Financial Statements 2023

Sediment testing

Namibia

Consolidated statement of comprehensive income

Fugro Group

For the year ended 31 December

(EUR x 1,000)	Notes	2023	2022
Continuing operations			
Revenue	5, 7	2,187,361	1,766,009
Third party costs	8	(818,380)	(727,368)
Net revenue own services[1]		1,368,981	1,038,641
Other income	9	12,806	23,047
Personnel expenses	10	(769,697)	(665,615)
Depreciation	17, 18	(144,712)	(122,285)
Amortisation	19	(464)	(535)
Impairments	13	2,521	(2,583)
Other expenses	14	(217,121)	(177,702)
Results from operating activities (EBIT[1])		**252,314**	**92,968**
Finance income		9,827	15,290
Finance expenses		(64,193)	(35,295)
Net finance income/(expenses)	15	**(54,366)**	**(20,005)**
Share of profit/(loss) of equity-accounted investees (net of income tax)	20	20,624	13,525
Profit/(loss) before income tax		**218,572**	**86,488**
Income tax gain/(expense)	16	38,824	(7,197)
Profit/(loss) for the period from continuing operations		**257,396**	**79,291**
Profit/(loss) for the period from discontinued operations	6	2,843	-
Profit/(loss) for the period		**260,239**	**79,291**
Attributable to:			
Owners of the company (net result)		254,843	74,127
Non-controlling interests	27	5,396	5,164
Earnings per share (Euro)	26		
Basic earnings per share		2.27	0.70
Basic earnings per share from continuing operations		2.24	0.70
Diluted earnings per share		2.23	0.70
Diluted earnings per share from continuing operations		2.20	0.70

(EUR x 1,000)	Notes	2023	2022
Profit/(loss) for the period		260,239	79,291
Defined benefit plan actuarial gains/(losses)	16, 29	(9,837)	2,460
Total of items that will not be reclassified to profit or loss (net of tax)		**(9,837)**	**2,460**
Foreign currency translation differences of foreign operations	15	(3,892)	10,580
Foreign currency translation differences of equity-accounted investees	15	(9,448)	659
Total of items that will be reclassified subsequently to profit or loss (net of tax)		**(13,340)**	**11,239**
Other comprehensive income/(loss) for the period		**(23,177)**	**13,699**
Total comprehensive income/(loss) for the period		**237,062**	**92,990**
Attributable to:			
Owners of the company		232,291	87,447
Non-controlling interests		4,771	5,543
Total comprehensive income attributable to owners of the company arises from:			
Continuing operations		229,448	87,447
Discontinued operations		2,843	-

1 Non-IFRS performance measure. Reference is made to the reconciliation of non-IFRS performance measures and glossary.

Consolidated statement of financial position

Fugro Group

As at 31 December

(EUR x 1,000)	Notes	2023	2022 Restated[1]
ASSETS			
Property, plant and equipment	17	709,265	559,996
Right-of-use assets	18	174,463	196,904
Intangible assets including goodwill	19	290,595	292,749
Investments in equity-accounted investees	20	46,050	46,549
Other investments	21	27,415	35,250
Deferred tax assets	16	138,635	58,703
Total non-current assets		**1,386,423**	**1,190,151**
Inventories	22	36,047	35,079
Trade and other receivables	23	643,923	598,085
Current tax assets	16	8,048	7,619
Cash and cash equivalents	24	326,294	209,090
		1,014,312	**849,873**
Assets classified as held for sale	6	-	10,705
Total current assets		**1,014,312**	**860,578**
Total assets		**2,400,735**	**2,050,729**

(EUR x 1,000)	Notes	2023	2022 Restated[1]
EQUITY			
Total equity attributable to owners of the company		1,290,558	1,048,331
Non-controlling interests	27	12,630	11,269
Total equity	25	**1,303,188**	**1,059,600**
LIABILITIES			
Loans and borrowings	28	201,267	241,667
Lease liabilities	18, 32	134,131	99,850
Employee benefits	29	37,559	36,877
Provisions	30	15,538	16,579
Deferred tax liabilities	16	8,084	1,545
Total non-current liabilities		**396,579**	**396,518**
Bank overdraft	24	496	2,059
Loans and borrowings	28	48,872	3,801
Lease liabilities	18, 32	52,043	69,124
Trade and other payables	31	485,829	410,794
Provisions	30	6,749	10,822
Current tax liabilities	16	40,493	37,084
Other taxes and social security charges		66,486	60,927
Total current liabilities		**700,968**	**594,611**
Total liabilities		**1,097,547**	**991,129**
Total equity and liabilities		**2,400,735**	**2,050,729**

1 Reference is made to note 2.6.

Consolidated statement of changes in equity

Fugro Group

(EUR x 1,000)	Notes	Share capital	Share premium	Translation reserve	Reserve for own shares	Equity component of convertible bonds	Retained earnings	Unappropri-ated result	Total	Non-controlling interest	Total equity
Balance at 1 January 2023		**5,676**	**878,068**	**(84,164)**	**(139,923)**	**5,029**	**309,518**	**74,127**	**1,048,331**	**11,269**	**1,059,600**
Profit or (loss)		-	-	-	-	-	-	254,843	254,843	5,396	260,239
Other comprehensive income	15, 29	-	-	(12,715)	-	-	(9,837)	-	(22,552)	(625)	(23,177)
Total comprehensive income/(loss) for the period		**-**	**-**	**(12,715)**	**-**	**-**	**(9,837)**	**254,843**	**232,291**	**4,771**	**237,062**
Share-based payments	12	-	-	-	-	-	9,936	-	9,936	-	9,936
Delivery of treasury shares for share-based payment plans		-	-	-	41,626	-	(41,626)	-	-	-	-
Addition to/(reduction of) reserves		-	-	-	-	-	74,127	(74,127)	-	-	-
Dividends paid to shareholders	27	-	-	-	-	-	-	-	-	(3,410)	(3,410)
Total contributions by and distributions to owners		**-**	**-**	**-**	**41,626**	**-**	**42,437**	**(74,127)**	**9,936**	**(3,410)**	**6,526**
Balance at 31 December 2023		**5,676**	**878,068**	**(96,879)**	**(98,297)**	**5,029**	**342,118**	**254,843**	**1,290,558**	**12,630**	**1,303,188**
Balance at 1 January 2022 as previously reported		5,160	762,495	(95,024)	(149,287)	11,831	244,905	71,123	851,203	10,361	861,564
Restatement of prior period errors	2.6	-	-	-	-	-	(6,741)	-	(6,741)	-	(6,741)
Restated balance at 1 January 2022		**5,160**	**762,495**	**(95,024)**	**(149,287)**	**11,831**	**238,164**	**71,123**	**844,462**	**10,361**	**854,823**
Profit or (loss)		-	-	-	-	-	-	74,127	74,127	5,164	79,291
Other comprehensive income	15, 29	-	-	10,860	-	-	2,460	-	13,320	379	13,699
Total comprehensive income/(loss) for the period		**-**	**-**	**10,860**	**-**	**-**	**2,460**	**74,127**	**87,447**	**5,543**	**92,990**
Issue of ordinary shares	25	516	115,573	-	-	-	(1,718)	-	114,371	-	114,371
Share-based payments	12	-	-	-	-	-	6,106	-	6,106	-	6,106
Delivery of treasury shares for share-based payment plans		-	-	-	9,364	-	(9,364)	-	-	-	-
Repurchase of convertible bonds		-	-	-	-	(4,055)	-	-	(4,055)	-	(4,055)
Transfer of equity component of convertible bonds to retained earnings upon repayment bonds		-	-	-	-	(2,747)	2,747	-	-	-	-
Addition to/(reduction of) reserves		-	-	-	-	-	71,123	(71,123)	-	-	-
Dividends paid to shareholders	27	-	-	-	-	-	-	-	-	(4,635)	(4,635)
Total contributions by and distributions to owners		**516**	**115,573**	**-**	**9,364**	**(6,802)**	**68,894**	**(71,123)**	**116,422**	**(4,635)**	**111,787**
Restated balance at 31 December 2022		**5,676**	**878,068**	**(84,164)**	**(139,923)**	**5,029**	**309,518**	**74,127**	**1,048,331**	**11,269**	**1,059,600**

Consolidated statement of cash flows

Fugro Group

For the year ended 31 December

(EUR x 1,000)	Notes	2023	2022
Continuing operations			
Cash flows from operating activities			
Profit/(loss) for the period		257,396	79,291
Adjustments for:			
Depreciation and amortisation	17, 18, 19	145,176	122,820
(Reversal of) impairments	13	(2,521)	2,583
Share of (profit)/loss of equity-accounted investees (net of income tax)	20	(20,624)	(13,525)
Net gain on sale of property, plant and equipment	9, 14	(5,551)	(3,828)
Net (gain)/loss on disposal of subsidiaries and other interests	14	4,260	(3,070)
Impairment of other investments	21	2,400	-
Equity-settled share-based payments	12	9,936	6,106
Change in provisions and employee benefits		(10,281)	(5,933)
Income tax (gain)/expense	16	(38,824)	7,197
Income tax paid		(26,480)	(12,998)
Finance income and expense	15	54,366	20,005
Interest paid		(21,995)	(19,295)
Operating cash flows before changes in working capital[1]		**347,258**	**179,353**
Decrease/(increase) in working capital:		27,822	(51,994)
▪ Decrease/(increase) in inventories		(1,165)	(5,608)
▪ Decrease/(increase) in trade and other receivables		(74,671)	(91,450)
▪ Increase/(decrease) in trade and other payables		103,658	45,064
Net cash generated from operating activities		**375,080**	**127,359**

(EUR x 1,000)	Notes	2023	2022
Cash flows from investing activities			
Capital expenditures on property, plant and equipment	17	(181,979)	(120,487)
Acquisition of and other additions to intangible assets	19	(96)	(2,477)
Proceeds from sale of property, plant and equipment	17	12,812	12,772
Proceeds from sale of business, net of cash sold		(285)	1,146
Disposal of intangible assets	19	-	702
Dividends received	20, 21	16,687	11,540
Repayment of financial assets	21	1,176	435
(Step-) acquisitions, net of cash acquired	20	(2,403)	(589)
Additions to other investments	21	(1,594)	(5,536)
Net cash (used in)/from investing activities		**(155,682)**	**(102,494)**
Cash flows from operating activities after investing activities[1]		**219,398**	**24,865**
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	25	-	116,089
Transaction costs on issue of ordinary shares	25	-	(2,311)
Proceeds from the issue of long-term loans	28	7,668	307,535
Transaction costs on long-term loans	28	(200)	(3,677)
Repayment of borrowings	28	(21,292)	(344,127)
Dividends paid	27	(3,410)	(4,635)
Payments of lease liability	18	(81,602)	(35,944)
Net cash from/(used in) financing activities		**(98,836)**	**32,930**
Net cash provided by (used for) continuing operations		**120,562**	**57,795**

1 Non-IFRS performance measure. Reference is made to the reconciliation of non-IFRS performance measures and glossary.

Consolidated statement of cash flows (continued)

Fugro Group

For the year ended 31 December

(EUR x 1,000)	Notes	2023	2022
Discontinued operations			
Cash flows from operating activities		(6,097)	(1,015)
Cash flows from investing activities		-	-
Cash flows from financing activities		16,910	-
Net cash provided by (used for) discontinued operations	6	**10,813**	**(1,015)**
Total net cash provided by (used for) operations		**131,375**	**56,780**
Effect of exchange rate fluctuations on cash held		(12,608)	3,119
Cash and cash equivalents at 1 January		207,031	147,132
Cash and cash equivalents at 31 December		**325,798**	**207,031**
Presentation in the statement of financial position			
Cash and cash equivalents	24	326,294	209,090
Bank overdraft	24	(496)	(2,059)

Notes to the consolidated financial statements

1. General information

Fugro N.V., hereinafter to be referred to as 'Fugro' or 'the company', has its corporate seat in the Netherlands. The address of the company's principal office is Veurse Achterweg 10, 2264 SG, Leidschendam, The Netherlands. The consolidated financial statements of Fugro as at and for the year ended 31 December 2023 include Fugro and its subsidiaries (together referred to as the 'Group') and the Group's interests in equity-accounted investees.
On 7 March 2024, the Board of Management and Supervisory Board authorised the financial statements for issue. The financial statements will be submitted for adoption to the annual general meeting which takes place on 25 April 2024.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements have been prepared on the measurement basis of historical cost, except for the following assets and liabilities that are stated at their fair value: derivative financial instruments, equity securities and plan assets associated with defined benefit plans. For more detailed information on the measurement basis, reference is made to the relevant notes to the consolidated financial statements.

The financial statements are presented in EUR x 1,000, unless stated otherwise. The Euro is the presentation currency of the company.

2.2 Estimates, judgements and uncertainties

The preparation of the consolidated financial statements requires management to make judgements, estimates, assumptions and consider uncertainties that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may therefore differ materially from these estimates:

Estimates, judgements and uncertainties with respect to:	Note:
Impairment of non-financial assets (property, plant and equipment, right-of-use assets and intangible assets including goodwill)	13
Impairment of financial assets (trade receivables, unbilled revenue on (completed) projects, and other receivables)	23
Deferred tax	16
Employee benefits	29
Provisions	30
Climate-related matters	3
Macro-economic and geo-political uncertainty	4

2.3 Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method. Under the acquisition method, the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree are recognised at the acquisition date, which is the date on which control is transferred to the Group. In assessing control, the Group takes into consideration potential voting rights, if the rights are substantive. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred plus;
- the recognised amount of any non-controlling interest in the acquiree plus;
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree less;
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Non-controlling interests in the acquiree are measured at the proportionate share of the acquiree's identifiable net assets.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, it is accounted for as an equity-accounted investee or as an equity security depending on the level of influence retained.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no objective evidence of impairment conditions.

2.4 Foreign currency

Foreign currency transactions and translation
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the respective functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at foreign exchange rates effective at the date the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity-accounted investees, a financial liability designated as a hedge of the net investment in a foreign operation (see below) that is effective, or qualifying cash flow hedges (insofar applicable), which are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at foreign exchange rates effective at the reporting date. The income and expenses of foreign operations are translated to EUR at exchange rates effective at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve for foreign operations (translation reserve) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the settlement of a monetary item, receivable from or payable to a foreign operation, is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such monetary items are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the translation reserve in equity.

2.5 Summary of accounting policies

The material accounting policies have been included in the relevant notes to the consolidated financial statements. Certain new accounting standards and interpretations have been published that are not yet effective for these consolidated financial statements and have not been early adopted by the Group. The impact of these new standards and interpretations are either not expected to be material for Fugro or not applicable to Fugro. Several amendments and interpretations apply for the first time as of 1 January 2023, but these do not have a material impact on the consolidated financial statements of the Group.

Change in accounting policy - international tax reform
Amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules. These include:
- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules.
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation before its effective date.

Reference is made to note 16 Income taxes.

2.6 Correction of prior period errors

In May 2023, the Group identified prior period overstatements of current tax assets (EUR 1.3 million), trade and other receivables (EUR 5.4 million) and property, plant and equipment (EUR 0.1 million) in one entity which were intentionally not adjusted to their correct amount by a local financial controller. Following further investigation by Group management, this accounting irregularity was determined to be an isolated occurrence in a single entity and remedial action has been initiated. The group has retrospectively corrected the prior period errors as of 1 January 2022, by restating each of these financial statement line items affected and equity (retained earnings) for the total amount of EUR 6.7 million. The comparative figures in the consolidated statements of financial position, changes in equity and related notes have been adjusted accordingly. The consolidated statement of comprehensive income and consolidated statement of cash flows were not impacted.

3. Climate-related matters

The impact of climate-related matters generates opportunities as well as risks for Fugro. Climate-related opportunities, risks and uncertainties and the business impact are described in the management report (refer to group performance - environmental and risk management).

Fugro concluded there was no direct material financial impact from climate-related matters in the 2023 consolidated financial statements. The assessments performed, judgements made, and time horizon used to reach this conclusion are disclosed in notes 13 Impairments, 17 Property plant and equipment, 18 Leases, 19 Intangible assets, and 34 Commitments not included in the statement of financial position.

4. Macro-economic and geopolitical uncertainty

Macro-economic developments include interest rate rises in response to persistent inflation, supply chain challenges, increasing energy costs and salary increases. Geo-political events include international conflicts such as Russia-Ukraine and Hamas-Israel.

Fugro concluded there was no direct material financial impact from the aforementioned macro-economic and geopolitical environment in the 2023 consolidated financial statements. The assessments performed, judgements made, and time horizon used to reach this conclusion are disclosed in notes 7 Revenue, 13 Impairments, 17 Property plant and equipment, 18 Leases, 19 Intangible assets, 32 Financial risk management, and 34 Commitments not included in the statement of financial position. Reference is further made to note 14 on the sale of Fugro's business in Russia.

5. Segment reporting

Fugro has four integrated regions: Europe-Africa (E-A), Americas (AM), Asia Pacific (APAC) and Middle East & India (MEI). The organisational and reporting structure consists of these four regions. Within the regions, the following business line structure exists: Marine Site Characterisation (MSC), Marine Asset Integrity (MAI), Land Site Characterisation (LSC) and Land Asset Integrity (LAI). The operating results of the four regions are directly reported to and reviewed by the Board of Management, being the Chief Operating Decision Maker.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets are allocated based on the geographical location of the operating company using the assets ('region of origin'). Fugro allocates corporate expenses, finance income (expenses) and assets (liabilities) that relate to more than one operating segment to the reportable segment based on net revenue. Inter-segment pricing is determined on an arm's length basis.

The E-A, AM, APAC, MEI operating segments generate revenues from:

- Marine environment: The determination of soil composition via cone penetration testing or the acquisition of soil samples and related laboratory testing; and the mapping of seabed and geological features and hazards below using non-invasive techniques including the related interpretation and visualisation. Its services also include geo consulting, general purpose navigation charts and environmental, meteorological & oceanographic measurement services. In addition, the activities consist of positioning signals and services, construction support, monitoring and forecasting services, remote systems technology, and inspection and monitoring services.
- Land environment: The determination of soil characteristics via cone penetration testing and/or the acquisition of soil samples and related laboratory testing. These services are offered both onshore and in nearshore environments. In addition, the activities consist of material testing and geo-consulting services as well as asset integrity solutions (monitoring, analysis, modelling) for clients in electrical power, railroads, roads and other infrastructure.

Operating segments/reportable segments

(EUR x 1,000)	E-A		AM		APAC		MEI		Eliminations		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Segment revenue	984,445	829,251	577,534	463,145	418,142	330,521	280,492	228,511	-	-	2,260,613	1,851,428
Of which inter-segment revenue	(30,780)	(40,942)	(9,946)	(9,020)	(13,347)	(20,052)	(19,179)	(15,405)	-	-	(73,252)	(85,419)
Revenue from external customers	**953,665**	**788,309**	**567,588**	**454,125**	**404,795**	**310,469**	**261,313**	**213,106**	**-**	**-**	**2,187,361**	**1,766,009**
Segment result	**217,244**	**134,796**	**90,878**	**26,204**	**61,023**	**45,318**	**25,824**	**12,053**	**-**	**-**	**394,969**	**218,371**
Depreciation	(72,811)	(60,564)	(32,663)	(27,450)	(28,894)	(23,341)	(10,344)	(10,930)	-	-	(144,712)	(122,285)
Amortisation	(307)	(288)	(21)	(50)	(136)	(196)	-	(1)	-	-	(464)	(535)
Impairments	4,461	(438)	(1,843)	(277)	(65)	(1,546)	(32)	(322)	-	-	2,521	(2,583)
Result from operating activities (EBIT)	**148,587**	**73,506**	**56,351**	**(1,573)**	**31,928**	**20,235**	**15,448**	**800**	**-**	**-**	**252,314**	**92,968**
EBIT in % of revenue	15.6%	9.3%	9.9%	(0.3%)	7.9%	6.5%	5.9%	0.4%	-	-	11.5%	5.3%
Finance income	12,317	24,610	8,470	8,046	7,486	7,166	2,488	2,805	(20,934)	(27,337)	9,827	15,290
Finance expense	(42,585)	(29,558)	(13,703)	(9,502)	(16,478)	(15,413)	(12,361)	(8,159)	20,934	27,337	(64,193)	(35,295)
Share of profit/(loss) of equity-accounted investees	9,457	1,297	-	-	8,783	9,747	2,384	2,481	-	-	20,624	13,525
Reportable segment profit/(loss) before income tax	**127,776**	**69,855**	**51,118**	**(3,029)**	**31,719**	**21,735**	**7,959**	**(2,073)**	**-**	**-**	**218,572**	**86,488**
Income tax	(16,170)	(6,031)	36,882	(636)	16,772	497	1,340	(1,027)	-	-	38,824	(7,197)
Profit/(loss) for the period from continuing operations	**111,606**	**63,824**	**88,000**	**(3,665)**	**48,491**	**22,232**	**9,299**	**(3,100)**	**-**	**-**	**257,396**	**79,291**
Capital employed	558,413	508,125	311,987	236,017	211,569	221,475	145,560	132,420	-	-	1,227,529	1,098,037
Non-current assets	619,099	517,143	229,754	198,644	227,001	237,479	144,519	142,932	-	-	1,220,373	1,096,198
Capital expenditure property, plant and equipment	128,702	60,562	57,736	21,049	63,955	32,388	9,866	9,100	-	-	260,259	123,099
Capital expenditure E&E, software and other intangible assets	49	1,509	45	586	1	263	1	119	-	-	96	2,477
Trade receivables and unbilled revenue on (completed) contracts	195,345	190,652	144,687	126,939	94,516	94,886	104,596	93,383	-	-	539,144	505,860

Non-current assets reported above are presented excluding deferred tax assets and other investments.

6. Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair values less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investees are no longer equity-accounted. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

6.1 Discontinued operations

Seabed Geosolutions had been presented as a disposal group held for sale and a discontinued operation until its divestment on 28 June 2021. The profit and loss from discontinued operations consists of an income tax gain of EUR 2.8 million as disclosed in note 30. The cash flow from discontinued operations in 2023 related to changes in remaining working capital balances in Seabed Geosolutions and a loan granted of EUR 16.9 million.

6.2 Assets held for sale

(EUR x 1,000)	Note	2023	2022
Carrying amounts			
Property, plant and equipment	17	-	2,853
Equity accounted investees	20	-	7,852
		-	**10,705**

Property, plant and equipment pertaining to two office buildings and an airplane were sold during 2023. These assets were presented in the AM and APAC operating segments respectively. The classification as held for sale for one of the buildings in 2023 triggered an impairment loss of EUR 1.7 million. For the divestment of the equity accounted investees refer to note 20 for more details.

7. Revenue

Revenue is recognised when control of the promised goods or services is transferred to the Group's customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. Fugro primarily generates revenue from services which are based on geo-intelligence derived by acquiring bespoke data and providing analysis and advisory. Revenue from sales of goods, software licences and subscription income are not a significant category of revenue.

Revenue is measured based on the consideration contractually agreed with the customer. Common considerations are fixed price, daily rates or rates per (square) kilometre.
The transaction price excludes amounts collected on behalf of third parties, such as value-added taxes. It is common for the Group's contracts with customers to include liquidated damages, weather standby fees or discounts that can either increase or decrease the transaction price, leading to the consideration to be variable. Variable considerations are generally constrained and recognised as revenue only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved.
The Group estimates variable consideration using either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group's services are typically sold in a bundled package of services. The Group provides a significant service of integrating these services, by using these as inputs to produce the combined output, which together form a single performance obligation. Control of the single performance obligations is generally transferred to the customer over time.
The transfer of control over time is supported mostly by one of the following conditions being met:

- Clauses in the contract that allow the customer to terminate the contract, pay for costs incurred plus a reasonable profit margin and take control of any work in progress. The Group does not create an asset with alternative use to the Group.
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

In limited cases, the Group may also create or enhance an asset that the customer controls as the asset is created or enhanced.

For performance obligations that are satisfied over time, revenue and cost are recognised based on the extent of progress towards completion of the performance obligation.
The selection of the method to measure progress towards completion requires judgement and is based on the nature of the services to be provided. The Group generally determines

progress towards completion by measuring the proportion of actual cost incurred for work performed to date, compared to total estimated cost to completion. In the Group's view this best depicts the Group's performance in transferring control of services promised to its customers.

The accounting policy for onerous (revenue) contracts is included in note Provisions.

Payment terms for customer contracts are usually based on several instalments over the duration of the contract based on pre-set contract milestones. Significant financing components are not prevalent nor material within the Group.

Contract balances

When revenue recognised to date exceeds the progress billings to the customer, the surplus is accounted for as a contract asset and presented as unbilled revenue on a contract-by-contract basis. Unbilled revenue is accounted net of any impairment losses. When progress billings exceed the revenue, measured as costs incurred plus profits recognised to date, the balance is accounted for as a contract liability, which is presented as advance instalments to work in progress.

7.1 Disaggregation of revenue from contracts with customers

Revenue by businesses and market segment

(EUR x 1,000)			2023			2022
	Marine	Land	Total	Marine*	Land*	Total
Oil and gas	800,654	40,421	841,075	605,633	47,742	653,375
Renewables	705,928	67,378	773,306	453,491	67,272	520,763
Infrastructure	94,761	401,590	496,351	117,327	401,639	518,966
Water	51,706	24,923	76,629	58,283	14,622	72,905
Total	**1,653,049**	**534,312**	**2,187,361**	**1,234,734**	**531,275**	**1,766,009**
Of which:						
Site characterisation	1,086,719	431,408	1,518,127	755,802	429,940	1,185,742
Asset integrity	566,330	102,904	669,234	478,932	101,335	580,267

* Restated for the reclassification of services from Land site characterisation to Marine site characterisation, and for the reclassification of services from Land asset integrity to Land site characterisation following changes in internal management reporting in 2023. The reclassification impact is EUR 7.3 million and EUR 12.0 million respectively for 2022.

Revenue contracts were assessed for re-negotiations of terms and conditions due to current macro-economic environment. This includes the geopolitical uncertainty from exposure to international conflicts, supply chain challenges, inflation and interest rate rises, increasing energy costs, salary increases, etc. Whilst these matters could potentially lead to contract modifications and changes in revenue recognition patterns, it should be noted that for existing revenue contracts, the terms and conditions generally remained unchanged. Existing clauses allow the Group to (partially) pass on the rising cost burden to customers in unusual scenarios. Insofar applicable, onerous contract provisions were created for future project losses. Reference is made to note 30 Provisions for details. Fugro continuously monitors the trends to be able to reflect current conditions in the terms of new contracts and update Master Service Agreements.

7.2 Unsatisfied performance obligations

The table below presents the transaction price allocated to performance obligations that are (partially) unsatisfied as at 31 December. Certain amounts of variable consideration are not included in the amounts presented below as these are considered to be constrained.

(EUR x 1,000)	2023	2022
Within one year	853,699	838,290
More than one year	91,396	249,925
Total	**945,095**	**1,088,215**

In 2023, the Group discontinued applying the practical expedient to not disclose information about remaining performance obligations that have an original expected duration of one year or less. Therefore, all (partially) unsatisfied performance obligations have been presented above and 2022 numbers have been restated.

7.3 Contract balances

The Group has recognised the following assets and liabilities related to contracts with customers:

(EUR x 1,000)	Note	2023	2022
Unbilled revenue on (completed) projects	23	237,815	214,653
Trade receivables	23	301,329	291,207
Advance instalments to work in progress	31	(77,599)	(71,508)

8. Third party costs

(EUR x 1,000)	2023	2022
Cost of suppliers	697,058	614,719
Lease expenses	119,796	98,223
Onerous contracts (reversals)/charges	(1,196)	5,739
Other costs	2,722	8,687
Total	**818,380**	**727,368**

Cost of suppliers comprise mainly costs of short-term third-party equipment hire, lease of low-value assets, fuel, third-party personnel, consumables, and sub-contracted services. Also included are costs of maintenance and operational supplies amounting to EUR 56.4 million (2022: EUR 30.8 million) directly related to projects. Lease expenses relate to short-term vessel leases and variable lease payments not included in the measurement of lease liabilities. Other costs mainly relate to subcontracted cost at request of the client which can be recharged to the client directly.

9. Other income

Other income consists of income not related to the key business activities of the Group, such as income from the sale of non-monetary assets and/or liabilities, and/or non-recurring income. License fees received in connection with E&E assets are generally recognised at a point in time when such fees become unconditional.

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group (partly) for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that (partly) compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(EUR x 1,000)	2023	2022
Government grants	4,059	4,812
Gain on sale of property, plant and equipment	5,613	4,119
Sundry income	3,134	14,116
Total	**12,806**	**23,047**

Government grants includes tax credits received on research and developments.

Included in gain on sale of property, plant and equipment is the gain on disposal of an office building, two airplanes and other assets in the Americas region of EUR 4.4 million.

10. Personnel expenses

(EUR x 1,000)	Note	2023	2022
Wages and salaries		660,618	570,543
Social security contributions		59,447	53,183
Equity-settled share-based payments	12	9,936	6,106
Expense related to defined contribution plans		35,403	30,649
Expense/(gain) related to defined benefit plans	29	(636)	1,120
Increase in liability for long service leave	29	4,929	4,014
Total		**769,697**	**665,615**

11. Employees

The total number of full-time equivalent (FTE) as at 31 December and average number for the year is as follows:

	2023			2022		
	Netherlands	Other countries	Total	Netherlands	Other countries	Total
Technical staff	806	6,852	7,658	741	6,473	7,214
Management and administrative staff	325	1,366	1,691	264	1,218	1,482
Temporary and contract staff	229	642	871	226	479	705
Total number of employees at 31 December	**1,360**	**8,860**	**10,220**	**1,231**	**8,170**	**9,401**
Average number of employees during the year	1,296	8,515	9,811	1,170	8,032	9,202

12. Share-based payments

The Group currently has two active equity-settled share-based payment arrangements under the long-term incentive plan:

- performance shares, open for the Board of Management, Executive Leadership Team and other selected senior employees
- restricted share units, open for eligible and other selected employees

Additionally, the Group previously operated the following plans, which are partly still vesting:

- restricted shares (Board of Management, 2018 grant only)
- share options, including performance options open for the Board and Management, Executive Leadership Team and other selected senior employees, and regular share options, open for eligible and selected other employees for grants up to 2021

The cost of equity-settled share-based payment arrangements is determined by the fair value at the date when the grant is made. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

If awards do not vest, due to non-market conditions and/or service conditions not being met, no expense is recognised. Awards that include a market condition are treated as vested irrespective of whether the market condition is satisfied, provided that all other (non-market) performance conditions and/or service conditions are satisfied.

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognised as personnel expense, with a corresponding increase in equity, over the vesting period of the award. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity shares that will ultimately vest.

12.1 Performance shares

Vesting is subject to continuous employment and performance measurement. The performance period is three years starting on 1 January in the year of the grant. Vested performance shares have a holding (lock-up) period of 2 years and may be partly sold only to meet tax requirements at vesting ('sell-to-cover').

The maximum number of performance shares that can vest after three years equals 175% of the conditionally granted number of shares (only in case maximum performance is achieved on all criteria). The performance metrics and their relative weights for the grants made under the plan are as follows:

Performance metric	**Relative weights in 2023**
Total shareholder return	37.5%
Return on capital employed	37.5%
Strategic targets	25.0%

The performance metrics are discussed in the remuneration report and defined in the glossary.

A summary of performance shares movements and outstanding balance as at 31 December is presented below.

	2023		**2022**	
	Number of shares	**Weighted average grant date fair value**	**Number of shares**	**Weighted average grant date fair value**
Performance shares outstanding at 1 January	1,163,147	11.27	826,724	12.12
Granted during the period	472,420	10.71	435,750	10.73
Forfeited during the period	67,292	10.50	28,868	9.64
Vested during the period	359,582	15.72	70,459	18.50
Performance shares outstanding at 31 December	**1,208,693**	**10.10**	**1,163,147**	**11.27**

The grant date fair value of the portion with a TSR market performance condition, a market performance condition, has been derived using a Monte Carlo simulation model. The fair value of the portion with a ROCE or a strategic performance condition is equal to the share price at date of grant adjusted for expected dividends during the vesting period.

The significant inputs into the valuation model are (including the actual historical share prices at the date of grant):

	2023	2022
	Performance shares	**Performance shares**
Share price (in EUR)	11.69 - 11.70	8.35 - 11.02
Volatility (%)	46.0% - 50.0%	62.2% - 62.6%
Dividend yield (%)	0.0%	0.0%
Vesting period (in years)	2.75 - 2.85	2.75 - 2.85
Risk-free interest rate (%)	2.49% - 2.98%	(0.30)% - 0.14%
Remaining performance period (in years)	2.75 - 2.85	2.75 - 2.85

The expected volatility is based on the annualised historical volatility prior to the date of grant corresponding with the remaining performance period, and the dividend yield is estimated based on the historic dividend yield on Fugro shares at the date of grant. The total expense recognised in 2023 related to performance shares amounted to EUR 7,191,876 (2022: EUR 3,920,234).

12.2 Restricted Share Unit plan

A Restricted Shared Unit (RSU) entitles the employee to receive a number of Fugro shares. RSUs vest when an employee remains employed by Fugro or one of its subsidiaries for three years following the grant date. There are no other vesting conditions. The Board of Management and the Supervisory Board decide annually on the granting of RSUs. The grant date fair value of the RSUs is the share price at the date of grant adjusted for expected dividends during the vesting period (2023: EUR 11.69).

A summary of RSU movements and the outstanding balance as at 31 December is presented below.

	2023		2022	
	Number of shares	**Weighted average grant date fair value**	**Number of shares**	**Weighted average grant date fair value**
RSUs outstanding at 1 January	728,311	10.10	374,357	9.08
Granted during the period	322,075	11.69	384,644	11.02
Forfeited during the period	65,750	10.29	27,400	9.47
Vested during the period	34,657	9.51	3,290	9.08
RSUs outstanding at 31 December	**949,979**	**10.64**	**728,311**	**10.10**

The total expense recognised in 2023 related to RSUs amounted to EUR 2,735,484 (2022: EUR 1,977,409).

12.3 Restricted shares

No restricted shares have been granted since 2018. A summary of restricted share movements and the outstanding balance as at 31 December is presented below.

	2023		2022	
	Number of shares	**Weighted average grant date fair value**	**Number of shares**	**Weighted average grant date fair value**
Restricted shares outstanding at 1 January	46,151	23.74	58,934	23.82
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Vested during the period	46,151	23.74	12,783	24.14
Restricted shares outstanding at 31 December	**-**	**-**	**46,151**	**23.74**

The total expense recognised in 2023 related to restricted shares amounted to EUR nil (2022: EUR nil).

12.4 Options

Share options

No share options were granted since 2020. The share option scheme was replaced by a restricted share unit plan in 2021. A summary of movements during the year of options and balances outstanding as at 31 December is presented below:

	2023		2022	
	Number of options	Weighted average exercise price (EUR)	Number of options	Weighted average exercise price (EUR)
Options outstanding at 1 January	654,965	18.91	901,578	26.59
Forfeited during the period	55,730	20.29	73,100	20.73
Expired during the period	-	-	173,513	29.10
Options exercised during the period	29,250	13.12	-	-
Options outstanding at 31 December	**569,985**	**19.23**	**654,965**	**18.91**
Options exercisable at 31 December	**569,985**	**19.23**	**423,465**	**22.07**

The outstanding share options have an exercise price ranging from EUR 13.12 to EUR 24.40 as at 31 December 2023. The average remaining term of the options is 1.2 years (2022: 2.2 years). The total expense recognised in 2023 related to share options amounted to EUR 8,496 (2022: EUR 207,790).

13. Impairments of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Other non-financial assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The carrying amounts of the Group's non-financial assets other than assets arising from employee benefits and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one cash-generating unit. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis and tested for impairment as part of the testing of the cash generating units to which the corporate asset is allocated.

Impairment losses recognised in prior periods are reviewed at each reporting date for any indications that the loss has decreased or no longer exists. This review also considers macro-economic and geopolitical uncertainty and climate-related matters. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment charges and reversal per asset category are stated as follows:

(EUR x 1,000)	2023			2022		
	Impairment charge	Impairment reversal	Net	Impairment charge	Impairment reversal	Net
Property, plant and equipment	1,760	(4,600)	(2,840)	1,533	(167)	1,366
Right of use assets	-	-	-	-	(35)	(35)
Intangible assets	319	-	319	1,252	-	1,252
Net impairment loss/ (reversal)	**2,079**	**(4,600)**	**(2,521)**	**2,785**	**(202)**	**2,583**

Impairment reversal on property, plant and equipment relates mainly to a EUR 4.6 million gain following the improved business outlook for the Fugro Synergy vessel. Refer to note 17 Property, plant and equipment for more details.

14. Other expenses

(EUR x 1,000)	2023	2022
Communication and office equipment	64,956	48,037
Indirect operating expenses	37,270	31,951
Occupancy costs	20,054	18,267
Professional services fee	20,354	17,764
Legal, audit & tax advisory fees	10,174	11,677
Training	8,425	5,897
Impairment of financial assets	8,157	1,480
Property lease expense	6,834	5,540
Marketing and advertising costs	5,450	4,153
Loss on disposal of subsidiaries and other interests	4,260	-
General maintenance and supplies	3,282	6,279
Research costs	2,030	3,162
Restructuring costs	1,016	2,844
Loss on disposal of property, plant and equipment	62	292
Other	24,797	20,359
Total	**217,121**	**177,702**

Impairment of financial assets relates to impairment charges on trade receivables and unbilled revenue on (completed) projects, see note 23 Trade and other receivables. Also included is an impairment charge of EUR 2.4 million on a long-term loan to Wavewalker B.V., see note 21 Other investments for more details.

Included in loss on disposal of subsidiaries and other interests is EUR 2.5 million from the sale of Fugro's business in Russia. This loss includes EUR 1.1 million (loss) of cumulative foreign currency translation reserves relating to the Russian operations which on disposal was reclassified to profit and loss. After obtaining all required regulatory approvals, this disposal was completed in the second quarter of 2023. Fugro previously suspended and subsequently ceased all operations in Russia in 2022, as first announced on 8 March 2022.
Also included in the loss of disposal of subsidiaries and other interests is EUR 1.8 million reported on remeasurement of equity interest in Sea-Kit International Limited, see note 20 Investments in equity accounted investees for more details.

15. Net finance (income)/expenses

Net finance income and expenses consist of finance expenses, finance income and foreign currency gains and losses. Finance expenses comprises interest expense on borrowings and lease liabilities, unwinding of the discount on provisions, losses on disposal of equity securities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of equity securities, fair value gains on financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre-existing interest in an acquiree, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the Group's right to receive payment is established, which in the case of quoted shares is normally the ex-dividend date.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(EUR x 1,000)	2023	2022
Interest income on loans and receivables	(9,827)	(3,574)
Net foreign exchange gain	-	(11,716)
Finance income	**(9,827)**	**(15,290)**
Interest expense on financial liabilities measured at amortised cost	33,871	35,295
Net foreign exchange loss	30,322	-
Finance expense	**64,193**	**35,295**
Net finance (income)/expenses recognised in profit or loss	**54,366**	**20,005**

The table set below summarises the net finance cost recognised in other comprehensive income and how they are categorised in the statement of changes in equity.

(EUR x 1,000)	2023	2022
Recognised in other comprehensive income		
Foreign currency translation differences of foreign operations	(2,815)	10,580
Foreign currency translation differences recycled to profit and loss	(1,077)	-
Foreign currency translation differences recycled to profit and loss of equity-accounted investees	(7,249)	-
Foreign currency translation differences of equity-accounted investees	(2,199)	659
Total	**(13,340)**	**11,239**
Recognised in:		
Translation reserve	(12,715)	10,860
Non-controlling interests	(625)	379
Total	**(13,340)**	**11,239**

16. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax liabilities also include any tax liability arising from the declaration of dividends. The global developments around introduction of Pillar 2 regulations are being monitored by Fugro. The mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules has been applied (refer to note 2.5). Fugro has substantially completed its impact assessment for Pillar 2 and concluded no material tax impact arises from these developments.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill, temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

16.1 Income tax expense/(gain)

Recognised in profit or loss

(EUR x 1,000)	2023	2022
Current income tax expense/(gain)		
Current year	29,734	22,122
Adjustments for prior years	964	(3,087)
	30,698	**19,035**
Deferred income tax expense/(gain)		
Origination and reversal of tax losses and temporary differences	31,832	19,541
Change in tax rate	1,474	(895)
Recognition of previously unrecognised tax losses and temporary differences	(52,341)	(13,528)
Recognition of liquidation losses	(43,113)	(15,254)
Liability for undistributed foreign earnings (deferred)	645	599
Adjustments for prior years	(8,019)	(2,301)
	(69,522)	**(11,838)**
Total income tax expense/(gain) on continuing operations	**(38,824)**	**7,197**

Reconciliation of effective tax rate

(EUR x 1,000)	2023 %	2023	2022 %	2022
Profit/(loss) before income tax		**218,572**		**86,488**
Income tax using the weighted domestic average tax rates	26.6	58,223	33.2	28,739
Change in tax rate	0.7	1,474	(1.0)	(895)
Recognition of previously unrecognised tax losses and temporary differences	(23.9)	(52,341)	(15.7)	(13,528)
Recognition of liquidation losses	(19.7)	(43,113)	(17.6)	(15,254)
Current year tax losses, temporary differences and tax credits not recognised	3.8	8,276	9.1	7,858
Non-deductible expenses	3.6	7,972	7.6	6,570
Tax exempt income	(5.2)	(11,324)	(7.5)	(6,513)
Write down of intercompany positions	-	-	4.4	3,808
Liability for undistributed foreign earnings (deferred)	0.3	645	0.7	599
Adjustments for prior years (deferred)	(3.7)	(8,019)	(2.7)	(2,301)
Adjustments for prior years (current)	0.4	964	(3.6)	(3,087)
Dividend and other income taxes	(0.7)	(1,581)	1.4	1,201
Income tax expense recognised in consolidated statement of comprehensive income	**(17.8)**	**(38,824)**	**8.3**	**7,197**

Income tax using the weighted domestic average tax rates

The average tax rate is computed by multiplying the result before tax of each tax group with the applicable domestic corporate income tax rates, varying from 0% to 35%. The increase of the average tax rate compared to prior year is caused by a significantly different mix of results in the various tax groups.

Recognition of previously unrecognised tax losses

This is mainly the effect of recognitions and utilisations of previously unrecognised tax losses in the United States (EUR 38.6 million) and Singapore (EUR 12.0 million) due to increased profitability and improved business outlook. In 2022, this was related to debt-forgiveness on non-recoverable intercompany positions with Angola (EUR 9.4 million). In addition, carry forward losses were recognised in Germany and France.

Recognition of liquidation losses

The recognition of liquidation losses relates to EUR 37.9 million (2022: EUR 12.4 million) to valuation of tax losses from anticipated formal liquidation of the remaining legal entities of the Seabed group, which business was divested in 2021. New official guidelines and interpretations on the Pillar 2 Directive were published during 2023, which indicate that transitional arrangements apply on the Seabed position and impact of the Directive on the liquidation losses is prohibited. The effects of the liquidation loss were further assessed on this basis. In addition, a Dutch Seabed entity filed a tax return in 2023 including part of the liquidation loss that will ultimately result in a loss at Fugro level. There was detailed communication with the tax office on this point. In addition, liquidation losses of EUR 5.2 million (2022: EUR 2.9 million) were recognised in relation to the upcoming liquidation of an Irish subsidiary.

Adjustments for prior years (deferred)

This prior year benefit relates to the effect of the inclusion of the innovation box deduction in the Netherlands for the years 2021 and 2022 (EUR 3.6 million), resulting in an additional loss for those years, and an adjustment in the United Kingdom (EUR 2.0 million) due to an intercompany waiver and the application of super deduction in the tax return of 2022.

16.2 Current tax assets and liabilities

The net current tax liability of EUR 32.4 million (2022: EUR 29.5 million liability) represents the balance of current tax assets and liabilities in respect of current and prior periods less advance tax payments.

Restatement of prior period errors

A prior period overstatement of current tax assets (EUR 1.3 million) was corrected retrospectively as of 1 January 2022 (reference is made to note 2.6).

16.3 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

(EUR x 1,000)	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	20,915	(12,125)	24,748	(11,435)
Intangible assets	-	(2,437)	127	(2,473)
Subordinated unsecured convertible bonds	-	(650)	-	(1,276)
Loans and borrowings	-	(2,751)	-	(1,713)
Leases	19,513	(18,425)	23,061	(21,527)
Employee benefits	2,735	(4,971)	2,593	(5,348)
Provisions	6,728	(7,530)	6,805	(5,301)
Liquidation losses	58,367	-	15,254	-
Tax loss carry-forwards	70,180	-	32,443	-
Other items	6,674	(5,672)	4,077	(2,877)
Deferred tax assets/(liabilities)	**185,112**	**(54,561)**	**109,108**	**(51,950)**
Set-off of tax components	(46,477)	46,477	(50,405)	50,405
Reflected in the statement of financial position as follows	**138,635**	**(8,084)**	**58,703**	**(1,545)**

The recognised deferred tax assets are dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The recognised amounts relate to tax groups that are profitable or are expected to be profitable in the foreseeable future. Management's projections support the assumption that it is probable that the results of future operations will generate enough taxable income to utilise these deferred tax assets. Consistent with other areas such as annual goodwill impairment testing, climate-related matters were considered in these projections. These include risks as well as opportunities, including the anticipated growth in activities in the renewables market segment.

Deferred tax assets for previously unrecognised net operating loss carry-forwards have been recognised in 2023 for the amount of EUR 52.3 million in connection with an improved profitability outlook for the Americas (EUR 39.0 million) and Asia Pacific (EUR 12.6 million) as well as other regions (EUR 0.7 million). The deferred tax asset recognition in the Americas is supported by substantial growth in the profitable offshore wind, carbon capture and storage/hydrogen and coastal resilience markets.

Movement in temporary differences during the year

(EUR x 1,000)	Balance 1 January 2023	Acquired in business combina-tions	Recognised in profit or loss	Recognised in other comprehen-sive income	Balance 31 December 2023
Property, plant and equipment	13,313	(21)	(4,502)	-	8,790
Intangible assets	(2,346)	-	(91)	-	(2,437)
Subordinated unsecured convertible bonds	(1,276)	-	626	-	(650)
Loans and borrowings	(1,713)	-	(1,038)	-	(2,751)
Leases	1,534	-	(446)	-	1,088
Employee benefits	(2,755)	-	(2,755)	3,274	(2,236)
Provisions	1,504	(80)	(2,226)	-	(802)
Liquidation losses	15,254	-	43,113	-	58,367
Tax loss carry-forward	32,443	296	37,441	-	70,180
Other items	1,200	38	(829)	593	1,002
Exchange differences	-	-	229	(229)	-
Total	**57,158**	**233**	**69,522**	**3,638**	**130,551**

(EUR x 1,000)	Balance 1 January 2022	Acquired in business combina-tions	Recognised in profit or loss	Recognised in other comprehen-sive income	Balance 31 December 2022
Property, plant and equipment	17,304	-	(3,991)	-	13,313
Intangible assets	(2,028)	-	(318)	-	(2,346)
Subordinated unsecured convertible bonds	(1,650)	-	374	-	(1,276)
Loans and borrowings	-	-	(1,713)	-	(1,713)
Leases	1,100	-	434	-	1,534
Employee benefits	452	-	(2,372)	(835)	(2,755)
Provisions	(346)	-	1,850	-	1,504
Liquidation losses	-	-	15,254	-	15,254
Tax loss carry-forward	32,011	-	432	-	32,443
Other items	213	-	394	593	1,200
Exchange differences	-	-	1,494	(1,494)	-
Total	**47,056**	**-**	**11,838**	**(1,736)**	**57,158**

Tax loss carry-forward

This item mainly consists of deferred tax assets in the United States, United Kingdom and Singapore.

Liquidation losses

The 2023 movement relates to updated valuation of tax losses from the anticipated formal liquidation of the Seabed group and the upcoming liquidation loss of an Irish subsidiary.

In addition to the aforementioned liquidation losses and subject to various tax technical considerations, a maximum additional amount of EUR 150 million (gross Seabed related losses) could in future materialise as liquidation losses at Group level. Accordingly, an additional deferred tax asset (valued against the applicable tax rate) could potentially arise in the future, if the probability meets the recognition criteria. This position will be reviewed on an annual basis.

16.4 Unrecognised deferred tax assets and liabilities

Unrecognised deferred tax assets relate to tax units previously suffering losses for which it is currently not probable that future taxable profit will be available to offset these losses, taking into account fiscal restrictions on the utilisation of loss compensation.

The deductible temporary differences and capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items, because it is not probable that future taxable profit will be available against which the Group can utilise these benefits. Unrecognised tax assets changed over the period as follows:

Unrecognised deferred tax assets

(EUR x 1,000)	2023	2022
As of 1 January	289,068	285,688
Movements during the period:		
Additional unrecognised losses and temporary differences	8,276	7,858
Recognition of previously unrecognised tax losses and temporary differences (profit or loss)	(52,341)	(13,528)
Effect of change in tax rates	(4,602)	(933)
Exchange rate differences	(13,568)	12,191
Expiration of tax losses	(3,413)	(667)
Change from reassessment	5,058	(1,541)
As of 31 December and specified as follows:	**228,478**	**289,068**
Tax credits	7,038	7,550
Deductible temporary differences	20,891	20,363
Tax loss carry-forward	200,549	261,155
	228,478	**289,068**

Tax loss carry-forward

This item mainly consists of unrecognised deferred tax assets in Australia, Singapore and Brazil. The reduction is mainly the effect of the recognition of deferred tax assets in the United States and Singapore. The balance also includes an amount of EUR 66 million related to the remaining legal entities in the Seabed group, which business was divested in 2021, therefore effectively limiting the utilisation of these losses to nil.

(EUR x 1,000)	2023	2022
Expiry of recognised and unrecognised deferred tax assets in respect of tax losses carried forward		
Between 1 – 5 years	6,017	14,984
Between 6 – 10 years	29,739	25,949
Between 11 – 20 years	36,249	56,659
Indefinite	198,724	196,006
	270,729	**293,598**

Temporary differences relating to investments in subsidiaries

At 31 December 2023, a deferred tax liability of EUR 2.2 million relating to investments in subsidiaries has been recognised (2022: EUR 1.8 million). No deferred tax liability is recognised in case Fugro controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future due to permanent reinvestments. The aggregate amount of temporary differences for which these deferred tax liabilities have been recognised is EUR 36.5 million (2022: 24.1 million).

In some of the countries where the Group operates, local tax laws provide that gains on disposal of certain assets are tax exempt, provided that the gains are not distributed. The company does not intend to distribute such gains; therefore no tax liabilities are recognised in this respect.

17. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Property, plant and equipment that is being constructed or developed for future use is classified as property, plant and equipment under construction and stated at cost until construction or development is complete, at which time it is reclassified as land and buildings, plant and equipment, vessels (including jack-ups) or other property, plant and equipment. Property, plant and equipment is recognised from the point in time when the Group obtains control. Any (pre-)payments made before that point in time are classified as other long-term asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within 'other income' or 'other expenses' in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.
The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.
The estimated useful lives for the current and comparative period of significant items of property, plant and equipment are as follows:

Refer to note 13 Impairments of non-financial assets for more details on Fugro's approach to impairment of its property, plant and equipment.

Category	Years
Land	Infinite
Buildings	20 – 40
Plant and equipment including ROVs, USVs, aerial vehicles, etc.	3 – 10
Vessels including jack-up platforms	2 – 25
Other	1 – 5

(EUR x 1,000)						2023						2022
	Land and Buildings	Plant and Equipment	Vessels	Fixed assets under construction	Other	Total	Land and Buildings	Plant and Equipment	Vessels	Fixed assets under construction	Other	Total
Balance at 1 January												
Cost	167,180	858,575	834,642	54,144	130,924	2,045,465	184,982	908,634	760,750	48,716	141,469	2,044,551
Accumulated depreciation and impairment	(89,596)	(758,092)	(516,696)	-	(121,085)	(1,485,469)	(92,397)	(820,338)	(465,406)	-	(131,349)	(1,509,490)
Carrying amount	**77,584**	**100,483**	**317,946**	**54,144**	**9,839**	**559,996**	**92,585**	**88,296**	**295,344**	**48,716**	**10,120**	**535,061**
Change in carrying amount:												
Additions	1,396	39,588	85,148	128,488	5,639	260,259	1,579	21,378	18,859	76,918	4,365	123,099
Acquisitions through business combinations	-	29	-	3,857	19	3,905	-	-	-	-	-	-
Transfers from fixed assets under construction	1,315	39,010	8,913	(50,779)	1,541	-	8,167	30,405	32,110	(71,253)	571	-
Depreciation	(4,997)	(48,394)	(40,663)	-	(4,778)	(98,832)	(4,925)	(40,907)	(39,468)	-	(5,311)	(90,611)
Impairment (loss)/reversal	(1,760)	-	4,600	-	-	2,840	(198)	-	(1,168)	-	-	(1,366)
Disposals	(662)	(335)	-	(11)	(58)	(1,066)	(21,342)	(320)	(1,169)	(326)	(30)	(23,187)
Effects of movements in foreign exchange rates	(1,118)	(2,138)	(4,881)	(2,773)	(206)	(11,116)	2,865	808	11,748	89	124	15,634
Reclassification adjustment	-	(1,055)	(2,109)	-	-	(3,164)	-	-	-	-	-	-
Transfers from/(to) assets classified as held for sale	(3,557)	-	-	-	-	(3,557)	(1,147)	823	1,690	-	-	1,366
Total changes	**(9,383)**	**26,705**	**51,008**	**78,782**	**2,157**	**149,269**	**(15,001)**	**12,187**	**22,602**	**5,428**	**(281)**	**24,935**
Balance at 31 December												
Cost	147,913	820,490	907,869	132,926	113,061	2,122,259	167,180	858,575	834,642	54,144	130,924	2,045,465
Accumulated depreciation and impairment	(79,712)	(693,302)	(538,915)	-	(101,065)	(1,412,994)	(89,596)	(758,092)	(516,696)	-	(121,085)	(1,485,469)
Carrying amount	**68,201**	**127,188**	**368,954**	**132,926**	**11,996**	**709,265**	**77,584**	**100,483**	**317,946**	**54,144**	**9,839**	**559,996**

Additions in 2023 include an amount of EUR 44.5 million in fixed assets under construction, relating to the purchase of two platform supply vessels which are repurposed to geotechnical vessels. Furthermore, two leased geotechnical vessels (Fugro Voyager and Fugro Scout) were acquired in November 2023 following the exercise of the purchase options. Reference is made to note 18 Leases.

EUR 4.6 million reversal of impairment loss was accounted for in 2023, following the improved business outlook for the Fugro Synergy. The recoverable amount of the vessel was determined based on a value in use calculation.

In 2021, Fugro announced its net zero carbon emissions commitment by 2035 (note 34).
The maritime sector will face more challenging customer needs and tighter regulations with respect to vessel emissions and maritime fuels in the foreseeable future. The EU Emission Trading System will become effective from 2027 impacting a limited number of vessels.
The vessel asset category is most exposed to the inherent risk of impairment from climate-related matters than the other categories. The Group has vessel conversion plans (e.g. hybrid technology) and transition plans to an uncrewed service vessel fleet in place. There are inherent uncertainties related to a successful transition which depends on the development of technology and infrastructure in the entire shipping industry and the future worldwide availability of low carbon maritime fuels including green methanol. The Group assessed whether these developments shorten the current estimates of vessel useful lives, reduce the estimated residual values and trigger so-called stranded assets. No material impact on useful lives, estimated residual values or triggering events for impairment were identified. It is furthermore noted that Fugro's vessels are used globally across all sectors, and that timely capital expenditures will be made within the next decade.

18. Leases

Accounting policies Fugro as lessee

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. However, for leases of property and equipment, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Recognition and measurement

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The Group applies the short-term lease recognition exemption to its short-term leases of vessels, property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost. Cost comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. The discount rate is the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The lease payments include (in-substance) fixed payments (less any lease incentives), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and payments of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method, and is increased to reflect the accretion of interest and reduced for the lease payments made. Lease payments are allocated between the liability and finance expenses (interest costs). The line-item interest paid in the statement of cash flows includes cash payments for the interest portion of lease liabilities.

The carrying amount of lease liabilities is remeasured if there is a modification and the lease modification is not accounted for as a separate lease, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or when there is a change in the in-substance fixed lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Accounting policies Fugro as lessor

The Group does not act as lessor. Accordingly, no accounting policies for lessors are applicable.

The Group's lease portfolio consists of vessels, property and equipment.

Vessels

The non-cancellable periods of vessel leases vary from 2 to 8 years. The Group has options to extend, terminate or purchase certain vessel leases. These options facilitate the Group's asset portfolio management to market conditions. Periods covered by extension options and termination options are generally not reflected in the lease term unless these options are assessed as reasonably certain to be exercised. Purchase options are not reasonably certain to be exercised, with the exception of the geotechnical vessels Fugro Scout and Fugro Voyager which were acquired during the year 2023. Lease payments generally include a fixed component (e.g. a fixed day rate). In addition, lease payments based on the utilisation of vessels are applied in the industry. The Group typically guarantees a minimum utilisation rate (e.g. a minimum number of charter days per annum at a predetermined day rate), which is reflected in the lease liability. The sensitivity of reported information to the aforementioned variables (e.g. future variable lease payments) is low.

Property

The Group has 182 property leases, which consist of land and buildings (e.g. offices, laboratory facilities, warehouses and housing). The non-cancellable periods of property leases vary from 1 to 40 years. Land leases have longer durations than buildings. The operational and financial effects of extension or termination options are not significant. In particular, some leases of office buildings contain extension options exercisable by the Group which provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The prevalence of the exercise of options that were not included in the measurement of lease liabilities is low. Fixed lease payments are generally subject to periodic adjustment to market rentals by means of a retail price index and/or in-substance fixed annual rent escalations. The relative magnitude of rent escalations and retail price index adjustments compared to the fixed lease payments is not significant.

Equipment

The Group has 652 equipment leases, comprising vehicles, IT equipment (data storage, copiers, printers, scanners, servers etc.), telecom (telecom, radio and satellite devices), aerial vehicles, drilling equipment, compressors, subsea equipment and cranes. The lease terms vary from 1 to 10 years. The lease payments are generally fixed in nature.

Right-of-use assets

(EUR x 1,000)	Vessels	Property	Equipment	Total
Balance at 1 January 2023	94,906	94,681	7,317	196,904
Balance at 31 December 2023	69,719	92,826	11,918	174,463
Balance at 1 January 2022	71,026	67,254	5,141	143,421
Balance at 31 December 2022	94,906	94,681	7,317	196,904

(EUR x 1,000)	Depreciation 2023	Additions 2023	Depreciation 2022	Additions 2022
Vessels	28,481	66,974	14,860	15,960
Property	12,551	4,417	13,755	39,991
Equipment	4,848	7,969	3,059	4,743
Total	**45,880**	**79,360**	**31,674**	**60,694**

To secure availability of the leased geotechnical vessels Fugro Voyager and Fugro Scout, Fugro had exercised its purchase options on 28 February 2022. The delivery date had been deferred in order to investigate whether to buy the vessels or extend the leases. The vessels were delivered on 20 November 2023. Fugro elected to measure the cost of the underlying vessels recognised as property, plant and equipment at the net carrying amount of the right of use assets at the time of transfer (EUR 75.9 million for both vessels). The net cash consideration for both vessels amounted to EUR 35.3 million and was presented in cash flows from financing activities (payments of lease liability). There were no gains or losses as a result of this transaction.

Refer to note 32 Financial risk management for the maturities of lease liabilities.

Amounts recognised in profit and loss

(EUR x 1,000)	2023	2022
Interest on lease liabilities	8,359	6,391
Variable lease payments not included in the measurement of lease liabilities	30,036	12,498
Low-value asset expense	533	1,521
Expenses relating to short-term leases	141,920	140,449

Amounts recognised in the statement of cash flows

(EUR x 1,000)	2023	2022
Total cash outflow for leases	**89,961**	**42,335**

The same additional climate-related impairment trigger assessment as explained in note 17 was performed for leased vessels. Fugro considers the availability of 'green' leases. Vessel conversion plans (e.g. hybrid technology) also cover material leased vessels. No triggering events were identified.

19. Intangible assets including goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested for impairment annually and when there is an indication for impairment. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Fugro incurs exploration and evaluation (E&E) costs in Australian areas of interest in cooperation with Finder Exploration Pty Ltd (Finder), Theia Energy Pty Ltd (Theia) and Finder related parties. These assets are considered non-core business. E&E assets are classified as intangible assets, as they typically relate to drilling permits. E&E expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established by the parties involved. These estimates and assumptions include the relevant regulatory environment and may change as new information becomes available. A regular review of each area of interest is undertaken to determine the appropriateness of continuing to carry forward costs in relation to that area. Capitalised costs are only carried forward to the extent that they are expected to be recovered. Accordingly, E&E assets are not amortised, but assessed for impairment indications. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of comprehensive income.

Research expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The capitalised expenditure includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.
Software and other intangible assets acquired or developed by the Group and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite life are annually tested for impairment or when there is an indication for impairment. Other intangible assets and software are amortised from the date they are available for their intended use. The estimated useful life of software and other capitalised development costs is, in general, five years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. The measurement date of the annual goodwill impairment test is 30 September. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or group of cash-generating units) on a pro rata basis.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated, are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are reviewed at each reporting date for any indications that the loss has decreased or no longer exists. For these other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(EUR x 1,000)					2023					2022
	Goodwill	E&E (Finder/ Theia)	Software	Other	Total	Goodwill	E&E (Finder/ Theia)	Software	Other	Total
Balance at 1 January										
Cost	595,172	38,198	9,663	12,048	655,081	587,188	38,459	17,007	25,964	668,618
Accumulated amortisation and impairment	(322,694)	(21,191)	(8,788)	(9,659)	(362,332)	(317,672)	(20,766)	(16,909)	(23,432)	(378,779)
Carrying amount	**272,478**	**17,007**	**875**	**2,389**	**292,749**	**269,516**	**17,693**	**98**	**2,532**	**289,839**
Change in carrying amount:										
Acquisitions through business combinations	2,108	-	1,380	-	3,488	-	-	-	-	-
Purchase of intangible assets	-	-	48	41	89	-	-	927	305	1,232
Other additions	-	7	-	-	7	-	1,245	-	-	1,245
Amortisation	-	-	(191)	(273)	(464)	-	-	(123)	(412)	(535)
Impairment	-	(319)	-	-	(319)	-	(1,252)	-	-	(1,252)
Disposals	-	-	-	-	-	-	(700)	-	(2)	(702)
Effect of movements in foreign exchange rates	(4,286)	(537)	(53)	(79)	(4,955)	2,962	21	(27)	(34)	2,922
Total changes	**(2,178)**	**(849)**	**1,184**	**(311)**	**(2,154)**	**2,962**	**(686)**	**777**	**(143)**	**2,910**
Balance at 31 December										
Cost	587,882	37,010	10,735	6,996	642,623	595,172	38,198	9,663	12,048	655,081
Accumulated amortisation and impairment	(317,582)	(20,852)	(8,676)	(4,918)	(352,028)	(322,694)	(21,191)	(8,788)	(9,659)	(362,332)
Carrying amount	**270,300**	**16,158**	**2,059**	**2,078**	**290,595**	**272,478**	**17,007**	**875**	**2,389**	**292,749**

Goodwill

The capitalised goodwill was allocated to the following CGUs as at 31 December:

(EUR x 1,000)	2023	2022
Europe-Africa	119,326	120,288
Americas	69,978	70,541
Asia Pacific	29,501	29,738
Middle East & India	51,495	51,911
Total	**270,300**	**272,478**

Impairment testing for cash-generating units containing goodwill

The recoverable amounts of the cash-generating units have been determined based on value in use calculations. Value in use was determined by discounting the expected future cash flows from the continuing use of the CGUs.

- Cash flows in the first year of the forecast are based on management's approved financial budget. For all CGUs, the 2024 projections factor in, amongst others, already signed contracts, expected win rates on contracts out for bid, expected crew and vessel utilisation rates and/or industry developments. Cash flows for the CGUs beyond one year are extrapolated using an estimated revenue growth rate based on current and expected market developments.
- Cash flows for the CGUs beyond five years are extrapolated using an estimated long-term revenue growth rate of 2.0% (2022: 2.1%). For the CGUs the revenue growth rates are based on an analysis of the long-term market price trends in relevant industries adjusted for actual experience.
- Any estimated future cash inflows / outflows expected to arise from future restructuring, if any, are excluded from the calculations, unless already committed to. This also applies to a large extent to transformation capital expenditures and the resulting impact on cash inflows.
- The pre-tax discount rate used to discount the pre-tax cash flows for impairment testing purposes is determined through an iterative calculation using the projected post-tax cash flows, expected tax rate for the respective cash generating units and a post-tax discount rate for the Group. Rising interest rates were reflected in a higher risk-free rate (thirty-year German government bonds were used as proxy). This was offset by a lower market risk premium.

The key assumptions used in the annual goodwill impairment test at the 30 September measurement date were as follows:

(EUR x 1,000)	Revenue growth rate % year 1		Average revenue growth rate % year 2-5		Revenue growth rate % long-term		Pre-tax discount rate %		Long-term EBIT margin %	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Europe-Africa	8.6	13.1	7.3	7.5	2.0	2.1	11.7	11.7	10.9	10.1
Americas	8.9	10.3	8.7	8.4	2.0	2.1	11.7	11.9	10.1	9.9
Asia Pacific	21.6	27.7	4.7	7.4	2.0	2.1	11.6	11.6	8.0	8.1
Middle East & India	11.2	15.1	6.8	8.4	2.0	2.1	13.7	12.9	10.2	9.4

Climate-related matters were reflected in these assumptions as follows:

- Assumptions on market developments for the market segments in which Fugro operates, including high growth in the renewables market segment compared to in particular oil and gas.
- Capital expenditures to decarbonise the vessel fleet emissions by 2035, however only insofar these qualify for inclusion in the value in use calculation. Capital expenditures that improve the vessel's performance are excluded in value in use calculations.
- Terminal value revenue growth rates are capped at the risk-free rate. No further adjustment in long term growth rates for the energy transition from the fossil fuel sector to the renewable energy sector was deemed necessary and therefore not considered to have a material impact.

The goodwill sensitivity analysis of each CGU as at the measurement date was as follows:

(EUR x 1,000)		Change required in each key assumption for headroom to equal zero				
	Headroom	Revenue growth rate % year 1	Average revenue growth rate % year 2-5	Revenue growth rate % long-term	Pre-tax discount rate	Long-term EBIT margin %
Europe-Africa	779,680	(35.2)	(10.3)	(20.0)	12.2	(13.9)
Americas	384,810	(34.0)	(10.6)	(12.6)	9.5	(8.8)
Asia Pacific	193,209	(29.9)	(7.1)	(8.9)	6.8	(6.9)
Middle East & India	82,025	(19.8)	(5.7)	(5.2)	4.6	(9.6)
Total	**1,439,724**					

Total headroom increased significantly from EUR 1,021 million in 2022 to EUR 1,440 million in 2023. The changes beyond those in the above table to assumptions used in the goodwill impairment test would, in isolation, lead to an impairment loss being recognised.

20. Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures and associates. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

Investments in equity-accounted investees are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables that form part of the entity's net investment, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. The carrying amount of equity-accounted investments is tested for impairment.

The movement in the carrying amounts of associates and joint ventures are presented as follows:

(EUR x 1,000)	Joint ventures		Associates	
	2023	2022	**2023**	2022
At 1 January	43,164	43,640	3,385	2,726
Share of profit/(loss)	11,165	11,558	128	236
Capital increase/(decrease)	-	-	-	589
Other comprehensive income/(loss)	(2,259)	(493)	60	(166)
Dividends received	(6,020)	(11,540)	-	-
Step-acquisition	-	-	(3,573)	-
Other	-	(1)	-	-
At 31 December	**46,050**	**43,164**	**-**	**3,385**

On 21 December 2023, Fugro exercised its purchase option to acquire the remaining 51% equity interest in Sea-Kit International Limited (an individually immaterial associate) from its joint venture partner for a cash consideration of EUR 4.0 million (GBP 3.5 million). The previously held 49% interest was treated as if it were disposed of and reacquired at fair value on the acquisition date. The remeasurement loss of EUR 1.8 million was presented in note 14 Other expenses. An amount of EUR 2.1 million goodwill was recognised. The cash consideration paid was presented as cash outflow from investing activities (step-acquisitions) in the consolidated statement of cash flows.

Fugro completed the divestment of its non-core interest in Global Marine Group (GMG) on 7 March 2023. GMG was previously presented as a non-current asset held for sale. The divestment resulted in a gain on disposal of EUR 2.4 million, which was presented in 'share of profit of equity-accounted investees' in profit and loss. The divestment of GMG qualifies as a full disposal of the remaining activities of GMG. Accordingly, the cumulative exchange gains of EUR 7.3 million were reclassified from the 'translation reserve' in equity to the 'share of profit of equity accounted investees' in profit and loss. The proceeds received amounted to EUR 9.9 million which was presented as cash flow from investing activities (dividends received) in the consolidated statement of cash flows.

None of the group's equity-accounted investees are publicly listed entities and consequently they do not have published price quotations. The group has no significant commitments to its joint ventures and associates.

21. Other investments

Equity securities, long-term loans, deposits and other long-term assets are financial assets. The Group does not have material derivative financial assets. The aforementioned financial assets are classified at initial recognition, and subsequently measured at amortised cost or fair value through profit and loss. The classification at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Subsequent measurement is at amortised cost using the effective interest method and is subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income. Dividends on equity investments are also recognised as net finance income in the statement of comprehensive income when the right of payment has been established. The Group derecognises a financial asset when the rights to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. Refer to note 32.2 Credit risk for details on how the Group applies ECL model.

(EUR x 1,000)	Measurement Category	2023	2022
Equity securities	Fair value through profit and loss	1,096	1,096
Long-term loans	Amortised cost	2,100	4,500
Deposits	Amortised cost	3,355	3,238
Net defined benefit asset	Present value	19,882	21,333
Other long-term assets	Nominal value	982	5,083
Balance at 31 December		**27,415**	**35,250**

Equity securities are investments in third party entities in whose activities the Group holds a non-controlling interest and has no control, joint control or significant influence. The Group received EUR 734 thousand in dividends from its equity securities in 2023 (2022: nil).

Long-term loans mainly comprise a loan due from Wavewalker B.V. for the carrying amount of EUR 2.1 million (31 December 2022: EUR 4.5 million). The loan has to be fully repaid before 30 April 2027, however, an impairment loss of EUR 2.4 million was recognised in 2023.

The net defined benefit asset comprises of a surplus on a UK pension plan as per 31 December 2023 (refer to note 29 Employee benefits).

22. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined using the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

In 2023, EUR 35.1 million (2022: EUR 29.1 million) of inventories was recognised as an expense.

23. Trade and other receivables

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient when it is expected, at contract inception, that the period between when the Group transfers the promised goods or services and when the customers pays for this good or service is one year or less, are measured at the transaction price determined under IFRS 15. Other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less, any impairment losses. Unbilled revenue on (completed) projects represents the gross amount expected to be collected from customers for contract work performed to date (a contract asset). It is measured at costs incurred plus profits recognised to date less progress billings and recognised losses. Generally, unbilled revenue on (completed) projects is invoiced to customers in the period following the execution of work. Subsequently, trade receivables are paid by customers in accordance with their respective payment term. The contracts in progress for which this amount exceeds progress billings are presented as unbilled revenue on (completed) projects. The contracts in progress for which progress billing exceeds costs incurred plus profits recognised to date less progress billings and recognised losses are presented as advance instalments to work in progress.

The Group applies the Expected Credit Loss (ECL) model. For trade receivables and unbilled revenue on (completed) contracts, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Refer to note 32.2 Credit risk for details on how the Group applies the ECL model.

(EUR x 1,000)	2023	2022
Trade receivables	301,329	291,207
Unbilled revenue on (completed) projects*	237,815	214,653
Prepayments	24,186	28,883
VAT and other tax receivables	29,752	28,513
Other receivables*	50,841	34,829
Balance at 31 December	**643,923**	**598,085**

* A prior period overstatement of unbilled revenue on (completed) contracts (EUR 2.1 million) and other receivables (EUR 3.3 million) was corrected retrospectively as of 1 January 2022 (reference is made to note 2.6). The comparative figures in the table above have been adjusted accordingly for the same amounts.

Trade receivables are shown net of impairment losses (see below) arising from identified doubtful receivables from customers as well as expected credit losses. Other receivables mainly include short-term deposits, damages and claims recoverable with an impairment loss of EUR nil recognised in the year (2022: 0.5 million).

Impairment losses

Trade receivables were impaired taking into account the financial position of the debtors, the days outstanding, the expected outcome of negotiations and legal proceedings against debtors and probabilities of default. Unbilled revenue on (completed) projects does not include (material) impairment losses which is similar to previous year. The ageing of trade receivables and unbilled revenue on (completed) contracts at the reporting date is as follows:

(EUR x 1,000)				2023
	Status	Estimated total gross carrying amount at default	Expected credit loss	Expected credit loss rate %
Past due for 0 to 30 days	Fully performing	331,028	38	0.01
Past due for 31 to 60 days	Not (materially) impaired	72,721	350	0.48
Past due for 61 to 90 days	Not (materially) impaired	39,529	259	0.66
Past due for over 90 days	(Materially) impaired	96,263	17,635	18.32
Retentions and special items		18,425	540	2.93
Balance at 31 December		**557,966**	**18,822**	

(EUR x 1,000)				2022
	Status	Estimated total gross carrying amount at default	Expected credit loss	Expected credit loss rate %
Past due for 0 to 30 days	Fully performing	401,290	292	0.07
Past due for 31 to 60 days	Not (materially) impaired	53,261	480	0.90
Past due for 61 to 90 days	Not (materially) impaired	18,243	86	0.47
Past due for over 90 days	(Materially) impaired	33,559	13,565	40.42
Retentions and special items		14,498	568	3.92
Balance at 31 December		**520,851**	**14,991**	

The movement in the allowance for impairment in respect of trade receivables and unbilled revenue on (completed) contracts during the year was as follows:

(EUR x 1,000)	2023	2022
Balance at 1 January	14,991	15,438
Impairment loss recognised	9,357	2,918
Impairment loss reversed	(3,597)	(2,003)
Write-off	(1,267)	(1,972)
Effect of movements in exchange rates	(662)	610
Balance at 31 December	**18,822**	**14,991**

The allowance account with respect to trade receivables and unbilled revenue on (completed) contracts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point the amount considered irrecoverable is written off directly against the allowance. The changes in the aforementioned balances contributed to changes in the loss allowance. Consistent with prior year, there are no material trade receivables which were written off during 2023 and which are still subject to enforcement activity.

24. Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and call deposits. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Bank overdrafts are shown within the current liabilities in the consolidated statement of financial position. Currency exchange differences on cash held are presented separately in the statement of cash flows.

(EUR x 1,000)	2023	2022
Cash and cash equivalents	326,294	209,090
Bank overdraft	(496)	(2,059)
Cash and cash equivalents in the consolidated statement of cash flows	**325,798**	**207,031**

The cash and cash equivalents include foreign currency cash balances not freely available for general use within the Group. These include EUR 5.6 million (31 December 2022: EUR 9.4 million) of Angolan Kwanza's and EUR 3.5 million (31 December 2022: EUR 6.9 million) of Nigerian Naira where exchange controls apply.

25. Total equity

Share capital is classified as equity. The term 'shares' as used in the financial statements pertain to ordinary shares and preference shares of Fugro N.V. Ordinary shares of Fugro N.V. are listed and traded on the Euronext Amsterdam stock exchange. The surplus paid by shareholders above the nominal value of shares is recognised as share premium. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Fugro purchases and sells own shares in relation to the long-term incentive plans. Own shares which have been repurchased are held in treasury and are deducted from and presented within equity in a separate 'reserve for own shares' on a cost basis. Own shares are recorded at cost, representing the market price paid on the acquisition date. When reissued under the long-term incentive plan, shares are removed from the reserve for own shares on a first-in, first-out (FIFO) basis. The difference between the cost and the cash received is recorded in retained earnings.

Dividends are recognised as a liability when the dividend is appropriately authorised and is no longer at the discretion of the company.

25.1 Share capital and share premium

On 28 July 2022, Fugro issued 10,319,036 new ordinary shares as part of a sub-10 offering through an accelerated bookbuild, which were delivered to subscribing investors and listed and admitted to trading on Euronext Amsterdam on the same date. As a result, Fugro's issued share capital increased from 103,190,366 to 113,509,402 shares. The issued shares are as follows:

(Numbers of shares)	Ordinary shares		Preference shares	
	2023	2022	**2023**	2022
In issue at 1 January	113,509,402	103,190,366	-	-
Issued for cash	-	10,319,036	-	-
In issue at 31 December – fully paid	**113,509,402**	**113,509,402**	**-**	**-**
Authorised at 31 December – nominal value ordinary shares EUR 0.05 and nominal value preference shares EUR 0.05 in 2022	180,000,000	180,000,000	220,000,000	220,000,000

Consistent with last year, there are no shares issued which are not fully paid. On 31 December 2023, the authorised share capital amounts to EUR 20 million (2022: EUR 20 million), consisting of ordinary shares and various types of preference shares. On 31 December 2023, the issued share capital amounted to EUR 5.7 million (2022: 5.7 million).

Ordinary shares

Holders of ordinary shares are entitled to dividends as appropriately authorised from time to time and are entitled to one vote per share at general meetings of the company. All rights attached to the company's shares held by the Group are suspended until those shares are transferred to a party outside the Group.

Preference shares

No preference shares have been issued. Fugro's articles of association as at 31 December 2023 provide the foundation Stichting Beschermingspreferente aandelen Fugro with a right to exercise a call option on protective preference shares.

25.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The translation reserve also includes the translation of liabilities that hedge the company's net investment in a foreign subsidiary (prior to the discontinuance of net investment hedging in December 2020).

25.3 Reserve for own shares

Fugro has not purchased own shares to cover its long-term incentive plan in 2023 (2022: nil). In 2023, 468,864 shares were used (2022: 97,199). As per 31 December 2023, Fugro holds 1,117,685 own shares (2022: 1,586,549) with respect to the long-term incentive plan and subordinated unsecured convertible bonds. This was 1.0% of the issued capital (2022: 1.4%).

25.4 Unappropriated result

Refer to note 28.1 Loans and borrowings for dividend restrictions. Fugro will propose to the annual general meeting on 25 April 2024 to declare a cash dividend pay-out of EUR 0.40 per qualifying share for 2023 to shareholders (2022: no dividend was proposed).

26. Basic and diluted earnings per share

Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent adjusted for the effect of dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Fugro considers the following four categories of potential ordinary shares: convertible bonds, share options, restricted share units and performance shares.

The calculation of basic and diluted EPS has been based on the following profit (loss) attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. For diluted EPS, adjustments for the effects of dilutive potential ordinary shares are made.

(EUR x 1,000)			2023			2022
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net income (loss) attributable to equity holders of the parent (Euro)	252,000	2,843	254,843	74,127	-	74,127
Reconciling items numerator basic EPS	-	-	-	-	-	-
Profit (loss) attributable to ordinary shareholders (basic)	**252,000**	**2,843**	**254,843**	**74,127**	**-**	**74,127**
Effects of dilutive potential ordinary shares	2,378	-	2,378	-	-	-
Profit (loss) attributable to ordinary shareholders (diluted)	**254,378**	**2,843**	**257,221**	**74,127**	**-**	**74,127**

Number of shares	2023	2022
Outstanding number of ordinary shares at 1 January	111,922,853	101,506,618
Effect of delivery of treasury shares for share-based payment plans	344,322	65,330
Effect of shares issued during the year	-	4,438,599
Weighted average number of ordinary shares at 31 December (basic)	**112,267,175**	**106,010,547**
Effects of conversion of convertible bonds	2,053,415	-
Effects of share options on issue	-	-
Effects of restricted shares on issue	385,797	221,566
Effects of performance shares on issue	799,447	374,838
Weighted average number of ordinary shares at 31 December (diluted)	**115,505,834**	**106,606,951**

The convertible bonds, the share options, restricted shares and performance share on issue, could have an impact on the weighted average number of (diluted) ordinary shares.

To calculate the EPS for discontinued operations, the weighted average of ordinary shares for both basic and diluted EPS is per the tables above.

27. Non-controlling interest

Details of total non-controlling interests (NCI) and dividends paid to non-controlling interest shareholders for the group and the most significant NCI is shown below.

(EUR x 1,000)	2023		2022	
	Non-controlling interests	Of which: Fugro-Suhaimi Ltd.	Non-controlling interests	Of which: Fugro-Suhaimi Ltd.
Carrying amount	12,630	11,914	11,269	10,455
Dividends paid	3,410	3,275	4,635	4,400

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information of Fugro-Suhaimi Ltd. (Suhaimi) that has a material non-controlling interest to the Group. Fugro-Suhaimi Ltd. provides a range of engineering, testing and consultancy services to the oil and gas, energy, mining and construction industries. The non-controlling interest in Fugro-Suhaimi is 50%, which also represents 50% of the companies' voting rights in the general meeting of shareholders.

Fugro controls the operations and management of Suhaimi as it directs the relevant revenue generating activities of this company. Fugro also determines the strategy, policies and day-to-day business of Suhaimi. Therefore, this subsidiary, with a significant non-controlling interest, is fully consolidated into the Group's financial statements. The shareholders of Suhaimi have certain customary rights on certain key decisions, such as decisions on the declaration and payment of dividend and any significant change to the scope of the business. These rights are considered as protective in nature and normally go beyond the normal scope of business. Such decisions do not affect Fugro's ability to control the activities of Suhaimi.

Summarised balance sheet

(EUR x 1,000)	Fugro-Suhaimi Ltd.	
	As at 31 December	
	2023	2022
Current		
Assets	73,939	53,684
Liabilities	(54,987)	(39,983)
Total current net assets	**18,952**	**13,701**
Non-current		
Assets	12,672	13,412
Liabilities	(7,797)	(6,203)
Total non-current net assets	**4,875**	**7,209**
Net assets	23,827	20,910
NCI percentage	50%	50%
Carrying amount of NCI	11,914	10,455

Summarised income statement

(EUR x 1,000)	Fugro-Suhaimi Ltd.	
	For period ended 31 December	
	2023	2022
Revenue	60,628	49,923
Profit/(loss) before income tax	11,753	10,211
Income tax (expense)/income	(1,043)	-
Post-tax profit/(loss) from continuing operations	10,710	10,211
Other comprehensive income	(1,242)	741
Total comprehensive income/(loss)	9,468	10,952
Total comprehensive income/(loss) allocated to non-controlling interests	4,734	5,476
Dividends paid to non-controlling interests	3,275	4,400

Summarised cash flows

(EUR x 1,000)	Fugro-Suhaimi Ltd.	
	For period ended 31 December	
	2023	**2022**
Net cash generated from operating activities	9,922	11,382
Net cash used in investing activities	(131)	(1,114)
Net cash used in financing activities	(3,812)	(5,050)
Net increase in cash and cash equivalents and bank overdrafts	5,979	5,218
Cash, cash equivalents and bank overdrafts at beginning of year	9,276	3,896
Exchange gains/(losses) on cash and cash equivalents	(70)	162
Cash and cash equivalents at end of year	15,186	9,276

The amounts above are before intercompany eliminations.

28. Financial liabilities

The Group's financial liabilities consist of loans and borrowings, lease liabilities, bank overdrafts, trade and other payables, other taxes and social security contributions.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised. The effective interest rate amortisation is included as finance costs in the statement of comprehensive income. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The fair value of the liability portion of a convertible bond is initially determined using a market interest rate for an equivalent non-convertible bond at the issue date. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion, redemption, or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity (in a separate category 'equity component of convertible bonds'), net of income tax effects and is not subsequently remeasured. This remaining equity component is transferred to retained earnings upon repurchase or repayment of convertible bonds.
The Group has not designated any financial liability as at fair value through profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a currently enforceable legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

28.1 Loans and borrowings

(EUR x 1,000)	**2023**	**2022**
Senior term loan of EUR 200 million	200,575	200,234
Nine hundred and ten subordinated unsecured convertible bonds of EUR 100,000 (issued in 2017)	41,640	40,348
Other loans and long-term borrowings	7,924	4,886
Subtotal	**250,139**	**245,468**
Less: current portion of loans and borrowings	(48,872)	(3,801)
Balance at 31 December	**201,267**	**241,667**

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(EUR x 1,000)					2023		2022
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Senior term loan of EUR 200 million	EUR	EURIBOR +3.25% - +5.00%	2026	200,000	200,575	200,000	200,234
Subordinated unsecured convertible bonds of EUR 100 million (issued 2017)	EUR	4.50%	2024	42,500	41,640	42,500	40,348
Other long-term loans	Variable	8.5%	2024	7,924	7,924	4,886	4,886
Balance at 31 December				**250,424**	**250,139**	**247,386**	**245,468**

Senior Facility Agreement

The senior RCF and senior term loan are part of a Senior Facility Agreement (SFA). The SFA was arranged by ING, Rabobank, ABN AMRO, HSBC, Barclays and BNP Paribas. The senior RCF and senior term loan rank pari passu with each other and the bilateral guarantee facilities and (if applicable) hedge liabilities. The senior RCF and senior term loan are secured by a comprehensive security package that is shared with lenders of certain bilateral guarantee facility providers and (if applicable) hedge counterparties. The security package is summarised as follows: Fugro N.V. and each of its subsidiaries that is a guarantor under the SFA guaranteed the obligations of each of the other subsidiaries under the SFA. Security has been provided over the shares of each of the guarantors. In addition, certain Dutch, Curaçao and other foreign subsidiaries act as guarantor for the SFA and each of them provided security over its bank accounts and all its intercompany receivables.

Pledged assets (collateral)

(EUR x 1,000)	Carrying amount	
	2023	2022
Net equity value of guarantors (aggregated)	3,049,491	2,802,319
Bank accounts (of Dutch, Curaçao and other foreign subsidiaries)	93,869	38,409
Intercompany receivables (of Dutch, Curaçao and other foreign subsidiaries)	912,083	743,511

On 7 June 2023, Fugro obtained approval from the lenders to increase the maximum amount of cash collateral or deposits granted as (quasi-) security from EUR 150 million to EUR 200 million. This is to accommodate anticipated increases in guarantee facility requirements as a result of the Group's estimated revenue growth and the increased prevalence of large-sized projects over the next three years. Guarantees (liens) related to the senior revolving credit facility and senior term loan are EUR 200 million (the drawn amount) as of 31 December 2023 (2022: EUR 200 million drawn amount).

Under certain circumstances, the lenders may require mandatory prepayment of all amounts outstanding under the senior RCF and the senior term loan. Such circumstances include, amongst others, a change of control. In addition, the net proceeds of a sale of substantially all of the assets of the Group are to be applied towards mandatory prepayment of the senior term loan and senior RCF.

Dividend payments are restricted. Dividends may only be paid if net leverage is equal to or less than 2.50:0, and distributions are capped at 60% of net profit. Covenants apply, amongst others, regarding the solvency ratio, net leverage and interest coverage.

As at 31 December 2023, only the senior term loan is drawn, and the amount is denominated in Euro. Fugro has the discretion to draw the senior RCF and senior term loan in US dollar (optional currency). Potential future draw downs in US dollar would result in principal repayments and interest payments both in US dollar. This foreign currency feature would therefore qualify as closely related embedded derivative.

28.2 Senior RCF

As at 31 December 2023, EUR nil million under the senior RCF and ancillary facility was drawn (2022: EUR nil). The senior RCF may be utilised by way of drawing of loans and ancillary facilities. The senior RCF represents a three-year facility. On 7 June 2023 exercised its one-year extension option for both the senior RCF and term loan, extending the maturity date from

5 August 2025 to 5 August 2026. The company shall apply amounts borrowed under the senior RCF and ancillary facility towards general corporate and working capital purposes. This includes acquisitions permitted under the SFA. In addition, amounts borrowed may be applied to repayment of the remaining amounts outstanding under the subordinated unsecured convertible bonds maturing in 2024. The initial interest is EURIBOR +2.75% and depending on leverage can vary between EURIBOR+1.75% and EURIBOR+3.75% (excluding any sustainability-linked KPI discount or penalty):

Leverage	Margin
>3.00:1	3.75
≤3.00:1 but >2.50:1	3.25
≤2.50:1 but >2.00:1	2.75
≤2.00:1 but >1.50:1	2.25
≤1.50:1	1.75

In addition, an interest discount or penalty applies, depending on the performance on sustainability-linked KPIs (see below).

The transaction costs of the senior RCF of EUR 3.4 million are recorded as current assets and are amortised over the term. The current year amortisation amounts to EUR 1.1 million (finance expense).

28.3 Term loan

As at 31 December 2023, the carrying amount of the senior term loan amounts to EUR 200.6 million with an effective interest expense (at 7.38%) of EUR 14.7 million during 2023 (2022: carrying amount EUR 200.2 million and interest expense of EUR 3.9 million). The senior term loan was extended on 7 June 2023 as explained in the senior RCF section above. The initial coupon is EURIBOR+3.25% and depending on leverage can vary between EURIBOR+3.25% and EURIBOR+5.00% (excluding any sustainability-linked KPI discount or penalty):

Leverage	Margin
>3.00:1	5.00
≤3.00:1 but >2.50:1	4.50
≤2.50:1 but >2.00:1	4.00
≤2.00:1 but >1.50:1	3.50
≤1.50:1	3.25

In addition, an interest discount or penalty applies, depending on the performance of sustainability-linked KPIs (see below). The current discount is 10 basis points based on the KPIs, resulting in a current coupon of 3.15%.

The transaction costs of EUR 3.9 million costs were included in the carrying amount of the senior term loan. These transaction costs are recognised in profit and loss in accordance with the effective interest rate method and the current year finance expense amounts to EUR 1.9 million.

28.4 Subordinated unsecured convertible bonds

As at 31 December 2023, the carrying amount of the EUR 100 million subordinated unsecured convertible bonds due 2024 amounts to EUR 41.6 million (2022: 40.3 million) with an effective interest expense (at 8.1%) of EUR 3.2 million in 2023 (2022: EUR 6.5 million). A EUR 1.9 million coupon of 4.5% has been paid in 2023 (2022: 4.4 million). The conversion price is EUR 19.6490. Unless previously redeemed, converted or purchased and cancelled, these remaining bonds will be redeemed at their principal amount on or around 2 November 2024. Upon exercise of their conversion rights, these bonds will be convertible into ordinary shares at a conversion rate of 2,162.960 for each bond held, representing ordinary shares in the capital of Fugro. The initial conversion price was set at EUR 14.9412. The ordinary shares underlying the bonds corresponded to approximately 1.9% of the company's issued share capital. Fugro has the option to convert all but not some of these outstanding bonds into ordinary shares at the then prevailing conversion price at any time since 23 November 2020, if the value of the ordinary shares underlying a bond exceeds EUR 150 thousand for a specified period of time. Holders of the bonds have the option to force redemption of the principal amount plus interest (in cash) by Fugro in the event of a change in control. Fugro has an early redemption option (clean-up call) if 15% or less of the aggregate principal amount of the bonds remains outstanding. Fugro has an option to redeem all, but not some of the bonds in the event of certain changes in tax law.

The Group considers the bonds as a compound financial instrument containing a debt host (including closely related embedded liability derivatives) and an embedded equity derivative (conversion option). The subordinated convertible bonds are publicity traded on the Frankfurt stock exchange. The conversion price of the bonds is subject to standard anti-dilution adjustments such as in the event of share consolidations, share splits, capital distributions, rights issues and bonus issues and in the event of a change in control, a merger, or other events.

28.5 Changes in liabilities arising from financing activities

The table below sets out an analysis of the changes in liabilities arising from financing activities in 2023.

(EUR x 1,000)	Senior RCF	Term loan	Subordinated unsecured convertible bonds EUR 100,000	Super senior RCF	Super senior term loan	Lease Liabilities	Other long-term loans	Transaction with discontinued operations	Total
Balance at 1 January 2023	-	200,234	40,348	-	-	168,974	4,886	-	414,442
Repayment of super senior RCF/super senior term loan	-	-	-	-	-	-	-	-	-
Cash flow from financing activities provided by (used for) continued operations	-	-	-	-	-	(81,602)	3,285	(16,910)	(95,227)
Cash flow from financing activities provided by (used for) discontinued operations	-	-	-	-	-	-	-	16,910	16,910
Sub-total	**-**	**-**	**-**	**-**	**-**	**(81,602)**	**3,285**	**-**	**(78,317)**
Effect of movement in foreign exchange rates	-	-	-	-	-	(4,092)	(295)	-	(4,387)
Other changes*	-	341	1,292	-	-	102,894	48	-	104,575
Balance at 31 December 2023	**-**	**200,575**	**41,640**	**-**	**-**	**186,174**	**7,924**	**-**	**436,313**

* Other changes include interest payments, accrued interest, transaction costs capitalised against term loan, amortisation, and new/modification of leases.

The cash outflow from financing activities of EUR 95.2 million in 2023 represents the total net cash from financing activities in the consolidated statement of cash flows of EUR 98.8 million excluding dividends paid of EUR 3.4 million and transaction costs paid on the extension of the term loan of EUR 0.2 million. The cash flow from financing activities used for discontinued operations of EUR 16.9 million excludes any other cash flow from financing activities used for discontinued operations. Financing cash flows between Fugro and Seabed Geosolutions have been eliminated against continuing operations.

(EUR x 1,000)	Senior RCF	Term loan	Subordinated unsecured convertible bonds EUR 100,000	Super senior RCF	Super senior term loan	Lease Liabilities	Other long-term loans	Total
Balance at 1 January 2022	-	-	92,123	12,521	186,217	147,424	1,558	439,843
Proceeds from issue of term loan	-	200,000	-	-	-	-	-	200,000
Repayment of super senior RCF/super senior term loan	-	-	-	(97,500)	(188,000)	-	-	(285,500)
Sale and lease back (financing component)	-	-	-	-	-	18,043	-	18,043
Cash flow from financing activities provided by (used for) continued operations	-	-	(57,500)	85,000	-	(35,944)	3,364	(5,080)
Sub-total	**-**	**200,000**	**34,623**	**21**	**(1,783)**	**129,523**	**4,922**	**367,306**
Effect of movement in foreign exchange rates	-	-	-	-	-	1,563	(29)	1,534
Other changes*		234	5,725	(21)	1,783	37,888	(7)	45,602
Balance at 31 December 2022	**-**	**200,234**	**40,348**	**-**	**-**	**168,974**	**4,886**	**414,442**

* Other changes include interest payments, accrued interest, transaction costs capitalised against term loan, amortisation, and new/modification of leases.

28.6 Covenant requirements

The senior facility agreement ("SFA") contains various affirmative and negative covenants and events of default. The principal covenants requirements in the SFA related to the senior debt are defined as follows (all including the impact of IFRS 16):

- Solvency ratio: shareholders' equity as a percentage of the balance sheet total.
- Net leverage for purpose of covenant calculations: net debt divided by adjusted consolidated EBITDA for purpose of covenant calculations. The look-back period is twelve months.
- Interest coverage: adjusted consolidated EBITDA for purpose of covenant calculations divided by consolidated interest expense. The look-back period is twelve months.

			2023			2022
Principal covenants	Target	Actual	Headroom	Target	Actual	Headroom
Solvency ratio	>=33.33%	53.8%	20.47%	>=33.33%	51.0%	17.67%
Net leverage	=<3.25:1	0.28	2.97	=<3.25:1	0.93	2.32
Interest coverage	>=2.50:1	16.8	14.3	>=2.50:1	7.05	4.55

Fugro's right to defer settlement of non-current liabilities for at least twelve months after the reporting period is subject to compliance with specified conditions within twelve months after the reporting period. The covenant testing dates are 31 December, 31 March, 30 June and 30 September. The senior RCF, the senior term loan and subordinated convertible bonds due November 2024 shall become immediately due and payable when there is a change of control event. Events of default on the senior debt include non-payment, non-compliance, misrepresentation, cessation of business, cross-default, insolvency events, creditors' process, enforcement of security, illegality, material adverse change – including any event or circumstance which in the majority lenders' reasonable opinion has a material adverse effect on the ability to perform or otherwise comply with the payment obligations under the agreements or on the business, operations, property, condition or prospects of the Group taken as a whole. Events of default on the subordinated convertible bonds due November 2024 include failure to pay, conversion, breach of agreement, cross-acceleration, insolvency, insolvency proceedings, creditors' process, analogous proceedings and cessation of business.

In the event that the company breaches any of the covenants or an event of default becomes applicable, lenders may require Fugro to immediately and fully prepay the relevant liabilities including related liabilities subject to cross-default and/or cross-acceleration clauses.
The carrying amount of such relevant liabilities subject to covenants within twelve months after the reporting period is therefore EUR 200.6 million (2022: EUR 200.2 million). Fugro complied with the covenant requirements in the SFA as of 31 December 2023. Fugro expects to comply with its covenants in the twelve months after the reporting period, with adequate headroom.

28.7 Sustainability-linked KPIs

Sustainability-linked KPIs	Initial score	Year initial score		Target score		Actual score	Annual target met (Yes/No)
			2023	2024	2025	2023	2023
Reduction CO2 emission intensity vessels	15.8 tonnes CO2/operational day	2020	-10%	-15%	-20%	-16%	Yes
Growth in revenue from renewables market segment	EUR 351.5 million	2021	28%	50%	60%	120%	Yes
Percentage women in senior management positions	15.4%	2021	18%	20%	25%	22%	Yes

The sustainability-linked key performance indicators are defined in the Fugro sustainability-linked financing framework as published on the company's website (caption investors/debt information). The reporting criteria used for the preparation of the KPIs are the reporting criteria developed by Fugro NV and are disclosed in section 2.2 (selection of key performance indicators) of the framework. The initial scores in the table above are based on the performance of the Group in respect of each KPI for the financial year ended 31 December 2020, 2021 and 2021 respectively. There is no requirement from the lenders that obliges Fugro to use the borrowing for 'green' projects. Failure to meet these KPIs does not trigger a default event or an early repayment.

An interest discount or penalty of between 5 basis points and 10 basis points will be applied on the margin payable on the revolving credit facility and the term loan based on the performance of Fugro against specified targets for three key performance indicators:

Number of targets met	Term loan and RCF
0	+/+ 10 bps
1	No adjustment
2	-/- 5 bps
3	-/- 10 bps

29. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on AA credit-rated (high quality) corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by qualified independent actuaries using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss. Employee contributions for which the amount is independent of the number of years of service are recognised as a reduction of the service costs in the period in which the related services are rendered.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any assets is deducted. At the reporting date, the discount rate is determined by reference to the yield on AA credit-rated corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The actuarial calculations are performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(EUR x 1,000)	**2023**	2022
Net defined benefit asset	(19,882)	(21,333)
Total employee benefit asset	**(19,882)**	**(21,333)**
Net defined benefit obligation	7,008	8,256
Liability for long-service leave	30,551	28,621
Total employee benefit liabilities	**37,559**	**36,877**

The Group makes contributions to a number of pension plans, both defined benefit plans as well as defined contribution plans, that provide pension benefits for employees upon retirement in a number of countries. The retirement age is in line with the provisions in the different plans. The most important plans relate to plans in the Netherlands, United Kingdom and the United States. Details of these plans are as follows:

- In the Netherlands, the Group provided a pension plan based on average salary. This plan qualified as a defined benefit scheme. The pension entitlements from this plan are insured with an insurance company that guarantees the accrued pension entitlements. Since 2018, this pension plan has been terminated and has been replaced by a new plan pension plan, qualified as a defined contribution scheme, that is applicable as of 2019. The accrued pension entitlements up to 2018 remained at the insurer and indexation is provided to these accrued pension entitlements for active participants.
- In the United Kingdom (UK) the Group operates two defined benefit pension schemes. For Fugro Holdings (FH), the company operates a final salary defined benefit pension scheme. The scheme is an HMRC registered pension scheme and is subject to standard UK pensions and tax law. The Robertson Research International Group Pension Scheme (RRI) is a funded, defined benefit pension plan. The pension schemes have been closed in previous years for new participants but include the on-going obligations to their members (both former and present employees). The pension schemes assets are held in separate Trustee-administered funds. The schemes include indexation in line with RPI.
  On 6 October 2023, the trustee agreed a buy-in of most of the RRI scheme with an insurance company. Longevity, inflation and investment risk were transferred to the insurer. The trustee remains responsible for the administration and payment of pensions to the participants. The insurance policy matches the amount and timing of the benefits payable under the RRI scheme, with the exception of GMP equalisation. The qualifying insurance policy was therefore reflected in plan assets at the fair value, which is defined to be the present value of the bought-in defined benefit obligations, which is lower than the price paid to the insurer. The adjustment to the plan assets was accounted for as a remeasurement loss in other comprehensive income. Expenses paid by the RRI scheme relating to the management of scheme assets are deducted from the return on plan assets included in the asset remeasurement in other comprehensive income. The valuation of both the FH and the RRI scheme resulted in a net defined benefit asset as per 31 December 2023.
- In the United States of America (USA) the Group operates a 401K plan for its employees. The Group contributes towards the deposits of its employees in accordance with agreed rules and taking into account the regulations of the Internal Revenue Service (IRS), the US tax authority. This plan qualifies as a defined contribution plan.

The defined benefit obligation and fair value of plan assets are specified as follows:

(EUR x 1,000)			**2023**			**2022**
	RRI plan	**Other**	**Total**	**RRI plan**	**Other**	**Total**
Present value of funded obligations	50,931	276,570	327,501	48,233	263,784	312,017
Fair value of plan assets	(53,654)	(286,722)	(340,376)	(62,835)	(262,259)	(325,094)
Net defined benefit obligation (asset)	**(2,723)**	**(10,152)**	**(12,875)**	**(14,602)**	**1,525**	**(13,077)**

The movements in the present value of the funded obligations and fair value of plan assets consist of the following:

(EUR x 1,000)	2023 Obligation	2023 Plan assets	2023 Net liability (asset)	2022 Obligation	2022 Plan assets	2022 Net liability (asset)
Balance at 1 January	312,017	(325,094)	(13,077)	501,943	(502,467)	(524)
Plan amendments and curtailments (past service cost)	(1,033)	1,411	378	(5,568)	6,937	1,369
Interest expense/(income)	13,119	(14,133)	(1,014)	7,358	(7,607)	(249)
Included in profit or loss (personnel expense)	**12,086**	**(12,722)**	**(636)**	**1,790**	**(670)**	**1,120**
Actuarial losses/(gains):	12,040	1,071	13,111	(170,994)	167,699	(3,295)
▪ (Gain)/loss from change in demographic assumptions	(1,590)	-	(1,590)	2,241	-	2,241
▪ (Gain)/loss from change in financial assumptions	11,469	1,071	12,540	(180,728)	167,699	(13,029)
▪ Experience (gains)/losses	2,161	-	2,161	7,493	-	7,493
Exchange rate differences	2,767	(3,146)	(379)	(9,881)	11,052	1,171
Included in other comprehensive income	**14,807**	**(2,075)**	**12,732**	**(180,875)**	**178,751**	**(2,124)**
Paid by the employer	-	(11,894)	(11,894)	-	(11,514)	(11,514)
Paid by plan participants	-	-	-	-	-	-
Benefits paid by the plan	(11,407)	11,407	-	(10,841)	10,806	(35)
Other	**(11,407)**	**(487)**	**(11,894)**	**(10,841)**	**(708)**	**(11,549)**
Present value of the funded obligation at 31 December	**327,503**	**(340,378)**	**(12,875)**	**312,017**	**(325,094)**	**(13,077)**

The following remeasurements were recognised directly in other comprehensive income:

(EUR x 1,000)	2023	2022
Cumulative amount at 1 January	(30,420)	(35,165)
Remeasurements:	(13,767)	4,745
▪ Recognised during the year	(13,111)	3,295
▪ Effect of movement in exchange rates	(656)	1,450
Cumulative amount at 31 December	**(44,187)**	**(30,420)**

The actuarial gain net of tax recognised in other comprehensive income amounts to EUR 9.8 million (2022: EUR 2.5 million), after income tax recognised of EUR 3.3 million (2022: EUR 0.8 million).

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as a range of weighted averages):

	2023		2022	
	UK	Netherlands	UK	Netherlands
Discount rate at 31 December	4.51%	3.30%	4.85%	3.60%
Future salary increases	0.0%	0.0%	0.0%	0.0%
Future pension increases	1.44%	0.0%	1.54%	0.0%

The financial effects of differences between the actuarial assumptions and actuals for the pension liability and plan assets are included in the remeasurements. For the Netherlands, life expectancy assumptions are derived from the Projections Life Table AG2022 from the Royal Dutch Actuarial Association. The mortality table is adjusted to tailor the mortality figures to the insured population by applying the experience factors from the 'Centrum voor Verzekeringsstatistiek': the so-called ES-P2 factors. For the United Kingdom, the mortality basis adopted is the standard table S3PxA with future improvements in line with the Continuous Mortality Investigation's 2022 projection model with a long-term improvement rate of 1.25% per annum for all members.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 7.0%	Increase by 7.9%
Salary growth rate	0.50%	Increase by 0.0%	Decrease by 0.0%
Pension growth rate	0.50%	Increase by 2.2%	Decrease by 2.0%
Life expectancy	1 year	Increase by 3.1%	Decrease by 3.1%

The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant, so that interdependencies between the assumptions are excluded.

Risk exposure

Through its defined benefit pension plans, the Group is exposed to various demographic and economic risks. Most of these risks come with the nature of a defined benefit plan and are therefore not country specific. The most significant risks relate to life expectancy, investment risk, interest rates and inflation.

The Group is actively managing risk related to its defined benefit plans to reduce these risks as much as possible. In most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit. Life expectancy risk is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy. In the Netherlands this risk is limited as the insurer guarantees the payment of the accrued benefits.

Local risks are considered to be limited for the Netherlands as in the Netherlands the company terminated its defined benefit scheme in 2018 and the accrued pension entitlements were insured, limiting the risk for the Group to the indexation of the accrued entitlements.
The insurance company guarantees all accrued entitlements. The insurance contract includes an account in which 80% of the investments are used to match the liability on a funding basis and 20% of the investments are used to invest in equity. The insurance company ultimately decides on investment policies and governance since they run the downside risk.

In the UK, the Trustees set the Scheme's investment strategy, in consultation with the employer. The UK Holdings plan include return seeking assets and bonds. For the Roberson plan, the Trustees during 2023 agreed a buy-in of most of the RRI scheme with an insurance company. The buy-in policy currently covers benefits without equalisation of GMP.
The employer ultimately remains responsible for funding the accrued pensions and the pension increases.

Major categories of plan assets

Plan assets are comprised as follows:

(EUR x 1,000)				2023				2022
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity instruments	-	-	-	0%	7,571	-	7,571	2%
Debt instruments	122,912	-	122,912	36%	145,414	-	145,414	45%
Government	35,189	-	35,189	10%	12,733	-	12,733	4%
Corporate bonds (Investment grade)	52,629	-	52,629	16%	62,515	-	62,515	19%
Corporate bonds (non-investment grade)	35,094	-	35,094	10%	70,166	-	70,166	22%
Insurance policies	-	206,408	206,408	61%	-	147,352	147,352	45%
Property	7,593	-	7,593	2%	8,984	-	8,984	3%
Cash and cash equivalents	-	3,464	3,464	1%	-	15,773	15,773	5%
Balance at 31 December	**130,504**	**209,872**	**340,376**	**100%**	**161,969**	**163,125**	**325,094**	**100%**

The expected 2024 contributions amount to EUR 12.9 million (2023: EUR 12.2 million).

The weighted average duration of the defined benefit obligation is 15.9 years (2022: 18.4 years).

As at 31 December 2023	Netherlands	United Kingdom	Total weighted
Duration of plan	18.4	13.4	15.9

30. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance expenses.

A provision for onerous contracts is recognised when it becomes probable that the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The costs of fulfilling a contract comprises the costs that relate directly to the contract, i.e. both incremental costs and an allocation of costs directly related to contract activities.

A provision for restructuring cost is recognised when the Group (i) has a detailed formal plan for the restructuring identifying at least the business or part of a business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken, and when the plan will be implemented; and (ii) has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Asset retirement obligations are recognised in connection with lease contracts (vessels and property). These obligations are measured at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the costs of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement obligation. The unwinding of the discount is expensed as incurred and recognised in the statement of comprehensive income as a finance expense.

(EUR x 1,000)	2023					2022				
	Onerous contracts	Legal claims	Restructuring	Asset retirement obligations	Total	Onerous contracts	Legal claims	Restructuring	Asset retirement obligations	Total
Balance at 1 January	6,533	15,747	851	4,270	27,401	1,270	14,990	3,086	3,502	22,848
Provisions made during the year	1,332	6,613	1,057	1,705	10,707	5,739	1,994	2,783	990	11,506
Provisions used during the year	(4,416)	(1,046)	(967)	-	(6,429)	(458)	(146)	(5,118)	(302)	(6,024)
Provisions reversed during the year	(1,196)	(3,319)	(40)	-	(4,555)	-	(2,704)	59	-	(2,645)
Unwinding of discount	-	-	-	171	171	-	-	-	70	70
Transfer to trade and other payables	-	(4,537)	-	-	(4,537)	-	1,306	-	-	1,306
Effect of movements in foreign exchange rates	(91)	(196)	(165)	(19)	(471)	(18)	307	41	10	340
Balance at 31 December	**2,162**	**13,262**	**736**	**6,127**	**22,287**	**6,533**	**15,747**	**851**	**4,270**	**27,401**
Non-current	168	9,243	-	6,127	15,538	-	12,309	-	4,270	16,579
Current	1,994	4,019	736	-	6,749	6,533	3,438	851	-	10,822

Fugro has accounted for certain tax indemnities and warranties under legal claims in respect of the sale of the majority of the Geoscience business to CGG in 2013 for liabilities arising from tax exposures. In 2023, an amount of EUR 2.8 million has been released as these exposures will not further materialise. The corresponding gain has been classified as profit for the period from discontinued operations in the consolidated statement of comprehensive income as the cost for this provision was previously presented accordingly. Furthermore, an amount of EUR 4.1 million was transferred to trade and other payables and subsequently paid to CGG in 2023 to settle this balance. The payment is presented as cash flow from discontinued operations.

31. Trade and other payables

Trade and other payables represent liabilities for services and goods provided to the group prior to the end of financial year which are unpaid. Trade and other payables are recognised initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

The contracts in progress for which progress billing exceeds costs incurred plus profits recognised to date less progress billings and recognised losses are presented as advance instalments to work in progress.

(EUR x 1,000)	2023	2022
Trade payables	97,072	110,067
Accrued expenses	193,188	137,224
Advance instalments to work in progress	77,599	71,508
Employee related accruals	87,447	65,616
Other liabilities	30,523	26,379
Balance at 31 December	**485,829**	**410,794**

Advance instalments to work in progress primarily represent advances received from customers for which revenue is recognised as services are performed to customers. From the advance instalments to work in progress, an amount of EUR 66.7 million has been recognised as revenue that was included in the closing balance as at 31 December 2022 (2021: EUR 42.7 million). Accrued expenses primarily represent project cost accruals for goods and services received but which are yet to be invoiced.

32. Financial risk management

Derivative financial instruments and hedge accounting

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss. The Group does not engage in material hedging transactions with derivatives. Accordingly, consistent with prior year, there are no qualifying fair value hedge or cash flow hedge relationships as of 31 December 2023. The Group does not have separately accounted embedded derivative financial liabilities. The Group does not have derivatives embedded within a hybrid contract containing a financial asset host.

32.1 Overview

The company's risk management policy includes the long-term sustainable management of its business activities and where possible, the mitigation of the associated business risks. Based on the nature and relative significance of the risks related to the Group's wide diversity of markets, clients and regions and its broad portfolio of activities the risks have been quantified to the extent possible.

The Group has exposure to the following financial risks from its operations:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

The audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit committee is assisted in its oversight role by internal audit. Both regular and ad hoc reviews of risk management controls and procedures are performed, the results of which are reported directly to the Board of Management. A summary of important observations is reported to the audit committee.

32.2 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's receivables from customers and unbilled revenue on (completed) contracts.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, (in the case of a financial asset not at fair value through profit or loss), transaction costs.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. The Group applies the low credit risk simplification to long-term loans, deposits and other long-term receivables and recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (insofar applicable).

The Board of Management reviews the outstanding trade receivables and unbilled revenue on (completed) contracts on an ongoing basis. Local management is requested to take additional precaution in working with certain clients. For trade receivables and unbilled revenue on (completed) contracts, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Generally, trade receivables are fully impaired if past due more than 1 year and are not subject to enforcement activity. The provision rates are based on days past due for customers. The Group considered various customer segments that have similar loss patterns (i.e., by geography, service/product type, industry, customer type and rating, and coverage from credit insurance where applicable). The ageing is based on invoice due date. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information considering current market conditions at the reporting date. A trade receivable is written off when there is no reasonable expectation of recovering the contractual cash flows. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is an estimate. The sensitivity of the amount of ECLs to changes in circumstances and of forecast economic conditions is limited. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. The Group does not provide detailed information on (a) the estimation techniques and inputs used, (b) how the forecast economic conditions have been incorporated in the determination of ECL and (c) changes in estimation techniques and inputs used, because the impact is not significant.

Some of the Group's orders are awarded on the basis of long-term preferred supplier agreements. In the course of a year Fugro often carries out multiple projects for the same client. Fugro typically has no single client that generates more than 5% of its revenue in the year. On occasion one client may generate more than 5%, which can happen in case of exceptionally large contracts where most of the revenue falls in the accounting year. Having a large number of clients and short project time spans mitigates Fugro's credit risk as the individual amounts receivable from the same client are limited.

New customers are analysed individually for creditworthiness before payment and delivery terms and conditions are offered. The Group's review may include external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis or have to provide a bank guarantee.

The majority of the Group's clients has done business with the Group for many years and significant losses have only occurred incidentally in prior years. Clients that are known to have negative credit characteristics are individually monitored. If clients fail to pay timely the Group re-assesses the creditworthiness and stronger debt collection is started if deemed necessary. The Group closely monitors certain clients that need extra attention before a contract is closed.

For other financial assets, ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements (insofar applicable) held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group's carrying amount of cash and cash equivalents represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which have 'investment grade' credit ratings.

Credit risk exposure
The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets (such as loans, deposits, receivables and unbilled revenue on completed projects). The group holds no collateral as security on the long-term loans, deposits, other long-term receivables, trade and other receivables and unbilled revenue on (completed) contracts. As such, the Group does not have financial assets for which no loss allowance is recognised because of collateral. The maximum exposure for trade receivables and unbilled revenue on (completed) contracts at the reporting date by geographic region is disclosed in the segment reporting note and equals the carrying amount.

There was no material impact of climate-related matters and macroeconomic events arising in 2023 on the Group's credit risk exposure. Furthermore, no material change to ECLs on trade receivables outstanding with customers and unbilled revenue on (completed) projects was deemed necessary.

Refer to note 23 Trade and other receivables for details on the ageing and recoverability of trade receivables and unbilled revenues.

Cash and cash equivalents are generally held with large well-known banks with adequate credit ratings only.

32.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The global cash pool makes it possible for the company to use the cash surplus within the group to reduce the overdrafts at its main uncommitted facilities.

As at 31 December 2023, Fugro holds cash balances in Angola and Nigeria (as quantified in note 24 Cash and cash equivalents), where exchange controls apply. The company expects that these exchange controls will become less when the oil and gas market conditions are expected to improve and when Angola and Nigeria will have increased inflow of USD in relation to their oil business. In addition, several actions have been explored to further lower this amount.

The Group monitors cash flow on a regular basis and operates with a global cash pool. Consolidated cash flow information, including a projection for the year, is reported on a monthly basis to the Board of Management, ensuring that the Group has sufficient cash on demand (or available lines of credit) to meet expected near term operational expenditures. Cash flow projections exclude the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group maintains the following lines of credit:

- A senior term loan facility totalling EUR 200 million refinanced in 2022. As at 31 December 2023, the facility was drawn for EUR 200 million (2022: EUR 200 million from the then existing super senior term loan facility totalling EUR 200 million). These bank facilities have been secured until August 2026. Reference is also made to the Senior RCF of EUR 140 million and ancillary facility of EUR 60 million, which are undrawn as of 31 December 2023 (2022: EUR nil).
- A variety of unsecured overdraft facilities in various currencies totalling around EUR 69.5 million of which EUR 0.5 million have been drawn at 31 December 2023 (31 December 2022: EUR 74 million with EUR 2.1 million drawn). The amount of such facilities, to the extent not otherwise permitted under the SFA, that the Group may have outstanding is limited to EUR 15,000,000 in aggregate together with any other financial indebtedness of the Group that is not otherwise permitted under the SFA.

The following are the contractual maturities of financial liabilities including interest payments:

(EUR x 1,000)							2023
	Carrying amount	Contractual cash flows	6 months or less	>6months <=12 months	>1 year <=2 years	>2 years <= 5 years	More than 5 years
Senior term loan EUR 200 million	200,575	239,532	7,195	7,274	14,587	210,476	-
Subordinated unsecured convertible bonds in EUR 100,000	41,640	44,412	956	43,456	-	-	-
Lease liabilities	186,174	267,452	26,181	28,548	41,708	70,368	100,647
Other loans and long-term borrowings	7,924	7,924	7,924	-	-	-	-
Trade and other payables	485,829	485,829	485,829	-	-	-	-
Bank overdraft	496	496	496	-	-	-	-
Balance at 31 December	**922,638**	**1,045,645**	**528,581**	**79,278**	**56,295**	**280,844**	**100,647**

(EUR x 1,000)							2022
	Carrying amount	Contractual cash flows	6 months or less	>6months <=12 months	>1 year <=2 years	>2 years <= 5 years	More than 5 years
Senior term loan EUR 200 million	200,234	225,372	4,283	4,213	8,426	208,450	-
Subordinated unsecured convertible bonds in EUR 100,000	40,348	46,324	956	956	44,412	-	-
Lease liabilities	168,974	232,238	22,521	55,903	31,245	43,251	79,318
Other loans and long-term borrowings	4,886	4,886	-	3,801	1,085	-	-
Trade and other payables	410,794	410,794	410,794	-	-	-	-
Bank overdraft	2,059	2,059	2,059	-	-	-	-
Balance at 31 December	**827,295**	**921,673**	**440,613**	**64,873**	**85,168**	**251,701**	**79,318**

The interest included in the above table is based on the current amounts borrowed with current interest rates against the current exchange rate (if applicable). No assumptions are included for possible future changes in borrowings and interest payments. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

32.4 Market risk

Market risk includes changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

32.4.1 Currency risk

The global nature of the business of the Group exposes the operations and reported financial results and cash flows to the risks arising from fluctuations in exchange rates. Currency risk is the risk that reported financial performance, or the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Fugro operates in many countries and currencies and therefore currency fluctuations may inevitably impact its financial results. Fugro is exposed to currency risk in the following areas:

- Transaction exposures related to anticipated sales and purchases and on-balance-sheet receivables/payables resulting from such transactions.
- Translation exposure resulting from translation of its operations in non-Euro currencies to Euros.
- Translation exposure to equity interests in non-functional-currency investments in associates and financial assets at fair value.

The magnitude of net exposures and currency volatility determine the need to mitigate the impact of currency exposures. The Group continually assesses the net exposure to currency risks and if deemed necessary a portion of those risks may be hedged by using derivative financial instruments. The derivative financial instruments that may be used to cover foreign currency exposure are foreign currency forward contracts, spots, swaps and other derivatives. As of 31 December 2023, there are no material derivative financial instruments outstanding (consistent with prior year). It is noted that the senior RCF and senior term loan may also be drawn in US dollar.

For foreign exchange exposure arising from intercompany loans, where the Group enters into such arrangements the financing is generally provided in the functional currency of the subsidiary. Interest on external borrowings is denominated in the currency of the borrowing. Generally, the Group's borrowings are denominated in Euro, consistent with the presentation currency of the group. Borrowing facilities in other currencies, including the US dollar, are also available to the Group. In addition, lease liabilities are generally denominated in currencies that match the cash flows generated by the underlying operations of the Group.

Sensitivity analysis

A 10 percent strengthening of the Euro against the mentioned currencies at 31 December would have increased (decreased) total year-end equity and profit or loss for the year by the amounts shown below. This analysis of major non-Euro currencies is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

(Effect in EUR x 1,000)	31 December 2023		31 December 2022	
	Total equity at year-end	Profit or (loss) after tax for the year	Total equity at year-end	Profit or (loss) after tax for the year
AUD	(3,535)	(77)	(3,576)	150
GBP	(16,089)	(2,176)	(14,592)	585
HKD	(14,220)	(999)	(13,792)	(861)
NOK	(4,726)	(1,835)	(4,012)	(1,433)
SGD	(3,863)	(576)	(3,554)	(470)
USD	(9,072)	(7,198)	(2,870)	3,009

The following table outlines the estimated nominal value exposure arising from translating on-balance-sheet receivables/payables from major non-Euro denominated functional currencies to the Group's presentation currency Euro:

2023 (Exposure in EUR x 1,000)	Trade receivables	Unbilled revenues	Trade payables	WIP Advances	Project accruals
AUD	11,167	22,306	5,347	2,712	21,548
GBP	65,659	33,899	17,871	17,369	16,322
HKD	11,418	4,909	2,375	4,736	1,999
NOK	10,472	4,115	3,409	5,761	2,642
SGD	3,525	356	1,362	1,349	1,930
USD	95,980	91,186	27,906	18,519	68,664
	198,221	156,771	58,270	50,446	113,105
Sensitivity					
+10%	18,020	14,252	5,297	4,586	10,282
+15%	25,855	20,448	7,600	6,580	14,753

2022

(Exposure in EUR x 1,000)	Trade receivables	Unbilled revenues	Trade payables	WIP Advances	Project accruals
AUD	10,506	26,422	8,453	3,518	12,970
GBP	65,380	33,459	20,099	15,330	14,457
HKD	10,473	7,466	3,678	6,228	1,990
NOK	11,603	4,734	3,277	4,983	1,541
SGD	3,840	628	757	1,950	1,086
USD	74,361	78,717	26,477	15,195	49,330
	176,163	**151,426**	**62,741**	**47,204**	**81,374**
Sensitivity					
+10%	16,015	13,766	5,704	4,291	7,398
+15%	22,978	19,751	8,184	6,157	10,614

32.4.2 Interest rate risk

The Group's liabilities bear both fixed and variable interests. The current macro-economic environment shows interest rate rises in response to persistent inflation. The Group's objective is to limit the effect of interest rate volatility on the results by matching long term investment with long term (fixed or variable interest) financing as much as possible. The Group considers the difference between variable interest rate loans and borrowings and total equity and liabilities and the headroom under the interest coverage ratio. The Group may decide to hedge interest rate risk by means of derivative financial instruments such as forwards, caps, floors, swaps and other derivatives. As of 31 December 2023, there are no material derivative financial instruments outstanding (consistent with prior year).

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

(EUR x 1,000)	Carrying amount	
	2023	**2022**
Fixed rate instruments		
Financial assets	2,100	4,500
Financial liabilities	(235,714)	(214,233)
Variable rate instruments		
Financial assets	326,294	209,090
Financial liabilities	(201,071)	(202,292)
Balance at 31 December	**(108,391)**	**(202,935)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Interest rate sensitivity and debt covenant compliance is actively monitored by the Group also considering the volatile macro-economic environment. A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. At 31 December 2023, it is estimated that a general increase (decrease) of 100 basis points in interest rates would decrease (increase) the Group's profit before income tax by approximately:

(EUR x 1,000)	Equity and profit or loss	
	100 bp increase	100 bp decrease
31 December 2023		
Variable rate instruments	1,252	(1,252)
Cash flow sensitivity (net)	1,252	(1,252)
31 December 2022		
Variable rate instruments	68	(68)
Cash flow sensitivity (net)	68	(68)

32.5 Capital management

The Board of Management's policy is to maintain a strong capital base in order to retain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, retained earnings and non-controlling interests of the Group. Important key performance indicators for the Board of Management are free cash flow, the return on capital as well as the level of dividends. Starting 2023, the Board strives for a dividend pay-out ratio of 25 to 45% of net result, subject to the SFA dividend restrictions as disclosed in note 28.1.

Targeted solvency is set at, at least 33.3%. The targeted solvency includes the impact of IFRS 16. The solvency at the end of 2023 was 53.8% (2022: 51.0%). The Group's objective is to achieve a healthy return on shareholders' equity. As a result, the return, calculated as profit (loss) for the period attributable to owners of the company, divided by the total equity attributable to owners of the company for the year, is 19.7% (positive) in 2023 (2022: 7.07% positive).

From time-to-time Fugro purchases its own shares. These shares are used to cover the long-term incentives granted by Fugro. Purchase and sale decisions are made on a specific transaction basis by the Board of Management. Fugro does not have a defined share buy-back plan.

Other than the dividend pay-out ratio, there were no changes to the Group's approach to capital management during the year.

33. Fair values

Determination of fair values

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

The fair value of receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

The fair value of forward exchange contracts is based on quoted market prices, if available.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date, taking into consideration the Group's own non-performance risk.

Financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

(EUR x 1,000)	2023		2022	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Trade receivables and other receivables*	352,170	352,170	326,038	326,038
Cash and cash equivalents	326,294	326,294	209,090	209,090
Deposits	3,355	3,355	3,238	3,238
Long-term loans	2,100	2,100	4,500	4,500
Other long-term receivables	-	-	5,083	5,083
Equity securities	1,096	1,096	1,096	1,096
Financial liabilities measured at amortised cost				
Senior term loan of EUR 200 million	(200,575)	(200,575)	(200,234)	(200,234)
Subordinated unsecured convertible bonds EUR 100,000	(41,640)	(42,288)	(40,348)	(39,700)
Other long-term loans	(7,924)	(7,924)	(4,886)	(4,886)
Bank overdraft	(496)	(496)	(2,059)	(2,059)
Trade payables, accruals and other payables	(408,230)	(408,230)	(339,286)	(339,286)
Unrecognised gains/(losses)		648		(648)

* Due to the short-term nature of the trade receivables (payables) and other receivables (payables), their carrying amounts are considered to be the same as their fair value.

The fair values of the subordinated unsecured convertible bonds are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Interest rates used for determining fair value

The Group uses the government yield curve as per the reporting date plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

(EUR x 1,000)	2023	2022
Loans and borrowings	5.25%	8.4%

Fair value hierarchy

The different fair value hierarchy levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fugro has equity securities of EUR 1,096 thousand as at 31 December 2023 (2022: EUR 1,096 thousand), which are categorised within Level 3.

Fugro's valuation processes

The group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. The valuations are directly reported to the Chief Financial Officer. Changes in Level 2 and Level 3 values are analysed at each reporting date.

34. Commitments not included in the statement of financial position

Bank guarantees

Per 31 December 2023, Fugro's banks have issued bank guarantees to clients for an amount of EUR 109.8 million (2022: EUR 96.9 million).

Capital commitments

On 30 November 2023, the Group signed a contract with a construction company to build a new international headquarters in Nootdorp the Netherlands, which will replace the current office in Leidschendam. On 20 December 2023, the Group reached agreement to acquire two platform supply vessels, which will be used as geotechnical vessels. One vessel will be delivered in the course of 2024 and is expected to be operational early 2025. The other vessel is already under charter and operational and will be delivered late 2024 or early 2025 (the lease term was modified accordingly).

At 31 December 2023, the Group has EUR 106.4 million contractual obligations to purchase property, plant and equipment (2022: EUR 5.5 million), which includes the new headquarters and two platform supply vessels.

The group has various lease contracts that have not yet commenced as at 31 December 2023. The future lease payments for the non-cancellable lease contracts are approximately EUR 33.9 million.

Climate commitments

On 19 February 2021, Fugro announced a target of net zero carbon emissions scope 1 and scope 2 by 2035. Fugro is in the validation process with the Science Based Targets initiative (SBTi) for its absolute CO2 emission reduction covering scope 1, 2 and 3. Fugro is a service provider and therefore its client value chain scope 3 emissions are negligible; scope 3 consists of emissions from its supply chain. CO2 emissions from vessels, both owned and leased, account for approximately 80% of Fugro's combined scope 1 and 2 emissions. Therefore, Fugro's carbon reduction plan is for a large part a multi-year fleet transition plan (methanol and hybrid technology and uncrewed surface vessel fleet), requiring significant multi-year investments.

Contingencies

Some Group companies are, as a result of their normal business activities, involved either as plaintiffs or defendants in claims. Based on information presently available and management's best estimate, it is not probable that the financial position of the Group will be significantly influenced by any of these matters. Should the actual outcome differ from the assumptions and estimates, the financial position of the Group would be impacted. Fugro N.V. and its Dutch operating companies form a fiscal unity for corporate tax. Each of the operating companies is severally liable for corporate tax to be paid by the fiscal unity.

Parent company guarantees

In principle, Fugro does not provide parent company guarantees to its subsidiaries, unless commercial reasons exist. Fugro has filed declarations of joint and several liabilities for a number of subsidiaries at the Chamber of Commerce. Fugro has filed a list with the Chamber of Commerce which includes all financial interests of Fugro as well as a reference to each subsidiary for which such a declaration of liability has been provided.

35. Related parties

The Group has a related party relationship with its subsidiaries, equity-accounted investees and key management personnel. Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

Fugro's key management personnel (as defined in IAS 24) consists of the people in the Board of Management, Executive Leadership Team and Supervisory Board. The Executive Leadership Team consists of the two members of Board of Management and seven senior managers. The Board of Management controls the Executive Leadership Team. The key management compensation, based on amounts recognised in the statement of comprehensive income, is as follows:

2023 (in EUR)	Short-term employee benefits	Post-employment benefits	Severance	Share-based payment expense (IFRS 2)	Total 2023
Board of Management	2,644,824	51,172	-	2,169,738	4,865,734
Senior managers	4,211,338	176,578	-	2,112,175	6,500,091
Executive Leadership Team (subtotal)	**6,856,162**	**227,750**	**-**	**4,281,913**	**11,365,825**
Supervisory Board	543,821	-	-	-	543,821
Total	**7,399,983**	**227,750**	**-**	**4,281,913**	**11,909,646**

2022 (in EUR)	Short-term employee benefits	Post-employment benefits	Severance	Share-based payment expense (IFRS 2)	Total 2022
Board of Management	2,097,624	46,953	-	951,376	3,095,953
Senior managers	3,438,990	149,939	97,615	779,323	4,465,867
Executive Leadership Team (subtotal)	**5,536,614**	**196,892**	**97,615**	**1,730,699**	**7,561,820**
Supervisory Board	483,000	-	-	-	483,000
Total	**6,019,614**	**196,892**	**97,615**	**1,730,699**	**8,044,820**

The Dutch Civil Code disclosures with respect to remuneration of individual members of the Board of Management and Supervisory Board are included in the Remuneration report.

Other transactions with key management personnel

The Board of Management, certain senior managers and certain Supervisory Board members can acquire shares in Fugro on an arm's length basis. These transactions are not compensation and as such no expense was recorded during the period.

	2023			**2022**		
	Number of shares acquired during the year	Issue price paid	Number of shares disposed of during the year	Number of shares acquired during the year	Issue price paid	Number of shares disposed of during the year
Board of Management	17,500	EUR 12.28 – EUR 12.58	-	-	-	-
Senior managers	4,650	EUR 12.00 – EUR 15.90	-	1,500	EUR 14.69 – EUR 14.70	-
Executive Leadership Team (subtotal)	**22,150**	**-**	**-**	**1,500**	**-**	**-**
Supervisory Board	25,250	EUR 12.30 – EUR 16.76	-	28,100	EUR 11.38 – EUR 13.59	-
Total	**47,400**	**-**	**-**	**29,600**	-	**-**

The individual shareholdings are less than 5%.

Other related parties

The Group has not entered into any material transaction with other related parties.

36. Subsequent events

There were no subsequent events.

37. Subsidiaries and investments accounted for using the equity method of Fugro N.V.

Unless stated otherwise, the direct or indirect interest of Fugro in the subsidiaries listed below is 100%. Insignificant, but consolidated, subsidiaries have not been included. For entities where the direct or indirect interest of Fugro is less than 50%, the Group consolidates financial information of such entities based on the definition of control.

The subsidiaries listed below have been fully incorporated into the consolidated financial statements of Fugro, unless indicated otherwise.

The information as required by sections 2:379 and 2:414 of the Dutch Civil Code has been filed at the trade registry of the Chamber of Commerce in The Hague.

Company	%	Office, Country
Fugro Angola Limitada		Luanda, Angola
Fugro Holdings (Australia) Pty Ltd.		Perth, Australia
Fugro Exploration Pty Ltd.		Perth, Australia
Fugro Australia Marine Pty Ltd.		Perth, Australia
SOCAR-Fugro LLC	49%*	Baku, Azerbaijan
Fugro Holding Belgium N.V.		Louvain la Neuve, Belgium
Fugro Belgium SRL		Louvain la Neuve, Belgium
Fugro Brasil Levantamentos Ltda.		Rio de Janeiro, Brazil
Sudeste Serviços Ltda		Rio de Janeiro, Brazil
Fugro In Situ Geotecnia Ltda.		Pinhais, Brazil
Fugro Canada, Corp.		St. John's, Canada
Fugro Chile S.A.		Santiago, Chile
Fugro Technical Services (Guangzhou) Ltd.		Guangzhou, China
Fugro Pacifica Qinhuangdao Co. Ltd.		Qinhuangdao, China
China Offshore Fugro GeoSolutions (Shenzhen) Co. Ltd.	50%*	Shekou, Shenzhen, China
Fugro Offshore Survey (Shenzhen) Co. Ltd.		Shenzhen, China
Fugro Consultants International N.V.		Willemstad, Curaçao
Fugro Financial International N.V.		Willemstad, Curaçao
Fugro Marine Survey Int. Ltd. Egypt		Cairo, Egypt
Fugro S.A.E.		Cairo, Egypt
Fugro Holding France S.A.S.		Nanterre, France
Fugro Germany Land GmbH		Berlin, Germany
Fugro Germany Marine GmbH		Bremen, Germany
Fugro Geosciences International Ltd.		Wanchai, Hong Kong
Fugro (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Geotechnical Services Ltd.		Fo Tan, Hong Kong
Fugro Technical Services Ltd.		Tuen Mun, Hong Kong
Fugro Holdings (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Survey (India) Private Limited		Navi Mumbai, India
Fugro Japan Co., Ltd.		Tokyo, Japan
Fugro Mauritius Ltd.		Quatre Bornes, Mauritius
Fugro Malaysia Marine Sdn Bhd	30%	Kuala Lumpur, Malaysia
Bulan Selatan Sdn Bhd	49%	Kuala Lumpur, Malaysia
Fugro Mexico S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Fugro New Zealand Ltd.		New Plymouth, New Zealand
Fugro Holdings (NZ) Ltd.		New Plymouth, New Zealand
Fugro Norway AS		Oslo, Norway
Fugro Philippines Inc.		Manila, Philippines
Fugro-Suhaimi Ltd.	50%	Dammam, Saudi Arabia
Fugro Satellite Positioning Pte Ltd.		Singapore, Singapore
Fugro Holding Singapore Pte Ltd.		Singapore, Singapore
Fugro Subsea Technologies Pte Ltd.		Singapore, Singapore
Fugro Properties Pte Ltd.		Singapore, Singapore
Fugro Singapore Land Pte Ltd.		Singapore, Singapore
Fugro Marine Personnel Pte Ltd.		Singapore, Singapore
Southern Evolution Pte Ltd.		Singapore, Singapore
Fugro Singapore Marine Pte Ltd		Singapore, Singapore
Eastern Mariner Pte Ltd.		Singapore, Singapore
Eastern Equator Pte Ltd.		Singapore, Singapore
Fugro Geodetic AG		Zug, Switzerland
Fugro IOVTEC Co. Ltd.	49%*	Taipei City, Taiwan
Fugro Nederland B.V.		Leidschendam, The Netherlands
Fugro NL Land B.V.		Leidschendam, The Netherlands
Fugro NL Services B.V.		Leidschendam, The Netherlands
Fugro Innovation & Technology B.V.		Leidschendam, The Netherlands
Fugro Survey B.V.		Leidschendam, The Netherlands
Ecodemka B.V.		Leidschendam, The Netherlands
Fugro Caspian B.V.		Leidschendam, The Netherlands
Fugro Vastgoed B.V.		Leidschendam, The Netherlands
Fugro Marine Services B.V.		Leidschendam, The Netherlands
Fugro South America B.V.		Leidschendam, The Netherlands
Fugro Middle East B.V.		Leidschendam, The Netherlands
Fugro Technology B.V.		Leidschendam, The Netherlands
Wavewalker B.V.	50%*	Leidschendam, The Netherlands
Fugro Financial Resources B.V.		Leidschendam, The Netherlands
Katla Shipping B.V.		Leidschendam, The Netherlands

Company	%	Office, Country
Agung Shipping B.V.		Leidschendam, The Netherlands
Alutan Shipping B.V.		Leidschendam, The Netherlands
Erebus Shipping B.V.		Leidschendam, The Netherlands
Foster Shipping B.V.		Leidschendam, The Netherlands
Kika Shipping B.V.		Leidschendam, The Netherlands
Mayon Shipping B.V.		Leidschendam, The Netherlands
Scenery Shipping B.V.		Leidschendam, The Netherlands
Semeru Shipping B.V.		Leidschendam, The Netherlands
Taranaki Shipping B.V.		Leidschendam, The Netherlands
Tongariro Shipping B.V.		Leidschendam, The Netherlands
Arjuna Shipping B.V.		Leidschendam, The Netherlands
Stromboli Shipping B.V.		Leidschendam, The Netherlands
Kilimanjaro Shipping B.V.		Leidschendam, The Netherlands
Ngauruhoe Administrations B.V.		Leidschendam, The Netherlands
Nyiragongo Shipping B.V.		Leidschendam, The Netherlands
Pilanesberg Shipping B.V.		Leidschendam, The Netherlands
Fugro Property I B.V.		Leidschendam, The Netherlands
Bisoke Shipping B.V.		Leidschendam, The Netherlands
Sabyinyo Shipping B.V.		Leidschendam, The Netherlands
Dubbi Shipping B.V.		Leidschendam, The Netherlands
Longonot Shipping B.V.		Leidschendam, The Netherlands
Fugro Netherlands Marine B.V.		Nootdorp, The Netherlands
Hastveda Shipping B.V.		Nootdorp, The Netherlands
Bosavi Shipping B.V.		Nootdorp, The Netherlands
Fugro Trinidad Ltd.		Port of Spain, Trinidad
Fugro Sial Ltd.		Ankara, Turkey
Fugro Survey (Middle East) Ltd.		Abu Dhabi, United Arab Emirates
Fugro Middle East	49%	Dubai, United Arab Emirates
Fugro Middle East FZE		Dubai, United Arab Emirates
Fugro GB (North) Marine Limited		Aberdeen, United Kingdom
Hush Craft Ltd		Haugley Green, United Kingdom
Sea-Kit International Ltd		Maldon, United Kingdom
Fugro GeoServices Limited		Falmouth, United Kingdom
Fugro Holdings Limited		Wallingford, United Kingdom
Fugro GB Marine Limited		Wallingford, United Kingdom
Fugro Properties Limited		Wallingford, United Kingdom
Global Marine Holdings LLC	23.6%*	Delaware, United States
Fugro USA Marine, Inc.		Lafayette, United States

Company	%	Office, Country
Fugro USA Land, Inc.		Houston, United States
Fugro Synergy, Inc.		Houston, United States
Fugro Brasilis, Inc.		Houston, United States
Fugro Enterprise, Inc.		Houston, United States
Fugro Gulf, Inc.		Houston, United States
Fugro (USA) Holdings, Inc.		Houston, United States
Seabed Geosolutions B.V.		Leidschendam, The Netherlands

* Joint arrangements classified as joint ventures or associates that are equity-accounted.

Company balance sheet

Fugro N.V.

As at 31 December, before result appropriation

(EUR x 1,000)	Notes	2023	2022 Restated[1]
ASSETS			
Financial fixed assets	39	1,206,924	1,005,340
Deferred tax assets	40	62,193	21,369
Total non-current assets		**1,269,117**	**1,026,709**
Trade and other receivables	41	81,574	88,143
Cash and cash equivalents		3,988	1,138
Total current assets		**85,562**	**89,281**
Total assets		**1,354,679**	**1,115,990**

(EUR x 1,000)	Notes	2023	2022 Restated[1]
EQUITY			
Share capital		5,676	5,676
Share premium		878,068	878,068
Translation reserve		(96,879)	(84,164)
Other reserves		(93,268)	(134,894)
Retained earnings		342,118	309,518
Unappropriated result		254,843	74,127
Total equity	42	**1,290,558**	**1,048,331**
Provisions			
Provisions	43	2,625	10,060
Deferred tax liabilities	44	1,935	-
LIABILITIES			
Loans and borrowings	45	-	40,348
Total non-current liabilities		**4,560**	**50,408**
Loans and borrowings	45	41,640	-
Trade and other payables	46	16,343	15,222
Other taxes and social security charges		1,578	2,029
Total current liabilities		**59,561**	**17,251**
Total liabilities		**64,121**	**67,659**
Total equity and liabilities		**1,354,679**	**1,115,990**

1 Reference is made to note 2.6.

Company income statement

Fugro N.V.

For the year ended 31 December

(EUR x 1,000)	Notes	2023	2022
Revenue	47	62,695	47,068
Other income	48	2,843	-
Personnel expenses	49	(41,946)	(32,519)
Other expenses	50	(37,383)	(32,209)
Results from operating activities (EBIT)		**(13,791)**	**(17,660)**
Finance income		4,003	1,011
Finance expenses		(3,743)	(6,795)
Net finance income/(expenses)	51	**260**	**(5,784)**
Profit/(loss) before income tax		**(13,531)**	**(23,444)**
Income tax gain/(expense)	52	53,505	22,886
Share in results from participating interests, after taxation		214,869	74,685
Profit/(loss) for the period		**254,843**	**74,127**

Notes to the company financial statements

38. Basis of preparation

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, Fugro makes use of the option provided in Clause 8 Section 2:362 of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of Fugro N.V. are the same as those applied for the consolidated IFRS-EU financial statements. Investments in subsidiaries are accounted for at net asset value which comprises the cost, excluding goodwill, of Fugro's share in the net assets of the subsidiaries. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. Reference is made to the material accounting policies in the notes to the consolidated financial statements.

The share in the result of participating interests consists of the share of Fugro in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Fugro and its participating interests, and mutually between participating interests themselves, are not incorporated as far as they can be deemed to be unrealised. Fugro N.V. is neither lessee nor lessor.

39. Financial fixed assets

Subsidiaries

(EUR x 1,000)	**2023**	**2022***
Balance at 1 January	1,005,340	917,491
Share in result of participating interests	214,869	74,685
Capital increase/(decrease)	8,993	22
Dividends received	(3,533)	(6,172)
Currency exchange differences	(14,821)	11,114
Actuarial gains/(losses)	(9,730)	3,289
Other	5,806	4,911
Balance at 31 December	**1,206,924**	**1,005,340**

* Restated. Reference is made to note 2.6 of the consolidated financial statements.

40. Deferred tax assets

The increase in deferred tax assets is mainly the effect of the recognition of the liquidation losses from the anticipated formal liquidation of the Seabed group and upcoming liquidation losses of an Irish subsidiary. Deferred tax assets of approximately EUR 9 million are expected to be utilised within one year.

41. Trade and other receivables

(EUR x 1,000)	**2023**	**2022**
Receivables from Group companies	62,555	66,908
Current tax assets	18,745	20,565
Other receivables	274	670
Balance at 31 December	**81,574**	**88,143**

The receivables from Group companies as at 31 December 2023 include a cash-pool balance of Fugro N.V. amounting to EUR 51.1 million (2022: EUR 53.7 million).

42. Equity

Reference is made to the equity movement schedule included in the consolidated financial statements and the corresponding disclosure note. The translation reserve qualifies as legal reserves (Dutch: 'wettelijke reserve') in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

43. Provisions

Reference is made to the provisions note in the consolidated financial statements. Fugro has accounted for certain tax indemnities and warranties under legal claims in respect of the sale of the majority of the Geoscience business to CGG in 2013 for liabilities arising from tax exposures. In 2023, an amount of EUR 2.8 million has been released as these exposures will not further materialise. The corresponding gain has been classified as profit for the period from discontinued operations in the consolidated statement of comprehensive income as the cost for this provision was previously presented accordingly. Furthermore, an amount of EUR 4.1 million was paid in 2023 in relation to this balance.

44. Deferred tax liabilities

The deferred tax liability relates to outside of basis differences as a result of unremitted earnings.

45. Loans and borrowings

(EUR x 1,000)	2023	2022
Subordinated unsecured convertible bonds EUR 100,000	41,640	40,348
Balance at 31 December	**41,640**	**40,348**

Reference is made to the financial liabilities note in the consolidated financial statements. The interest on loans and borrowings amounts to 4.5% per annum (2022: 4.5%).

46. Trade and other payables

(EUR x 1,000)	2023	2022
Trade payables	1,120	1,501
Payables to Group companies	6,152	4,829
Other payables	9,071	8,892
Balance at 31 December	**16,343**	**15,222**

47. Revenue

Revenue relates to the services provided by Fugro N.V. to subsidiaries in respect of their management activities and responsibilities.

48. Other income

Other income relates to the release of tax indemnities and warranties under legal claims in respect of the sale of the majority of the Geoscience business to CGG in 2013. Reference is made to note 43 of the company financial statements.

49. Personnel expenses

(EUR x 1,000)	2023	2022
Wages and salaries	35,327	29,086
Social security contributions	509	463
Equity-settled share-based payments	5,465	2,608
Contributions to defined contribution plans	622	376
(Gain)/loss related to defined benefit plans	23	(14)
Total	**41,946**	**32,519**

The Dutch Civil Code disclosures with respect to remuneration of the Board of Management and Supervisory Board are included in the Remuneration report. The average number of employees within Fugro N.V. during the year was 21 (2022: 24), all based in the Netherlands consistent with prior year.

50. Other expenses

(EUR x 1,000)	2023	2022
Indirect operating expenses	1,325	1,200
Communication and office equipment	150	660
Marketing and advertising costs	231	487
Professional services	35,677	29,862
Total	**37,383**	**32,209**

Audit fees

With reference to Section 2:382a of the Netherlands Civil Code, the following fees for the financial year have been charged by EY to the company and its subsidiaries:

(EUR x 1,000)	2023			2022		
	Ernst & Young Accountants LLP	Other EY network	Total EY	Ernst & Young Accountants LLP	Other EY network	Total EY
Statutory audit of financial statements	1,705	1,917	3,622	1,566	1,864	3,430
Other audit services	-	-	-	-	-	-
Other assurance related services	73	-	73	213	-	213
Tax advisory services	-	-	-	-	-	-
Total	**1,778**	**1,917**	**3,695**	**1,779**	**1,864**	**3,643**

Audit and (non-)audit related fees for the respective years are charged to the income statement on an accrual basis. The fees paid for the above-mentioned services, which are included in profit or loss of the consolidated financial statements are presented in other expenses, and evaluated on a regular basis. Other assurance related services in 2023 related mainly to non-financial and sustainability related indicators.

51. Net finance (income)/expenses

(EUR x 1,000)	2023	2022
Interest income on loans and receivables from Group companies	(3,913)	(1,011)
Net foreign exchange gain	(90)	-
Finance income	**(4,003)**	**(1,011)**
Interest expense on financial liabilities measured at amortised cost	3,704	6,671
Net foreign exchange loss	39	124
Finance expense	**3,743**	**6,795**
Net finance (income)/expenses recognised in profit or loss	**(260)**	**5,784**

52. Income tax

Fugro N.V. is head of the fiscal unity that exists for Dutch corporate income taxes. The effective tax rate in 2023 deviates compared to the Dutch statutory rate of 25.8%, mainly due to recognition of a deferred tax asset on liquidation losses, various permanent differences and prior year tax adjustment benefits.

53. Contingencies

Fiscal unity

Fugro N.V. and the Dutch operating companies form a fiscal unity for corporate tax. Each of the operating companies is severally liable for corporate tax to be paid by the fiscal unity.

Bank guarantees

As per 31 December 2023, Fugro's bank has issued bank guarantees to clients for an amount of EUR 93.0 million (2022: EUR 82.6 million).

Other guarantees

Fugro has filed declarations of joint and several liabilities for a number of subsidiaries at the Chamber of Commerce. Fugro has filed a list with the Chamber of Commerce, which includes all financial interests of the Group in subsidiaries as well as a reference to each subsidiary for which such a declaration of liability has been deposited.

Other contingencies

Reference is made to the note Commitments not included in the statement of financial position of the consolidated financial statements.

54. Related parties

Reference is made to the related parties note of the consolidated financial statements, which includes the remuneration of the Board of Management and Supervisory Board.

The members of the Supervisory Board have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code.

The members of the Board of Management have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code and Section 5:25c sub 2 (c) Financial Markets Supervision Act.

Leidschendam, 7 March 2024

Board of Management
M.R.F. Heine, Chairman Board of Management, Chief Executive Officer
B.P.E. Geelen, Chief Financial Officer

Supervisory Board
Sj.S. Vollebregt, Chairman
R. Mobed, Vice Chairman
A.J. Campo
E. Kairisto
A.H. Montijn
M.J.C. de Jong

Other information

Geotechnical testing

United Kingdom

Other information

The independent auditor's report and statutory provisions regarding the appropriation of net result form the 'other information' within the meaning of section 2:392 of the Dutch Civil Code.

Independent auditor's report

To: the shareholders and supervisory board of Fugro N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Fugro N.V., based in Leidschendam, the Netherlands (hereinafter: 'Fugro' or 'the company'). The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Fugro as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Fugro as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2023
- The following statements for 2023: the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 December 2023
- The company income statement for 2023
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Fugro in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Fugro is a geo-data specialist that provides globally earth and engineering data, information and advice required for the design, construction and maintenance of large land and marine infrastructure, industrial installations and buildings. Fugro's purpose is to create a safe and liveable world by helping its clients design, build and operate their assets in a safe, sustainable and efficient manner. Fugro operates in 55 countries and deploys a fleet of specialised assets and digital solutions to support its operations. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 13.0 million (2022: € 10.0 million)
Benchmark applied	Approximately 0.6% of revenue (2022: approximately 0.7% of revenue)
Explanation	We have applied this benchmark based on our professional judgment and have taken into account the users of the financial statements. We believe revenue is a key indicator of the performance of the company and earnings based measures are not considered to be appropriate benchmarks, given their volatility over the past years.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 650 thousand which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Fugro N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or on specific items.

All entities exceeding 1.5% of revenues are included within our group audit scope. Following our assessment of the risk of material misstatement to Fugro's consolidated financial statements, we have selected 18 components which required an audit of the complete financial information (Full Scope components). Furthermore, we selected 31 components requiring audit procedures on specific account balances or specified audit procedures on significant accounts that we considered had the potential for the greatest impact on the consolidated financial statements (Specific or Specified Scope components). For the remaining components, we performed selected other procedures, including analytical review and test of details to respond to potential risks of material misstatements to the financial statements that we identified.

Component performance materiality was determined using judgment, based on the relative size of the component and our risk assessment. We sent instructions to component auditors, covering the significant areas to be audited and the information required to be reported to us. We hosted audit meetings with component auditors to discuss the group audit, risks, audit approach and instructions. Based on our risk assessment, we attended in-person site visits at certain component locations. Our site visits encompassed some, or all, of the following activities: co-developing the significant risk area audit approach, reviewing key local working papers and conclusions, and meeting with local and regional management representatives. In addition, we interacted regularly with the component teams during various stages of the audit. We also reviewed key working papers of component auditors.

The procedures performed for entities with a group audit scope represent 84% of revenue and 83% of total assets.

By performing the procedures mentioned above at components of the group, together with additional procedures performed at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed geo-data specialist. We included specialists in the areas of IT audit, forensics, sustainability, share based payments and income tax and have made use of our own experts in the areas of valuation of goodwill and pensions.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Topics such as CO2 reduction plans impact financial reporting, as this entails risks for the business operation, the valuation of assets and provisions or the sustainability of business models and access to financial markets for companies with a larger CO2 footprint.

The board of management summarised Fugro's commitments and obligations, and reported in the section Risk Management of the management report how the company is addressing matters related to the energy transition, as well as climate-related and environmental risks. Furthermore, we refer to sections Stakeholder Engagement and Environment of the management report where the board of management discloses its assessment and implementation plans in connection to climate-related risks and the effects of the energy transition. In this respect, we note that Fugro has an ambition to reduce vessel carbon emissions towards net zero emission in 2035. This ambition requires a shift towards more asset lighter and low carbon solutions, requiring capital expenditures for the decarbonization of vessels and other equipment in the coming years.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the company's commitments, are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures by Fugro. Furthermore, we read the management report and considered whether there is any material inconsistency between the non-financial information in the annual report and the financial statements.

We describe the audit procedures performed with respect to forecasted cash-flows (which include planned capital expenditures) in our key audit matter "Estimates with respect to the valuation of goodwill and vessels".

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section risk management in the chapter governance of the report of the board of management for the board of management's risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the Fugro Code of Conduct, Policy on Anti-Corruption, Speak Up (whistle blower) procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We considered whether the company's business across many jurisdictions including countries with a higher perceived risk of corruption, and its dealings with agents would give rise to risks of bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2 to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions.

These risks did however not require significant auditor's attention in addition to the following fraud risks identified during our audit.

Management bias related to estimates and assumptions underlying the valuation of goodwill

Fraud risk	In identifying and assessing fraud risks, we specifically considered whether judgments and assumptions underlying the valuation of goodwill indicate a management bias that may represent a risk of material misstatement due to fraud.
Our audit approach	We describe the audit procedures responsive to this fraud risk in the description of our audit approach for the key audit matter 'Estimates with respect to the valuation of goodwill and vessels'.

Presumed risks of fraud in revenue recognition

Fraud risk	We presumed that there are risks of fraud in revenue recognition. Fugro's revenue agreements require management to estimate the cost to complete, which in turns impacts the revenue recognised. We evaluated that the estimation for the cost to completion might be subject to management bias.
Our audit approach	We describe the audit procedures responsive to the risk of fraud in revenue recognition in the description of our audit approach for the key audit matter 'Revenue recognition, project accounting and valuation with respect to unbilled revenue on (completed) contracts'.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources, regional directors and the supervisory board.

Fugro identified prior period overstatements of assets for a total amount of € 6.7 million, which were intentionally not adjusted to their correct amount, and retrospectively corrected these prior period errors as of 1 January 2022. We refer to the disclosure in section 2.6 of the financial statements. We evaluated Fugro's investigation that determined that this irregularity was an isolated occurrence and that remedial action has taken place. Otherwise, the fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of management, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and we have been informed by management that there was no correspondence with regulatory authorities. We remained alert to any indication of (suspected) non-compliance throughout the audit, amongst which compliance with current sanctions legislation. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in the 'Basis of preparation' in the notes to the consolidated financial statements and discussed in the management statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of management exercising professional judgment and maintaining professional scepticism. We considered whether the board of management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, our key audit matters did not change.

Estimates with respect to the valuation of goodwill and vessels

Risk

At 31 December 2023, the carrying amounts of goodwill and vessels (both owned and leased) amount to, respectively, € 270.3 million and € 438.7 million, and together amount to approximately 30% of total assets.

As disclosed in Notes 17, 18 and 19, the board of management performed the annual impairment tests for goodwill and evaluated vessels with individually significant carrying amounts for indicators of impairment, not resulting in an impairment for either vessels or goodwill. Following an improved business outlook, a € 4.6 million impairment (loss) on vessels was reversed during the year.

Impairment tests are complex and require significant management judgement and assumptions with respect to expected future cash flows and the discount rate used to discount the cash flows. Moreover, we considered the risk of management bias that may represent a risk of material misstatement due to fraud.

On the back of an increasing share of revenue generated by renewable projects, Fugro expects strong growth of this revenue stream in the coming years across all regions. At the same time, Fugro remains committed to continue providing services to its traditional energy clients, mainly directed towards integrity of their assets. Fugro expects to have an important role at both ends of the energy transition. This is reflected in assumptions disclosed in note 19.

As disclosed in note 34, Fugro has an ambition to reach net zero emissions by 2035. This ambition requires a shift towards asset lighter and low carbon solutions, requiring capital expenditures for the decarbonisation of vessels and other equipment in the coming years.

The recoverable amounts of groups of cash-generating units (CGUs) with allocated goodwill have been determined based on value-in-use calculations. Value in use (VIU) was determined by discounting the expected future cash flows from continuing use of the CGUs. Cash flows in the first year of the forecast are based on the budget 2024 as approved by the board of management and supervisory board. The cash flows for the following four years are derived from Fugro's strategic plan which are made specific based on expected market developments and the expected share of the market that Fugro will be able to capture. A long-term growth rate is assumed for the terminal value. The headroom on the carrying amount of CGUs is € 1.440 million as disclosed in note 19 of the consolidated financial statements.

Estimates with respect to the valuation of goodwill and vessels

Our audit approach

We verified that the accounting policy for impairments of (in)tangible assets applied by Fugro is in accordance with IAS 36 'Impairment of Assets' and that the methods for making estimates are appropriate and have been applied consistently and whether changes, if any, are appropriate in the circumstances. We obtained an understanding of Fugro's internal controls, including control activities relevant to impairment tests for goodwill and vessels and evaluated the design of the controls over how the board of management made the estimates.

Our audit procedures included an assessment of the board of management's evaluation of indicators of impairment for the carrying amounts of vessels.

Our assessment of the board of management's VIU calculations included considering whether the board of management recognised sufficiently the impact that climate change and related actions will have on Fugro's business model. For example, we challenged the board of management to what extent global carbon emission reduction targets require future changes to or further investments in the fleet of vessels and to what extent this is reflected in the VIU calculation.

We evaluated the budget 2024, the solidity of the budget preparation process and the reasonability of the budget at the level of individual entities as well as at group level. Furthermore, we evaluated the board of management's outlook in the explicit forecast period, in particular around forecasted revenues, EBITDAs and capital expenditures, as well as the long-term growth rate. We also performed an evaluation of the historical accuracy of the board of management's estimates through retrospective review, evaluating and testing the assumptions, methodologies, and other data used by the company, for example by comparing them to external data and we assessed the mathematical accuracy and completeness of the impairment models.

With the support of our valuation experts, we assessed whether the discounting of expected future cash flows through the use of a discount rate, whilst highly judgemental, is performed based on an appropriate methodology. Our assessment of the VIUs also included sensitivity analyses.

We evaluated the adequacy of the disclosures to the consolidated financial statements. We evaluated whether the disclosures are in accordance with the requirements of EU-IFRSs and whether significant judgments by the board of management are disclosed and particularly whether disclosures adequately convey the degree of estimation uncertainty and those assumptions to which the outcome of the impairment test is most sensitive.

Key observations

We concluded that the assumptions relating to the impairment models fall within acceptable ranges and we agree with the board of management's conclusions. Furthermore, we concluded that the disclosures in the consolidated financial statements are appropriate and in accordance with EU-IFRSs.

Revenue recognition, project accounting and valuation with respect to unbilled revenue on (completed) contracts	
Risk	The revenue recognition process, including determining the appropriate valuation with respect to unbilled revenue on (completed) contracts, involves management estimates as disclosed in Notes 7 and 23. The valuation of unbilled revenue on (completed) contracts is affected by subjective elements including estimated costs to complete and projected revenue, whether impacted by additional / reduced services, project progress or (potential) disputes. We presumed that there are risks of fraud in revenue recognition and determined this to be a key audit matter.
Our audit approach	We verified that the accounting policy for revenue recognition applied by Fugro is in accordance with IFRS 15 'Revenue from Contracts with Customers' and that the methods for making estimates are appropriate and have been applied consistently or whether changes, if any, are appropriate in the circumstances. We obtained an understanding of Fugro's internal controls, including control activities with respect to project management, project accounting and the project results estimation process and evaluated the design of the controls over how the board of management made the estimates. We performed substantive audit procedures relating to contractual terms and conditions, revenues and costs incurred, including local representatives' fees, claims and variation orders, and disputes or potential disputes. For selected projects, we performed testing procedures, such as substantiating transactions with underlying documentation, including contracts and third party correspondence, to obtain evidence for the accuracy and recoverability of unbilled revenue on (completed) contracts. We made enquiries with project controllers, inspected contracts and underlying documentation, tested project progress, forecasts and appropriateness of the (planned) result and verified whether the project status has been appropriately reflected in the consolidated financial statements. We evaluated the adequacy of the disclosures to the consolidated financial statements.
Key observations	We concluded that Fugro appropriately recognised (unbilled) revenue on (completed) contracts as at 31 December 2023 and revenue for the year then ended.

Estimates in respect of accounting for income taxes including recognition of deferred tax assets	
Risk	The Group's results on operations are subject to income taxes in various jurisdictions. Due to reported losses in previous years, Fugro has significant tax loss carry forwards available. For a part of these tax loss carry forwards, deferred tax assets are recognised. In 2023, additional deferred tax assets related to a planned liquidation of certain fully owned subsidiaries of the Seabed group (which business was divested in 2021) were recognised during the year. This is disclosed in Note 16 to the financial statements. Determining the amount of deferred tax assets to be recognised requires significant management judgement and we determined this to be a key audit matter. As at 31 December 2023, recognised deferred tax assets amount to € 138.6 million (2022: € 58.7 million).
Our audit approach	We verified that the accounting policy for accounting for income taxes and recognition of deferred tax assets applied by Fugro is in accordance with IAS 12 'Income taxes' and that the methods for making estimates are appropriate and have been applied consistently or whether changes, if any, are appropriate in the circumstances. We obtained an understanding of Fugro's internal controls, including control activities with respect to accounting for income taxes and recognition of deferred tax assets and evaluated the design of the controls over how the board of management made the estimates. Our substantive audit procedures included amongst others an evaluation of the historical accuracy of the board management's estimates through retrospective review, analyses of tax positions and of the effective tax rate reconciliation. We involved specialists for the audit of the amounts recognised in the statement of comprehensive income and for the evaluation of judgmental (deferred) tax positions. For tax positions where the board of management's assumptions are used to determine the probability that deferred tax assets recognised in the statement of financial position will be recovered through taxable income in future years, we evaluated the budget 2024, the solidity of the financial forecast preparation process and the reasonability of the 2024 forecasts at the level of individual jurisdictions. Also, we evaluated the projected developments after 2024 and reasonability of expectations and assumptions. With regards to the tax assets associated with the planned liquidation of the Seabed group entities, together with our tax specialists we inspected documentation in order to verify whether we concur with the additional deferred tax assets recognised. We also evaluated the adequacy of the disclosure to the consolidated financial statements, focusing on whether the disclosure adequately conveys the possible impact of uncertain tax positions and those assumptions to which the recognition of deferred tax assets is most sensitive.
Key observations	We concluded that the board of management's judgements in respect of accounting for income taxes and the recognition of deferred tax assets are appropriate. We also concluded that the disclosures in the consolidated financial statements are appropriate and in accordance with EU-IFRSs.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The board of management and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the supervisory board as auditor of Fugro on 7 December 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Fugro has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Fugro, complies in all material respects with the RTS on ESEF.

The board of management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the board of management and the supervisory board for the financial statements

The board of management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of management is responsible for such internal control as the board of management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of management should prepare the financial statements using the going concern basis of accounting unless the board of management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

The Hague, 7 March 2024

Ernst & Young Accountants LLP

Signed by R.H. de Boer

Statutory provisions regarding the appropriation of net result

The provisions regarding the appropriation of profit are contained in article 36 of the Articles of Association of Fugro and, as far as relevant, read as follows:

36.2 a. The profit shall, if sufficient, be applied first in payment to the holders of protective preference shares of a percentage as specified below of the compulsory amount paid on these shares as at the commencement of the financial year for which the distribution is made.

b. The percentage referred to above in subparagraph a. shall be equal to the average of the Euribor interest charged for loans with a term of one year – weighted by the number of days for which this interest was applicable – during the financial year for which the distribution is made, increased by at most four percentage points; this increase shall each time be fixed by the Board of Management for a period of five years, after approval by the Supervisory Board.

36.3 a. Next, if possible, a dividend shall be paid on the financing preference shares of each series and on the convertible financing preference shares of each series, equal to a percentage calculated on the amount effectively paid on the financing preference shares of the respective series and the convertible financing preference shares of the respective series, including a share premium, if any, upon the first issue of the series in question, and which percentage shall be related to the average effective return on 'state loans general with a term of 7 – 8 years', calculated and determined in the manner as described hereinafter.

b. The percentage of the dividend for the financing preference shares of each or for the convertible financing preference shares of each series, as the case may be, shall be calculated by taking the arithmetic mean of the average effective return on the aforesaid loans, as published by Bloomberg, or if Bloomberg does not publish this information, by Reuters, for the last five stock market trading days preceding the day of the first issue of financing preference shares of the respective series or the convertible financing preference shares of the respective series, as the case may be, or preceding the day on which the dividend percentage is adjusted, increased or decreased, if applicable, by a mark-up or mark-down set by the Board of Management upon issue and approved by the Supervisory Board of at most two percentage points, depending on the market conditions then obtaining, which mark-up or mark-down may differ for each series, or, if Reuters does not publish this information or if such state loan and information source that is or are most comparable thereto as to be determined by the board of Management and approved by the Supervisory Board.

36.4 If in any financial year the profit is insufficient to make the distributions referred to above in paragraph 3 of this article, then in subsequent financial years the provisions of paragraph 3 shall not apply until the deficit has been made good and until the provisions of paragraph 3 have been applied or until the Board of Management, with the approval of the Supervisory Board, resolves to charge an amount equal to the deficit to the freely distributable reserves, with the exception of the reserves which have been set aside as share premium upon the issue of financing preference shares or convertible financing preference shares.

36.5 If the first issue of financing preference shares or convertible financing preference shares of a series takes place during the course of a financial year, the dividend for that financial year on the respective series of financing preference shares or convertible financing preference shares shall be decreased proportionately up to the first day of such issue.

36.6 After application of paragraphs 2 to 5 no further distribution of shall be made on the protective preference shares, the financing preference shares or the convertible financing preference shares.

36.7 Of any profit remaining after application of the paragraphs 2 to 5 such amount shall be allocated to the reserves by the Board of Management with the approval of the Supervisory Board as the Board of Management shall deem necessary. Insofar as the profit is not allocated to the reserves pursuant to the provisions of the preceding sentence, it shall be at the disposal of the annual general meeting either for allocation in whole or in part to the reserves or for distribution in whole or in part to the holders of ordinary shares pro rata to the aggregate amount of their ordinary shares.

Five-year historical review

	2023	2022[2]	2021	2020	2019
Selected financial data (x EUR 1,000)[1]					
Revenue	2,187,361	1,766,009	1,461,725	1,386,303	1,631,328
Net revenue own services	1,368,981	1,038,641	876,467	865,696	977,098
Results from operating activities (EBIT)*	252,314	92,968	60,261	19,772	25,560
Net finance income/(expense)	(54,366)	(20,005)	(18,264)	(73,981)	(57,764)
Net result from continuing operations	254,843	74,127	59,636	(74,034)	(39,558)
Net result (including discontinued operations)	254,843	74,127	71,123	(173,824)	(108,492)
Cash flow operating activities after investing activities*	219,398	24,865	26,155	105,397	58,311
Cash flow operating activities after investing incl. discontinued operations*	230,211	23,850	39,482	88,398	22,817
Property, plant and equipment	709,265	559,996	535,160	523,043	564,291
Capital expenditures	260,259	123,099	79,683	81,211	83,079
Capital expenditures (including discontinued operations)	260,259	123,099	79,683	86,985	106,219
Cash and cash equivalents	326,294	209,090	148,956	183,462	201,147
Total assets	2,400,735	2,050,729	1,838,337	1,701,044	2,056,304
Loans and borrowings[3]	250,139	245,468	292,419	344,242	687,498
Equity attributable to owners of the company	1,290,558	1,048,331	851,203	702,070	597,257
Net debt – excluding lease liabilities under IFRS 16*	(75,659)	38,437	145,287	163,116	502,547
Capital employed*[4]	1,227,529	1,098,037	1,006,851	874,766	1,110,434
Key ratios (in %)					
Results from operating activities (EBIT)/revenue	11.5	5.3	4.1	1.4	1.6
Net result from continuing operations/revenue	11.7	4.2	4.1	(5.3)	(1.4)
Return on capital employed*[4]	17.8	8.5	8.8	4.6	3.2
Total equity/total assets	54.3	51.7	46.9	41.8	29.6

* Non-IFRS performance measure. Reference is made to the reconciliation of non-IFRS performance measures and glossary.

1 Continuing operations only, unless otherwise stated.

2 2022 numbers have been restated, see note 2.6 Correction of prior period errors.

3 Total of current and non-current balances.

4 2019, 2020 and 2021 numbers calculated based on revised definition. See reconciliation of non-IFRS performance measures and glossary.

	2023	2022	2021	2020	2019
People, diversity, talent management[1]					
Number of full-time equivalent (FTE) employees (at year-end)	10,220	9,401	8,976	9,025	9,856
Number of employees (headcount)	10,854	9,851	9,317	9,471	10,343
Gender diversity					
▪ Female	23%	22%	22%	21%	21%
▪ Male	77%	78%	78%	79%	79%
Gender diversity senior management[2]					
▪ Female	22%	19%	15%	NA	NA
▪ Male	78%	81%	85%	NA	NA
Lost time injury frequency (x million hours)	0.57	0.73	0.70	0.67	0.68
Total recordable case frequency (x million hours)	1.48	1.50	1.71	1.62	1.58
Fugro Academy:					
Number of completed courses	103,343	95,036	80,873	101,193	39,596
Innovation[1]					
Granted patents	50	35	29	35	10
Environmental performance					
Vessel CO2 emission intensity (tonnes per operational day)					
▪ Owned vessels	13.4	13.3	14.8	15.3	16.1
▪ Chartered vessels	12.6	14.5	15.0	16.9	14.4
▪ Owned and chartered vessels	13.0	13.8	14.9	15.8	15.4
Greenhouse gas emissions scope 1 & 2 (ktCO2e)					
▪ Owned vessels	108	102	116	113	128
▪ Chartered vessels	80	82	71	70	81
▪ Other assets	23	26	29	25	29
▪ Scope 2 market based	8	8[3]	8	12	17
▪ Total scope 1 & 2	219	218	224	220	255

1 Continuing operations only, unless stated otherwise.

2 The scope of this KPI includes a wider group of functions than reported in previous years. This change was made in conjunction with the 2022 introduction of the sustainability-linked financing framework.

3 Market based Scope 2 emissions 2022 were restated from 7 to 8 ktCO2e.

NA = not available

Reconciliation of non-IFRS performance measures

Certain parts of this annual report contain non-IFRS financial measures and ratios and non-financial operating data, which are not recognised measures of financial performance or liquidity under IFRS. These are commonly referred to as non-IFRS financial measures. The Group uses items such as, capital employed, working capital, revenue – comparable growth, days of revenue outstanding, net debt, EBIT, Adjusted EBIT, Adjusted EBIT margin, EBITDA, Adjusted EBITDA and free cash flow as internal measures of performance to benchmark and compare against budget, the prior year and its latest internal forecasts.

These measures have not been audited or reviewed by the company's external auditor. Furthermore, these measures may not be indicative of the company's historical operating results, nor are such measures meant to be predictive of the company's future results. The presentation of the non-IFRS measures and non-financial operating data in this report should not be construed as an implication that the Group's future results will be unaffected by exceptional or non-recurring items.

The Group presents non-IFRS financial measures and non-financial operating data in this report because it believes that these measures will assist stakeholders to understand its financial position and results of operations. The Group believes these non-IFRS measures and non-financial operating data are useful and commonly used supplemental measures of financial performance, liquidity or financial position in addition to gross profit, operating profit and other measures under IFRS. By providing additional insight into non-IFRS based measures and non-financial operating data, the Group believes that the users of this information may be better able to understand the operational performance and trend development of the company. However, not all companies calculate non-IFRS financial measures and non-financial operating data in the same manner or on a consistent basis. As a result, these measures and ratios may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures and non-financial operating data contained in this Annual Report and they should not be considered in isolation or as a substitute for operating profit, profit for the year, cash flow or other financial measures computed in accordance with IFRS-EU.

Revenue – comparable growth

The Group presents revenue – comparable growth as a supplemental non-IFRS financial measure, as the Group believes that, given the large number of countries where it is operating, the presentation of revenue – comparable growth is a relevant measure for investors to evaluate the performance of the Group's business activities over time. The Group believes that revenue – comparable growth is a useful non-IFRS financial measure, as it removes the distorting impact of foreign exchange movements and thus gives investors a view of the underlying performance of the Group. The Group defines revenue- comparable growth as revenue growth compared to the comparable period from the prior year, calculated by translating the revenue for the more recent period at the exchange rates of the prior year's comparable period.

			2023			**2022**
	Comparable growth	**Currency effects**	**Nominal growth**	**Comparable growth**	**Currency effects**	**Nominal growth**
Europe-Africa	23.4%	(2.4)%	21.0%	19.8%	0.1%	19.9%
Americas	28.3%	(3.3)%	25.0%	14.2%	13.5%	27.7%
Asia Pacific	37.3%	(6.9)%	30.4%	(5.9)%	7.0%	1.1%
Middle East & India	26.6%	(4.0)%	22.6%	38.3%	12.3%	50.6%
Total	**27.5%**	**(3.6)%**	**23.9%**	**14.8%**	**6.0%**	**20.8%**

			2023			**2022**
	Comparable growth	**Currency effects**	**Nominal growth**	**Comparable growth**	**Currency effects**	**Nominal growth**
Marine	37.9%	(4.0)%	33.9%	13.6%	5.4%	19.0%
Land	3.2%	(2.6)%	0.6%	18.0%	7.4%	25.4%
Total	**27.5%**	**(3.6)%**	**23.9%**	**14.8%**	**6.0%**	**20.8%**

EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA

The Group presents EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA, as supplemental non-IFRS financial measures, as the Group believes these are meaningful measures to evaluate the performance of its business activities over time. The Group understands that these measures are used by analysts, rating agencies and investors in assessing the Group's performance. In the case of EBITDA, the Group believes that it makes the underlying performance of its geographical regions and businesses more visible by factoring out depreciation, amortisation and impairment losses. The Group believes this increases visibility as to performance on a neutral basis, by correcting for the impact of different tax regimes and capital structures. In the case of Adjusted EBIT and Adjusted EBITDA, the Group believes that these measures make the underlying performance of its geographical regions and businesses more apparent by factoring out onerous contract charges, restructuring costs, certain advisor and other costs or gains and, in the case of Adjusted EBIT, impairment losses. The Group believes adjusting for these items which are not directly related to the operational performance of the Group and its geographical regions and businesses increases comparability and enables the users to better understand the underlying performance of the Group.

(EUR x 1,000)		E-A		AM		APAC		MEI		Total
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Results from operating activities before net financial expenses and taxation (EBIT)	**148,587**	**73,506**	**56,351**	**(1,573)**	**31,928**	**20,235**	**15,448**	**800**	**252,314**	**92,968**
Onerous contract charges[1]	-	(1,876)	1,196	(3,747)	-	(117)	-	-	1,196	(5,739)
Restructuring costs[2]	(738)	(1,184)	(168)	(1,043)	(54)	(556)	(56)	(61)	(1,016)	(2,844)
Certain adviser and other (costs)/gains[3]	-	(988)	-	(1,843)	-	(408)	-	(247)	-	(3,487)
Impairment losses	4,461	(438)	(1,843)	(277)	(65)	(1,546)	(32)	(322)	2,521	(2,583)
Divestments	(2,512)	-	-	-	-	-	-	-	(2,512)	-
Adjusted EBIT	**147,376**	**77,991**	**57,166**	**5,337**	**32,047**	**22,862**	**15,536**	**1,430**	**252,125**	**107,621**
Depreciation	(72,811)	(60,564)	(32,663)	(27,450)	(28,894)	(23,341)	(10,344)	(10,930)	(144,712)	(122,285)
Amortisation	(307)	(288)	(21)	(50)	(136)	(196)	-	(1)	(464)	(535)
Adjusted EBITDA	**220,494**	**138,843**	**89,850**	**32,837**	**61,077**	**46,399**	**25,880**	**12,361**	**397,301**	**230,441**

1 A provision for onerous contract charges is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the Group's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of performing under the contract. The expected net cost of performing under the contract is based on cash flow calculations discounted using a rate that reflects current market assessments of the time value of money. Before a provision is established, the Group recognises any impairment loss on the assets associated with and/or dedicated to that contract. While specific in nature, costs related to onerous contracts may reoccur in the future.

2 A provision for restructuring costs is recognised when the Group (i) has a detailed formal plan for the restructuring identifying the business or part of a business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken, and when the plan will be implemented; and (ii) has a valid expectation that the Group will carry out the restructuring, evidenced by having made a start with the implementation of that plan or by having announced its main features to those employees affected by it. While specific in nature, costs related to restructuring may reoccur in the future.

3 Certain adviser and other costs (to the extent not capitalised as transaction costs on loans and borrowings) or gains reflects certain adviser and other costs or gains, which include other large charges or gains that the Group has adjusted for, such as material legal settlement claims, large bad debt write-downs and other large one-off non-recurring items.

(EUR x 1,000)	Marine		Land		Total	
	2023	2022	2023	2022	2023	2022
Results from operating activities before net financial expenses and taxation (EBIT)	**228,116**	**60,425**	**24,198**	**32,543**	**252,314**	**92,968**
Onerous contract charges[1]	1,196	(5,739)	-	-	1,196	(5,739)
Restructuring costs[2]	(141)	(1,430)	(875)	(1,414)	(1,016)	(2,844)
Certain adviser and other (costs)/gains[3]	-	(1,491)	-	(1,996)	-	(3,487)
Impairment losses	3,383	(2,371)	(862)	(212)	2,521	(2,583)
Divestments	-	-	(2,512)	-	(2,512)	-
Adjusted EBIT	**223,678**	**71,456**	**28,447**	**36,165**	**252,125**	**107,621**
Depreciation	(122,128)	(100,418)	(22,584)	(21,867)	(144,712)	(122,285)
Amortisation	(411)	(382)	(53)	(153)	(464)	(535)
Adjusted EBITDA	**346,217**	**172,256**	**51,084**	**58,185**	**397,301**	**230,441**

1 A provision for onerous contract charges is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the Group's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of performing under the contract. The expected net cost of performing under the contract is based on cash flow calculations discounted using a rate that reflects current market assessments of the time value of money. Before a provision is established, the Group recognises any impairment loss on the assets associated with and/or dedicated to that contract. While specific in nature, costs related to onerous contracts may reoccur in the future.

2 A provision for restructuring costs is recognised when the Group (i) has a detailed formal plan for the restructuring identifying the business or part of a business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken, and when the plan will be implemented; and (ii) has a valid expectation that the Group will carry out the restructuring, evidenced by having made a start with the implementation of that plan or by having announced its main features to those employees affected by it. While specific in nature, costs related to restructuring may reoccur in the future.

3 Certain adviser and other costs (to the extent not capitalised as transaction costs on loans and borrowings) or gains reflects certain adviser and other costs or gains, which include other large charges or gains that the Group has adjusted for, such as material legal settlement claims, large bad debt write-downs and other large one-off non-recurring items.

Working capital and DRO

The Group presents working capital and working capital as a % of last 12 months revenue as supplemental non-IFRS financial measures, as the Group believes these are meaningful measures to evaluate the Group's ability to maintain a balance between growth, profitability and liquidity. Working capital is broadly analysed and reviewed by analysts and investors in assessing the Group's performance. Both measures serve as a metric for how efficiently the Group is operating and how financially stable it is in the short term. It is an important measure of the Group's ability to pay off short-term expenses and/or debts. The Group further discloses days of revenue outstanding, as it believes it is a meaningful measure of the effectiveness of the Group's credit and collection efforts in allowing credit to customers, as well as its ability to collect from them. The Group defines working capital as the sum of inventories, trade and other receivables and trade and other payables. And the Group defines days of revenue outstanding as trade receivables plus unbilled revenue on projects minus advances of instalments related to work in progress expressed as a number of days. The number of days is calculated using the exhaust method that is considering revenue recognised from the date of reporting backward until the receivable quantity is exhausted.

(EUR x 1,000)	2023	2022[1]
Working Capital	**194,141**	**222,370**
Eliminate liabilities comprised in working capital		
▪ Trade and other payables	485,829	410,794
Include assets not comprised in working capital		
▪ Non-current assets	1,386,423	1,190,151
▪ Current tax assets	8,048	7,619
▪ Cash and cash equivalents	326,294	209,090
▪ Assets classified as held for sale	-	10,705
Total Assets	**2,400,735**	**2,050,729**

(EUR x 1,000)	2023	2022[1]
Revenue	2,187,361	1,766,009
Working capital as % of last 12 month revenue	8.9%	12.6%
Days of revenue outstanding	75	85

1 2022 numbers have been restated, see note 2.6 Correction of prior period errors.

Net debt and capital employed

The Group presents net debt and capital employed as these measures are used by the Group's management to evaluate the Group's financial strength and funding requirements.
The Group also understands that these measures are used by banks, analysts, rating agencies and investors in assessing the Group's performance, in particular on capital efficiency, by determining the return on capital employed (ROCE). The Group defines capital employed as total equity plus loans and borrowings, excluding lease liabilities and bank overdrafts, minus cash and cash equivalents. Capital employed includes held for sale balances and is calculated at the end of the (full or half year) reporting period. The Group defines net debt as the sum of loans and borrowings and bank overdraft minus cash and cash equivalents. The definition of capital employed includes balances that are classified as held for sale.

(EUR x 1,000)	2023	2022[1]
Non-current loans and borrowings	201,267	241,667
Current loans and borrowings	48,872	3,801
Bank overdraft	496	2,059
Cash and cash equivalents	(326,294)	(209,090)
Lease liabilities	186,174	168,974
Net debt	**110,515**	**207,411**
Net debt (excluding lease liabilities)	(75,659)	38,437
Equity	1,303,188	1,059,600
Capital employed	1,227,529	1,098,037

1 2022 numbers have been restated, see note 2.6 Correction of prior period errors.

Return on capital employed and NOPAT

ROCE is used by the Group as a measure of the Group's profitability and capital efficiency. The group defines return on capital employed as NOPAT of the last 12 months as a percentage of a three points average adjusted capital employed. The three points consist of the last three reporting periods.

ROCE, as used by the Group is based on adjusted capital employed. Capital employed is adjusted for non-cash impairment losses (post tax). Adjusted capital employed is calculated at the end of a reporting period (full or half year). The Group believes adjusting for non-cash impairment losses which are not directly related to the operational performance of the Group and its geographical regions and businesses increases comparability and enables the users to better understand the underlying performance of the Group. The calculation of adjusted capital employed is not adjusted for onerous contract charges, restructuring costs and certain adviser and other costs or gains as well as the theoretical tax impact of those specific items.

The Group uses NOPAT solely for the purposes of calculating the ROCE, for which the Group believes is the best measure for profitability when measuring capital efficiency. The Group defines NOPAT as the sum of adjusted EBIT, the theoretical tax expense over adjusted EBIT applying the domestic weighted average tax rate, and the share of profit/(loss) of equity accounted investees (net of income tax). NOPAT includes discontinued operations.

(EUR x 1,000)	December 2022	June 2023	December 2023	2023 Average	December 2021	June 2022	December 2022	2022[1] Average
Capital employed	1,098,037	1,177,900	1,227,529	1,167,822	1,000,031	1,162,573	1,098,037	1,086,880
Adjustment for impairment losses	2,583	(3,900)	(2,521)	(1,279)	-	2,403	2,583	1,662
▪ of which continuing operations	2,583	(3,900)	(2,521)	(1,279)	-	2,403	2,583	1,662
▪ of which discontinued operations	-	-	-	-	-	-	-	-
Potential tax impact	(318)	-	-	(106)	-	-	(318)	(106)
Adjusted capital employed	**1,100,302**	**1,174,000**	**1,225,008**	**1,166,437**	**1,000,031**	**1,164,976**	**1,100,302**	**1,088,436**

(EUR x 1,000)	2023	2022[1]
Adjusted EBIT	252,125	107,621
▪ of which continuing operations	252,125	107,621
▪ of which discontinued operations	-	-
Share of profit/(loss) of equity-accounted investees (net of income tax)	20,624	13,525
▪ of which continuing operations	20,624	13,525
▪ of which discontinued operations	-	-
Potential tax impact	(65,110)	(28,913)
NOPAT	**207,639**	**92,233**

(EUR x 1,000)	2023	2022[1]
Average Adjusted capital employed	1,166,437	1,088,436
NOPAT	207,639	92,233
ROCE (%)	**17.8%**	**8.5%**

1 2022 numbers have been restated, see note 2.6 Correction of prior period errors.

Taxonomy-Capex

Capital expenditures considered for the Group's disclosures on the EU Taxonomy, referred to as Taxonomy-Capex, comprise additions to property, plant and equipment, additions to intangible assets and additions to right-of-use assets. Taxonomy-Capex is the denominator in the calculation of the percentage of additions to property, plant and equipment, additions to intangible assets and additions to right-of-use assets that qualify as Taxonomy-eligible.

(EUR x 1,000)	Note	2023	2022
Additions to property, plant and equipment	17	260,259	123,099
Additions to intangible assets (excluding goodwill)	19	96	2,477
Additions to right-of-use assets	18	79,360	60,694
Taxonomy-Capex		**339,715**	**186,270**

Glossary

Business/technical terms

AUV (autonomous underwater vehicle) Unmanned submersible launched from a 'mother-vessel' but not connected to it via a cable. Propulsion and control are autonomous and use pre-defined mission protocols.

Bathymetry Study of underwater depth of lake or ocean floors. Underwater equivalent of topography.

CPT/cone penetration test(ing) Pushing a steel cone-tipped probe into the soil, measuring resistance, in order to identify soil composition.

Digital twin A virtual representation that serves as the real-time digital counterpart of a physical object or process.

E&E assets intangible assets related to exploration and evaluation (E&E) activities in Australian areas of interest to discover petroleum resources in cooperation with Finder Exploration Pty Ltd (Finder) and Finder related parties.

Geohazard geological state that may lead to widespread damage or risk e.g., landslides, earthquakes, tsunamis.

Geo-data information related to the Earth's surface, subsurface and the structures built on it.

Geo-intelligence Acquisition and analysis of data on topography and the subsurface, soil composition, spatial reference, meteorological and environmental conditions, and the related advice.

Geophysical survey Mapping of subterranean soil characteristics using non-invasive techniques such as sound.

Geotechnical investigation Determination of subterranean soil characteristics using invasive techniques such as probing, drilling and sampling.

Geospatial Information on the position of something with respect to the things around it.

Hydrography Science that measures and describes physical features of water and the adjacent land areas.

Jack-up platform Self-elevating platform; capable of raising its hull over the surface of the sea thanks to its movable legs.

(Q)HSSE (Quality,) health, safety, security and environment.

LiDAR Measuring system based on laser technology that can make extremely accurate recordings.

LNG Liquefied natural gas.

Metocean Refers to combined wind, wave and climate conditions at a certain location offshore.

Multibeam echosounder type of sonar that is used to map the seabed. Like other sonar systems, multibeam systems emit sound waves in a fan shape beneath a vessel's hull. The amount of time it takes for the sound waves to bounce off the seabed and return to the receiver, is used to determine water depth.

OHSAS British standard for occupational health and safety management systems. It is widely seen as the world's most recognised occupational health and safety management systems standard.

Remote operations centre using cloud-based solutions, surveyors work from an onshore location on the analysis of Geo-data that has been acquired offshore. This new way of working reduces health and safety exposure and accelerates delivery and insights for the client.

ROV (remotely operated vehicle) Unmanned submersible launched from a vessel and equipped with measuring and manipulation equipment. A cable to the mother-vessel provides power, video and data communication.

USV (uncrewed surface vessel) Uncrewed data acquisition platform for hydrographic and inspection & monitoring applications. Deployment and navigation from a remote operations centre onshore results in less personnel in the potentially high-risk offshore environment, and a significantly lower carbon footprint than traditional vessels.

UXO Unexploded ordnance; unexploded bombs and other explosive remnants of war.

Non-IFRS financial measures

Backlog the amount of revenue related to signed contracts and work that can reasonably be expected based on framework contracts and outstanding tenders and proposals of which a good chance of success is expected (>50%) weighted with the likelihood of winning this work.

Backlog – comparable growth is defined as backlog growth compared to the comparable period from the prior year, calculated by translating the backlog for the more recent period at the exchange rates of the prior year's comparable period.

Capital employed total equity plus loans and borrowings and bank overdrafts, minus cash and cash equivalents. Capital employed includes the relevant balances that are classified as held for sale and is calculated at the end of the (full or half year) reporting period.

Adjusted capital employed capital employed adjusted for impairment losses (post-tax) in the current year of property, plant and equipment, right of use assets, goodwill and other intangible assets.

Capital expenditure capital expenditures on property, plant and equipment.

Cash flows from operating activities after investing activities cash flows provided by operating activities minus cash flows used for investing activities.

Consolidated interest expense interest expense, plus all amortisation of financial indebtedness discount and expense less interest income for the entire group.

Days of revenue outstanding (DRO) trade receivables plus unbilled revenue on projects minus advances of instalments related to work in progress expressed as a number of days. The number of days is calculated using the exhaust method that is considering revenue recognised from the date of reporting backward until the receivable quantity is exhausted.

Dividend yield dividend as a percentage of the (average) share price.

EBIT reported result from operating activities before net financial expenses and taxation.

Adjusted EBIT reported result from operating activities before net financial expenses and taxation, adjusted for the following items

- Impairment losses
- Onerous contract charges
- Restructuring costs
- Certain adviser and other costs or gains

Adjusted EBIT margin adjusted EBIT as a percentage of revenue for the relevant period.

EBITDA reported result from operating activities before net financial expenses, taxation, depreciation, amortisation, and impairment losses.

Adjusted EBITDA reported result from operating activities before net financial expenses, taxation, depreciation, amortisation, and impairment losses, adjusted for the following items

- Onerous contract charges
- Restructuring costs
- Certain adviser and other costs or gains

Adjusted consolidated EBITDA for purpose of covenant calculations EBITDA, adjusted for the following items:

- Exclusion of (i) onerous contract charges, (ii) restructuring costs, (iii) certain adviser and other costs or gains, (iv) impairment charge trade receivables, (v) profit/(loss) on disposal of property, plant and equipment and (vi) profit/(loss) from businesses disposed of for the period for which they formed part of the Group. Covenants are calculated on a post-IFRS 16 basis.
- Inclusion of (viii) pre-acquisition profit/loss from businesses acquired.
- The aforementioned items are capped at EUR 15 million.

Free cash flow Cash flows from operating activities after investing activities. Unless otherwise stated, free cash flow includes discontinued operations.

Free cash flow after lease payments Cash flows from operating activities after investing activities, less payments of lease liabilities (as presented in cash flows from financing activities in the consolidated statement of cash flows). Unless otherwise stated, free cash flow after lease payments includes discontinued operations.

Interest coverage adjusted consolidated EBITDA for purpose of covenant calculations divided by Consolidated interest expense.

Net debt the sum of loans and borrowings and bank overdrafts minus cash and cash equivalents.

Net interest charges interest payable on loans and borrowings, less interest income received (net financial expenses).

Net leverage for purpose of covenant calculations net debt divided by adjusted consolidated EBITDA for purpose of covenant calculations.

Net profit margin profit as a percentage of revenue.

Net result profit or loss for the period, attributable to the owners of the company.

Net revenue own service (revenue less third party costs) net revenue own service comprises all revenue minus costs incurred with third parties related to the deployment of resources (in addition to the resources deployed by the Group) and other third party cost such as short-term lease or low-value lease expenses and other expenses required for the execution of various projects.

NOPAT the sum of adjusted EBIT, the theoretical tax expense over adjusted EBIT applying the domestic weighted average tax rate, and the share of profit/(loss) of equity accounted investees (net of income tax). NOPAT includes discontinued operations.

Operating cash flows see 'Operating cash flows before changes in working capital'.

Operating cash flows before changes in working capital cash flows provided by operating activities excluding the impact of movements in working capital during the period. Also referred to as 'Operating cash flows'.

Pay-out ratio proposed dividend, multiplied by the number of shares entitled to dividend, divided by one thousand, divided by the net result.

Revenue - comparable growth reported revenue growth compared to the comparable period from the prior year, calculated by translating the revenue from the more recent period at the exchange rates of the prior year's comparable period.

Return on capital employed NOPAT over the last twelve months as a percentage of a three points average adjusted capital employed.

Solvency shareholders' equity as a percentage of the balance sheet total.

Taxonomy-Capex capital expenditures considered for the Group's disclosures on the EU Taxonomy, referred to as Taxonomy-Capex, comprising additions to property, plant and equipment, additions to intangible assets and additions to right-of-use assets.

Total shareholder return the share price increase, including reinvested dividends.

Working capital the sum of inventories, trade and other receivables and trade and other payables.

Colophon

Fugro N.V.
Veurse Achterweg 10
2264 SG Leidschendam
The Netherlands
ir@fugro.com

Realisation
CF Report, Amsterdam

Photography and images
Fugro (employees)
Michel Campfens
Karen Kaper
Sophie Ruigrok

Cautionary statement

This annual report may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including (but not limited to) statements expressing or implying Fugro's beliefs, expectations, intentions, forecasts, estimates, targets, projections or predictions (and the assumptions underlying them). Forward-looking statements necessarily involve known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual future results and situations may therefore differ materially from those expressed or implied in any forward-looking statements. Such differences may be caused by various factors including, but not limited to, developments in the oil and gas industry and related markets, currency risks and unexpected operational setbacks. Any forward-looking statements contained in this announcement are based on information currently available to Fugro's management. Fugro assumes no obligation to make a public announcement in each case where there are changes in that information or if there are otherwise changes or developments in respect of the forward-looking statements in this report.

In this annual report, Fugro N.V. is also referred to as 'the company' or 'Fugro'. Fugro N.V. and its subsidiary companies are together referred to as 'the Group'.