period

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>0.69%</td>
<td>1.67%</td>
</tr>
<tr>
<td>Expected rate of salary increases (inflation included)</td>
<td>3.20%</td>
<td>3.15%</td>
</tr>
<tr>
<td>Long-term inflation</td>
<td>1.70%</td>
<td>1.90%</td>
</tr>
<tr>
<td>Mortality tables BE-plans</td>
<td>MR/FR-5 yrs</td>
<td>MR/FR-5 yrs</td>
</tr>
<tr>
<td>Mortality tables NL-plans</td>
<td>GBM/V 2012-2062</td>
<td>GBM/V 2012-2062</td>
</tr>
</tbody>
</table>

### Other information

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average duration in years of the defined benefit plan obligations</td>
<td>16.28</td>
<td>15.37</td>
</tr>
<tr>
<td>Average actual/return on plan assets</td>
<td>18.95%</td>
<td>1.91%</td>
</tr>
<tr>
<td>Expected contribution/investment financial year</td>
<td>11,607</td>
<td>10,844</td>
</tr>
</tbody>
</table>

### Sensitivity analysis (impact on amount of obligations)

<table>
<thead>
<tr>
<th>Description</th>
<th>25bp increase</th>
<th>25bp decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>-3.99%</td>
<td>-2.70%</td>
</tr>
<tr>
<td>Salary growth rate</td>
<td>1.80%</td>
<td>1.83%</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>1.31%</td>
<td>1.26%</td>
</tr>
</tbody>
</table>

### NOTE 15 - OTHER CURRENT LIABILITIES

#### Balance at December 31

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other current taxes</td>
<td>36,821</td>
<td>24,606</td>
</tr>
<tr>
<td>Other amounts payable</td>
<td>11,295</td>
<td>14,451</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>6,439</td>
<td>14,436</td>
</tr>
<tr>
<td><strong>Other current liabilities</strong></td>
<td><strong>54,555</strong></td>
<td><strong>53,493</strong></td>
</tr>
</tbody>
</table>

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

#### Balance at December 31

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments given</td>
<td>55,686</td>
<td>97,731</td>
</tr>
<tr>
<td>Commitments received</td>
<td>1,172,014</td>
<td>1,279,417</td>
</tr>
<tr>
<td>Bank guarantees received as security for commitments to enterprises included in the consolidation</td>
<td>543,296</td>
<td>450,725</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

DREDGING, ENVIRONMENTAL AND MARINE ENGINEERING NV

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

REPORT ON THE AUDIT OF THE CONSOLIDATED STATEMENTS

Unqualified opinion

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

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

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the “Responsibilities of the statutory auditor for the audit of the consolidated financial statements” section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

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

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

Emphasis of Matter

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

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

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

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

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

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

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the Company nor regarding the efficiency or effectiveness demonstrated by the Board of Directors in the way that the Company’s business has been conducted or will be conducted.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;

- conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;

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

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

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the Group during the performance of our mandate.

- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3.65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

- The employment of non-audit services by the Group is limited.

- We have given our careful consideration to the matters requiring auditor judgment under ISA, and we have fulfilled our other responsibilities as described in ISA, including maintaining professional skepticism through the audit and significant audit findings, providing a basis for our opinion.

- Our independence has not been impaired.

- The audit conducted in accordance with ISA is an independent assurance activity, but is not a guarantee that an audit conducted as defined in article 3.65 of the Code of Companies and Associations, is an independent assurance activity.

DREDGING, ENVIRONMENTAL AND MARINE ENGINEERING NV

INDEPENDENT AUDITOR’S REPORT — 49

The statutory auditor DELOTTIE Bek Bvba is a member of Deloitte Bvba, a member of Deloitte Touche Tohmatsu

Represented by Rik Neckebroeck & Ben Vandeweyer

Antwerp, April 24, 2020
## INTRODUCTION

The statutory annual accounts of Dredging, Environmental and Marine Engineering NV (DEME NV) are prepared in accordance with Belgian Generally Accepted Accounting Principles.

The entire version of the statutory annual accounts of DEME NV, along with the annual report and the report of the statutory auditor, will be deposited within the legal time frame at the National Bank of Belgium and can be obtained for free through the website of the Company (www.deme-group.com).

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

## BALANCE SHEET

as of December 31
(according to Belgian GAAP)

### ASSETS

<table>
<thead>
<tr>
<th>(in thousands of EUR)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td>925,266</td>
<td>798,182</td>
</tr>
<tr>
<td><strong>FORMATION EXPENSES</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>INTANGIBLE ASSETS</strong></td>
<td>92</td>
<td>179</td>
</tr>
<tr>
<td><strong>PROPERTY, PLANT AND EQUIPMENT</strong></td>
<td>536,975</td>
<td>414,389</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Plant, machinery and equipment</td>
<td>278</td>
<td>480</td>
</tr>
<tr>
<td>Furniture and vehicles</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leasing and other similar rights</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other tangible fixed assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assets under construction and advance payments</td>
<td>536,697</td>
<td>413,909</td>
</tr>
<tr>
<td><strong>FINANCIAL ASSETS</strong></td>
<td>388,199</td>
<td>383,614</td>
</tr>
<tr>
<td>Affiliated enterprises</td>
<td>378,167</td>
<td>373,803</td>
</tr>
<tr>
<td>Participating interests</td>
<td>340,901</td>
<td>337,109</td>
</tr>
<tr>
<td>Amounts receivable</td>
<td>37,266</td>
<td>36,694</td>
</tr>
<tr>
<td>Other enterprises linked by participating interests</td>
<td>9,789</td>
<td>9,789</td>
</tr>
<tr>
<td>Participating interests</td>
<td>9,789</td>
<td>9,789</td>
</tr>
<tr>
<td>Amounts receivable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>243</td>
<td>22</td>
</tr>
<tr>
<td>Shares</td>
<td>243</td>
<td>22</td>
</tr>
<tr>
<td>Amounts receivable and cash guarantees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td>19,628</td>
<td>47,816</td>
</tr>
<tr>
<td>Amounts receivable after more than one year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other amounts receivable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventories and contracts in progress</td>
<td>871</td>
<td>-</td>
</tr>
<tr>
<td><strong>AMOUNTS RECEIVABLE WITHIN ONE YEAR</strong></td>
<td>18,652</td>
<td>47,738</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>16,361</td>
<td>10,582</td>
</tr>
<tr>
<td>Other amounts receivable</td>
<td>2,291</td>
<td>37,156</td>
</tr>
<tr>
<td>Own shares and other investments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>105</td>
<td>78</td>
</tr>
<tr>
<td>Deferred charges and accrued income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>944,894</td>
<td>845,998</td>
</tr>
</tbody>
</table>
### Balance Sheet

**as of December 31 (according to Belgian GAAP)**

#### Capital and Reserves

<table>
<thead>
<tr>
<th>Item</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>297,493</td>
<td>260,566</td>
</tr>
<tr>
<td>Issued capital</td>
<td>31,110</td>
<td>31,110</td>
</tr>
<tr>
<td>Uncalled capital (-)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>SHARE PREMIUM ACCOUNT</strong></td>
<td>5,645</td>
<td>5,645</td>
</tr>
<tr>
<td><strong>REVALUATION SURPLUS</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>RESERVES</strong></td>
<td>35,304</td>
<td>35,304</td>
</tr>
<tr>
<td>Legal reserves</td>
<td>3,111</td>
<td>3,111</td>
</tr>
<tr>
<td>Reserves not available for distribution</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>OTHER RESERVES</strong></td>
<td>33,202</td>
<td>33,202</td>
</tr>
<tr>
<td>Reserves available for distribution</td>
<td>3,271</td>
<td>3,271</td>
</tr>
<tr>
<td><strong>PROFIT CARRIED FORWARD</strong></td>
<td>225,435</td>
<td>188,508</td>
</tr>
<tr>
<td><strong>PROVISIONS AND DEFERRED TAXES</strong></td>
<td>82</td>
<td>-</td>
</tr>
<tr>
<td>Provisions for liabilities and charges</td>
<td>82</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>CREDITORS</strong></td>
<td>647,319</td>
<td>585,432</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>377,382</td>
<td>276,155</td>
</tr>
<tr>
<td>Subordinated loans</td>
<td>-</td>
<td>30,400</td>
</tr>
<tr>
<td>Bonds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finance leases</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Credit institutions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other long-term financial liabilities</td>
<td>245,755</td>
<td>301,064</td>
</tr>
<tr>
<td><strong>AMOUNTS PAYABLE AFTER MORE THAN ONE YEAR</strong></td>
<td>377,382</td>
<td>276,155</td>
</tr>
<tr>
<td>Current portion of amounts payable after more than one year</td>
<td>-</td>
<td>200,000</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Credit institutions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other current financial liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade payables</td>
<td>22,239</td>
<td>40,406</td>
</tr>
<tr>
<td>Advances received on contracts in progress</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxes, remuneration and social security</td>
<td>1,355</td>
<td>536</td>
</tr>
<tr>
<td>Taxes</td>
<td>128</td>
<td>103</td>
</tr>
<tr>
<td>Remuneration and social security</td>
<td>1,227</td>
<td>433</td>
</tr>
<tr>
<td>Other amounts payable</td>
<td>246,343</td>
<td>61,022</td>
</tr>
<tr>
<td><strong>ACCURED CHARGES AND DEFERRED INCOME</strong></td>
<td>-</td>
<td>7,313</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>944,894</td>
<td>845,998</td>
</tr>
</tbody>
</table>

### Profit and Loss Statement

**as of December 31 (according to Belgian GAAP)**

<table>
<thead>
<tr>
<th>Item</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td>27,302</td>
<td>14,223</td>
</tr>
<tr>
<td>Turnover</td>
<td>25,108</td>
<td>13,978</td>
</tr>
<tr>
<td>Increase (+), decrease (-) in contracts in progress</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other operating income</td>
<td>731</td>
<td>245</td>
</tr>
<tr>
<td><strong>NON-RECURRING OPERATING INCOME</strong></td>
<td>1,463</td>
<td>-</td>
</tr>
<tr>
<td><strong>OPERATING CHARGES</strong></td>
<td>-33,227</td>
<td>-17,317</td>
</tr>
<tr>
<td>Raw materials and consumables</td>
<td>-14,962</td>
<td>-3,864</td>
</tr>
<tr>
<td>Purchases</td>
<td>-14,962</td>
<td>-3,864</td>
</tr>
<tr>
<td>Increase (+), decrease (-) in inventories</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Services and other goods</td>
<td>-9,321</td>
<td>-5,956</td>
</tr>
<tr>
<td>Remuneration, social security costs and pensions</td>
<td>-8,401</td>
<td>-6,980</td>
</tr>
<tr>
<td>Depreciation and other amounts written off on (in)tangible fixed assets</td>
<td>-289</td>
<td>-454</td>
</tr>
<tr>
<td>Increase (+), decrease (-) in amounts written off on inventories, contracts in progress and trade debtors</td>
<td>-152</td>
<td>-</td>
</tr>
<tr>
<td>Increase (+), decrease (-) in provisions for liabilities and charges</td>
<td>-82</td>
<td>-</td>
</tr>
<tr>
<td><strong>OPERATING RESULT</strong></td>
<td>-5,925</td>
<td>-3,094</td>
</tr>
<tr>
<td><strong>FINANCIAL INCOME</strong></td>
<td>49,941</td>
<td>227,588</td>
</tr>
<tr>
<td>Income from financial assets</td>
<td>48,346</td>
<td>219,596</td>
</tr>
<tr>
<td>Income from current assets</td>
<td>704</td>
<td>6,141</td>
</tr>
<tr>
<td>Other financial income</td>
<td>891</td>
<td>1,851</td>
</tr>
<tr>
<td>Non-recurring financial income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>FINANCIAL CHARGES</strong></td>
<td>-7,043</td>
<td>-33,966</td>
</tr>
<tr>
<td>Interests and other debt charges</td>
<td>-1,986</td>
<td>-10,493</td>
</tr>
<tr>
<td>Other financial charges</td>
<td>-488</td>
<td>-638</td>
</tr>
<tr>
<td>Non-recurring financial charges</td>
<td>-4,569</td>
<td>-22,835</td>
</tr>
<tr>
<td><strong>RESULT FOR THE FINANCIAL PERIOD BEFORE TAXATION</strong></td>
<td>36,973</td>
<td>190,528</td>
</tr>
<tr>
<td>Transfer from (to) deferred taxes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TAXES</strong></td>
<td>-46</td>
<td>-28</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-46</td>
<td>-28</td>
</tr>
<tr>
<td>Adjustment of income taxes and write-back of tax provisions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>RESULT FOR THE FINANCIAL PERIOD</strong></td>
<td>36,927</td>
<td>190,500</td>
</tr>
<tr>
<td>Transfer from (to) the untaxed reserves</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD AVAILABLE FOR APPROPRIATION</strong></td>
<td>36,927</td>
<td>190,500</td>
</tr>
<tr>
<td>Transfer from profit carried forward</td>
<td>188,508</td>
<td>53,010</td>
</tr>
<tr>
<td>Transfer to legal reserves</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Distribution of dividends</td>
<td>-55,002</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to profit carried forward</td>
<td>225,435</td>
<td>188,508</td>
</tr>
</tbody>
</table>
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.

Compiled and Coordinated by DEME
DEME Finance Department

Contact
communication.deme@deme-group.com

Graphic Design
Wunderman Thompson

Printing
Antilope De Bie