DEME

2023

HALF YEAR REPORT

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PRELIMINARY REMARK

This Half Year Report includes the interim condensed consolidated financial statements for DEME Group NV and its subsidiaries (together the DEME Group) that are prepared in accordance with the International Financial Reporting Standards (IFRS) as of 30 June 2023 and for the six-month period then ended.
These interim financial statements have been prepared in accordance with IAS 34 *interim financial reporting* and should be read in conjunction with the Group's Annual Report as of 31 December 2022.

The Half Year Report includes the 'Consolidated Statement of Financial Position and (Comprehensive) Income', 'Condensed Consolidated Statement of Cash Flows', 'Consolidated Statement of Changes in Equity', 'Segment Reporting' and a selection of explanatory notes.

Both the Group's Half Year Report 2023 and the Annual Report 2022 are available in English and in Dutch and can be downloaded from the website www.deme-group.com.

HIGHLIGHTS

FINANCIAL & NON-FINANCIAL KEY FIGURES

(Full Year (FY) and Half Year (1H) figures)

	1H23	1H22	FY22
FINANCIAL KEY FIGURES (in millions of euro)			
Turnover	1,475.4	1,291.7	2,654.7
EBITDA	221.9	191.3	473.9
Depreciation and Impairment	164.8	151.2	318.7
EBIT	57.1	40.1	155.2
Net result from joint ventures and associates	2.7	7.1	15.8
Net result share of the Group	30.2	39.5	112.7
Orderbook	7,654.0	5,620.0	6,190.0
Shareholders' equity (excl. non-controlling interests)	1,805.6	1,639.9	1,753.9
Net financial debt	-715.2	-573.7	-520.5
Total cash	309.4	675.2	522.3
Operating working capital	-411.0	-399.0	-506.2
Balance sheet total	4,614.0	4,581.9	4,509.8
Investments	216.0	226.3	483.9
Earnings per share (in euro)	1.19	1.56	4.45
Dividend for the year per share (in euro)	N/A	N/A	1.5
NON-FINANCIAL KEY FIGURES (in weeks)			
Fleet utilisation rate of Trailing Suction Hopper Dredgers	18.6	19.6	38.3
Fleet utilisation rate of Cutter Suction Dredgers	6.4	16.5	29.3
Fleet utilisation rate of Offshore equipment	17.1	18.1	33.6

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

FINANCIAL KEY FIGURES BY SEGMENT

(in millions of euro)
(Full Year (FY) and Half Year (1H) figures)

	1H23	1H22	FY22
Turnover	1,475.4	1,291.7	2,654.7
Offshore Energy	657.8	471.5	957.8
Dredging & Infra	716.2	746.5	1,524.3
Environmental	143.3	90.7	206.3
Concessions	2.6	0.2	2.2
Reconciliation	-44.5	-17.2	-35.9
EBITDA	221.9	191.3	473.9
Offshore Energy	79.1	100.3	221.9
Dredging & Infra	102.1	94.6	254.9
Environmental	32.5	12.2	25.0
Concessions	-6.8	-6.9	-12.7
Reconciliation	15.0	-8.9	-15.2
EBIT	57.1	40.1	155.2
Offshore Energy	20.0	52.8	117.1
Dredging & Infra	-1.2	-7.5	44.9
Environmental	27.6	8.2	16.5
Concessions	-6.8	-7.0	-12.7
Reconciliation	17.5	-6.4	-10.6
Net result from joint ventures and associates	2.7	7.1	15.8
Offshore Energy	0.0	0.0	0.0
Dredging & Infra	0.2	0.0	0.1
Environmental	0.4	0.4	0.5
Concessions	18.3	3.2	9.3
Reconciliation	-16.2	3.5	5.9
Orderbook	7,654.0	5,620.0	6,190.0
Offshore Energy	3,892.4	2,608.1	3,260.9
Dredging & Infra	3,436.0	2,702.6	2,615.7
Environmental	325.6	309.3	313.4
Concessions	-	-	-

GROUP PERFORMANCE

EXECUTIVE SUMMARY

The first half of 2023 for DEME was characterised by solid growth of the orderbook, turnover, and EBITDA, despite having several large-scale projects in the Offshore Energy segment in start-up phase.

The orderbook grew to nearly 7.7 billion euro, driven by new projects in all contracting segments, with each one reaching a record level, a strong testament to DEME's cogent positioning.

Turnover grew from 1.3 billion euro in the first half of 2022 to almost 1.5 billion euro in the first half of 2023. Turnover in the Dredging & Infra segment decreased slightly (-4%), while turnover in the Offshore Energy and Environmental segments saw significant increases of 40% and 58% respectively.

Offshore Energy is gradually converting its growing orderbook to turnover while continuing the operational execution of projects in the US and Taiwan as it expands geographically. Dredging & Infra delivered on a mix of projects globally including maintenance and capital dredging works and continued work on major infrastructural projects. Environmental continued its long-term projects in Belgium, France and the Netherlands.

DEME achieved an EBITDA of 222 million euro, for an EBITDA margin of 15.0%, compared to 191 million euro and an EBITDA margin of 14.8% in the first half of 2022. The first-half EBITDA margin in Offshore Energy stood at 12%, lower than the previous year. The prior year had benefitted from a significant liquidated damage payment, while this year's margin was impacted by project start-ups and supply chain-related delays for certain clients. Dredging & Infra reported a higher EBITDA margin compared to the previous year, partially aided by project phasing and the settlement of variation orders on a number of projects, while the Environmental segment reported a record EBITDA margin of over 22%, helped by the impact of a sizeable settlement related to a completed project.

The associates in DEME’s Concession segment reported net results of 18 million euro in the first half compared to 3 million euro for the same period last year, an increase mainly related to more production (stronger wind) and part of the increase of electricity prices.

Net profit was 30 million euro compared to 39 million euro a year ago, primarily due to negative exchange rate results.

Capital expenditure was 216 million euro, compared to 226 million euro a year ago as DEME continued to invest in its future. Most of the capital expenditure was allocated to the expansion of DEME’s fleet capabilities, mainly in its Offshore Energy segment.

Net financial debt amounted to 715 million euro compared to 574 million euro as of 30 June 2022 and 521 million euro as of 31 December last year. The increase reflects cyclical effects on working capital and cash flow generation during the first half in combination with a sustained high investment level. Net financial debt over EBITDA remained healthy at 1.4 (1). Total cash amounted to 309 million euro at the end of the semester compared to 522 million euro as of 31 December 2022.

In July, DEME divested its offshore service operation vessel ‘Groenewind’ to Cyan Renewables. This transaction aligns with DEME’s focus on catalysing offshore wind initiatives and serving as pioneering enabler for operations rather than performing routine service and maintenance activities. The gain on disposal of 12 million euro is not included in the 1H23 results.

OUTLOOK

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

Building on the first half results, DEME reiterates its outlook for the year with management expecting turnover to be higher than 2022 and the EBITDA margin to be comparable to 2022.

CapEx for the year is now anticipated to be around 425 million euro.

(1) Net financial debt over EBITDA ratio is computed as total net financial debt (without subordinated and other loans) divided by EBITDA on a rolling 12 months basis.

FINANCIAL FIGURES

Orderbook

Year-over-year comparison

(in million euro)	1H23	FY22	1H22	*1H23 vs 1H22*
Group	7,654.0	6,190.0	5,620.0	*+36%*

Orderbook by segment

(in million euro)	1H23	FY22	1H22	*1H23 vs 1H22*
Offshore Energy	3,892.4	3,260.9	2,608.1	*+49%*
Dredging & Infra	3,436.0	2,615.7	2,702.6	*+27%*
Environmental	325.6	313.4	309.3	*+5%*

DEME's order backlog reached a new record level of 7,654 million euro, increasing 36% compared to the first half of 2022 and 24% compared to the end of last year.
This increase was led by strong demand in all contracting segments, each of which attained all-time-high orderbooks as well. Noteworthy additions were the design and the construction of the Princess Elisabeth island in Belgium, work in the Middle East, and offshore wind projects in France and the US.

Turnover

Year-over-year comparison

(in million euro)	1H23	1H22	1H21	*1H23 vs 1H22 (in nominal value)*
Offshore Energy	657.8	471.5	352.4	*+40%*
Dredging & Infra	716.2	746.5	668.3	*-4%*
Environmental	143.3	90.7	75.8	*+58%*
Concessions	2.6	0.2	0.7	
Total turnover of segments	1,519.9	1,308.9	1,097.2	*+16%*
Reconciliation (2)	-44.5	-17.2	-34.2	
Total turnover as per financial statements	1,475.4	1,291.7	1,063.0	*+14%*

Turnover of the Group grew 14% year-over-year. Environmental and Offshore Energy both had a strong first half of the year while Dredging & Infra saw turnover at a slightly lower level compared to a strong first half in 2022.

From a geographical perspective, turnover has become more diversified with a lower contribution for Europe and significant turnover growth in the American region following strong order intake for offshore projects over the last year.

Geographical breakdown

(in % of total)	1H23	1H22	1H21	*1H23 vs 1H22 (in nominal value)*
Europe	62%	73%	73%	*-2%*
Africa	7%	15%	20%	*-46%*
Asia	11%	8%	5%	*+52%*
America	19%	4%	1%	*+481%*
Middle East	1%	0%	0%	*+170%*

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

Profitability

Year-over-year comparison

(in million euro)	1H23	1H22	1H21	*1H23 vs 1H22*
EBITDA	221.9	191.3	187.2	*16%*
EBITDA margin	*15.0%*	*14.8%*	*17.6%*	
EBIT	57.1	40.1	46.2	*+43%*
EBIT margin	*3.9%*	*3.1%*	*4.4%*	
Net profit	30.2	39.5	35.0	*-24%*
Net margin	*2.0%*	*3.1%*	*3.3%*	

EBITDA increased to 222 million euro (or 15.0% of sales) for the first half of 2023, up 16% compared to 191 million euro (or 14.8% of sales) for the first half of last year. Included in the H1 2022 EBITDA was 19 million euro of liquidated damages for the delayed delivery of 'Orion' (Offshore Energy segment) (3).

The EBITDA margin improved in the Dredging & Infra segment but was impacted somewhat by project phasing and supply chain issues in the Offshore Energy segment. The Environmental segment reported an increase in its EBITDA margin reflecting successful project execution and the impact of a final agreement on a completed project in the Netherlands.

EBIT amounted to 57 million euro, or 3.9% of sales, an increase of 43% compared to EBIT of 40 million euro, or 3.1% of sales for the first half of 2022. Depreciation and impairments were 165 million euro, compared to 151 million euro a year ago. The increase in depreciation costs in 2023 is mainly due to the investments in ‘Orion’, DEME’s offshore installation vessel which was added to the fleet in June 2022, and ‘Viking Neptun’, a cable laying vessel, added to the fleet at the start of 2023.

The net profit for 2023 amounted to 30 million euro, which is 9 million euro lower compared to the first half of 2022 mainly as a result of negative exchange rate results.

Earnings per share were 1.19 euro, compared to a 1.56 euro for the first half of 2022.

Net financial debt and balance sheet

(in million euro)	1H23	FY22	1H22	*1H23 vs 1H22*
Operating working capital	-411.0	-506.2	-399.0	*-3%*
CapEx	216.0	483.9	226.3	*-5%*
Net financial debt	-715.2	-520.5	-573.7	*-25%*
Total cash	309.4	522.3	675.2	*-54%*

The investments (4) in ‘intangible assets’ and ‘property, plant and equipment’ for the first half of 2023 amounted to 216 million euro compared to 226 million euro a year ago.
Investment for the first half include capitalised maintenance investments in DEME’s fleet, as well as modification investments and conversions for ‘Sea Installer’ and ‘Yellowstone’, a fall pipe vessel, converted from a former bulk carrier.

Not included is the investment in ‘Green Jade’, a new offshore wind installation vessel under construction in Taiwan by CDWE (5) and DEME. ‘Green Jade’ was inaugurated at the end of the first semester 2023 and has commenced first operations over the summer.

Operating working capital amounted to -411 million euro as of 30 June 2023 compared to -506 million euro at the end of last year.

The net financial debt was -715 million euro as of 30 June 2023 compared to -574 million euro at the end of the first half of 2022 and -521 million euro at the end of 2022. The increase in the debt position is mainly driven by the sustained high level of investments and cyclical effects on working capital and cash generation. Total cash amounted to 309 million euro, compared to 522 million euro at the end of last year.

(3) Also H1 2021 included 15 million euro liquidated damages for ‘Spartacus’ (Dredging & Infra).

(4) These Investments exclude investments in ‘financial fixed assets.

(5) CDWE, a joint venture between CSBC, the largest shipbuilder in Taiwan, and DEME is consolidated under equity method.

OPERATING SEGMENTS

Please find below a description of the performance of DEME's operating segments.

Offshore Energy

(in million euro)	1H23	1H22	1H21	*1H23 vs 1H22*
Orderbook	3,892.4	2,608.1	1,443.0	*+49%*
Turnover	657.8	471.5	352.4	*+40%*
EBITDA	79.1	100.3	45.9	*-21%*
EBITDA margin	*12.0%*	*21.3%*	*13.0%*	
Fleet utilisation rate (weeks)	17.1	18.1	16.7	

The Offshore Energy segment increased its orderbook by 49% and grew turnover 40% year-over-year, fueled by a healthy backlog and solid project execution.

During the first half of the year, in Europe, the segment installed monopile foundations for Vesterhav in the Danish North Sea, jackets and topsides for Hollandse Kust, and a substation for the Fécamp wind farm in France and laid cables for the Dogger Bank wind farm in the UK.
In addition, the segment commenced operational activities in the US as planned with the initial installation of monopile foundations for the Vineyard Wind project, the first commercially scaled offshore wind farm in the US. The new installation vessel 'Orion' performed well, accomplishing "first steel in the water for the US". However, pending the resolution regarding DEME's claims and variation orders with the client regarding supply chain and operational issues, DEME has recorded a loss for the project. Additionally a one-time project loss has been reported related to the Zhong Neng project in Taiwan, because alternative execution methods had to be devised during the project's initiation.

In non-renewables, the segment continued work on the Hinkley Nuclear power station in the UK deploying 'Neptune' and 'Sea Challenger'.

Early in the year DEME added a second large cable installation vessel, 'Viking Neptun', and a new installation vessel, 'Green Jade', was inaugurated at the end of the first semester. 'Green Jade' will be deployed over summer for the installation of jacket foundations for the Zhong Neng project in Taiwan.

The vessel occupancy for the Offshore Energy segment was lower in the first half of 2023, mainly due to technical adjustments to the vessels in preparation for project execution in the US and upgrade works across the fleet.

The Offshore Energy segment posted an EBITDA margin of 12%, compared to a strong EBITDA for the first semester a year ago, which included the settlement of liquidated damages for the delayed delivery of 'Orion'. EBITDA for the first half of 2023 was impacted by project start-ups and takes into account the recorded losses on the projects in US and in Taiwan described above.

The segment also decided to sell its service operation vessel 'Groenewind' to Cyan Renewables from Singapore. As the sale was only finalised in July, the gain on the sale will be recognised in the second semester results. This transaction aligns with DEME's focus on catalysing and establishing the operations of offshore wind projects rather than routine service and maintenance activities.

During the first semester, the Offshore Energy orderbook grew almost 50% with the addition of several new multi-year contract awards, including sizeable projects in Continental Europe and the US. Noteworthy project wins in 2023 include, in France, the Île d'Yeu and Noirmoutier offshore wind farm and the Dieppe Le Tréport offshore wind farm. The segment also officially announced the award to transport and install inter-array cables for the Empire Wind 1 and 2 offshore wind farm, its fourth contract in the US.

Dredging & Infra

(in million euro)	1H23	1H22	1H21	*1H23 vs 1H22*
Orderbook	3,436.0	2,702.6	3,046.0	*+27%*
Turnover	716.2	746.5	668.3	*-4%*
EBITDA	102.1	94.6	158.8	*+8%*
EBITDA margin	*14.3%*	*12.7%*	*23.8%*	
Fleet utilisation rate - TSHD (weeks) (6)	18.6	19.6	19.2	
Fleet utilisation rate - CSD (weeks) (7)	6.4	16.5	7.4	

(6) TSHD: Trailing Suction Hopper Dredger.

(7) CSD: Cutter Suction Dredger.

Dredging & Infra reported a turnover of 716 million euro year-to-date, 4% lower compared to a strong first half last year. Orderbook increased 27% compared to a year ago. The segment executed work on a container terminal in Colombo (Sri Lanka), a port expansion in Italy, a capital dredging project in Mexico and began work on the next phase of a project in Nigeria. In addition to maintenance contracts across Europe, work on terminals are ongoing in Gdansk (Poland) and Stade (Germany) as well as a capital dredging project in Egypt. The segment also continued work on large infra flagship projects in Europe including the first phase of the Fehmarnbelt Fixed Link project (Denmark), Port-La Nouvelle in France, the Blankenburg project and the New Lock Terneuzen in the Netherlands, and the Oosterweel Link Connexion project in Belgium. In the first semester, DEME won, as part of a consortium, a project to design and construct the Princess Elisabeth island. The Princess Elisabeth island is an artificial energy island that will be the first offshore energy hub in Europe's future energy grid in the North Sea. Main construction will start in 2024 and continue into 2026. In addition, the segment won contracts for the deployment of trailer and cutter capacity in Abu Dhabi and dredging works in Germany and Italy. In anticipation of an uplift of demand, DEME is seeing an increase in tender activity for major opportunities in Europe, Middle East and Africa.

Vessel occupancy for Dredging & Infra reflected a stable utilisation for the hoppers and a softer occupancy for the cutters compared to previous years. In light of the projects at hand, vessel occupancy is projected to strengthen during the second half of the year, particularly for the cutter suction fleet.

The EBITDA margin in the Dredging & Infra segment increased from 12.7% in the first half of 2022 to 14.3%, due to favorable project phasing and settlement of variation orders, partly offset by a relatively high level of planned maintenance works on the fleet.

Environmental

(in million euro)	1H23	1H22	1H21	*1H23 vs 1H22*
Orderbook	325.6	309.3	248.0	*+5%*
Turnover	143.3	90.7	75.8	*+58%*
EBITDA	32.5	12.2	6.2	*+166%*
EBITDA margin	*22.6%*	*13.5%*	*8.2%*	

The Environmental segment accelerated its turnover and profit growth generating 143 million euro in turnover and a 22.6% EBITDA margin.
The growth was fueled by projects deploying DEME treatment centres and on-site treatment solutions in Belgium (Blue Gate in Antwerp, Cokeries du Brabant), the Netherlands (GoWa en Ijburg), France (Condé Pommeroeul), the UK and Norway.

EBITDA increased from 12.2 million euro to 32.5 million euro or 22.6% of sales. The improvement in profitability reflects disciplined project management as well as the impact of a final agreement on a completed project in the Netherlands.

Orderbook for Environmental grew mainly driven due to project wins in Belgium. As of 30 June 2023, the orderbook stood at 325 million euro, an increase of 5% compared to 309 million euro a year earlier.

Concessions

(in million euro)	1H23	1H22	1H21	*1H23 vs 1H22*
Net result from associates	18.3	3.2	4.5	*+472%*

The Concessions segment is involved in operational wind farms that are generating recurring income while working on the 2 gigawatt concession project in Scotland, in which DEME holds a 42.5% participation, and preparing for upcoming tenders in Belgium. For dredging & infrastructure, the segment continues to focus on projects both in the portfolio and under construction including Blankenburg (The Netherlands) and Port-La Nouvelle (France) while expanding the footprint in the port of Duqm (Oman).

In the first half of 2023, the Concessions segment delivered a net result of 18.3 million euro, a notable increase from 3.2 million euro for the same period last year, partly driven by more production (stronger wind) and part of the increase of electricity prices and impacted by new legislation in Belgium.

The long-term green hydrogen initiative achieved a significant milestone with DEME signing a Project Development Agreement with the government in Oman for the HYPORT Duqm project. DEME's subsidiary Global Sea Mineral Resources NV (GSR) announced a strategic cooperation with Transocean Ltd. whereby Transocean has invested a non-controlling interest in GSR consisting of the contribution of an ultra-deepwater drilling vessel and cash. The ISA [8] council has not yet reached a decision about a regulatory framework for future seabed harvesting operations and has indicated that it is now aiming for the adoption of such framework by the 30th session of the International Seabed Authority in 2025.

(8) ISA: International Seabed Authority.

ESG PROGRESS

ENVIRONMENTAL

DEME continued to execute its ambitious strategy to promote the transition to clean energy worldwide during the first semester by contributing to the realisation of offshore wind farm projects in Europe (France, The Netherlands, Denmark and the UK), in Asia (Zhong Neng in Taiwan) and in the US (Vineyard Wind).

In its Infra-activity, DEME is involved in the construction of the longest immersed road and rail tunnel in the world, the Fehmarnbelt Fixed Link project between Denmark and Germany. The tunnel will foster environmentally sustainable trade and tourism by reducing travel time and facilitating greener transport by the use of electric freight trains.

‘Viking Neptun’, a cable laying vessel, was added to DEME’s fleet during the first semester of 2023, while ‘Green Jade’, a new offshore installation vessel, was inaugurated end of June 2023 to join the fleet over summer. Both vessels are enhancing the sustainable operational capacity of DEME’s fleet as they are fully compliant with the latest emission standards and feature the latest environmental technology. ‘Viking Neptun’ carries a battery pack for best-in-class fuel efficiency and more sustainable operations. ‘Green Jade’ features fuel saving measures and innovations such as a waste heat recovery system.

DEME's latest fallpipe vessel, 'Yellowstone', transformed from a bulk carrier, fully complies with the latest emission standards. It's set to become the sector's pioneering dual fuel fallpipe vessel, also prepared for (green) methanol. This innovation aligns with DEME's broader aim to achieve carbon neutrality by 2050. In addition, this ship has a hybrid power plant with a 1 MWh Li-ion battery, which will lead to comparable benefits as the hybrid 'Viking Neptun'.

SOCIAL

As part of DEME's commitment to safety, a dedicated Safety Stand Down Week took place in May. This initiative centered on addressing the most recent High Potential Incidents (HIPO - "what could go wrong?") and Lost Time Incidents (LTI's - "what did go wrong?"). Additionally, our ongoing Safety Success Stories campaign will gain further prominence during our upcoming Safety Moment Day at the close of the year. Safety Key Performance Indicators (KPI’s), including toolbox meeting participation, prompt incident reporting, timely closure of action items, observations, inspections, and incident investigation criteria, have consistently met or exceeded targets.

Demonstrating our unwavering environmental commitment, we've witnessed an exceptional number of Green Initiatives emerging from both our vessels and projects and there were no major environmental incidents.

The latest edition of the DEMEx program which focuses on disruptive and transformational innovation, had its final showcase event in June of this year. It was a powerful illustration of how firmly innovation and sustainability are embedded in the heart and minds of the DEME team and made it tangible in powerful initiatives. Out of the nine innovative ideas proposed in the final event, three were selected by a broad DEME audience to be further developed and launched.

GOVERNANCE

During the Annual General Meeting, held on 17 May 2023, the shareholders approved the appointment of Ms. Karena Cancilleri, as an independent director for four years. This brings the total number of female directors to three out of a total of ten members of the Board of Directors. With a career spanning over 25 years, Ms. Cancilleri has held senior leadership roles across diverse industries, including private equity, publicly listed, and family-owned companies. She possesses a master’s degree in Chemistry, along with an MBA.

More information can be found in chapter 'Sustainability & QHSE' of the Group's Annual Report 2022.

HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

(in thousands of euro)
(Half Year (1H) figures)

	Notes	1H23	1H22
REVENUES		1,489,041	1,323,870
Turnover	(1)	1,475,383	1,291,688
Other operating income	(2)	13,658	32,182
OPERATING EXPENSES		-1,431,894	-1,283,814
Raw materials, consumables, services and subcontracted work		-951,287	-851,567
Personnel expenses		-296,419	-271,783
Depreciation and amortisation expenses	(4)/(6)/(7)	-164,759	-151,248
Impairment of property, plant and equipment and right-of-use assets	(6)/(7)	-	-
Impairment of goodwill and intangible assets	(4)/(5)	-	-
Other operating expenses	(2)	-19,429	-9,216
OPERATING RESULT		57,147	40,056
FINANCIAL RESULT		-12,668	4,329
Interest income		4,407	1,976
Interest expense		-10,126	-4,140
Realised/unrealised foreign currency translation effects		-8,703	9,563
Other financial income and expenses		1,754	-3,070
RESULT BEFORE TAXES		44,479	44,385
Current taxes and deferred taxes	(3)	-10,675	-9,765
RESULT AFTER TAXES		33,804	34,620
Share of profit (loss) of joint ventures and associates		2,650	7,146
RESULT FOR THE PERIOD		36,454	41,766
Attributable to non-controlling interests		6,270	2,297
SHARE OF THE GROUP		30,184	39,469
Number of shares	Section 'Share Capital'	25,314,482	25,314,482
Earnings per share (basic and diluted)	Section 'Share Capital'	1.19	1.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)
(Half Year (1H) figures)

	1H23	1H22
Result attributable to non-controlling interests	6,270	2,297
Share of the Group	30,184	39,469
RESULT FOR THE PERIOD	36,454	41,766
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Changes in fair value related to hedging instruments	-2,474	28,995
Share of other comprehensive income of joint-ventures and associates (**)	-2,224	35,576
Changes in cumulative translation adjustment reserve	-5,058	-2,767
Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods		
Remeasurement of net liabilities relating to defined benefit plans	(*)	(*)
Share of other comprehensive income of joint-ventures and associates	(*)	(*)
TOTAL OTHER COMPREHENSIVE INCOME	-9,756	61,804
TOTAL COMPREHENSIVE INCOME	26,698	103,570
Attributable to non-controlling interests	5,753	2,359
SHARE OF THE GROUP	20,945	101,211

(*) The remeasurement of net liabilities relating to defined benefit plans is only done once a year for year-end closing purposes. The change in the actuarial assumptions of inflation rate and discount rate at 30 June 2023 compared to 31 December 2022 is not significant and the impact of the change on the net liabilities relating to defined benefit plans as recorded in the books of 31 December 2022, is considered to be immaterial.

(**) Reference is made to the 'Consolidated Statement of Changes in Equity'. The share of other comprehensive income of joint ventures and associates also relates to changes in fair value of hedging instruments.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

(Full Year (FY) and Half Year (1H) figures)

ASSETS	Notes	1H23	FY22
NON-CURRENT ASSETS		3,159,834	2,969,289
Intangible assets	(4)	23,473	24,315
Goodwill	(5)	13,028	13,028
Property, plant and equipment	(6)	2,567,133	2,422,048
Right-of-use assets	(7)	112,692	98,994
Investments in joint ventures and associates		212,586	202,748
Other non-current financial assets		40,840	32,540
Non-current financial derivatives	(12)	35,938	39,336
Interest rate swaps		*35,724*	*39,127*
Forex/fuel hedges		*214*	*209*
Other non-current assets		11,271	11,892
Deferred tax assets		142,873	124,388
CURRENT ASSETS		1,454,125	1,540,489
Inventories	(8)	28,074	25,696
Contract assets		461,445	344,751
Trade and other operating receivables	(9)	488,851	469,529
Current financial derivatives	(12)	18,547	22,022
Interest rate swaps		*17,496*	*17,638*
Forex/fuel hedges		*1,051*	*4,384*
Assets held for sale	(10)	33,628	31,997
Other current assets		114,142	124,233
Cash and cash equivalents	(11)	309,438	522,261
TOTAL ASSETS		4,613,959	4,509,778

GROUP EQUITY AND LIABILITIES	Notes	1H23	FY22
SHAREHOLDERS' EQUITY		1,805,609	1,753,947
Issued capital		33,194	33,194
Share premium		475,989	475,989
Retained earnings and other reserves		1,279,173	1,218,272
Hedging reserve		65,311	70,020
Remeasurement on retirement obligations		-37,458	-37,458
Cumulative translation adjustment		-10,600	-6,070
NON-CONTROLLING INTERESTS		48,463	22,318
GROUP EQUITY		1,854,072	1,776,265
NON-CURRENT LIABILITIES		926,134	1,015,460
Retirement obligations		60,689	60,523
Provisions		45,821	42,985
Interest-bearing debt	(11)	705,446	789,904
Non-current financial derivatives	(12)	35,035	53,661
Interest rate swaps		-	-
Forex/fuel hedges		*35,035*	*53,661*
Other non-current financial liabilities		11,350	1,238
Deferred tax liabilities		67,793	67,149
CURRENT LIABILITIES		1,833,753	1,718,053
Interest-bearing debt	(11)	319,156	252,870
Current financial derivatives	(12)	31,410	31,579
Interest rate swaps		-	-
Forex/fuel hedges		*31,410*	*31,579*
Provisions		4,717	4,714
Contract liabilities		318,755	323,300
Advances received		95,378	72,539
Trade payables		793,977	777,705
Remuneration and social debt		89,074	98,793
Current income taxes		70,110	66,571
Other current liabilities		111,176	89,982
TOTAL LIABILITIES		2,759,887	2,733,513
TOTAL GROUP EQUITY AND LIABILITIES		4,613,959	4,509,778

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euro)

(Half Year (1H) figures)

	Notes	1H23	1H22
CASH AND CASH EQUIVALENTS, OPENING BALANCE		522,261	528,632
Operating result		57,147	40,056
Dividends from participations accounted for using the equity method		2,604	6,136
Reclassification of (income) loss from sales of property, plant and equipment and financial participations to cash flow from divestments		-2,809	-3,460
Interest received		4,407	1,977
Interest paid		-10,113	-5,101
Foreign currency translation effects and other financial income (costs)		-6,949	6,493
Income taxes paid		-41,976	-29,009
NON-CASH ADJUSTMENTS		170,245	145,722
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		172,556	162,814
CHANGES IN WORKING CAPITAL		-126,664	-89,151
CASH FLOW FROM OPERATING ACTIVITIES		45,892	73,663
INVESTMENTS		-230,848	-224,651
Acquisition of intangible assets	(4)	-1,196	-1,686
Acquisition of property, plant and equipment	(6)	-214,816	-224,633
Cash (out) inflows on acquisition of subsidiaries		-	4,459
Cash (out) inflows on acquisition of associates and joint ventures	(**)	-3,138	-
New borrowings given to joint ventures and associates	(15)	-11,698	-2,678
Cash outflows of other financial assets		-	-113
DIVESTMENTS		22,975	17,739
Sale of intangible assets		-	-
Sale of property, plant and equipment	(6)	9,699	4,655
Cash (out) inflows on disposal of subsidiaries	Section 'Changes in consolidation scope'	9,377	-
Cash (out) inflows on disposal of associates and joint ventures		1,142	-
Repayment of borrowings given to joint ventures and associates	(15)	2,566	13,084
Cash inflows of other financial assets		191	-
CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (*)		-207,873	-206,912
New interest-bearing debt	(11)	90,000	440,000
Repayment of interest-bearing debt	(11)	-137,790	-122,013
Gross dividend paid to the shareholders	Section 'Share Capital'	-	-40,843
Gross dividend paid to non-controlling interests		-	-
CASH FLOW (USED IN) / FROM FINANCIAL ACTIVITIES		-47,790	277,144
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-209,771	143,895
Impact of exchange rate changes on cash and cash equivalents		-3,052	2,718
CASH AND CASH EQUIVALENTS, ENDING BALANCE		309,438	675,245

(*) The amounts of cash flow from investments can differ from the amounts invested in the explanatory notes, due to non-cash corrections such as additions of the year that are not yet paid for (investments) as well as gain/losses realised on sale of property, plant and equipment (divestments).

(**) Cash impact of the year from capital investments in joint ventures and associates for which reference is made to section 'Financial information of operating segments', line 'Capital investments in joint ventures and associates'.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1H23 (in thousands of euro)	Share capital and share premium	Hedging reserve	Remeasure-ment on retirement obligations	Retained earnings and other reserves	Cumulative translation adjustment	Shareholders' equity	Non-controlling interests	Group equity
Ending, 31 December 2022	509,183	70,020	-37,458	1,218,272	-6,070	1,753,947	22,318	1,776,265
Impact IFRS amendments	-	-	-	-	-	-	-	-
Opening, 1 January 2023	509,183	70,020	-37,458	1,218,272	-6,070	1,753,947	22,318	1,776,265
Profit	-	-	-	30,184	-	30,184	6,270	36,454
Other comprehensive income	-	-4,709	-	-	-4,530	-9,239	-517	-9,756
Total comprehensive income	-	-4,709	-	30,184	-4,530	20,945	5,753	26,698
Dividends to pay	-	-	-	-37,972	-	-37,972	-	-37,972
Other	-	-	-	68,689	-	68,689	20,392	89,081
Ending, 30 June 2023	509,183	65,311	-37,458	1,279,173	-10,600	1,805,609	48,463	1,854,072

Share capital amounts to 33,194 thousand euro and share premium amounts to 475,989 thousand euro. After the partial demerger of CFE NV on 29 June 2022, a new holding company DEME Group NV replaced DEME NV and the equity components of this new parent company are now reflected in the DEME Group consolidated figures. The impact of this partial demerger is reflected in the line ‘Other’ as a transfer between retained earnings and other reserves and share capital and share premium in the ‘Consolidated Statement of Changes in Equity’ of H1 2022.

The hedging reserve includes the fair value fluctuations of effective cash flow hedges, net from income taxes. The movement of the half year, -4.7 million euro, also includes the changes in the hedging reserve for joint ventures and associates (-2.2 million euro). Some joint ventures and associates, mainly in the DEME Concessions segment, finance significant assets such as infrastructure works, offshore wind farms or vessels and therefore hold interest rate swaps (IRS). In 2022, the general increase in market interest rates compared to the hedged interest rates had a positive impact on the hedging reserve which explained the positive movement of 64.6 million euro in H1 2022.

Remeasurement on retirement obligations relates to the defined benefit plans (including the Belgian contribution-based plans which are considered to be defined benefit plans under IFRS) actuarial gains/losses (-) and asset limitation, after income taxes.

Retained earnings and other reserves include the revaluation surplus, legal reserve, available reserves, untaxed reserves and retained earnings of the parent company, before result appropriation of the year, as well as the consolidation reserves. Reference is made to the section ‘Changes in the consolidation scope’ for more information on the amount 68.7 million on the line ‘Other’.

Non-controlling interests totaling 48.5 million euro at 30 June 2023, are related to the Environmental segment for an amount of 24.6 million euro (FY 2022: 18.9 million euro), to the Dredging & Infra segment for an amount of 3.2 million euro (FY 2022: 2.8 million euro) and to the Concessions segment for an amount of 20.7 million euro (FY 2022: 0.6 million euro). The increase of 20.4 million euro in the line ‘Other’ is related to the step in of a partner in the company Global Sea Mineral Resources NV (GSR) within segment Concessions. Reference is made to the section ‘Changes in the consolidation scope’.

1H22 (in thousands of euro)	Share capital and share premium	Hedging reserve	Remeasure-ment on retirement obligations	Retained earnings and other reserves	Cumulative translation adjustment	Shareholders' equity	Non-controlling interests	Group equity
Ending, 31 December 2021	36,755	-25,872	-41,283	1,618,824	-8,881	1,579,543	19,696	1,599,239
Impact IFRS amendments	-	-	-	-	-	-	-	-
Opening, 1 January 2022	36,755	-25,872	-41,283	1,618,824	-8,881	1,579,543	19,696	1,599,239
Profit	-	-	-	39,469	-	39,469	2,297	41,766
Other comprehensive income	-	64,604	-	-	-2,862	61,742	62	61,804
Total comprehensive income	-	64,604	-	39,469	-2,862	101,211	2,359	103,570
Dividends paid	-	-	-	-40,843	-	-40,843	-627	-41,470
Other	472,428	-	-	-472,428	-	-	-3	-3
Ending, 30 June 2022	509,183	38,732	-41,283	1,145,022	-11,743	1,639,911	21,425	1,661,336

SEGMENT REPORTING

DESCRIPTION OF OPERATING SEGMENTS

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

OFFSHORE ENERGY

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

DREDGING & INFRA

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

ENVIRONMENTAL

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

CONCESSIONS

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

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

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

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

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

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

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

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

The Share of the Group (IFRS net result) is not affected by the difference in consolidation method, only the presentation of the result of the year is different.

As for the net result from joint ventures and associates and the carrying amount of joint ventures and associates, the reconciliation column includes the net result and carrying amount of joint ventures that are consolidated according to the equity method in the financial statements but according to the proportionate consolidation method in the segment reporting.

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

The segmentation of DEME's fleet is done based upon the nature of the equipment dedicated to a specific segment. An overview of the DEME fleet per nature is attached in the Annual Report 2022. A geographical segmentation of the fleet is not applicable for DEME as its vessels are continuously working on different projects around the world.

FINANCIAL INFORMATION OF OPERATING SEGMENTS

1H23 (in thousands of euro)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total Segments	Reconciliation	Group Financial Statements
Turnover	657,765	716,165	143,299	2,571	1,519,800	-44,417	1,475,383
EBITDA	79,100	102,078	32,451	-6,805	206,824	15,082	221,906
Depreciation and Impairment	-59,100	-103,297	-4,867	-44	-167,308	2,549	-164,759
EBIT	20,000	-1,219	27,584	-6,849	39,516	17,631	57,147
Financial result					-13,884	1,216	-12,668
RESULT BEFORE TAXES					25,632	18,847	44,479
Current taxes and deferred taxes					-8,050	-2,625	-10,675
Net result from joint ventures and associates	-	232	362	18,343	18,937	-16,287	2,650
RESULT FOR THE PERIOD					36,519	-65	36,454
Attributable to non-controlling interests					6,335	-65	6,270
SHARE OF THE GROUP					30,184	-	30,184
Net book value intangible assets	13,613	6,955	1	2,937	23,506	-33	23,473
Net book value property, plant and equipment and right-of-use assets	1,418,919	1,289,061	58,756	80,034	2,846,770	-166,945	2,679,825
Carrying amount of joint ventures and associates	27	5,513	3,441	113,547	122,528	78,708	201,236
Booked as non-current asset	*27*	*5,513*	*3,441*	*115,812*	*124,793*	*87,793*	*212,586*
Booked as non-current financial liability (- is credit)	*-*	*-*	*-*	*-2,265*	*-2,265*	*-9,085*	*-11,350*
Acquisition of property, plant and equipment and right-of-use assets (*)	251,805	81,507	8,449	79,920	421,681	-91,492	330,189
Capital investments in joint ventures and associates	-	-	-	2,637	2,637	891	3,528

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

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

1H22 (in thousands of euro)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total Segments	Reconciliation	Group Financial Statements
Turnover	471,478	746,507	90,735	189	1,308,909	-17,221	1,291,688
EBITDA	100,347	94,611	12,219	-6,927	200,250	-8,946	191,304
Depreciation and Impairment	-47,581	-102,127	-3,971	-29	-153,708	2,460	-151,248
EBIT	52,766	-7,516	8,248	-6,956	46,542	-6,486	40,056
Financial result					3,865	464	4,329
RESULT BEFORE TAXES					50,407	-6,022	44,385
Current taxes and deferred taxes					-12,072	2,307	-9,765
Net result from joint ventures and associates	-	-29	397	3,212	3,580	3,566	7,146
RESULT FOR THE PERIOD					41,915	-149	41,766
Attributable to non-controlling interests					2,446	-149	2,297
SHARE OF THE GROUP					39,469	-	39,469

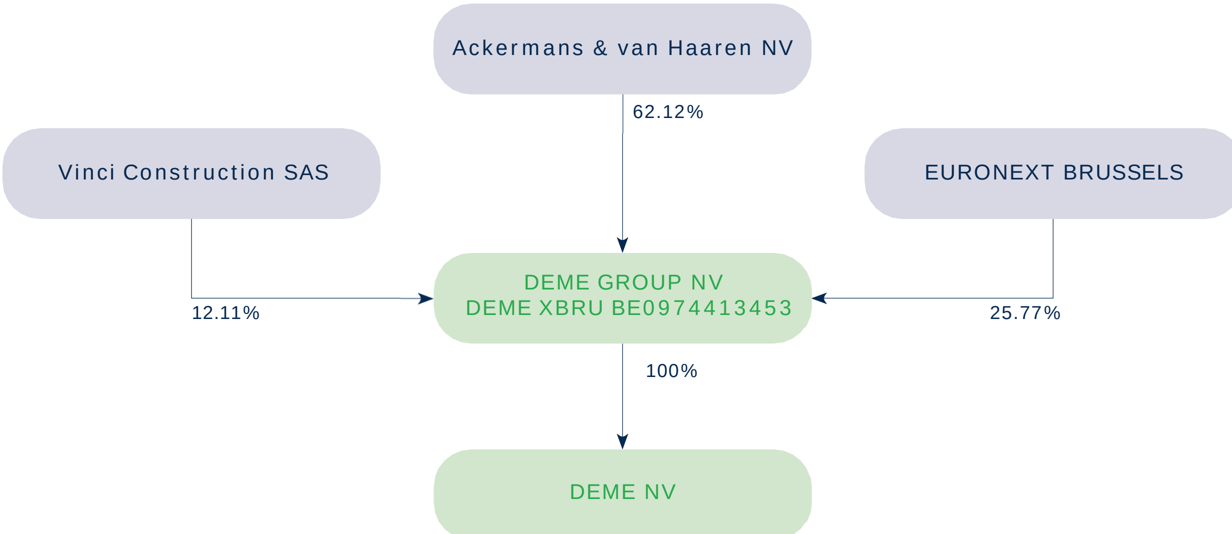
FY22 (in thousands of euro)	Offshore Energy	Dredging & Infra	Environmental	Concessions	Total Segments	Reconciliation	Group Financial Statements
Net book value intangible assets	14,488	8,112	1	1,744	24,345	-30	24,315
Net book value property, plant and equipment and right-of-use assets (**)	1,229,878	1,314,498	55,306	159	2,599,841	-78,799	2,521,042
Carrying amount of joint ventures and associates	27	5,471	3,135	98,258	106,891	94,619	201,510
Booked as non-current asset	*27*	*5,471*	*3,135*	*99,496*	*108,129*	*94,619*	*202,748*
Booked as non-current financial liability (- is credit)	-	-	-	*-1,238*	*-1,238*	-	*-1,238*
Acquisition of property, plant and equipment and right-of-use assets (*)	351,501	170,877	19,630	87	542,095	-14,062	528,033
Capital investments in joint ventures and associates	-	-	-	18,771	18,771	3,893	22,664

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

(**) In comparison with the DEME Annual Report 2022 an amount of 61 million euro is transferred from segment Dredging & Infra to Offshore Energy.

SHAREHOLDER STRUCTURE AND SHARE CAPITAL

At 30 June 2023, the shareholder structure of DEME Group NV is as follows:



Per 30 June 2023, the share capital of DEME Group NV amounts to 33,193,861 euro and is represented by 25,314,482 ordinary shares without nominal value. The owners of ordinary shares have the right to receive dividends and all shares are of the same class and are entitled to one vote per share in Shareholders' General Meetings.

DEME Group NV shares are listed on Euronext Brussels under the symbol “DEME” with ISIN code BE 0974413453. The first day of trading was 30 June 2022. DEME Group's securities are only admitted to trading in Belgium.
DEME Group NV is 100 % shareholder of DEME NV. Until 29 June 2022, DEME NV's 100 % shareholder was the Brussels-based civil engineering contractor CFE NV (XBRU BE0003883031), which is controlled (62.12%) by the Belgian investment Group Ackermans & van Haaren NV (XBRU BE0003764785). Both CFE NV and Ackermans & van Haaren NV are publicly listed companies on Euronext Brussels.

On 29 June 2022, CFE NV, transferred its 100 % stake in DEME NV to a new company, DEME Group NV, by means of a partial demerger and as such the DEME Group became listed as well. At the date of the demerger, the participation in DEME NV was the only asset of the company booked against equity.

At the end of June 2023, the shareholders of DEME Group NV holding 5% or more of total voting rights for the shares they hold are:

Ackermans & van Haaren NV
15,725,684 shares (or 62.12%)
Begijnenvest, 113
B-2000 Antwerp (Belgium)

VINCI Construction SAS
3,066,460 shares (or 12.11%)
1973, Boulevard de la Défense
F-92757 Nanterre Cedex (France)

CORPORATE INFORMATION

DEME is a leading contractor in the fields of offshore energy, environmental remediation, dredging and marine infrastructure. DEME also engages in concessions activities in offshore wind, marine infrastructure, green hydrogen, and deep-sea mineral harvesting.

The company can build on more than 145 years of experience and is a front runner in innovation and new technologies. DEME's vision is to work towards a sustainable future by offering solutions for global challenges: a rising sea level, a growing population, the reduction of emissions, polluted rivers and soils and the scarcity of mineral resources.

DEME can rely on about 5,000 highly skilled professionals and operates one of the largest and most technologically advanced fleets in the world.

DEME Group NV as well as DEME NV are registered in Scheldedijk 30, Zwijndrecht in Belgium where also the head office is located. The companies are registered at the Chamber of Commerce in Antwerp, Belgium with number BE 0974413453 and BE 0400473705 respectively.

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

This Half Year report is presented to the Board of Directors and authorised for publication on 22 August 2023.

EARNINGS AND DIVIDEND PER SHARE

(in thousands of euro)	1H23	1H22
Result for the period from continuing operations - Share of the Group	30,184	39,469
Result for the period - Share of the Group	30,184	39,469
Comprehensive income - Share of the Group	20,945	101,211
Number of ordinary shares at balance sheet date	25,314,482	25,314,482
Earnings per share, based on the number of ordinary shares at the end of the period (both basic and diluted) in euro:		
Earnings per share from continuing operations (Share of the Group)	1.19	1.56
Earnings per share (Share of the Group)	1.19	1.56
Comprehensive income (Share of the Group) per share	0.83	4.00

For FY 2022, the General Assembly of 17 May 2023 approved the distribution of a gross dividend of 1.5 euro (1.05 euro net) per share. This dividend was paid on 10 July 2023 for a total amount of 37.971.723 euro.

GENERAL POLICIES AND CHANGES IN THE CURRENT REPORTING PERIOD

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2023, have been prepared in accordance with IAS 34 *interim financial reporting*.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements as of 31 December 2022.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Below amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group:

– Amendments to IAS 1 *presentation of financial statements* and IFRS practice statement 2: *disclosure of accounting policies.* As required by Amendments to IAS 1 *presentation of financial statements* and IFRS practice statement 2, a detailed review of DEME's accounting policies will be done for year-end 2023 financials.
– Amendments to IAS 8 *accounting policies, changes in accounting estimates and errors*: definition of accounting estimates
– Amendments to IAS 12 *income taxes*: deferred tax related to assets and liabilities arising from a single transaction
– IFRS 17 *insurance contracts*

Below amendments apply for the first time in 2023 and will have an impact on the Group's consolidated financial statements as of 31 December 2023:

– Amendments to IAS 12 *income taxes*: Pillar Two Model Rules International Tax Reform (subject to EU endorsement). The amendments include a temporary exception to the accounting and disclosing for deferred taxes related to Pillar Two in interim periods ending before 31 December 2023. The Group is currently assessing Pillar Two impacts and has applied the exception.

SEASONAL NATURE OF THE BUSINESS

The Group operates in the fields of dredging, marine infrastructure, solutions for the offshore energy market and environmental works. Our projects are executed on different continents, in onshore and offshore locations. Seasonal patterns and weather conditions can impact our operations, but it's more the timing of commencement and completion of our projects that can have an impact on the Group's results and financial position at closing date.

JUDGMENTS AND ESTIMATES

While preparing the interim condensed consolidated financial statements, DEME management makes judgments, estimates and assumptions that affect the application of accounting principles and the recognised amounts under assets, liabilities, income and expense. Actual results may be different from these estimates and estimates may be revised if the circumstances on which they were based alter or if new information becomes available. However, the areas of policy judgment and the key sources for making estimates are consistent with those followed in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2022, with the exception of income tax expense. The Half Year income tax expense is calculated using the tax rate that would be applicable to the expected total annual earnings.

RISKS AND UNCERTAINTIES

This chapter should be read together with the section 'Risk management & control processes' in the Group's Annual Report 2022. Reference is made to note (13) Contingent assets and liabilities of this Half Year report and to section 'Summary of Principal Accounting Policies' within the Financial Chapter of the Group's Annual Report 2022 for 'Disclosures related to 2022 Specific Topics'.

CHANGES IN THE CONSOLIDATION SCOPE

The following jointly controlled entities and associates were created during H1 2023:

Jointly controlled entities:

- D&S Contractors NV (Belgium) (49.50%), within the Dredging & Infra segment

Associates:

- Infra Ron BV (Belgium) (25%), within the Concessions segment
- Terranova Hydrogen NV (Belgium) (8.32%), within the Environmental segment

The name of the following subsidiaries and associates changed in H1 2023:

- DEME Reinsurance SA (Luxembourg) (former Safindi RE SA), within the Infra & Dredging segment
- Bowdun Offshore Wind Farm Ltd (UK) (E3) (former Thistle Wind Partners Cluaran Deas Ear Ltd), within the Concessions segment
- Ayre Offshore Wind Farm Ltd (UK) (NE2) (former Thistle Wind Partners Cluaran Ear Truath Ltd), within the Concessions segment

The following jointly controlled entity, within the Offshore Energy segment, was liquidated during H1 2023:

- Guangzhou Coscocs DEME New Energy Engineering Co. Ltd (China) (50%)

The percentage of shareholding in the following subsidiaries changed during H1 2023:

- Global Sea Mineral Resources NV (GSR) (Belgium) and its 100% affiliate Deeptech NV (Belgium), within segment Concessions, from 100% to 84.3%

The Group has entered into a strategic cooperation with Transocean Ltd., a global leader in the offshore drilling industry. This cooperation brings together the leadership of GSR in ultra-deepwater mineral exploration and seafloor nodule collection technology with Transocean's world-class offshore expertise and capabilities.

As part of its investment, Transocean is contributing the deepwater drilling vessel 'Ocean Rig Olympia', valued at 85 million USD, for GSR's ongoing exploration work. Next to that, a cash investment of 10 million USD (9.4 million euro) as well as engineering capacity is contributed. In return, Transocean is receiving a minority stake of 15.7%, including a board seat in GSR.

To become fully operational, the entity needs to obtain a license to operate. GSR is in the process of obtaining such license and at the moment of issuance of this report, there is no indication that the license would not be granted.

As the change in GSR's ownership does not imply losing control, the transaction has been accounted for as an equity transaction with non-controlling interest (NCI), resulting in the following:

in millions of euro	
Assets contributed in GSR	89.1
Net assets attributable to NCI	-20.4
Increase in equity attributable to the parent	68.7
Represented by	
Increase in retained earnings	68.7

FOREIGN CURRENCIES

The Group's consolidated financial statements are presented in euro, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Financial statements of foreign entities with a functional currency not equal to the euro, are translated as follows:
- assets and liabilities are translated at the year-end rate
- income and expenses are translated at the average exchange rate for the year
- shareholders' equity accounts are translated at historical exchange rates

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

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.

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 owner of the Company are reclassified to profit or loss.

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

Currency rates from foreign currency to EUR

	30 June 2023		31 December 2022	
	Closing rate	Average rate	Closing rate	Average rate
AED	0.2496	0.2522	0.2545	0.2576
AOA	0.0011	0.0017	0.0019	0.0021
AUD	0.6110	0.6225	0.6366	0.6570
BRL	0.1915	0.1828	0.1768	0.1835
CAD	0.6925	0.6870	0.6896	0.7268
CNY	0.1264	0.1331	0.1355	0.1408
EGP	0.0297	0.0312	0.0378	0.0498
GBP	1.1644	1.1440	1.1303	1.1717
HKD	0.1170	0.1182	0.1197	0.1208
INR	0.0112	0.0113	0.0113	0.0121
JPY	0.0064	0.0068	0.0071	0.0073
MXN	0.0536	0.0510	0.0480	0.0472
MYR	0.1965	0.2073	0.2124	0.2157
NGN	0.0012	0.0019	0.0021	0.0022
OMR	2.3825	2.4078	2.4289	2.4587
PGK	0.2498	0.2547	0.2584	0.2615
PHP	0.0166	0.0168	0.0168	0.0174
PLN	0.2258	0.2168	0.2135	0.2139
QAR	0.2517	0.2540	0.2549	0.2592
RUB	0.0105	0.0120	0.0129	0.0143
SGD	0.6780	0.6919	0.6974	0.6876
TWD	0.0294	0.0302	0.0306	0.0319
UAH	0.0251	0.0251	0.0253	0.0294
USD	0.9166	0.9261	0.9344	0.9462
UYU	0.0245	0.0239	0.0234	0.0230
ZAR	0.0487	0.0510	0.0550	0.0577

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – TURNOVER AND ORDERBOOK

TURNOVER

A split of the DEME turnover by nature, segment and geographical market can be found below.

Turnover by nature (in thousands of euro)	1H23	1H22
Revenue from contracts with customers	1,466,089	1,286,284
Revenue from ancillary activities	9,294	5,404
Total turnover as per financial statements	1,475,383	1,291,688

Turnover by segment (in thousands of euro)	1H23	1H22
Offshore Energy	657,765	471,478
Dredging & Infra	716,165	746,507
Environmental	143,299	90,735
Concessions	2,571	189
Total turnover by segment	1,519,800	1,308,909
Reconciliation	-44,417	-17,221
Total turnover as per financial statements	1,475,383	1,291,688

The reconciliation between the segment turnover and the turnover in the 'Consolidated Statement of Income' refers to the turnover of joint ventures. They are consolidated according to the proportionate method in the segment reporting but according to the equity consolidation method (application of IAS 28) in the financial statements.

Turnover by geographical market (in thousands of euro)	1H23	1H22
Belgium	210,783	168,396
Europe - EU	530,436	654,928
Europe - non EU	180,583	121,505
Africa	102,569	189,477
Asia & Oceania	87,964	75,906
America	278,967	47,998
Indian subcontinent	71,342	28,785
Middle East	12,739	4,693
Total turnover as per financial statements	1,475,383	1,291,688

A geographical market is determined as the area (location) where projects are realised and services are provided or the project location for offshore works.

From a geographical perspective, turnover has become more diversified with a lower contribution for Europe and Africa, but with significant turnover growth in the American region following strong order intake for offshore projects over the last year.

Similar to last year, there are no clients contributing more than 10% in the H1 2023 Group's turnover.

Because of the occasional nature and spread of the contracts, none of the DEME clients structurally qualify as a material client in relation to the total turnover of the Group.

ORDERBOOK

The Group's orderbook is the contract value of assignments acquired as of 30 June (Half Year reporting), and 31 December (Full Year reporting) but that is not yet accounted for as turnover because of non-completion. The orderbook also includes the Group's share in the orderbook of joint ventures, but not of associates.

Contracts are not included in the orderbook until the agreement with the client is signed. A letter of award is not sufficient to include the contract in the orderbook according to the Group's policy. In addition, financial close must be reached when projects will be executed in 'uncertain' countries before including them in the orderbook. 'Uncertain countries' are identified at the discretion of the Executive Committee.

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

Orderbook by segment (in thousands of euro)	1H23	1H22	FY22
Offshore Energy	3,892,440	2,608,149	3,260,909
Dredging & Infra	3,436,020	2,702,590	2,615,713
Environmental	325,540	309,261	313,378
Concessions	-	-	-
Total orderbook	7,654,000	5,620,000	6,190,000

The Group's orderbook reached a record level of 7.7 billion euro, a 36% growth compared to H1 2022. This is once again a step-up compared to the 6.2 billion euro at the end of last year and the record level of 7.1 billion euro at the end of the first quarter of 2023. The increase was led by strong demand in all contracting segments, each of which attained all-time high orderbooks as well. Noteworthy additions were the design and the construction of the Princess Elisabeth Island in Belgium, work in the Middle East and offshore wind projects in France and the US.

Orderbook by geographical market (in thousands of euro)	1H23	1H22	FY22
Europe - EU	3,921,780	2,746,792	2,467,294
Europe - non EU	876,145	735,888	898,747
Africa	508,014	406,506	306,325
Asia & Oceania	657,944	279,596	752,385
America	1,464,940	1,424,983	1,692,695
Indian subcontinent	8,987	19,810	68,033
Middle East	216,190	6,425	4,521
Total orderbook	7,654,000	5,620,000	6,190,000

Orderbook 1H23 split in time (in thousands of euro)	2H23	2024	2025	2026	Beyond	Total
Total orderbook	1,493,603	2,942,238	2,162,272	632,734	423,153	7,654,000

The execution of the orderbook depends on several factors, such as weather circumstances, soil and technical conditions, vessel availability and a lot of other factors.

NOTE 2 – OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

(in thousands of euro)	1H23	1H22
Gain on sale of property, plant and equipment	2,868	5,079
Gain on disposal of financial fixed assets	-	-
Other operating income	10,790	27,103
Total other operating income	13,658	32,182

Per 30 June 2023 the amount of gain on sale of property, plant and equipment is mainly related to the sale of various equipment within the Dredging & Infra and Offshore Energy segment. In H1 2022 the amount is mainly related to the sale of the jack-up installation vessel 'Thor' (Offshore Energy segment).

The other operating income of H1 2023 includes various insurance damage claims related to the equipment. The H1 2022 other operating income includes amongst others income for delay damages for an amount of 18.8 million euro related to the 'Orion'. This income was a compensation for the incremental costs incurred as a result of the late delivery of the vessel.

OTHER OPERATING EXPENSES

(in thousands of euro)	1H23	1H22
Loss on sale of property, plant and equipment	59	7
Loss on disposal of financial fixed assets	-	3
Movement in amounts written off inventories and trade receivables	-196	-5,256
Movement in retirement benefit obligations	166	115
Movement in provisions	2,839	2,865
Other operating expenses	16,561	11,482
Total other operating expenses	19,429	9,216

Movements in provisions mainly relate to the movements in warranty provisions.

The decrease of amounts written off for inventories and trade receivables of prior year was partially caused by the final write-off of a customer receivable and the related bad debt allowance. The allowance recognized as a cost in prior years was reversed within amounts written off for trade receivables, whereas the write-off of the customer is booked as a service cost in the consolidated statement of income. The other movement in amounts written off for inventories and trade receivables is the reversal of the allowance for bad debtors that are no longer uncollectable.

Other operating expenses mainly include various taxes, import and stamp duties.

NOTE 3 – CURRENT TAXES AND DEFERRED TAXES

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of the income tax expense in the 'Consolidated Statement of Income' are:

(in thousands of euro)	1H23	1H22
Current taxes	28,383	16,415
Deferred taxes relating to origination and reversal of temporary differences	-17,708	-6,650
Income tax expense recognised in Consolidated Statement of Income	10,675	9,765

NOTE 4 – INTANGIBLE ASSETS

1H23 (in thousands of euro)		Development costs	Concessions, patents, licences, etc.	Other intangible assets	Total
Acquisition cost at 1 January 2023		5,840	34,408	13,588	53,836
Movements during the year	Additions, including fixed assets, own production	1,193	4	-	1,197
	Sales and disposals	-	-104	-21	-125
	Transfers from one heading to another	-	-	-	-
	Translation differences	-	-	-	-
	Additions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-	-9	-	-9
At 30 June 2023		7,033	34,299	13,567	54,899
Cumulative amortisation and impairment at 1 January 2023		4,096	15,482	9,943	29,521
Movements during the year	Amortisation of the year	-	1,476	498	1,974
	Written down after sales and disposals	-	-72	12	-60
	Transfers from one heading to another	-	-	-	-
	Translation differences	-	-	-	-
	Additions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-	-9	-	-9
At 30 June 2023		4,096	16,877	10,453	31,426
Net book value FY22		1,744	18,926	3,645	24,315
Net book value 1H23		2,937	17,422	3,114	23,473

'Concessions, patents and licenses' do not include indefinite useful lives intangible assets.

The H1 2023 additions mainly relate to the capitalisation of development cost in the Concessions segment.

Amortisation of the year is recognised under 'depreciation and amortisation expenses' in the 'Consolidated Statement of Income' for an amount of 2 million euro. Amortisation of development costs starts at the earliest on the date financial close of the related project is reached.

The total net book value of 23.5 million euro at 30 June 2023, includes the intangible assets of the SPT Offshore Group (13.5 million euro) that are amortised over the economic lifetime of 10 years. SPT Offshore Holding BV and affiliates within the Offshore Energy segment was acquired by the Group at the end of 2020.

NOTE 5 – GOODWILL

(in thousands of euro)		1H23	FY22
Balance at 1 January		13,028	13,028
Movements during the year	Acquisitions through business combinations	-	-
	Disposals	-	-
	Impairment losses	-	-
Balance at 30 June (1H) / 31 December (FY)		13,028	13,028

IMPAIRMENT TESTING OF GOODWILL

In accordance with IAS 36 *impairment of assets*, goodwill was tested for impairment at 31 December 2022.

Within the DEME Group, goodwill is tested for impairment on an annual basis. The impairment tests are based on figures and insights of the third quarter of the annual reporting year. If there is an indication that the cash generating unit to which the goodwill is allocated could have suffered a loss of value, impairment testing is done more frequently. During H1 2023, there were no such indicators and no additional impairment tests were made.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

1H23 (in thousands of euro)		Land and buildings	Floating and other construction equipment	Furniture and vehicles	Other tangible assets	Assets under construction	Total property, plant and equipment
Acquisition cost at 1 January 2023		119,923	4,694,683	20,564	7,256	223,042	5,065,468
Movements during the year	Additions, including fixed assets, own production	642	114,906	1,353	-	183,446	300,347
	Sales and disposals	-4	-16,943	-919	-3	-	-17,869
	Transfer to 'Assets held for Sale'	-4,312	-	-	-	-	-4,312
	Transfers from one heading to another	1,132	126,624	337	-71	-128,022	-
	Translation differences	-264	-3,871	-573	-	-	-4,708
	Acquisitions through business combinations	-	-	-	-	-	-
	Changes in consolidation scope or method	-	-	-	-	-	-
At 30 June 2023		117,117	4,915,399	20,762	7,182	278,466	5,338,926
Cumulative depreciation and impairment at 1 January 2023		53,635	2,569,518	17,094	3,173	-	2,643,420
Movements during the year	Depreciation charge of the year	2,722	143,877	1,085	211	-	147,895
	Written down after sales and disposals	-3	-12,059	-608	-2	-	-12,672
	Transfer to 'Assets held for Sale'	-2,682	-	-	-	-	-2,682
	Transfers from one heading to another	-	-81	81	-	-	-
	Translation differences	-238	-3,523	-407	-	-	-4,168
	Acquisitions through business combinations	-	-	-	-	-	-
	Changes in consolidation scope or method	-	-	-	-	-	-
At 30 June 2023		53,434	2,697,732	17,245	3,382	-	2,771,793
Net book value FY22		66,288	2,125,165	3,470	4,083	223,042	2,422,048
Net book value 1H23		63,683	2,217,667	3,517	3,800	278,466	2,567,133

At 30 June 2023, the net book value of ‘Floating equipment’ as part of ‘Floating and other construction equipment’ contributes 97% to the total of this category. Other construction equipment within ‘Floating and other construction equipment’ consists amongst other of dry earth moving equipment, pipelines and equipment of DEME Infra.

The DP2 jack-up installation vessels ‘Sea Installer’ and ‘Sea Challenger’ are currently undergoing an extensive upgrade, preparing them for offshore wind farm projects in the US and Japan. For both vessels, the crane’s lifting capacity will be increased from 900 tonnes to 1,600 tonnes and a wider beam and longer legs will enable the vessels to handle the next generation of mega wind turbines. The amount invested in the ‘Sea Installer’ is included in the additions in ‘Floating and other construction equipment’.The investment in the ‘Sea Challenger’ is carried out within a Japanese joint venture between DEME (49%) and partner Penta-Ocean Construction. The company will upgrade and take ownership of the ‘Sea Challenger’ in 2024 and reflag the vessel to the Japanese flag. As the joint venture is integrated according to equity method, the investment is not included in ‘Property, Plant and Equipment’ of the ‘Consolidated Statement of Financial Position’. DEME is however financing the vessel through capital and shareholders loan, booked as financial asset.

In January 2022, DEME has entered into an agreement with the Norwegian shipping company Eidesvik to acquire the DP3 offshore installation vessel ‘Viking Neptun’. DEME has upgraded the vessel into a cable laying vessel and since the first quarter of 2023, DEME deploys the vessel on projects. The vessel was transferred from ‘Assets under construction’ to ‘Floating and other construction equipment’.

In light of upgrading its fallpipe vessel fleet, DEME also invested in a new DP fallpipe vessel by purchasing and converting a bulk carrier. The vessel will be equipped with a central fallpipe system with a large inclined fallpipe in order to allow pre- and post- lay activities using rocks with larger diameters, close to subsea structures. This vessel named ‘Yellowstone’ will join the DEME fleet in H1 2024 and is still included in ‘Assets under construction’.

In the beginning of 2023, Transocean, a global leader in the offshore drilling industry, has made a non-controlling investment for 15.7% in GSR (deep sea mining) through the contribution of a deepwater drilling vessel, and a cash investment. The ‘Ocean Rig Olympia’ is included within the additions and net book value of ‘Assets under construction’ but the addition of the year is a non-cash item.

In 2020 CDWE, the Taiwanese joint venture between DEME (49.99%) and partner CSBC, ordered the offshore wind installation vessel 'Green Jade' in Taiwan. The floating heavy-duty crane and installation vessel with DP3 capacity in Taiwan is equipped with a high-tech crane with a lifting capacity of 4,000 tonnes. The vessel joined the fleet in July 2023 and in the third quarter of 2023 the vessel will be deployed in the thriving local offshore wind market. As the joint venture is integrated according to equity method, the new vessel will not be included in 'Property, Plant and Equipment'. DEME however invested itself approximately 30 million euro in CDWE in 2020 and 13.3 million euro in 2021 as capital for the joint venture. No additional capital was invested by DEME in 2022 and 2023. The joint venture itself secured a long-term bank loan for further payment of the 'Green Jade' in the third quarter of 2023.

In H1 2023, 0.4 million euro specific borrowing costs related to assets under construction were capitalised.

In addition to the contribution in kind of the 'Ocean Rig Olympia', the additions within 'Assets under construction' mainly include the amounts invested in H1 2023 in the 'Yellowstone', the 'Viking Neptun', in some additional modifications for the 'Orion' and the investment in a new office building.

At 30 June 2023, the commitments made for investments in the coming years amount to 101.9 million euro, mainly for the upgrades of the vessels 'Yellowstone', 'Viking Neptun', 'Sea Installer' and for some additional modifications to the 'Orion'.

The workshop in Zeebrugge, included in 'Land and buildings', with a net book value of 1.6 million euro, has been transferred to 'Assets held for sale' (note (10)).

No impairment charges on 'Property, Plant and Equipment' were booked in H1 2023.

The investments done in joint ventures such as the investment in the 'Green Jade' and the 'Sea Challenger' are not included in 'Property, Plant and Equipment' of the 'Consolidated Statement of Financial Position'. However reference is made to the segment reporting of 30 June 2023 and 31 December 2022 where the amounts included in the 'Reconciliation' column on the lines 'Net book value property, plant and equipment and right-of-use assets' and 'Acquisition of property, plant and equipment and right-of-use assets' relate to joint ventures.

NOTE 7 – RIGHT-OF-USE ASSETS

1H23 (in thousands of euro)		Land and buildings	Floating and other construction equipment	Furniture and vehicles	Total Right-of-use assets
Acquisition cost at 1 January 2023		99,303	21,410	38,147	158,860
Movements during the year	Additions, including fixed assets, own production	20,467	3,939	5,435	29,841
	Sales and disposals	-3,915	-3,899	-6,596	-14,410
	Transfers from one heading to another	-	-	-	-
	Translation differences	43	-58	-31	-46
	Acquisitions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-	-	-	-
At 30 June 2023		115,898	21,392	36,955	174,245
Cumulative depreciation and impairment at 1 January 2023		29,639	9,759	20,468	59,866
Movements during the year	Depreciation charge of the year	7,282	3,491	4,116	14,889
	Written down after sales and disposals	-3,848	-3,675	-5,565	-13,088
	Transfers from one heading to another	-	4	-4	-
	Translation differences	-58	-35	-21	-114
	Acquisitions through business combinations	-	-	-	-
	Changes in consolidation scope or method	-	-	-	-
At 30 June 2023		33,015	9,544	18,994	61,553
Net book value FY22		69,664	11,651	17,679	98,994
Net book value 1H23		82,883	11,848	17,961	112,692

The net carrying amount of right-of-use assets amounts to 112.7 million euro at 30 June 2023, compared to 99.0 million euro at the end of 2022.

At 30 June 2023, the net book value of ‘Land and buildings’ can be split into 66.2 million euro land and 16.7 million euro buildings. The major increase in ‘Land and buildings’ in 2023 is related amongst others to the hire of additional land in Vlissingen.

The category ‘Floating and other construction equipment’ includes amongst others support vessels and dry earth equipment.

NOTE 8 – INVENTORIES

(in thousands of euro)	1H23	FY22
Raw materials	4,048	2,779
Consumables	24,026	22,917
Total inventories	28,074	25,696
Movement of the year recorded in Statement of Income	2,378	13,528

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

The movement of the year of consumables is impacted by the moment of refueling of the vessels and the fuel usage up till closing date. Also the start-up of projects and preparation of the fleet can impact this movement.

No inventories are pledged as security for liabilities.

NOTE 9 – TRADE AND OTHER OPERATING RECEIVABLES

At 30 June 2023, the ‘Trade and other operating receivables’ amounts to 488,851 thousand euro, compared to 469,529 thousand euro at year-end 2022. The increase in ‘Trade and other operating receivables’ mainly relates to an increase in amounts due from joint ventures as well as an increase in current income tax receivables.

The Group carries out a diversity of projects, all with different aspects regarding e.g. nature and scope, type of clients, type of contract and payment conditions and geographical location. A large part of the consolidated turnover is realised through public or semi-public sector customers. The level of counterparty risk is also limited by the large number of customers. The Group applies procedures to monitor its outstanding receivables and as such to limit the residual risk. Based upon both historical and current assessments, credit losses within the Group remain insignificant compared to the level of activity.

NOTE 10 – ASSETS HELD FOR SALE

(in thousands of euro)	1H23	FY22
Assets held for sale	33,628	31,997

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

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

Last year at 31 December 2022, DEME management was of the opinion that all of the conditions were fulfilled and that a sale within the next 12 months was highly probable for the vessel ‘Groenewind’ within the Offshore Energy segment. The net book value of the vessel was 32 million euro, which was the lower of the carrying amount and fair value at closing date. All of the above conditions remained the same as per 30 June 2023. Moreover, the vessel is sold in July 2023 resulting in a gain on disposal that will be included in ‘other operating income’ in H2 2023.

Per 30 June 2023, DEME management is also of the opinion that all of the conditions have been fulfilled and a sale within the next 12 months is highly probable for the workshop in Zeebrugge. The net book value of the workshop amounts to 1.6 million euro.

NOTE 11 – INTEREST-BEARING DEBT AND NET FINANCIAL DEBT

NET FINANCIAL DEBT AS DEFINED BY THE GROUP

(in thousands of euro / (-) is debit balance)		1H23			FY22	
	Non-current	Current	Total	Non-current	Current	Total
Subordinated loans	677	-	677	677	-	677
Lease liabilities	87,912	27,352	115,264	76,382	24,960	101,342
Credit institutions	615,503	201,804	817,307	711,441	227,910	939,351
Other long-term loans	1,354	-	1,354	1,404	-	1,404
Short-term credit facilities		90,000	90,000		-	-
Total interest-bearing debt	705,446	319,156	1,024,602	789,904	252,870	1,042,774
Short-term deposits		-75,390	-75,390		-31,646	-31,646
Cash at bank and in hand		-234,048	-234,048		-490,615	-490,615
Total cash and cash equivalents		-309,438	-309,438		-522,261	-522,261
Total net financial debt	705,446	9,718	715,164	789,904	-269,391	520,513

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

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

On 20 May 2022, DEME Coordination Center NV entered additionally into bilateral term loan facility agreements. These facilities were fully drawn on 15 June 2022. The financing package amounting to 440 million euro, is amortised over eight years (16 equal half-yearly capital instalments) and is based on the loan documentation that was used for previous transactions, updated to the new LMA-standard, including the sustainability KPI's that were introduced in all term loan facility agreements in February 2022. The financial covenants applying to the new credit facilities are the same as in previous transactions.

In line with DEME's sustainability goals, the Group converted its long-term loans into sustainability-linked loans, totalling 739 million EUR per H1 2023. This major commitment highlights DEME's vision to realise a sustainable future. The two metrics required by the loan-agreements are the worldwide LTIFR and the low carbon fuels.

The total subordinated loan is contracted by entity Combined Marine Terminal Operations Worldwide NV (CTOW) and includes the part due to the partners in the company. As per contract modalities no fix instalments are due, therefore the loan is reported as long-term debt and will only be reported as short-term debt in the year before the maturity date.

DEBT MATURITY SCHEDULE OF TOTAL LONG-TERM FINANCIAL LIABILITIES

1H23 (in thousands of euro)	More than 5 years	Between 1 and 5 years	Less than one year	Total
Subordinated loans	-	677	-	677
Lease liabilities	43,962	43,950	27,352	115,264
Credit institutions	112,413	503,090	201,804	817,307
Other long-term loans	-	1,354	-	1,354
Total long-term financial liabilities	156,375	549,071	229,156	934,602

FY22 (in thousands of euro)	More than 5 years	Between 1 and 5 years	Less than one year	Total
Subordinated loans	-	677	-	677
Lease liabilities	35,315	41,067	24,960	101,342
Credit institutions	140,494	570,947	227,910	939,351
Other long-term loans	-	1,404	-	1,404
Total long-term financial liabilities	175,809	614,095	252,870	1,042,774

CASH FLOWS RELATED TO FINANCIAL LIABILITIES

Total interest-bearing debt (in thousands of euro)		1H23	FY22
Balance at 1 January		1,042,774	921,310
Cash movements as per cash flow from financial activities		-47,790	84,512
Movements during the year	New interest-bearing debt	90,000	465,000
	Repayment of interest-bearing debt	-137,790	-380,488
Non-cash movements		29,618	36,952
Movements during the year	Assumed in business combinations	-	-
	IFRS 16 *leases*	29,842	36,952
	Other	-224	-
Balance at 30 June		1,024,602	1,042,774

CASH AND CASH EQUIVALENTS

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

At 30 June 2023, the amount of cash available at DEME's internal bank ready for use by the Group amounted to 48.8 million euro out of 309.4 million euro cash & cash equivalents. As such an amount of 260.6 million euro was not immediately available. At the end of 2022 the cash that was immediately available at DEME's internal bank amounted to 313.9 million euro out of 522.3 million euro cash and cash equivalents. The cash not immediately available amounted to 208.4 million euro.

CREDIT FACILITIES AND BANK TERM LOANS

At 30 June 2023 and similar to last year, the Group has 125 million euro available but undrawn bank credit facilities. In addition, during H1 2023 the Group issued commercial paper for an amount of 90 million euro. DEME has the possibility to issue commercial paper for amounts up to 250 million euro in total, compared to 125 million euro last year.

FINANCIAL COVENANTS

Bilateral loans are subject to specific covenants. The same set of financial covenants as for the revolving credit facilities is applicable for the long-term loan facilities. At 30 June 2023 as well as at 31 December 2022 the Group complies with the solvency ratio (>25%), the debt/EBITDA ratio (<3), and the interest cover ratio (>3), that were agreed upon within the contractual terms of the loans received.

The solvency ratio that should be higher than 25% is computed as shareholders' equity less intangible assets and goodwill divided by the balance sheet total adjusted for intangible assets and deferred tax assets. The solvency ratio at 30 June 2023 equals 38.3 % (FY 2022: 38.1%).

The debt/EBITDA ratio computed as total net financial debt (without subordinated and other loans) divided by EBITDA, should be lower than 3. The debt/EBITDA ratio at 30 June 2023 amounts to 1.41 (FY 2022: 1.09).

The interest cover ratio computed as EBITDA divided by net financial interest charges (interest charges less interest income), should be higher than 3. The interest cover ratio at 30 June 2023 is 40.6 (FY 2022: 53.3).

NOTE 12 – FINANCIAL RISK MANAGEMENT AND FINANCIAL DERIVATIVES

The Group uses derivative financial instruments primarily to reduce fluctuations in interest rates, foreign exchange rates, prices of commodities and other market risks. Derivatives are designated exclusively as hedging instruments and not for trading or other speculative purposes.

As of 30 June 2023, derivative financial instruments are measured at their fair value.

The policy and procedures regarding financial risk management are identical to the ones described in depth in the Annual Report 2022.

INTEREST RATE RISK

Hedging instruments swap the variable interest rate into a fixed one as described in the tables below. Lease liabilities are not included.

1H23

Effective average interest rate before considering derivatives products

(in thousands of euro)

	Fixed Rate			Floating Rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	79,881	100.00%	1.87%	739,457	89.15%	4.42%	819,338	90.10%	4.17%
Short-term credit facilities	-	-	-	90,000	10.85%	4.03%	90,000	9.90%	4.03%
Total	79,881	100.00%	1.87%	829,457	100.00%	4.38%	909,338	100.00%	4.16%

Effective average interest rate after considering derivatives products

	Fixed Rate			Floating Rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	819,338	100.00%	1.61%	-	-	-	819,338	90.10%	1.61%
Short-term credit facilities	-	-	-	90,000	100.00%	4.03%	90,000	9.90%	4.03%
Total	819,338	100.00%	1.61%	90,000	100.00%	4.03%	909,338	100.00%	1.85%

Except for the short-term credit facilities (commercial paper) of 90 million euro, the entire Group's outstanding debt portfolio (short and long-term) has a fixed interest rate character, which limits the exposure of the Group to interest rate fluctuations.

FY22

Effective average interest rate before considering derivatives products

(in thousands of euro)

	Fixed Rate			Floating Rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	98,572	100.00%	1.75%	842,860	100.00%	3.01%	941,432	100.00%	2.88%
Short-term credit facilities	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
Total	98,572	100.00%	1.75%	842,860	100.00%	3.01%	941,432	100.00%	2.88%

Effective average interest rate after considering derivatives products

	Fixed Rate			Floating Rate			Total		
Type of debts	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Credit institutions, subordinated loans & other loans	941,432	100.00%	1.58%	-	0.00%	-	941,432	100.00%	1.58%
Short-term credit facilities	-	0.00%	-	-	0.00%	-	-	0.00%	0.00%
Total	941,432	100%	1.58%	-	0.00%	-	941,432	100.00%	1.58%

LONG-TERM FINANCIAL DEBTS BY CURRENCY

The outstanding financial debts (excluding lease debts which are mostly in euro) by currency are as follows:

(in thousands of euro)	1H23	FY22
EUR	909,338	941,432
USD	-	-
Other currencies	-	-
Total long-term debts (*)	909,338	941,432

(*) Total Long-term debts also includes the current portion of the Long-term debts (note (11)).

FAIR VALUES AND HIERARCHY

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

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

Set out below is an overview of the carrying amounts of the Group’s financial instruments that are shown in the financial statements. All fair values mentioned in the table below relate to Level 2. During the reporting periods set out below, there were no transfers between any of the fair value measurement levels.

1H23 (in thousands of euro)	Derivatives designated as hedging instrument	Assets & liabilities at amortised cost	Book value	Fair value measurement by level	Fair value
Non-current assets	35,938	52,111	88,049		87,582
Other non-current financial assets	-	40,840	40,840	Level 2	41,425
Financial derivatives	35,938	-	35,938	Level 2	35,938
Other non-current assets	-	11,271	11,271	Level 2	10,218
Current assets	18,547	912,431	930,978		931,105
Trade receivables and other operating receivables	-	488,851	488,851	Level 2	488,978
Financial derivatives	18,547	-	18,547	Level 2	18,547
Cash and cash equivalents	-	309,438	309,438	Level 2	309,438
Other current assets	-	114,142	114,142	Level 2	114,142
Non-current liabilities	35,035	716,796	751,831		710,235
Interest-bearing debt	-	705,446	705,446	Level 2	663,850
Financial derivatives	35,035	-	35,035	Level 2	35,035
Other liabilities	-	11,350	11,350	Level 2	11,350
Current liabilities	31,410	1,478,871	1,510,281		1,517,090
Interest-bearing debt	-	319,156	319,156	Level 2	325,965
Financial derivatives	31,410	-	31,410	Level 2	31,410
Advances received	-	95,378	95,378	Level 2	95,378
Trade payables	-	793,977	793,977	Level 2	793,977
Remuneration and social debt	-	89,074	89,074	Level 2	89,074
Current income taxes	-	70,110	70,110	Level 2	70,110
Other current liabilities	-	111,176	111,176	Level 2	111,176

FY22 (in thousands of euro)	Derivatives designated as hedging instrument	Assets & liabilities at amortised cost	Book value	Fair value measurement by level	Fair value
Non-current assets	39,336	44,432	83,768		83,092
Other non-current financial assets	-	32,540	32,540	Level 2	33,002
Financial derivatives	39,336	-	39,336	Level 2	39,336
Other non-current assets	-	11,892	11,892	Level 2	10,754
Current assets	22,022	1,116,023	1,138,045		1,138,193
Trade receivables and other operating receivables	-	469,529	469,529	Level 2	469,677
Financial derivatives	22,022	-	22,022	Level 2	22,022
Cash and cash equivalents	-	522,261	522,261	Level 2	522,261
Other current assets	-	124,233	124,233	Level 2	124,233
Non-current liabilities	53,661	791,142	844,803		798,295
Interest-bearing debt	-	789,904	789,904	Level 2	743,396
Financial derivatives	53,661	-	53,661	Level 2	53,661
Other liabilities	-	1,238	1,238	Level 2	1,238
Current liabilities	31,579	1,358,460	1,390,039		1,400,149
Interest-bearing debt	-	252,870	252,870	Level 2	262,980
Financial derivatives	31,579	-	31,579	Level 2	31,579
Advances received	-	72,539	72,539	Level 2	72,539
Trade payables	-	777,705	777,705	Level 2	777,705
Remuneration and social debt	-	98,793	98,793	Level 2	98,793
Current income taxes	-	66,571	66,571	Level 2	66,571
Other current liabilities	-	89,982	89,982	Level 2	89,982

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

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

NOTE 13 – CONTINGENT ASSETS AND LIABILITIES

These interim condensed consolidated financial statements should be read in conjunction with DEME's Annual Report 2022. The contingent liabilities and contingent assets are materially unchanged from those described in note (23) within the Financial Chapter of the Annual Report 2022, except for the one described below.

Since 2018, the Group has been involved in discussions with Rijkswaterstaat in the Netherlands related to the execution by one of its subsidiaries of the Juliana Canal widening project. Following intense discussions, a settlement (included in the H1 2023 result) has been reached with Rijkswaterstaat in the Netherlands whereby Rijkswaterstaat will pay De Vries & Van De Wiel Kust-en Oeverwerken BV and Rijkswaterstaat fully and finally releases De Vries & Van De Wiel Kust- en Oeverwerken BV from all and any liabilities in relation to the project. As such this matter can be closed.

NOTE 14 – RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

(in thousands of euro)	1H23	FY22
COMMITMENTS GIVEN		
Amount of real guarantees, given or irrevocably promised by the enterprises included in the consolidation on their own assets, as security for debts and commitments, of enterprises included in the consolidation.	-	-
Bank and insurance guarantees for commitments of enterprises included in the consolidation.	1,468,757	1,374,021
COMMITMENTS RECEIVED		
Bank guarantees received as security for commitments to enterprises included in the consolidation.	124,976	129,672
FUTURE OPERATIONAL OBLIGATIONS ENTERED INTO WITH SUPPLIERS		
In the Environmental segment DEME has the obligation to pay a fee for landfill volume reservation over the next 8 years for an estimated amount of 9.1 million euro.		

NOTE 15 – RELATED PARTY DISCLOSURES

JOINT VENTURES AND ASSOCIATES

The DEME Group structure and the list of joint ventures and associates is included in the Annual Report 2022. Changes in the Group structure are described above. Transactions with joint ventures and associates are realised in the normal course of business and at arm’s length. None of the related parties have entered into any other transactions with the Group that meet the requirements of IAS 24 *related party disclosures*.

(in thousands of euro)	1H23	FY22
Assets related to joint ventures and associates		
Non-current financial assets	33,051	24,173
Trade and other operating receivables	69,553	31,465
Liabilities related to joint ventures and associates		
Trade and other current liabilities	36,970	34,606

(in thousands of euro)	1H23	FY22
Expenses and income related to joint ventures and associates (-) is cost and (+) is income		
Revenues	144,366	231,565
Operating expenses	-5,844	-28,572
Financial income and expenses	995	1,584

The non-current financial assets are the loans given to joint ventures and associates such as Japan Offshore Marine Ltd, Seamade NV, Rentel NV, Deeprock BV, Combined Marine Terminal Operations Marafi LLC, Bowdun Offshore Wind Farm Ltd (E3) and Ayre Offshore Wind Farm Ltd (NE2). For the movement of the year reference is made to the investing cash flow and the net of new borrowings and repayment of borrowings given to joint ventures and associates where (only) the cash movements of non-current financial assets are reflected.

The revenue realised towards joint ventures and associates is mainly related to BAAK Blankenburg-Verbinding BV, CDWE Taiwan Ltd, SEMOP Port-La Nouvelle, DIAP-Daelim PTE Ltd, DIAP-SHAP Joint Venture Pte Ltd, K3-DEME BV, Rentel NV, C-Power NV, Bowdun Offshore Wind Farm Ltd (E3) and Ayre Offshore Wind Farm Ltd (NE2).

SHAREHOLDERS AND FELLOW SUBSIDIARIES

CFE NV, DEME's previous 100% shareholder, is considered to be a fellow subsidiary. Both CFE NV and DEME Group NV have Ackermans & van Haaren as their main shareholder.

Since 2001, DEME has a service agreement with Ackermans & van Haaren NV for services rendered. The service agreement covers specialised advice delivered by Ackermans & van Haaren NV. The service agreement is subject to indexation on a yearly basis. The remuneration due by DEME in H1 2023 upon the conditions of the contract amounts to 717 thousand euro (H1 2022: 662 thousand euro).

Additionally, DEME invoiced 620 thousand euro to its shareholder and fellow subsidiaries mainly related to IT licences, tax and accounting consulting services (H1 2022: 95 thousand euro).

Currently DEME is constructing a new office building. Execution of works is done by a subsidiary of CFE NV. At 30 June 2023 an amount of 7,617 thousand euro is recognised as 'asset under construction' (FY 2022: 6,221 thousand euro).

KEY MANAGEMENT PERSONNEL

DEME Group NV has a "one tier" governance structure consisting of a Board of Directors (as collegiate body). The Board of Directors is vested with the power to perform all acts that are necessary or useful for the realisation of the Company's corporate object, except for those actions that are specifically reserved by law for the Shareholders' Meeting.

The Board of Directors has delegated the daily management of the Company to the CEO. The CEO is assisted in the exercise of its powers by the Executive Committee, which operates as an advisory committee (separate from the Board of Directors). The Executive Committee, chaired by the CEO, is responsible for discussing the general management of the Company.

NOTE 16 – EVENTS AFTER THE REPORTING PERIOD

As mentioned in note (10) 'Assets held for sale', the Group decided to sell its service operation vessel 'Groenewind' within Offshore Energy to Cyan Renewables. As the sale was only finalised in July 2023, the gain on disposal will be recognised in the H2 2023 results.

There are no other significant changes to be reported that could have a significant impact on the Half Year condensed consolidated financial statements of the Group as of 30 June 2023.

MANAGEMENT DECLARATION

To our knowledge:

– the Half Year condensed consolidated financial statements, drafted in accordance with the applicable standards for annual accounts, present a true and fair view of the assets, financial situation and the results of DEME Group NV and the companies included in the consolidation
– the Half Year report provides a true and fair view of the main events and major transactions with related parties that took place in the first six months of the financial year and their effect on the Half Year condensed consolidated financial statements, as well as a description of the main risks and uncertainties for the remaining months of the financial year

29 August 2023
On behalf of the company

L. Vandenbulcke
Chief Executive Officer

E. Verbraecken
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT ON THE REVIEW OF THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF DEME GROUP NV AS AT 30 JUNE 2023 AND FOR THE SIX-MONTH PERIOD THEN ENDED

Introduction

We have reviewed the accompanying ‘Consolidated Statement of Financial Position’ of DEME Group NV as at 30 June 2023, the ‘Consolidated Statement of Income’, the ‘Consolidated Statement of Comprehensive Income’, the ‘Consolidated Statement of Changes in Equity’ and the ‘Condensed Consolidated Statement of Cash Flows’ for the six-month period then ended, and notes (“the Half Year condensed consolidated financial statements”). The Board of Directors is responsible for the preparation and presentation of these Half Year condensed consolidated financial statements in accordance with IAS 34 *interim financial reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these Half Year condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.
A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Half Year condensed consolidated financial statements as at 30 June 2023 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *interim financial reporting* as adopted by the European Union.

Diegem, 29 August 2023
EY Réviseurs d’Entreprises SRL/EY Bedrijfsrevisoren BV Statutory auditor
represented by

Patrick Rottiers*
Partner
*Acting on behalf of a BV/SRL

Wim Van Gasse*
Partner
*Acting on behalf of a BV/SRL

GLOSSARY AND DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

- An activity line is the lowest level of internal operating segment to report on.
- Associated companies are those in which the Group has significant influence. The significant influence is the power to take part in the financial and operating policies of a company without having control or joint control over these policies.
- EBIT is the operating result or earnings before financial result and taxes and before our share in the result of joint ventures and associates.
- EBITDA is the sum of operating result (EBIT), depreciation, amortisation expenses and impairment of goodwill.
- ESG stands for Environmental, Social and Governance.
- Fleet utilisation rate is the weighted average operational occupation in weeks of the DEME fleet expressed over a given reporting period. It is calculated as a weighted average based upon internal rates of hire of the vessels.
- Investments/ Capital Expenditure (CapEx) is the amount paid for the acquisition of 'intangible assets' and 'property, plant and equipment'. Reference is made to the consolidated cash flow from investing activities.
- 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.
- Management Reporting: The management reporting of the Group is a quarterly internal reporting of the economic figures of the Group in which group companies jointly controlled by DEME are not consolidated by using the equity method (so in contradiction to the standards IFRS 10 and IFRS 11) but according to the proportionate method. As such turnover and result of projects executed in joint ventures are visible, closely followed up and reported within the Group. The presentation of the figures is also done by operational segment.
- Net financial debt (+ is cash, - is debt) is the sum of current and non-current interest-bearing debt (that includes lease liabilities) decreased with cash and cash equivalents.
- OCI (Other Comprehensive Income): Revenues, expenses, gains and losses that are excluded from net income on the income statement.
- Operating working capital (OWC) (+ is receivable, - is payable) is net working capital (current assets less current liabilities), *excluding* interest-bearing debt and cash & cash equivalents and financial derivatives related to interest rate swaps and *including* other non-current assets and non-current liabilities (if any) as well as non-current financial derivatives (assets and liabilities), except for those related to interest rate swaps.
- Orderbook: The Group's orderbook is the contract value of assignments acquired as of 30 June (Half Year Reporting) and as of 31 December (Full Year Reporting) but that is not yet accounted for as turnover because of non-completion. The orderbook also includes the Group's share in the orderbook of joint ventures, but not of associates. Contracts are not included in the orderbook until the agreement with the client is signed. A letter of award is not sufficient to include the contract in the orderbook according to the Group's policy. In addition, financial close must be reached when projects will be executed in 'uncertain' countries before including them in the orderbook. 'Uncertain countries' are identified at the discretion of the Executive Committee.
- A segment is an aggregation of operating segments (activity lines) to report on. More information about the different DEME segments and their nature can be found in the chapter 'Segment Reporting' of this Half Year Report.

FORWARD-LOOKING STATEMENTS

COMPILED AND COORDINATED BY DEME

DEME Finance Department.

DEME