Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	969 059 789
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	FUGRO NORWAY AS
Forretningsadresse:	Karenslyst allé 2 0278 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Arve Lygre
Dato for fastsettelse av årsregnskapet:	12.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert

År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 19.07.2024

Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		957 683 000	778 436 000
Annen driftsinntekt		569 000	427 000
Sum inntekter	1	**958 252 000**	**778 863 000**
Kostnader			
Varekostnad		388 428 000	308 401 000
Lønnskostnad	2	213 173 000	197 272 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	3	38 419 000	28 990 000
Annen driftskostnad	2,4	125 615 000	93 461 000
Sum kostnader		**765 635 000**	**628 124 000**
Driftsresultat		**192 617 000**	**150 739 000**
Finansinntekter og finanskostnader			
Annen renteinntekt	4	4 412 000	983 000
Annen finansinntekt		67 442 000	35 207 000
Sum finansinntekter		**71 854 000**	**36 190 000**
Nedskrivning av finansielle eiendeler			36 000
Annen rentekostnad	4	1 482 000	399 000
Annen finanskostnad		46 474 000	41 221 000
Sum finanskostnader		**47 956 000**	**41 656 000**
Netto finans		**23 898 000**	**-5 466 000**
Ordinært resultat før skattekostnad		**216 515 000**	**145 273 000**
Skattekostnad på ordinært resultat	5	47 751 000	32 020 000
Ordinært resultat etter skattekostnad		**168 764 000**	**113 253 000**
Årsresultat		**168 764 000**	**113 253 000**
Overføringer og disponeringer			
Ordinært utbytte	10	120 000 000	130 000 000
Overføringer til/fra annen egenkapital		48 764 000	-16 747 000

Resultatregnskap

Beløp i: NOK	Note	2022	2021
Sum overføringer og disponeringer		**168 764 000**	**113 253 000**

Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utvikling			0
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		13 572 000	9 163 000
Utsatt skattefordel	5	7 190 000	6 222 000
Sum immaterielle eiendeler		**20 762 000**	**15 385 000**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	3	94 291 000	75 443 000
Sum varige driftsmidler		**94 291 000**	**75 443 000**
Finansielle anleggsmidler			
Investering i datterselskap	6	3 063 000	3 063 000
Sum finansielle anleggsmidler		**3 063 000**	**3 063 000**
Sum anleggsmidler		**118 116 000**	**93 891 000**
Omløpsmidler			
Varer			
Varer	7	53 201 000	37 483 000
Sum varer		**53 201 000**	**37 483 000**
Fordringer			
Kundefordringer		130 814 000	100 952 000
Andre fordringer	4,8	69 776 000	53 792 000
Konsernfordringer	4,9	144 596 000	206 906 000
Sum fordringer		**345 186 000**	**361 650 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	9	120 239 000	83 978 000
Sum bankinnskudd, kontanter og lignende		**120 239 000**	**83 978 000**
Sum omløpsmidler		**518 626 000**	**483 111 000**

Balanse

Beløp i: NOK	Note	2022	2021
SUM EIENDELER		**636 742 000**	**577 002 000**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital			
Innskutt egenkapital			
Selskapskapital	10	165 000 000	165 000 000
Annen innskutt egenkapital	10	70 000 000	70 000 000
Sum innskutt egenkapital	10	**235 000 000**	**235 000 000**
Opptjent egenkapital			
Annen egenkapital	10	77 193 000	28 428 000
Sum opptjent egenkapital		**77 193 000**	**28 428 000**
Sum egenkapital		**312 193 000**	**263 428 000**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld	4	37 883 000	47 009 000
Betalbar skatt	5	48 719 000	33 011 000
Skyldige offentlige avgifter		14 315 000	13 279 000
Utbytte	4,10	120 000 000	130 000 000
Annen kortsiktig gjeld	4	103 632 000	90 275 000
Sum kortsiktig gjeld		**324 549 000**	**313 574 000**
Sum gjeld		**324 549 000**	**313 574 000**
SUM EGENKAPITAL OG GJELD		**636 742 000**	**577 002 000**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer:	2023 490532

Enheten

Organisasjonsnummer:	969 059 789
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	FUGRO NORWAY AS
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Brønnøysundregistrene, 21.06.2023

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 969 059 789
FUGRO NORWAY AS

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FUGRO NORWAY AS

BALANSE

Beløp i: NOK	Note	2022	2021
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Immaterielle eiendeler			
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Organisasjonsnr: 969 059 789
FUGRO NORWAY AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note
2

Antall årsverk i regnskapsåret
173.00

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

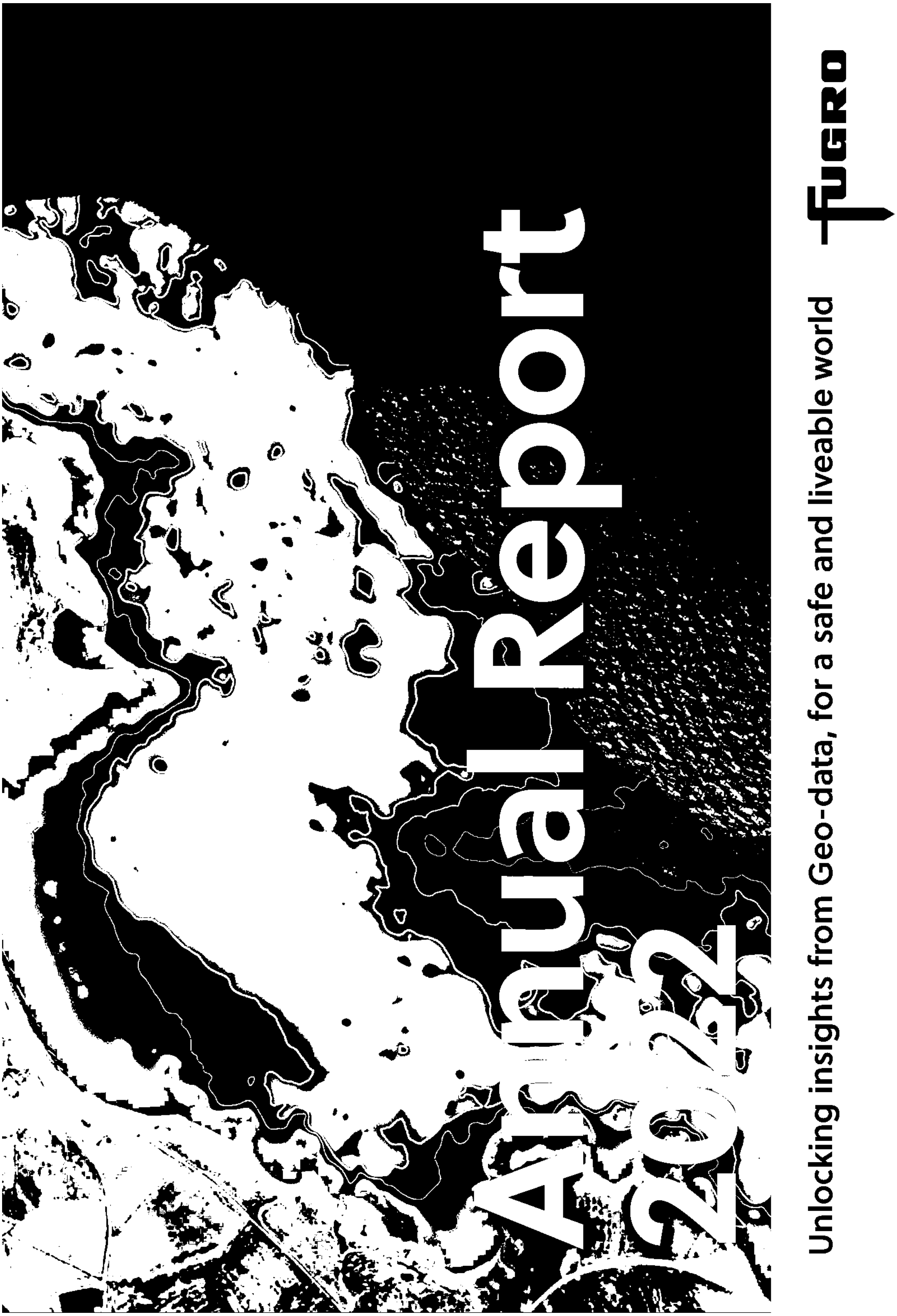
Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

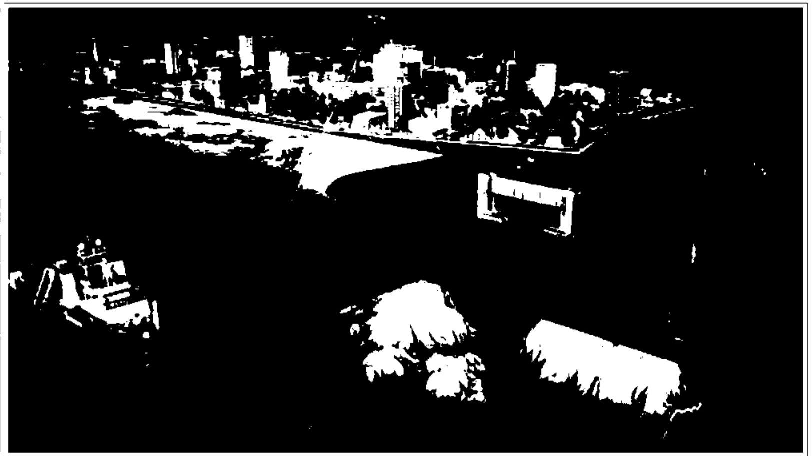
Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.


Annual Report
2022
Unlocking insights from Geo-data, for a safe and liveable world
FUGRO

Fugro is the world's leading Geo-data specialist.

Through integrated acquisition, analysis and advice, we unlock insights from Geo-data. We help our clients design, build and operate their assets in a safe, sustainable and efficient manner.

Employing 10000 talented people in 57 countries, Fugro serves clients around the globe, predominantly in the energy, infrastructure and water markets, both offshore and onshore.



You can find relevant examples of Fugro's solutions in the areas of energy, infrastructure and water markets throughout this report.

Contents

European single electronic reporting format and PDF version
This copy of the annual report is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF single reporting package is available on https://www.fugro.com/investors/results-and-publications/annual-reports.

INTRODUCTION

Performance highlights

Deliver innovative, digital & sustainable solutions

Renewables, infrastructure and water as % of revenue
63%
2021: 61%

Net promotor score
54
2021: 55

Minimise CO_2 footprint

vessel CO_2 emission intensity
(tonnes per operational day)
13.8
2021: 14.9

CDP rating
B
2021: B-

Maintain the highest health & safety standards

Lost time injury frequency
(per million hours)
0.73
2021: 0.70

Create a diverse and inclusive organisation

Women in senior management
19%
2021: 15%

Female employees
22%
2021: 22%

Ensure healthy financial performance

EBIT margin
6.1%
2021: 4.3%

Free cash flow after lease payments **as % of revenue**
-0.7%
2021: 0.9%

Return on capital employed
8.4%
2021: 8.8%

Results from continuing operations. Refer to glossary for definitions of financial terms and to reconciliation of non-IFRS performance measures in the additional information section.

INTRODUCTION

CEO message

I am pleased with the solid improvement in our margin and operating cash flow, while we are investing in further growth to benefit from the significant opportunities in our markets. Ongoing high client demand for solutions in support of the energy transition, sustainable infrastructure and climate change adaptation, is resulting in a further diversification towards structural growth markets. Our sixty years of expertise and experience come together in our specialist workforce, leading market positions, global footprint, market agnostic asset base, and innovative digital solutions.

The margin expansion was driven by all regions. We realised a step change in the operational performance of the land business and, through improved pricing, we are mitigating the impacts of unprecedented inflationary pressures and supply chain challenges, in particular in the offshore environment. On the back of the 10% equity raise as part of the comprehensive sustainability-linked refinancing in July, our net leverage improved strongly, which will enable us to benefit from the opportunities in the market.

ENERGY TRANSITION AND ENERGY SECURITY

Carbon reduction ambitions plus a growing need of many countries to reduce their reliance on imported fossil fuels are driving a sharp acceleration in many governments' ambitions regarding renewable power. Our Geo-data solutions play a key role in the energy transition, in particular through our site characterisation solutions for offshore wind farms; a market in which we have already been leading for 25 years. In 2022, related revenue was up by 42%, driven by numerous projects in Europe, the Americas and now Asia as well. Our unique positioning is emphasized by clients seeking to secure capacity also beyond the coming 12 months.

Whilst the energy transition is gathering speed globally, this is a complex process which requires long term planning, huge investments and resources in times of scarcity against a backdrop of uncertain geopolitical and macro-economic times. Therefore, fossil fuels, in particular gas, will remain an important part of the energy mix for years to come. We have for example recently been contracted in relation to several LNG projects in the US and Mexico, and a deepwater gas development in Brunei. Still, the largest part of our revenue in the traditional energy markets is related to inspection services, enabling clients to keep their existing facilities operating safely and reliably.

CLIMATE CHANGE ADAPTATION AND SUSTAINABLE INFRASTRUCTURE

Considering the increasing number of extreme weather events and rising temperatures globally,

In the year of our 60th anniversary, our purpose of creating a safe and liveable world is more relevant than ever before.

climate change is by now a real threat. In 2022, the world for example witnessed the devastation caused by extreme flooding in Pakistan and cyclone Ian in Florida. Coastal systems and low-lying areas are particularly at risk, signaling an increasing need for coastal zone management and flood protection measures. In 2022, we were awarded coastal resilience surveys in diverse geographies such as India's Andra Pradesh region, Papua New Guinea, the US Gulf of Mexico and Ireland. Climate change is also negatively impacting biodiversity and our oceans. I am proud to say that we are committed to 'the blue economy' by assisting in the building of a digital ecosystem, encompassing all types of ocean science data, amongst others through our strategic partnership with the Intergovernmental Oceanographic Commission of UNESCO.

With our capabilities and experience we can also contribute to urban resilience. In the past year, we have been involved in various projects around the globe, for example through site surveys for the development of artificial islands in Hong Kong's Central Waters and long-term contracts for 3D modelling of electricity network in New Zealand, UK and Denmark. We are uniquely positioned to take on large asset projects, and we aim for our digital ground models and subscription-based portals to become the backbone of clients' Geo-data decisions throughout the life cycle of their assets, with the ultimate goal of reducing overall costs of development and long-term operation.

HOW WE DO IT

Apart from driving our positive impact through the solutions that we offer, we are implementing our ambitious net zero carbon reduction roadmap. By now, we are in the final stages of submitting science-based targets regarding our absolute CO_2 emission reduction ambitions. In 2022, we became signatory of the UN Global Compact, and we are further engaging with our suppliers about ESG topics. In light of the significant number of suppliers across the large number of countries in which we operate, this will entail a risk and impact-based engagement approach.

As the world's leading Geo-data specialist, we are committed to remain the most innovative Geo-data company. Our digitalisation and innovation agenda revolves around four themes: robotics, remote operations, analytics and insights. In 2022, we introduced several innovations, such as Fugro Blue Snake™, optimising geotechnical investigation for offshore wind cable routing; the 3D subsurface screening solution SWANS® which significantly accelerates site investigations on land, and TotaLite®, a continuous asset monitoring solution. We also opened our next generation remote operations centre in Australia and made further progress with the digitalisation of our Geo-data processing.

PEOPLE ARE AT THE HEART OF FUGRO

Ultimately it is not our technology or equipment; it is the sum of our people's collective talents, efforts, commitment and ability to work in teams which provides the foundation of our success. We invest in their development and careers, amongst others through technical, functional and leadership training programmes so they can understand new technologies, tools and business practices and thus build a sustainable future for themselves as well as for Fugro.

In today's tight labour markets, we remain successful in attracting talented people who feel connected to our values and purpose and who are dedicated to discovering and applying knowledge to meet the global challenges we are facing. We have a comprehensive diversity, equity and inclusion policy and related roadmap in place, which includes various groupwide initiatives such as unconscious bias training and the further roll-out of our female leadership programme.

The challenging environments in which we work put health and safety at the heart of everything we do. Despite the large number of new colleagues that have joined us in 2022 and high activity levels, we were able to maintain our safety performance with significant improvements in certain areas, including a steep reduction in the number of driving incidents following defensive driving trainings. We continued with our '3S Together' safety programme and to date, already close to 3000 colleagues have participated in half day in person workshops.

MANAGEMENT PRIORITIES AND OUTLOOK

For 2023, we are well positioned to make further progress towards our mid-term targets. At the same time, we want to capture the exciting opportunities in our markets, as our clients continue to rely on us for the execution of their current and future projects. Supported by a strong backlog at improved price levels, we are stepping up our investment levels. In the second half of the year, we plan to update the market on our ambitions and roadmap for the next phase for the company.

In light of the high activity levels and tight labour markets, we continue to focus on improving project execution, our safety performance, as well as retention and people development.

We can look back on 2022 and be proud of what we have accomplished. In the year of our 60th anniversary, we have demonstrated that our purpose of creating a safe and liveable world is more relevant than ever. I am particularly thankful for the unwavering enthusiasm, commitment and flexibility of Fugro's employees to delivering high quality services to our clients. I want to thank all my colleagues for all their hard work and a job well done. A special word of thanks for the colleagues that have been managing Fugro's tangible support for our Ukrainian colleagues and their families throughout this year.

Profile

Fugro is the world's leading Geo-data specialist. Through integrated data acquisition, analysis and advice, Fugro supports clients in mitigating risks during design, construction and operation of their assets, both on land and at sea. We contribute to a safe and liveable world by delivering solutions in support of the energy transition, sustainable infrastructure and climate change adaptation.

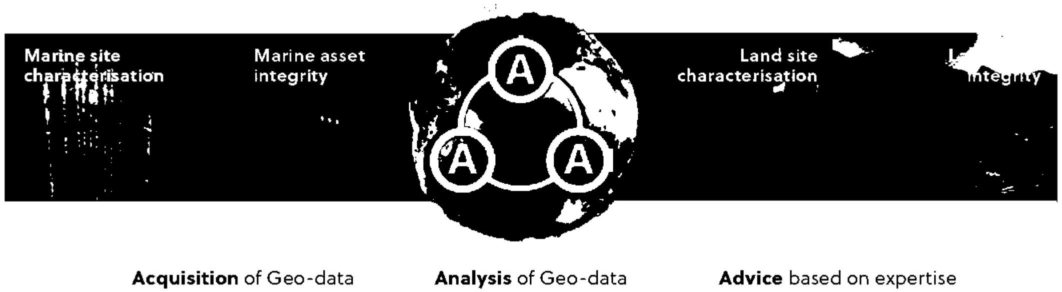
Our planet is a complex and dynamic system which is continuously moving and evolving. Understanding this complexity requires a comprehensive understanding of Geo-data: information related to the Earth's surface, subsurface and the built environment. Civil engineers recognise that much of the risk associated with major infrastructure projects actually lies below ground. Therefore, accurate collection and interpretation of Geo-data is essential for designing, building and maintaining assets in a responsible manner.

At Fugro, we provide the fundamental insights into the subsurface and environments needed to build and live safely across the globe. With our 'triple A' approach, we add value throughout the complete asset life cycle by reducing uncertainty and client exposure to subsurface risk.

Employing approximately 10000 talented people in 57 countries, Fugro works both on land and in marine environments. With our team of dedicated experts, specialised assets and cutting-edge digital technologies, we offer our services to a broad spectrum of clients, predominantly in energy, infrastructure and water markets.

UNLOCKING INSIGHTS FROM GEO-DATA

Using our 'triple A' approach, we support our clients in managing their project risks during construction and operation of their assets, both on land and at sea



OUR PURPOSE

The world is changing faster than ever before. Over the coming decades, population growth and urbanisation will lead to an increasing demand for energy, water, food, minerals, metals, buildings, industrial facilities and infrastructure. In particular, the impact of climate change and biodiversity decline is increasingly visible, with extreme weather events and rising sea levels putting coastal zones and vital ecosystems at risk.

The energy mix and built environments have to evolve if the world's major challenges are to be tackled successfully. As Fugro, we have an important role to play by supporting our clients to realise and operate their assets in a safe, sustainable and efficient manner. We sometimes play a small role in a client's project, but it is always an essential one.

It is our ambition to support our clients to achieve their net zero carbon emission targets, enable the development of sustainable infrastructure and strengthen climate resilience. This ambition is amongst others demonstrated by our site characterisation work for wind parks at sea, the installation of permanent monitoring systems on vital infrastructure such as bridges and railway tracks, and coastline mapping for flood defense and resilience. For our own operations, we target carbon neutrality by 2035, amongst others by investing in decarbonisation of our vessels and equipment.

OUR VALUES

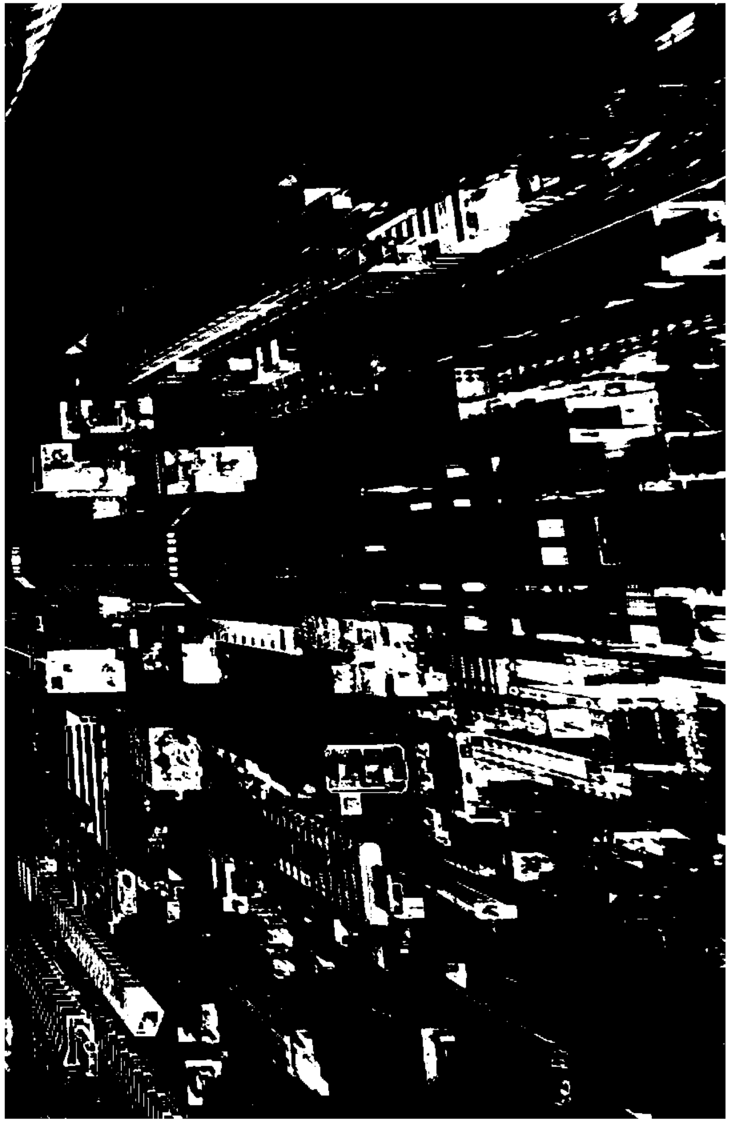
Our values guide us in living up to our purpose. Whilst each value has a distinct role to play, they are linked and equally important.

We are determined to deliver
We work together to understand what's needed and deliver results. We have high expectations and set goals which enable us to reliably meet those high expectations. We're proud of our track record and use communication and teamwork to consistently deliver the quality that defines our reputation. We're united in our global drive to succeed, we take ownership and, above all, we celebrate achievements when the job is done

We prepare for tomorrow
Our changing world is an opportunity for a better world. We're doing our best work today while investing in tomorrow through our passion for learning and constant curiosity. With our eyes on the future, we welcome change as a catalyst for innovation and for finding new and more sustainable solutions and ways of working. More than ever, on our shared planet, preparing for tomorrow means taking the lead, improving every day, anticipating changes and proactively evolving now.

We do what's right
Doing what's right isn't always easy, but it's the Fugro way. We create a safe and respectful environment where everyone feels able to speak up, be heard and make Fugro a safe place to work. We respect and value differences and listen to alternative viewpoints, and we encourage a cross section of perspectives by taking active measures to realise a diverse, equal and inclusive workforce. Essential for growth and development, doing what's right allows everyone the integrity and authenticity to be their best self and to go home safely at the end of every working day.

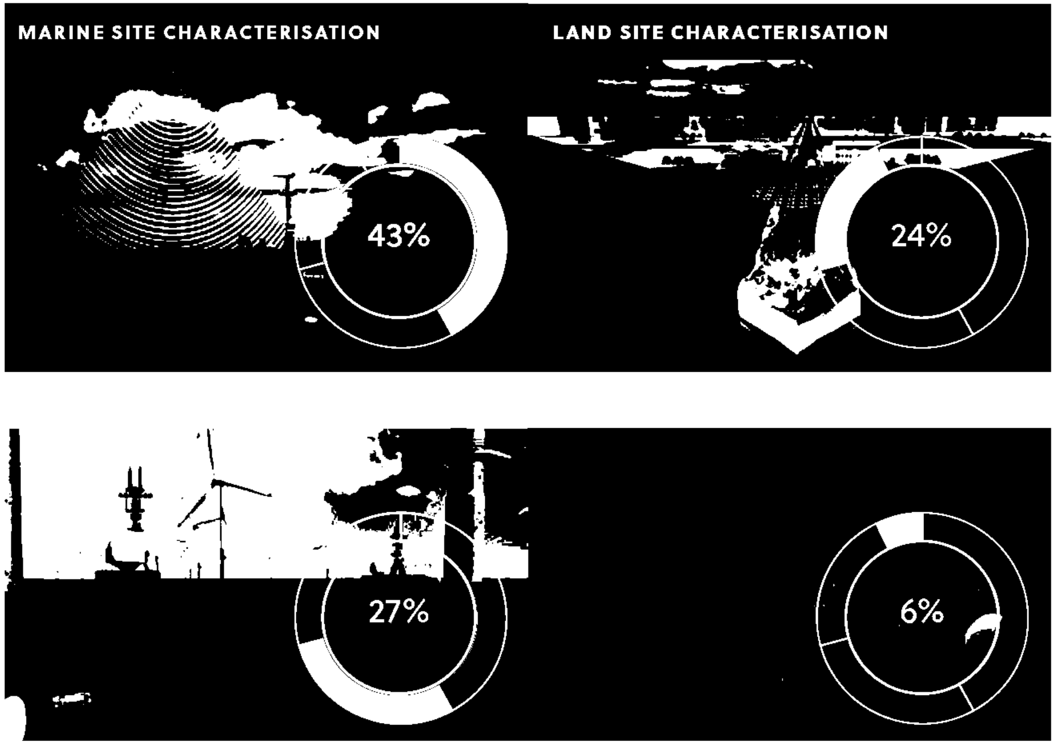
We build trust
Trust begins with open communication: we are trusted because we do what we say. We deliver on our promises and build relationships through honesty, transparency and respect. Trust is key to our success and gives us the confidence to work together to solve challenges with integrity and ingenuity. We follow up our words with actions that demonstrate our dependability and reliability; in this way, we can count on our colleagues and are trusted partners to whom clients keep coming back to achieve our mutual goal of a safe and liveable world.



BUSINESS LINES

Fugro provides site characterisation and asset integrity solutions to solve client problems in both marine and land environments. Even though the land and marine environments are very different with regards to projects and clients, in essence we offer the same services, while sharing expertise, technology, laboratory facilities and global support organisation.

Revenue split by business line (2022)



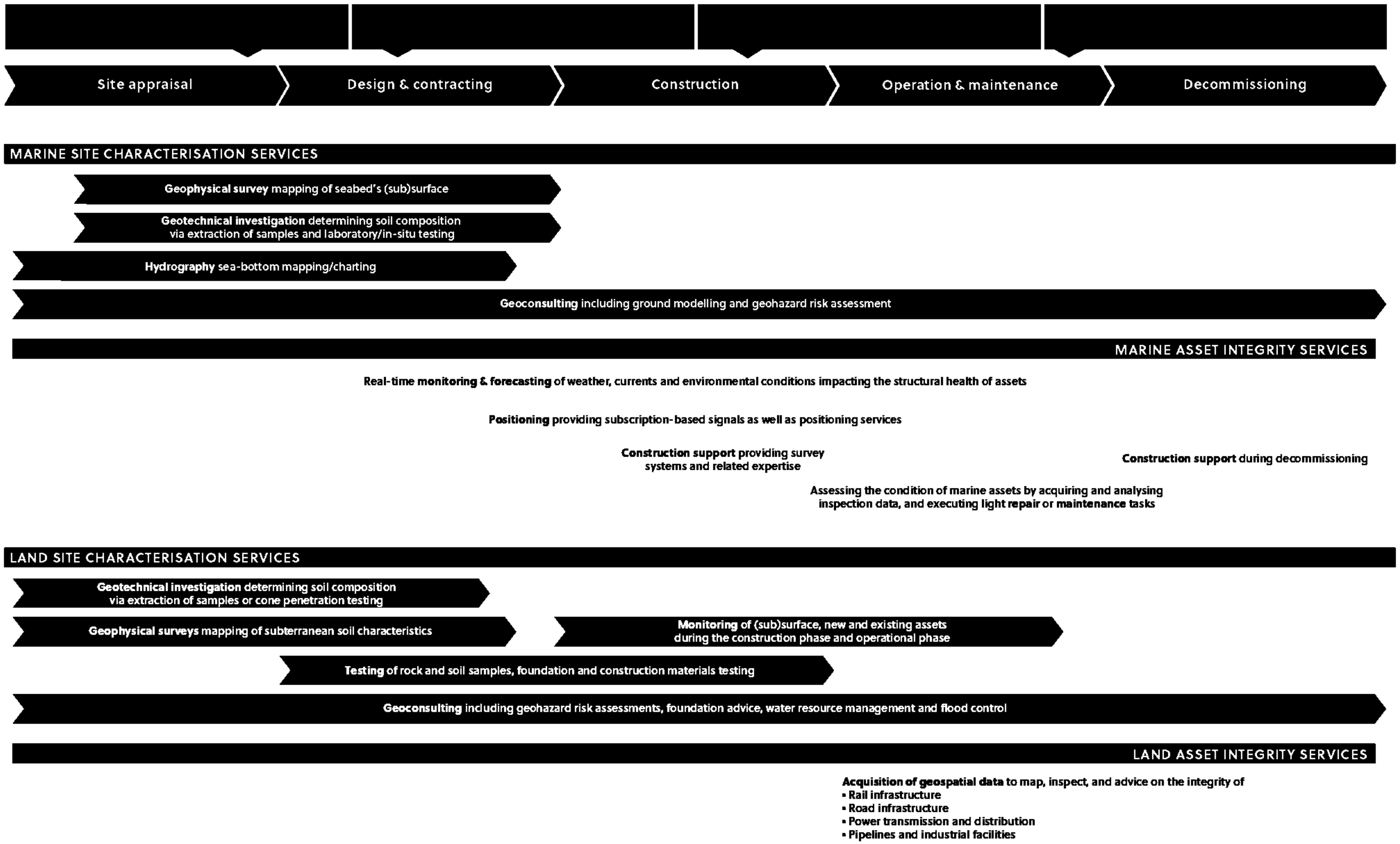
Site characterisation

We deploy various technologies to establish the characteristics of sites to be developed.
With geophysical surveys we map the Earth's surface and subsurface. Through geotechnical investigations we determine the composition, characteristics and properties of the soil. In addition, we map wind resource and weather patterns, water currents, environmental conditions and biodiversity. Using our expertise, technology, equipment and world-class laboratory facilities, we transform the acquired data into valuable information and related advice on the best way (eg, location, foundation advice) to use a site for safe, sustainable and cost-effective design and construction.
This enables the client to make informed decisions, reducing construction costs and installation and operational risks.

Asset integrity

As assets are being built, our precise positioning, monitoring and visualisation services are critical for success. Once the asset is operational, we support asset management programmes in order to optimise reliability, utilisation, maintenance and longevity.
We use innovative, increasingly remote and real-time scanning, monitoring, analytics and data management techniques to assess and report on structural behaviour.
With predictive modelling, we can identify vulnerabilities before they pose a risk. With our solutions, we support the reliability and longevity of the asset.

Through our four business lines we provide solutions to address fundamental client questions during the full life cycle of their assets.

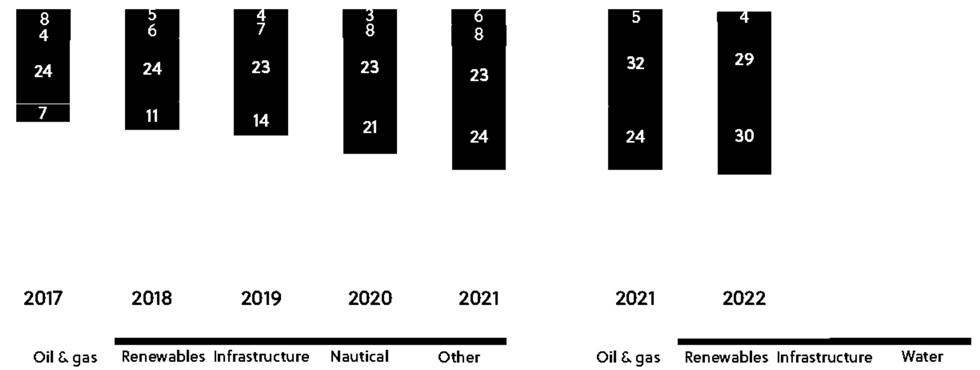


INTRODUCTION

KEY MARKETS

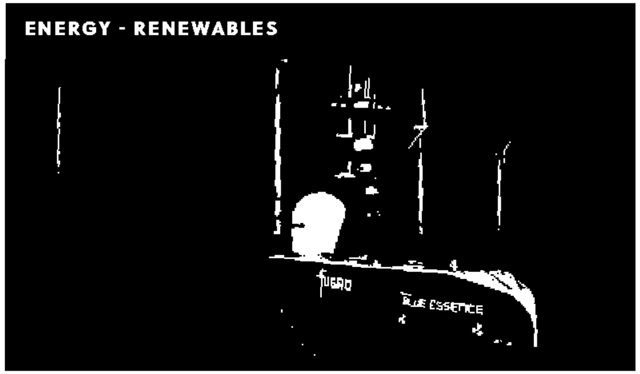
We can deploy our resources across different market segments; with our versatile asset base, expertise and client-led solutions we serve clients across industries and geographies. It allows us to share knowledge, optimise utilisation, pricing and costs across multiple projects and further diversify towards structural growth markets.

Revenue by market segment (in %); new segmentation as per 2022



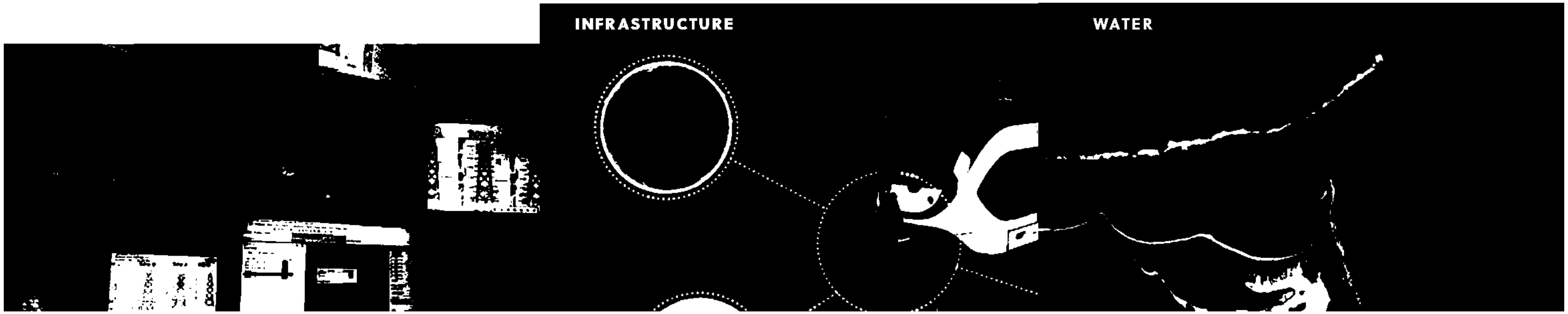
In 2022, the nautical' segment was changed to 'water'. This now also encompasses water infrastructure and water resource management services, which were previously in infrastructure, while telecom cables was moved from nautical to infrastructure; the net effect being a slight reduction of the relative size of the water segment compared to the nautical segment. In addition, 'other' is now largely included in 'infrastructure'.

2017 figures include discontinued operations.



Energy – renewables
The transition to sustainable energy is vital for the future of our planet. The market for renewable energy sources consists of wind, solar, hydrogen and geothermal, and carbon capture utilisation & storage also create new opportunities. While today only around 15% of global primary energy use is generated from renewable sources, the International Energy Agency expects total capacity of renewable power to double in the next five years.

For more than 25 years already, Fugro offers solutions for the development of wind parks at sea. We support both renewable and traditional energy companies, leveraging our long-standing relationships as they grow their renewables business. We offer a wide range of site characterisation services such as mapping of wind resource and weather patterns, water currents and biodiversity, and soil investigations for wind turbine foundations and cable routing. In addition, we provide construction support, positioning services and visual inspections. Initially a mostly European market, offshore wind parks are now being developed all over the world; related capital expenditure is projected to grow annually by around 24% over the next four years.



Energy - oil and gas
The energy transition is a complex process that will take time. In addition, an increasing drive of countries to reduce their reliance on imported fossil fuels, aggravated by the war in the Ukraine, is expected to result in increasing investments in the short to medium term. We see a particular focus on natural gas, which is an important transition fuel. In the oil and gas market we are primarily involved in asset integrity work, enabling clients to keep their existing infrastructure at sea safe and reliable by inspection and corrosion detection work, to protect the oceans and keep coastlines free from exposure to pollution. Regular inspection of infrastructure at sea is therefore essential.

Infrastructure
Driven by a growing world population and ongoing urbanisation, there is a growing need for future proof and climate change resilient infrastructure, including electricity networks to support the energy transition. We work together with our clients for investigations of construction sites to facilitate the safe, cost effective and sustainable design and construction of buildings, industrial facilities and infrastructure such as bridges, airports, roads, rail, and electricity networks. We also provide condition monitoring during the lifetime of the asset to optimise maintenance, reliability, utilisation and longevity, which is increasingly relevant in light of the fact that a lot of infrastructure was built decades ago and has gone past its original lifespan. Even with the current macro-economic headwinds, global infrastructure spend is expected to increase by on average 8% per year over the next four years, supported by governmental stimulus programmes.

Water
Climate change and global water security necessitate significant investments in coastal and inland infrastructure. Rising sea levels and extreme weather events such as floodings and droughts by now are a real and increasing threat.

To enhance coastal resilience, protect vital ecosystems and support the safety and efficiency of maritime activities, we provide advice to governmental organisations, port and harbour facilities, research institutes and shipping agencies. We map the seabed and we lead private industry in support of two global ocean science initiatives that aim to fill the sizeable gaps that currently exist in ocean knowledge. We also provide solutions for inland water ways such as dikes and levees and various water resource management activities, providing the client rapid access to accurate and reliable visualisations with actionable insights on related risks. The market for water infrastructure is expected to grow annually by 7% over the next four years.

KEY STRENGTHS

World's leading Geo-data specialist
We offer our clients the widest breadth of Geo-data solutions and in our key services, we are often the number 1 or 2 player. The combination of deeply understanding our client's toughest challenges, our acquisition, analytics and advisory services (our integrated "triple-A" approach) together with our presence in both site characterisation and asset integrity services, we differentiate from competition of global and local participants who are fragmented both across services and geographically.

The marine market is a global market with large, internationally active clients, several of which we serve in all regions. We are leading in site characterisation services, which are increasingly related to renewable energy, natural gas and nearshore developments.

In the fragmented onshore market environment, we are one of a limited number of companies to offer integrated services globally. In markets with mostly local competition, our client-led site characterisation services achieve solid market share on complex, high-profile projects such as high-rise buildings, airports, tunnels, bridges and pipeline routes. In asset integrity, we have leadership positions in specific market segments in selected countries.

Fugro's competitive position[1]

MARINE		
Hydrography	1	Global
Geophysical survey	1	Global
Geotechnical investigation	1	Global
Metocean	1	Global
Satellite positioning	1	Global
Inspection services	2	Global
Positioning and construction support	2	Global

LAND		
Geotechnical investigation	2	Global
Rail inspection and advice	2	Europe
Road inspection and advice	1	USA
Power line inspection and advice	2	Australia

[1] Company estimates.

Fugro provides Geo-data solutions through the integration of data acquisition, analysis and advice

Highly skilled and engaged workforce
Our success is determined by the strength of our people and our ability to identify, develop and retain key talent. Fugro's set of company values is the foundation of our culture, guiding everyone to think and act with these values in mind.

We have around 10000 employees from over 100 nationalities. Their skills, experience and specialist knowledge, combined with effective teamwork and passion for solving client's challenges, are key for our ability to offer the best quality of work and services to clients today, while developing the best solutions for tomorrow.

Fugro is the largest employer of Geo-data specialists in the world, employing the best in specific expert disciplines, including around 2500 Geo-data engineers, of which 400 research and development engineers in our global technology and innovation centres.

We are committed to further advancing and engaging our employees in the best possible way and support their professional and personal development through our management development programmes and training curriculum covering technical skills, project management, commercial excellence, health and safety, but also interpersonal skills and leadership.

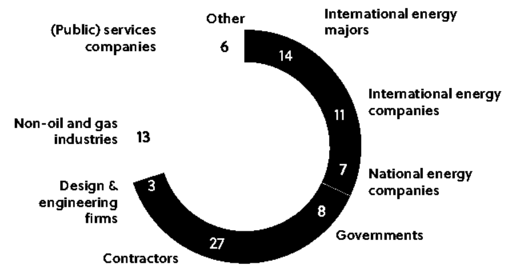
> Our success is determined by the strength of our people and our ability to identify, develop and retain key talent.

Diversified and committed client base
In the traditional energy markets, we provide our services to both energy companies and service providers, such as construction & installation contractors and design & engineering companies. For wind developments at sea, we support both renewable energy and traditional energy companies. In the infrastructure market our main client groups are government agencies, construction project developers, railroad operators, design and engineering contractors, construction and installation contractors and industrial companies. In the water market, Fugro's key clients are government agencies, engineering firms, port and harbour facilities, research institutes, technology and internet companies and shipping agencies.

This wide and diversified client base results in the absence of significant client concentration, with only around 15 clients representing 1% or more of total revenues each and typically no client representing more than 5% of total revenues in a single year. Fugro has long-standing, strategic partnership relationships with many of its clients, some relationships going back decades. Our clients appreciate our know-how, experience, technology, reliability and quality of services, integrated service delivery ("triple-A" approach) around the globe and strong safety performance. Early and ongoing engagement with clients by committed client-facing employees across our company enables us to understand their needs and most significant challenges.

Innovation led by digitalisation
We are leveraging technology developments in the field of robotics, remote operations, analytics and digital delivery in order to offer safer, faster, more efficient and higher quality services to our clients. The combination of robotics and remote technology drives the evolution towards an agile and more sustainable operating model. With lightly crewed and uncrewed vessels, more modular assets and sensors, we support our customers in their own digitalisation evolution; a strategic priority for nearly everyone.

Revenue by client type (2022, in %)



Fugro is at the forefront of the industry and a first mover in the field of uncrewed operations, which remove personnel from a high-risk environment to an onshore remote operations centre and reduce carbon footprint by over 90% compared to traditional survey methods. The safer onshore environment, stimulated by flexible shifts, results in improved work-life balance, better career opportunities and increased diversity. Cloud-based data processing allows near real-time data delivery, leading to faster and more informed decision making. Fugro has a global network of remote operations centres working successfully to deliver fast, safe and sustainable inspection, survey and positioning services.

To deliver faster insights to our clients we leverage advanced analytics, deep learning algorithms and artificial intelligence that will be embedded in all operating routines. To support the growth of our business beyond traditional data acquisition we focus on structural monitoring of our clients' assets, where we use analytics and cloud automation services for fast and reliable data delivery. We provide real-time insights via modular client portals and digital twins of assets, ensuring cost effective and safe operations.

Market agnostic assets
Fugro is the only company with purpose-built geophysical and geotechnical vessels, and our fleet is amongst the youngest in the industry, dedicated to providing superior site investigation services to our clients. With our market agnostic asset base, expertise and client solutions we are able to serve clients across different end markets and geographies, providing flexibility to optimise utilisation, pricing and costs. It allows us to diversify towards structural growth markets, such as wind parks at sea. The same applies for our land-based assets.

> With our market agnostic asset base, expertise and client solutions we are able to serve clients across different end markets and geographies

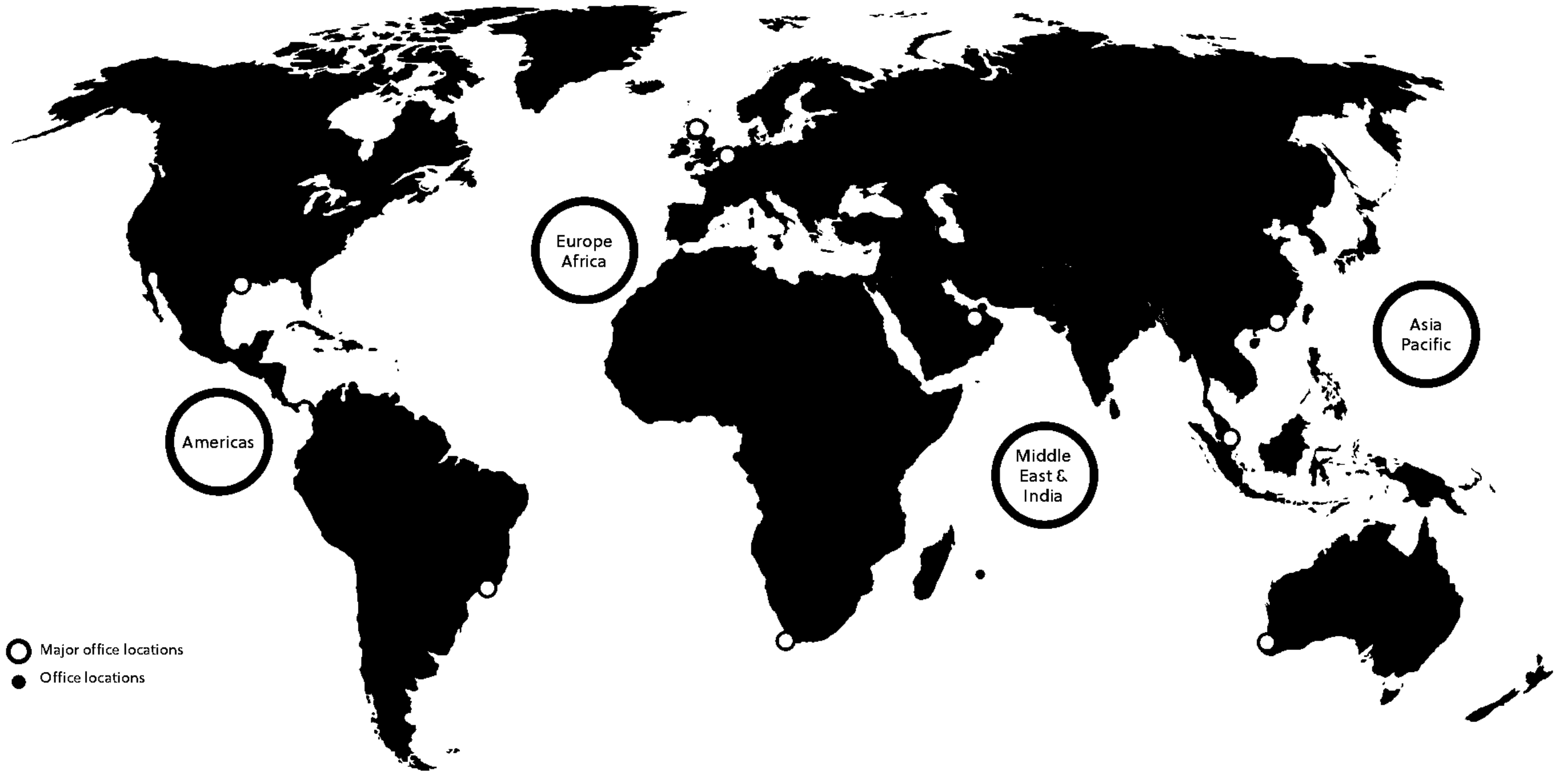
Asset base
(per year-end 2022)

27 vessels (plus 7 long-term charters)
7 uncrewed surface vessels (USVs)
4 autonomous underwater vehicles (AUVs)
65 remotely operated vehicles (ROVs)
110 cone penetration testing systems (CPTs)
237 onshore and 13 offshore geotechnical drilling rigs
33 jack-up platforms
35 laboratories
global network of remote operations centres

Global player with local presence
We have a global reach, with major hubs in each region and a local presence in 57 countries. Fugro's offices are predominantly staffed and managed by local employees, which ensures that we understand local business procedures, culture and traditions. At the same time, as an organisation benefitting from a global reach, we are able to offer client solutions across geographies, with standardisation of our solutions enabling us to deliver the same quality of integrated solutions to clients all over the world.

INTRODUCTION

Global player with local presence



	Revenue[1]	Employees[2]
Americas	454	2076
Europe Africa	788	3546
Middle East & India	213	1764
Asia Pacific	311	2015

1 2022 revenue in EUR million
2 full-time equivalents at year-end 2022

ORGANISATION

Fugro N.V. is a public limited liability company managed by a Board of Management under supervision of an independent Supervisory Board; a two-tier board system. The Executive Leadership Team (ELT) assists the Board of Management in managing the company.
For more details, see Corporate Governance chapter.

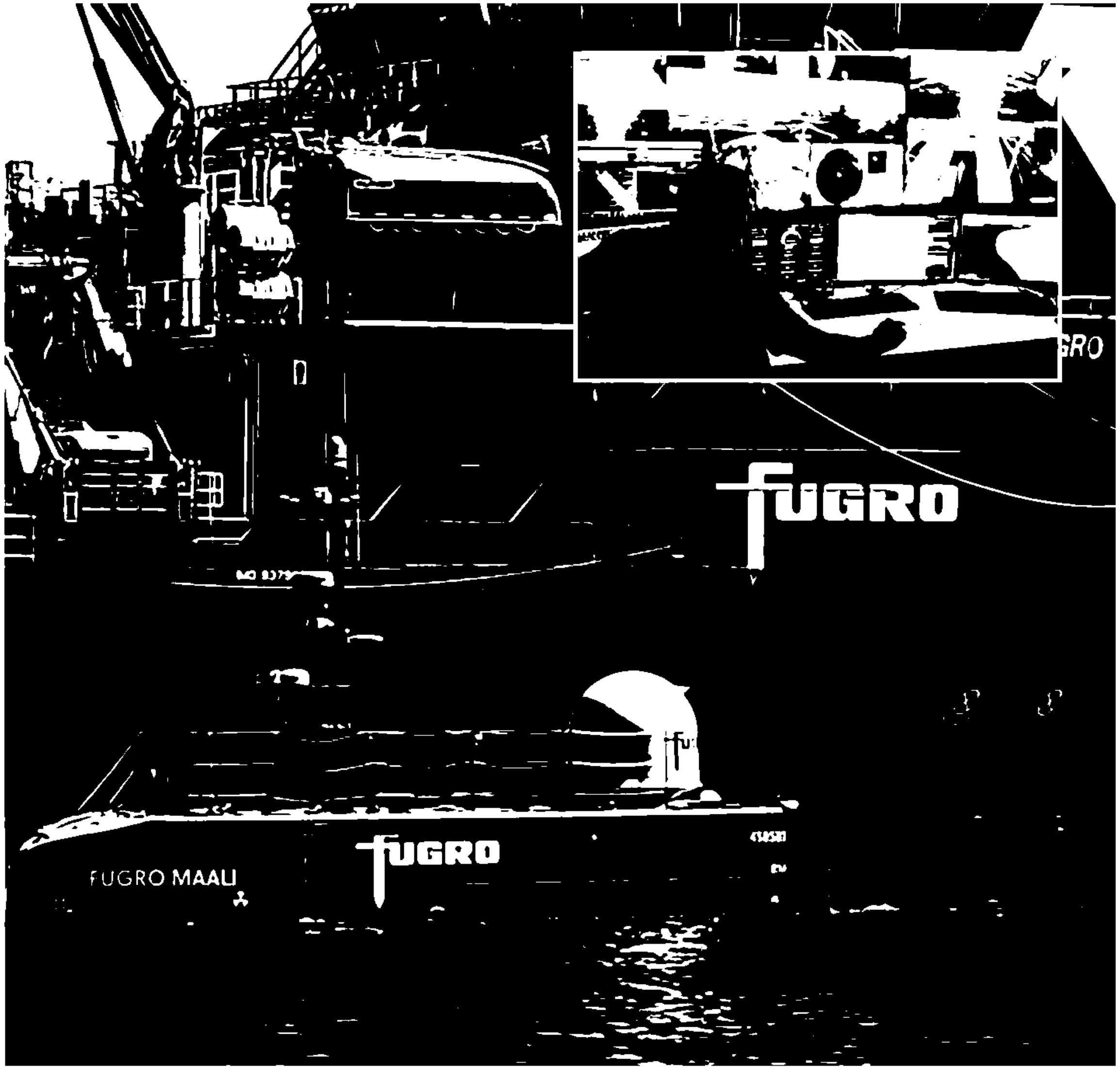
The company is organised in four regions, which all operate the same four business lines: marine site characterisation, marine asset integrity, land site characterisation and land asset integrity. At group level, the company has corporate departments in place for amongst others quality and safety; sustainability; accounting and control; treasury; corporate finance; tax; insurance; procurement; internal audit; legal; human resources; strategic sales and marketing; IT and strategy and communication. Within the regions, most of these functions are also represented, in part organised in shared service centres.

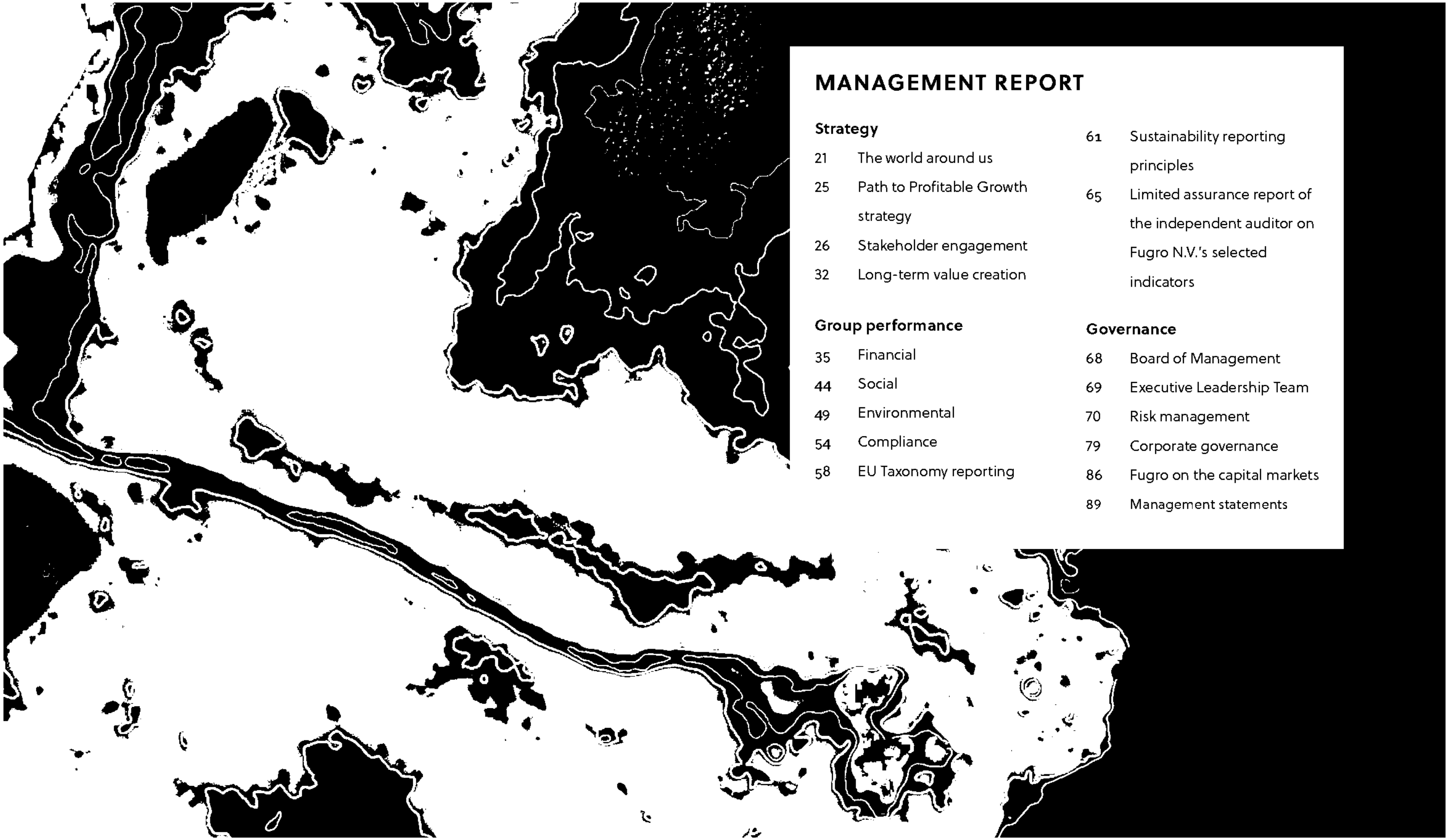
At Board of Management level, sustainability is part of the portfolio of the chief financial officer. The Global Director Sustainability, who directly reports to the CFO, coordinates the groupwide development and implementation of the sustainability agenda.
The relevant topics are managed and monitored by the appropriate corporate directors; primarily Global Directors for Human Resources, Safety, Procurement and the General Counsel/ Chief Compliance Officer. Fugro's business entities are responsible for local implementation of relevant practices within the policy framework set by the Executive Leadership Team.

How can Fugro help us to meet our scope 3 reduction targets?

The energy transition is a very complex process which will take time. Therefore, fossil fuels, in particular gas, will remain an important part of the mix for years to come. In this market, we are primarily involved in inspection services: enabling clients to keep their existing facilities operating safely and reliably, in order to protect our oceans and keep coastlines free from exposure to pollution.

Fugro has been providing inspection, repair and maintenance (IRM) services to Woodside Energy in support of their Australian operations for many years. Fugro has recently been reselected to provide services for the client's North-West Shelf LNG production facilities, utilising our remote operations and uncrewed surface vessel capability along with conventional vessels, providing inspection of pipelines and structures, and marine growth removal. Fugro's cutting edge remote operations platform is transforming IRM solutions by significantly minimising CO_2 emissions compared to traditional operations, and by reducing safety risks through removing people from high-risk work environments. ■





MANAGEMENT REPORT

In a rapidly changing and volatile world, we are experiencing high client demand for our solutions. It is our ambition to support clients with the energy transition, climate change adaptation and sustainable infrastructure solutions across the globe. The positive market outlook reinforces Fugro's Path to Profitable Growth strategy, supported by our balanced market exposure, market leadership, diverse client base and resilient operating model.

We believe in sustainable development as a driver to create a safe and liveable world. This requires balancing the short- and long-term interests of our stakeholders and integrating social and environmental factors into our decision making.

THE WORLD AROUND US

The world is going through accelerated change, including major global developments such as population growth, urbanisation and climate change. According to the United Nations, the population will grow from 8 billion today to around 10 billion by 2050, of which more than two third will live in urban areas. At the same time, the immediate impact of climate change is becoming increasingly visible by the day, with extreme weather events and rising sea levels putting coastal systems and low-lying areas at risk, and pressure on the world to protect biodiversity and the rights of indigenous peoples.

Over the coming decades these developments will result in an increase in demand for energy, water, food, housing, industrial facilities, roads, railways, airports, coastal defence, or inland water management systems. It is evident that the energy mix, infrastructure and built environments must evolve if tomorrow's problems are to be solved in a sustainable manner. This is making Fugro's services more essential than ever before.
Moreover, technology is changing faster than before, impacting most industries, including Fugro's end-markets, opening opportunities for different and more effective ways of working. Rapidly developing technologies with connected devices and robotics enable more remote solutions, which can deliver more sustainable operations with significantly lower carbon emissions. In addition, active engagement by diverse stakeholder groups is clearly on the rise. Companies are increasingly expected to demonstrate accountability and thus transparency over sustainability matters, with a particular

focus on net-zero emission roadmaps, biodiversity, diversity and inclusion, human rights and labour conditions.

The current volatile geopolitical and macro-economic environment, aggravated by the war in the Ukraine, has resulted in the disruption of energy supply, unprecedented price increases, supply chain disruptions, scarcity of labour and social unrest. Due to the inflation and resulting increasing interest rates, the IMF expects worldwide economic growth to have slowed down in 2022, with a looming recession in many countries on the horizon. At the same time, security of energy supply, critical infrastructure and cyber security are now firmly on the agenda of countries worldwide. After the start of the war in the Ukraine, we ceased our limited Russian operations. Overall, Fugro's business operations are impacted by the ongoing inflationary pressures and supply chain challenges. Through appropriate measures, we are managing to largely mitigate these unprecedented events, for example by increasing our prices and adjusting contract terms and conditions. And despite the very tight labour markets, we are successful in attracting the people that we need to support our clients with their projects.

> Investments in energy, infrastructure and water will have to significantly increase over the coming years to solve tomorrow's problems in a sustainable manner.

BRUMADINHO DAM COLLAPSE IN BRAZIL

On 25 January 2019, the Brumadinho dam in Brazil collapsed, leading to the loss of many lives, including four of our colleagues. Since then, Fugro has closely monitored the facts becoming available to the company through various investigations undertaken by or on behalf of, among others, the Brazilian state and federal public prosecutor's office. In particular, Fugro has been assessing on an ongoing basis whether any of these investigations could lead to further adverse consequences for Fugro and its stakeholders.

Early on, Fugro concluded that the company is not at fault for the collapse of the Brumadinho dam and did not record any provision in relation to the occurrence. The company's position has not changed since. While relatively quickly it became clear that a number of companies and individuals would likely be formally prosecuted in relation to the incident, which has happened since, Fugro has not been prosecuted or faced any legal actions in relation to the collapse of the dam.

On 19 December 2022, the share price fell by 23% following a broadcast by the Dutch TV programme Pointer on 18 December 2022. Fugro regrets the share price reaction to the Pointer broadcast and reiterates that the assessment of the position by Fugro has not changed. We would like to add that the TV programme itself stated that the Brazilian public prosecutor had commented that Fugro was not the subject of any criminal prosecution in the matter and that other parties were being held liable for the incident.

We continue to follow developments closely, and will update the market where appropriate.

Structural trends drive demand for Geo-data

Global developments...

POPULATION GROWTH

URBANISATION

CLIMATE CHANGE

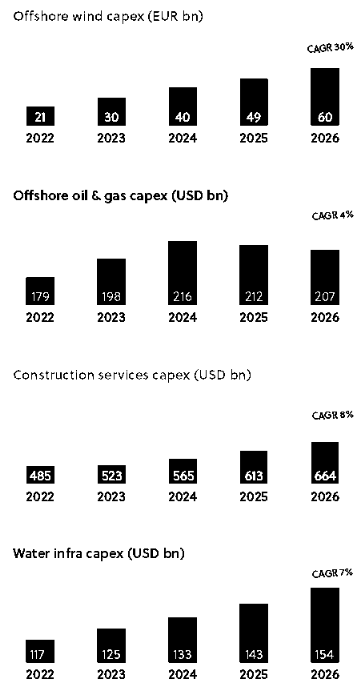
TECHNOLOGY

ENGAGED SOCIETY

...are driving the key trends in Fugro's markets...

ENERGY	**ENERGY TRANSITION**
INFRASTRUCTURE	**SUSTAINABLE INFRASTRUCTURE**
WATER	**CLIMATE CHANGE ADAPTATION**

...by increasing global spend



Energy transition

The fundamental shift in the global energy system from fossil-based to renewable energy sources is well underway. The International Energy Agency expects total capacity of renewable power to double in the next five years. Apart from hydropower and solar, wind developments at sea play a role of growing importance. The emerging hydrogen (and carbon capture utilisation & storage) markets create new opportunities for our industry as offshore electrolysers and dedicated transport infrastructure are being developed to bring green hydrogen to shore.

At the same time, the energy transition is a complex process that will take time. Currently, only around 15% of the worldwide primary energy use is generated from renewable sources. Therefore, fossil fuels will remain an important part of the mix for years to come, with oil and coal being consistently phased out and natural gas serving as a transition fuel. The world was confronted with unprecedented gas prices in 2022. After a period of relatively low investment levels in new oil and gas fields during the last decade, energy security has quickly turned into a key priority for many countries. This is supporting increasing investments in the short to medium term in traditional energy sourcing, in particular in natural gas and related LNG facilities.

Sustainable infrastructure

Utility and transportation infrastructure is the backbone of any economy. However, most infrastructure was built decades ago and deferred maintenance compound the challenges owners of these critical assets and networks face. Sustainability in infrastructure is about life-time extension, targeted repair and replacement of existing aging infrastructure, and building in a smarter, cleaner and safer way. Understanding of the current state of infrastructure assets and the interaction with its surroundings and subsurface environment is essential to improve safety, extend the lifetime and reduce operating risk and total cost of ownership. Climate impact and ageing assets compound the challenges that owners of these critical assets and networks face. Governments are therefore committing more budgets to preserve and improve critical utility and transport infrastructure.

Climate change adaptation

Most countries are falling short of the pledges made as part of the 2015 Paris agreement. Climate change is by now a real and increasing threat with an increasing number of extreme weather events and rising temperatures. In the summer of 2022, we witnessed the devastation caused by extreme flooding in Pakistan.
At the same time, several countries were faced with a lack of hydropower due to droughts.
Even if global efforts and renewed ambitions to reduce emissions prove to be effective, these developments lead to adverse impacts on ecosystems, economic sectors, infrastructure and human health and well-being, especially as around 80% of the world's population lives within 100 kilometres of the coast.
Climate change is also negatively impacting biodiversity and our oceans. With over 50% of the world's oxygen being produced by our oceans, a better understanding and preservation of our oceans ('blue economy') is of crucial importance.

PATH TO PROFITABLE GROWTH STRATEGY

With our key strengths, decades of experience and focus on client challenges, we are uniquely positioned to support our clients with the energy transition, sustainable infrastructure and climate change adaptation. While contributing to the UN Sustainable Development Goals, it is Fugro's ambition to deliver solutions supporting our clients to overcome their challenges in achieving net-zero carbon emissions, to enable the development of safe infrastructure and to strengthen climate resilience. Our strategy is based on three objectives: capture the growth in energy and infrastructure, leverage our core expertise in new growth markets and differentiate by integrated digital solutions.

Capture the growth in energy and infrastructure

The demand for energy security and sustainable infrastructure, in addition to the energy transition, is leading to increased spending on renewable power, electricity networks, traditional energy sources (in particular natural gas), transport infrastructure development, buildings and industrial facilities. Fugro's global network of geotechnical laboratories is a clear differentiator in this market. Fugro is increasing its integrated offering of data acquisition, analysis and advice, and further strengthening key account management. We will continue to improve asset utilisation and operational excellence in order to drive client satisfaction and cost efficiencies.

The energy transition offers a lot of opportunities for Fugro, as good Geo-data leads to more cost-effective designs for our clients. This is recognised in the market and we are leveraging our long-standing relationships with traditional energy clients as they grow their renewables business, redirecting our market agnostic assets and continually refining our solutions towards this structural growth market. To date, Fugro primarily offers solutions for the development of new wind parks at sea; inspection services during the operational phase, hydrogen and carbon capture utilisation and storage are rapidly developing markets that will offer commercial opportunities in the future.

Whilst the transition is gathering speed, fossil fuels, in particular natural gas, will remain an important part of the energy mix for years to come. We are well equipped to continue to offer our asset integrity solutions to traditional energy clients to enable them to keep their existing infrastructure at sea safe and reliable, to protect our oceans and keep coastlines free from exposure to pollution. In addition, we also provide experienced site characterisation services for new developments, in particular related to natural gas as a transition fuel and related LNG facilities.

In the Land business lines, we are growing our share of large complex infrastructure projects as Fugro is one of the few companies that can offer integrated Geo-data acquisition, analysis and advice. To further leverage our consultancy mindset, we have captured this approach in our Geo-risk management framework concept. This framework is based upon Fugro's ability to add value by reducing uncertainty at all stages of the asset lifecycle to avoid or solve engineering challenges and to help our clients manage their ground-related risk exposure and better meet their ultimate business objectives.

Strategy framework

Leverage core expertise in new growth markets

While already strongly positioned in supporting clients in the energy and infrastructure markets, Fugro is leveraging its existing expertise to develop new activities in adjacent and new markets. We are expanding into the water market, to capitalise on the global need to increase climate resilience and global water security, and the resulting significant investments in flood protection, coastal defence and water management. We offer integrated coastal resilience solutions, which helps communities and asset owners to better understand climate related risks and design solutions to mitigate them. We also offer solutions for dike monitoring and design, freshwater sourcing and transport, and ocean science.

In addition, Fugro is committed to support the growing market of route surveys for fibre optic cables and the continuous monitoring of existing infrastructure onshore and in the marine environment, in particular for offshore wind farms, and further diversify its offering of positioning services.

Differentiate by integrated digital solutions

Supported by strong client engagement at all stages of innovation development, our research and development efforts are focused on less capital-intensive solutions, such as the shift towards more lightly and uncrewed vessels; mobile solutions such as the compact rapid airborne multibeam mapping system RAMMS; the continuous drive systems for CPT testing and Fugro Blue SnakeTM; and remote services.

In addition to mobile autonomous robots and sensors and remote operations, our digital transformation agenda is also focused on digitising and optimising our workflows through analytics and delivering Geo-data insights to our client via client portals. Our clients are exposed to large volumes of data on which they need to base complex decisions. Fugro is increasingly providing clients with their own cloud based Geo-data portals which facilitate Geo-data management and collaboration, contributing to shorter decision timelines. It combines all Geo-data acquired throughout the lifetime of the asset, and Fugro is expanding it with analytics applications, for example for cable route optimisation. We aim for our digital twins and (subscription based) portals to become the backbone of Geo-data based decisions throughout the life cycle of the asset.

STAKEHOLDER ENGAGEMENT

Fugro greatly values engagement with its stakeholders and actively seeks their opinions and ideas through regular discussions and consultation on our services, business performance, our role in society, and other topics. A good understanding of their legitimate interests and expectations helps us to better manage the opportunities and risks that could impact our ability to create value in the long term. Stakeholders considered to be most relevant to our success are customers, employees, suppliers and investors.
In addition, we take society at large into consideration.

Stakeholder engagement

	How we engaged in 2022	Exemplary topics discussed	Impact on Fugro's strategy and policies
Customers	Client facing personnel engages with clients at all levels. For example: key account management with senior leadership involvement, client surveys, co-development workshops for innovation, business development, technical advice, proposal reviews, project management and contract negotiations.	Project performance and client satisfaction; energy transition and ESG related supply chain challenges; technology and innovation value workshops; QHSSE; Fugro's ESG performance, targets and ratings.	Client feedback is continuously addressed to improve policies and client relationships. Client strategies and innovation direction are highly valued in developing our commercialisation and emission reduction roadmap affecting clients' scope 3 profile, solving their challenges and supporting their objectives.
Employees	We conduct regular engagement surveys. Local management organises town hall meetings to share information and invite employees to ask questions and share their thoughts. Information sharing via corporate intranet.	Work environment and safety; strategy and culture; company values; wellbeing; diversity, equity & inclusion; training and development, as well as the appeal as ESG responsible employer aligned with their personal values.	Employee engagement enables management to prioritise the topics that impact employees' well-being and professional development. We prioritise topics that are most relevant to Fugro's business and performance, while promoting employee development.
Suppliers	Fugro's global procurement team has regular meetings with global suppliers; local procurement teams maintain contact with other suppliers.	Innovation; cost optimisation opportunities; terms and conditions, Fugro's supplier and partner code of business principles; legal compliance and compliance with Fugro's procedures.	We engage about joint development of innovations, and about managing supply chain risk, including their carbon reduction roadmaps which impact Fugro's scope 3 emissions. Fugro is further developing supplier ESG due diligence processes, also focused on labour conditions and human rights.
Investors	CEO, CFO, Director Investor Relations and Director Sustainability regularly engage with investors and other financial market participants, via results meetings/webcasts and calls.	Operational performance; impacts of volatile macro-environment; financial mid-term targets; Fugro's increasing diversification towards renewables; ESG performance, targets and rating; capital allocation.	Investor feedback is regularly discussed with the Executive Leadership Team and Supervisory Board. It is taken on board in the development of Fugro's strategy, ESG roadmap and (reporting) policies.
Society	Fugro undertakes joint R&D activities with universities and institutes; is an active supporter of the UN Ocean Decade and Seabed 2030; engages with various industry organisations, NGOs, cities and municipalities.	ESG due diligence and requirements in the value chain; ocean science and conservation; climate change mitigation and adaptation challenges and solutions; mobilisation of the private sector for societal challenges.	Development of sustainability targets and roadmaps, further contribution to various ocean science initiatives. Partnerships to set and roll out industry standards. Sponsoring of local community events.

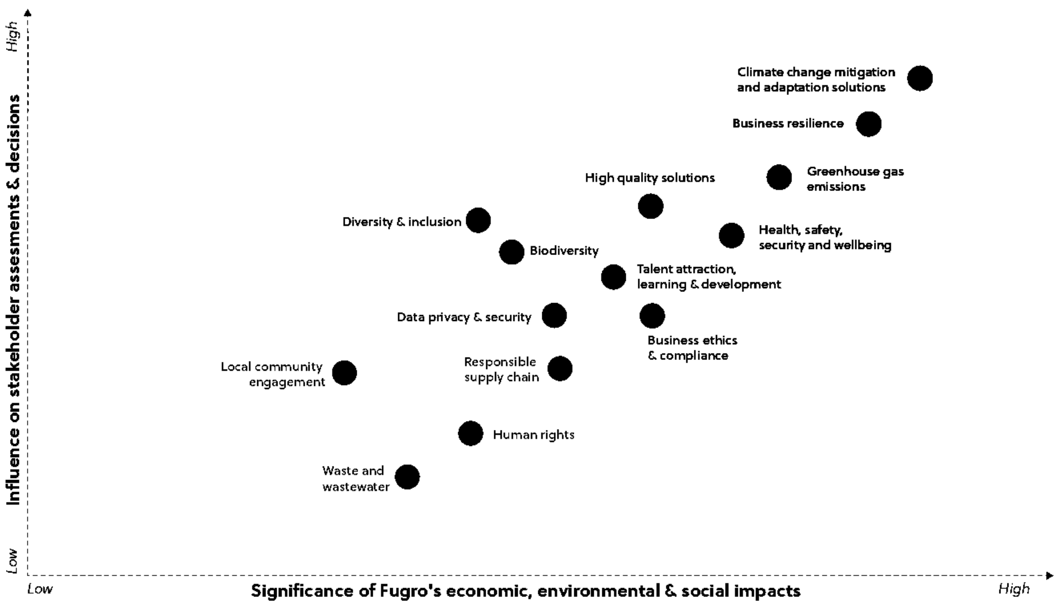
Materiality assessment
To help us understand which topics are most important to our stakeholders in a rapidly changing world, we carry out a materiality assessment. This provides us insights into current and future trends, business risks and opportunities and the latest sustainability developments, all of which influence our ability to create value. As such, it helps us to prioritise the topics we should focus on, with the outcome of the assessment informing our (sustainability) strategy and communication efforts.

We performed our latest materiality assessment survey in 2021. After identifying and updating the relevant topics considering Fugro's strategy, international reporting standards such as SASB and GRI, a peer review, sector specific studies and media analysis, a short list of topics was established. Using an anonymised online survey tool, an internal and external consultation was organised to determine the priorities in this shortlist. Almost 200 people from key stakeholder groups were invited to complete the survey: clients, suppliers, investors, NGOs, Fugro's senior management and 120 randomly selected employees. The results of these surveys were validated in sessions with a sounding board, the Executive Leadership Team and the Supervisory Board.

In 2022, we updated our materiality assessment based on regular stakeholder dialogue. We have consulted colleagues who maintain relationships with key stakeholders what topics were most prominently on the agenda during the year. We compared the outcomes with the 2021 survey results to determine which topics became more material to our stakeholders and which topics received less attention. Overall, the selection of material topics was not affected, although there were shifts in relative importance. We noted that in particular the topics of biodiversity, talent attraction and retention, and responsible supply chain have been receiving more attention.

For 8 of its 10 material topics, Fugro has defined clear objectives and performance indicators for internal monitoring and external reporting. For biodiversity and data privacy & security, Fugro aims to develop suitable performance indicators. Furthermore, sustainability targets are part of senior management performance evaluation. The connectivity tables on the next 3 pages connect the material topics for people, planet and profit to Fugro's objectives, KPIs, performance, targets and related risks.

Fugro's materiality matrix, resulting in 10 material topics



People: **Fugro's objectives and key performance indicators for its material topics**

OBJECTIVE	KEY PERFORMANCE INDICATOR		RELATED RISKS	READ
Maintain the highest health & safety standards	**Lost time injury frequency** (per million hours) **<0.5** 2023-2024 Target **0.73** 2022 **0.70** 2021	**Total recordable case frequency** (per million hours) **1.50** 2022 **1.71** 2021	Health, safety & security	Pages 44-45
▪ Attract and retain talented employees ▪ Invest in Fugro's highly skilled and engaged workforce	**Voluntary employee turnover rate** (%) **14** 2022 **14** 2021	**Number of completed courses Fugro Academy** **95,036** 2022 **80,873** 2021	Employees & capacity	Pages 45-46
Promote equal opportunities & rewards to all staff, regardless of gender, age, background, sexual orientation, religion or disability	**% female employees** **22** 2022 **22** 2021	**% women in senior management** **25** 2025 Target **19** 2022 **15** 2021	Employees & capacity	Pages 47-48

Planet: Fugro's objectives and key performance indicators for its material topics

OBJECTIVE	KEY PERFORMANCE INDICATOR		RELATED RISKS	READ
CLIMATE CHANGE MITIGATION & ADAPTATION SOLUTIONS Deliver solutions to support the energy transition, sustainable infrastructure and climate adaptation	**Renewables, infra and water as % of revenue** **65** 2023-2024 Target **63** 2022 **61** 2021	**Revenue renewables:** 50% growth by 2024 vs 2021 **527** 2024 Target **521** 2022 **351.5** 2021	Market exposure Innovative capability	Page 49
GREENHOUSE GAS EMISSIONS Minimise environmental footprint of Fugro's operations	**Absolute GHG emissions scope 1 & 2** (kilotonnes CO_2 equivalents) **0** 2035 Target **217** 2022 **224** 2021	**Vessel CO_2 intensity reduction** (tonnes CO_2/operational day: reduction versus 2020) **-13%** 2022 **-6%** 2021 Target 2025: -20%	Climate change Project execution Innovative capabiliy	Pages 49-53
	Share of energy consumption in offices from renewable sources (%) **80** 2025 Target **49** 2022 **47** 2021	**CDP rating** **B** 2022 *(reporting year 2021)* 2021 *(reporting year 2020)*		Page 52
BIODIVERSITY	Minimise impact of Fugro's operations on biodiversity and actively contribute to protection of marine biodiversity		Project execution	Pages 53-54

Profit: Fugro's objectives and key performance indicators for its material topics

OBJECTIVE	KEY PERFORMANCE INDICATOR			RELATED RISKS	READ
BUSINESS RESILIENCE Ensure healthy financial performance, resilience and relevance of Fugro's business model	**EBIT margin** (%) **8-12** 2023-2024 Target **6.1** 2022 **4.3** 2021	**Free cash flow** (% of revenue) **4-7** 2023-2024 Target **-0.7** 2022 **0.9** 2021	**ROCE** (%) **10-15** 2023-2024 Target **8.4** 2022 **8.8** 2021	Market exposure Innovative capability Project execution	Pages 35-40
HIGH QUALITY SOLUTIONS Deliver innovative, digital and sustainable solutions to clients	**Net promotor score** **40** 2023-2024 Target **54** 2022 **55** 2021	**R&D spend** (% of revenue) **2.2** 2022 **2.5** 2021		Innovative capability	Page 41
BUSINESS ETHICS AND COMPLIANCE Conduct business in an ethical way and in compliance with global and local regulations	**Number of alleged violations of the Code of Conduct** **21** 2022 **9** 2021			Legal & regulatory compliance risk	Pages 54-56
DATA PRIVACY & SECURITY	Ensure the privacy and security of our employees', contractors', and clients' data			Legal & regulatory compliance risk	Page 56

LONG-TERM VALUE CREATION

Fugro's value creation model, based on the 'six capitals' model of the International Integrated Reporting Council, shows how we use the resources, capabilities and expertise at our disposal to create value for our stakeholders. It also includes the United Nations Sustainable Development Goals (SDGs) on which we have an impact. The impact is related both to the services we provide ('what we do'), and to being a good employer and a responsible company, managing our impact on the society and world in which we operate ('how we do it').

Input

FINANCIAL
- Funding from shareholders, banks and bondholders

HUMAN
- Talented and diverse employees
- Fugro Academy, training spend

KNOWLEDGE
- Advanced methodsand technologies
- R&D (spend and employees)
- Knowledge partnerships

STAKEHOLDER RELATIONSHIPS
- Stakeholder engagement
- Code of Conduct

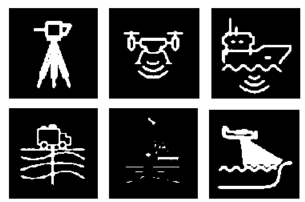
PROVISION OF SERVICES
- Fixed asset resource base, capital expenditure and supplier spend
- Project and risk management tools

ENVIRONMENT
- Energy use
- Risk mitigation systems

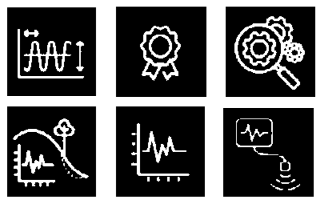
Value creation process

UNLOCK INSIGHTS FROM GEO-DATA

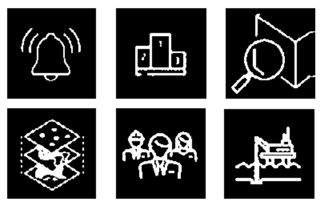
ACQUIRE GEO-DATA



ANALYSE GEO-DATA



ADVISE CLIENTS ON SAFE INFRASTRUCTURE DEVELOPMENT AND OPERATIONS



Output per capital

FINANCIAL
- Wages, interest, taxes and dividends
- Share price performance

HUMAN
- Engaged employees with enhanced skills
- Health and safety performance

KNOWLEDGE
- Innovative site characterisation and asset integrity solutions
- Intellectual property (patents)

STAKEHOLDER RELATIONSHIPS
- Ethical business conduct
- Solutions advancing a safe and liveable world

PROVISION OF SERVICES
- Total value of acquisition, analytics and advisory services
- Safe and reliable delivery

ENVIRONMENT
- Reduced environmental impact
- Solutions contributing to the energy transition, climate change adaptation and sustainable infrastructure

Outcomes for stakeholders

CUSTOMERS
- Innovative customer solutions
- Safely built and operated assets

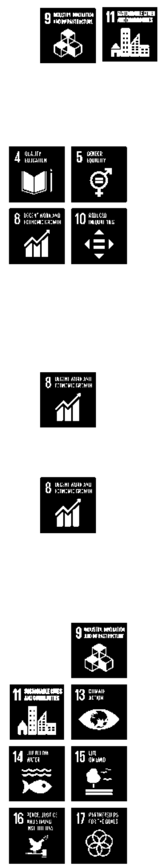
EMPLOYEES
- Fair terms and conditions of employment and equal opportunity for all
- Training and life-long learning opportunities
- Living wage
- A healthy and safe working environment

SUPPLIERS
- Reliable customer
- Fair payment terms

INVESTORS
- Return on investment

SOCIETY
- Solutions contributing to the energy transition, sustainable infrastructure and climate change adaptation
- Reduced carbon footprint
- Protection of ecosystems through sustainable levee designs and water management consultancy
- Participation in various ocean science programmes
- Ethical business conduct
- Knowledge development through academic partnerships

Impact on SDGs



Key contributions to SDGs

Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services
Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

Fugro provides sustainable and innovative solutions for the development and operation of clean renewable energy resources, most notably for offshore wind farms. In Europe, to date we have been involved in offshore wind projects together amounting to around 110 GW generation capacity.
In addition, Fugro provides asset integrity services, and to a lesser extent site characterisation solutions, for oil & gas developments. This enables clients to develop, design and operate fossil resources, in particular natural gas as a transition fuel, in a safe and responsible way.

INDUSTRY, INNOVATION AND INFRASTRUCTURE

SUSTAINABLE CITIES AND COMMUNITIES

Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
Target 11.3: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Target 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

Fugro's site characterisation and asset integrity solutions ensure the safe and sustainable development and management of a variety of infrastructure assets. Fugro's expertise regarding the mapping of coastlines and subsurface conditions supports the protection of cities, communities and vital ecosystems from the impacts of extreme weather events and rising sea levels. Fugro's specialist resources and digital solutions also support the safety of people in areas of seismic activity, environmental sensitivity or urban or industrial complexity , and provide the data, analysis and advice needed to improve sustainable asset design, operation and performance.

Fugro partners with governments, industry, academia, research and development institutes globally and participates in standard setting organisations.
Fugro leads a consortium of the Dutch maritime industry aimed at developing technology for green methanol-fuelled vessels. Fugro contributes to the development and adoption of clean technology for low carbon vessel operations.

LIFE BELOW WATER

Target 14.a: Increase scientific knowledge, develop research capacity and transfer marine technology, taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing States and least developed countries

Fugro maps coastal areas, in particular of vulnerable geographies. Fugro's environmental baseline studies help understand, manage and monitor the environmental impacts of clients' marine projects.

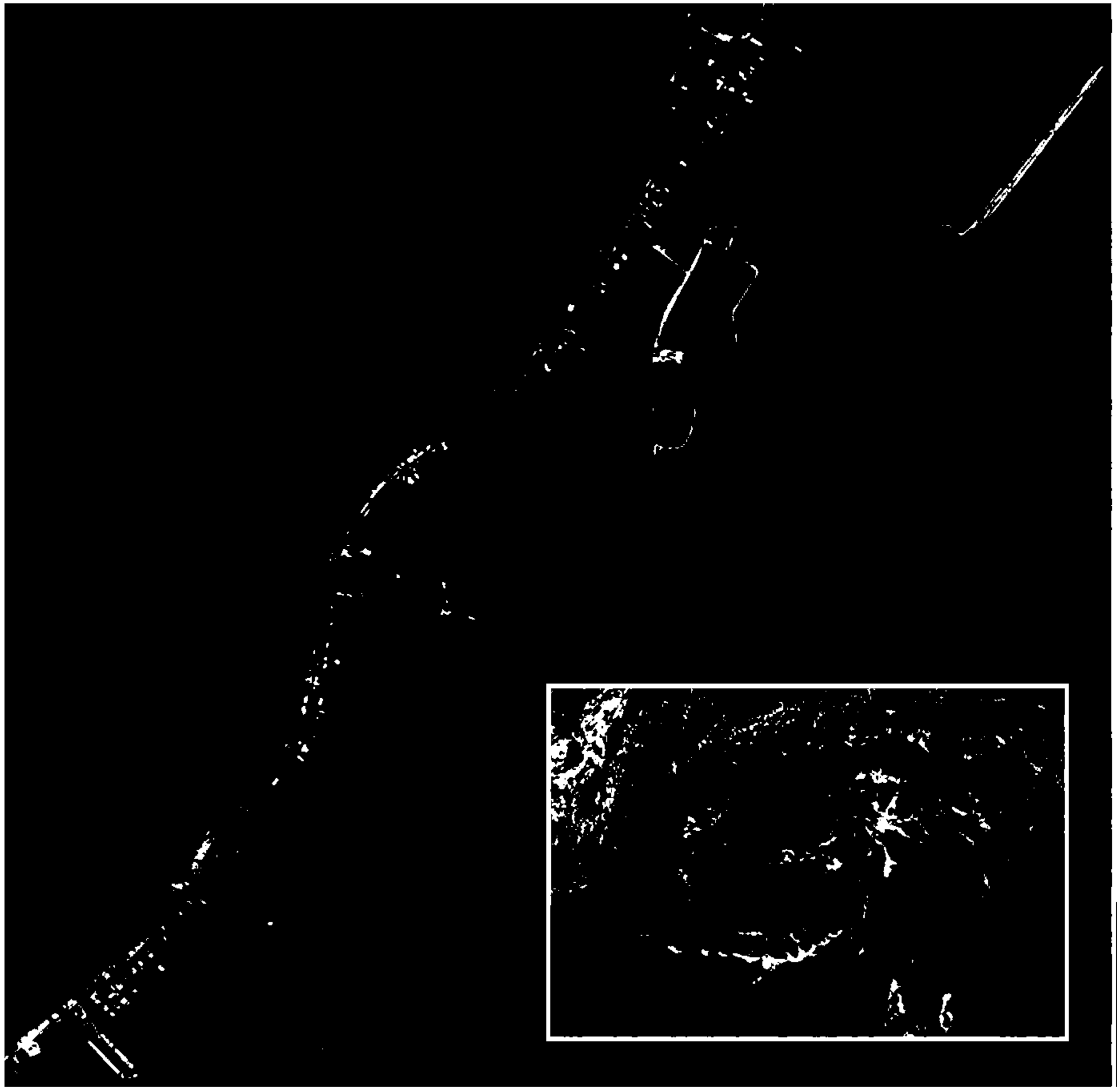
Through a partnership with the Oceanographic Commission of the UNESCO, Fugro actively supports the United Nations Decade of Ocean Science for Sustainable Development 2021-2030. This programme is aimed at improving the coordination of and access to global ocean science data needed to reverse the cycle of decline in ocean health and create sustainable ocean development worldwide. Fugro also actively contributes to Seabed 2030, a programme aimed at delivering a complete map of the world's ocean floor for scientific, environmental, and economic benefits.

LIFE ON LAND

Target 15.9: By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts

Fugro is involved in minimising the impact of drought and flooding on terrestrial ecosystems through advice around sustainable levee designs and water management.

Fugro's digital asset management solutions help electricity grid maintenance, modernisation and resilience, and help prevent bushfires. Fugro helps to prevent biodiversity loss using our extensive know-how in areal imagery.



Is our coastline resilient to withstand extreme weather and rising sealevels?

Rising sea levels and an increase in the number of extreme weather events result in the need to better understand what is required to protect coastlines against flooding. Fugro provides integrated resilience solutions for coast and inland mapping, dike monitoring and design.

In 2022, the National Oceanic and Atmospheric Administration awarded Fugro two mapping projects on the US Gulf Coast to monitor and quantify shoreline change in the flood prone states of Texas and Louisiana. Geo-data deliverables will be integrated into the national shoreline dataset, aiding nautical chart updates, defining US territorial limits and informing coastal resilience efforts.

For the Texas project, Fugro will generate high-resolution Geo-data depicting the land-sea interface using advanced airborne mapping techniques. The resulting maps will be used to define the coast and assess climate-related risks, such as inland flooding. For the Louisiana project, Fugro will deliver coastal imagery to support restoration efforts following Hurricane Ida, a catastrophic storm that caused USD 75 billion in damages in 2021. ■

Group performance

In 2022, Fugro realised 14.8% revenue growth thanks to a 42% increase in offshore wind. Infrastructure and oil & gas were up as well, with 7% and 9% respectively. Marine revenue increased by 12.9%, driven by site characterisation. The utilisation of Fugro's owned and long-term chartered vessel fleet was unchanged compared to last year at 72%. Also in land, the early cycle activities showed the strongest increase, in particular nearshore activities for offshore wind and LNG developments.

FINANCIAL

Key figures

(x EUR million)	2022	2021
Revenue	1,766.0	1,461.7
comparable growth[1]	*14.8%*	*5.8%*
EBITDA[2]	230.4	175.6
EBIT[2]	107.6	63.0
EBIT margin[2]	6.1%	4.3%
Net result	74.1	71.1
Cash flow from operating activities after investing (free cash flow)[3]	23.9	39.5
Backlog next 12 months	1,424.8	1,014.1
comparable growth[1]	*37.5%*	*11.6%*

1. Corrected for currency effect
2. Adjusted for specific items with a total impact of EUR (14.7) million on EBIT in 2022
3. Including discontinued operations

Refer for definitions (of non-IFRS measures) to glossary

The group's EBIT margin improved to 6.1%, mainly as the result of a solid improvement in the land business as a result of restructurings in multiple countries during the past couple of years. In marine, Fugro is successfully passing on higher cost for fuel, charters and third-party personnel. At the same time, the strong growth in site characterisation requires the additional mobilisation of vessels, which has resulted in delays.

The 12-month backlog increase by 37.5% is supported by all regions and business lines, reflecting both volume and price increases.

Operating cash flow before changes in working capital increased by 50% to EUR 179.4 million. Higher capex and an increase in working capital due to the higher activity levels, resulted in a free cash flow of EUR 23.9 million for the year. As a percentage of 12 months revenue, working capital was 12.9 at year-end, up from 10.9 a year ago; days of revenue outstanding were 85 compared to a low level of 82 in prior year. The increase in capex to EUR 123.1 million, from EUR 79.7 million in the previous year, was largely driven by a higher number of scheduled dry dockings and the conversion of the Fugro Quest to a geotechnical vessel adding capacity to Fugro's fleet to cater for further growth.

Net debt declined to EUR 207.4 million from EUR 292.7 million at year-end 2021, as a result of the EUR 116 million equity raise in July 2022 as part of the comprehensive sustainability-linked refinancing. At year-end, net leverage amounted to 0.9x.

In light of the growth in Fugro's markets, the company will not propose a dividend over 2022 and will reinvest the generated cash flow in the business.

REVIEW BY BUSINESS

Marine

Key figures

(x EUR million)	**2022**	**2021**
Revenue	1,227.4	1,038.0
comparable growth[1]	*12.9%*	*5.8%*
EBITDA[2]	169.5	145.2
EBIT[2]	68.7	52.3
EBIT margin[2]	5.6%	5.0%
Backlog next 12 months	1,080.3	695.9
comparable growth[1]	*52.2%*	*11.0%*

Land

Key figures

(x EUR million)	**2022**	**2021**
Revenue	538.6	423.8
comparable growth[1]	*19.7%*	*5.7%*
EBITDA[2]	60.9	30.4
EBIT[2]	38.9	10.7
EBIT margin[2]	7.2%	2.5%
Backlog next 12 months	344.5	318.2
comparable growth[1]	*5.3%*	*12.9%*

1. Corrected for currency effect
2. Adjusted for specific items

REVIEW BY REGION

Europe-Africa

Key figures

(x EUR million)	2022	2021
Revenue	788.3	657.6
comparable growth[1]	*19.8%*	*8.6%*
EBIT[2]	78.0	62.3
EBIT margin[2]	9.9%	9.5%
Backlog next 12 months	569.8	439.5
comparable growth[1]	*32.9%*	*12.0%*

[1] Corrected for currency effect
[2] Adjusted for specific items

- Revenue grew strongly in all business lines, except for land asset integrity, due to a higher number of vessel days and higher pricing in marine as well as growth in land, in particular in the UK, Germany and the Netherlands. Growth was especially strong in the renewables segment.
- The EBIT margin was slightly above last year, due to improved results especially in the second half of the year in the marine and land site characterisation business.
- The 12-months backlog increased by 32.9% with a particularly strong growth in marine site characterisation driven by offshore wind developments.

Americas

Key figures

(x EUR million)	2022	2021
Revenue	454.1	355.5
comparable growth[1]	*14.2%*	*7.8%*
EBIT[2]	5.3	1.7
EBIT margin[2]	1.2%	0.5%
Backlog next 12 months	386.2	259.8
comparable growth[1]	*38.4%*	*13.8%*

[1] Corrected for currency effect
[2] Adjusted for specific items

- Revenue increased by 14.2%, driven by marine site characterisation, thanks to strong client demand in the oil & gas and offshore wind markets, and land site characterisation, where multiple previously postponed projects kicked off during the year.
- EBIT improved driven by nearshore projects in land site characterisation and marine asset integrity. This was however to a large extent offset by supply chain difficulties which resulted in the delayed start of a large geotechnical survey on the US East Coast in the first half of the year, and in particular the related knock-on effect on other projects, which were pushed into the poor weather season in the fourth quarter.
- The 12-months backlog increased by 38.4%. Marine site characterisation was up mainly as a result of wind and coastal resilience projects; land backlog increased in nearshore, geoconsulting, and road surveys.

Asia Pacific

Key figures

(x EUR million)	2022	2021
Revenue	310.5	307.1
comparable growth[1]	*(5.9%)*	*5.9%*
EBIT[2]	22.9	1.7
EBIT margin[2]	7.4%	0.5%
Backlog next 12 months	264.4	182.4
comparable growth[1]	*40.6%*	*6.7%*

[1] Corrected for currency effect
[2] Adjusted for specific items

- Revenue declined, when in the fourth quarter an unexpected change in permitting for geotechnical site investigations in South Korea caused significant delays for three offshore wind projects, causing standby of vessels.
- The region's EBIT margin improved significantly, supported by all business lines, with active portfolio management yielding better project margins.
- The 12-months backlog increased by 40.6%. As border restrictions relaxed in the aftermath of the pandemic, the region saw a strong backlog pipeline, in particular marine, driven by both oil & gas and offshore wind projects across South-East Asia, Japan and Korea.

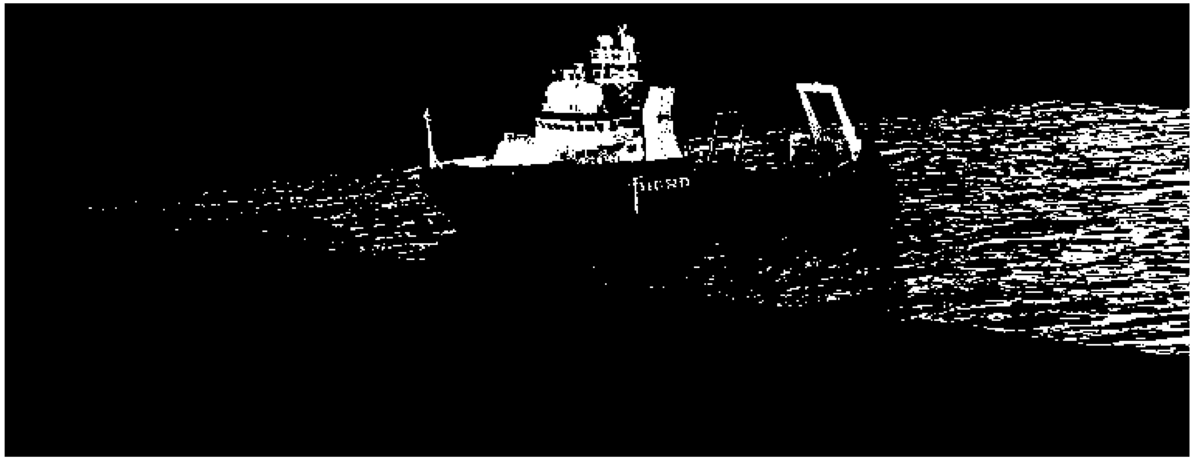
Middle East & India

Key figures excluding specific items

(x EUR million)	2022	2021
Revenue	213.1	141.5
comparable growth[1]	*38.3%*	(9.5%)
EBIT[2]	1.4	(2.7)
EBIT margin[2]	0.7%	(2.0%)
Backlog next 12 months	204.5	132.4
comparable growth[1]	*46.6%*	13.4%

1 Corrected for currency effect
2 Adjusted for specific items

- Revenue increased significantly year-on-year, in particular in the site characterisation business lines. Marine benefitted from a notable increase in oil & gas activity in the Gulf region; land saw a continued high demand for services on large infrastructure projects including the Mali-Thilafushi bridge in the Maldives and the NEOM city development in Saudi Arabia.
- The region's profitability improvement was limited, mainly due to some extended periods of vessel standby and high third-party expenses experienced in the first half of the year.
- The 12-months backlog increased by 46.6% driven by all business lines.



HIGHLIGHTS INCOME STATEMENT

Result

(x EUR million)	2022	2021
Adjusted EBITDA[1]	**230.4**	**175.6**
Depreciation	(122.3)	(112.1)
Amortisation	(0.5)	(0.6)
Adjusted EBIT[1]	**107.6**	**63.0**
Specific items on EBIT	(14.7)	(2.7)
EBIT	**93.0**	**60.3**
Net finance income/ (costs)	(20.0)	(18.3)
Share of profit/ (loss) in equity accounted investees	13.5	17.5
Income tax gain/ (expense)	(7.2)	3.0
(Gain)/ loss on non-controlling interests from continuing operations	(5.2)	(2.9)
Net result from continuing operations	**74.1**	**59.6**
Result from discontinued operations	–	11.5
Net result including discontinued operations	**74.1**	**71.1**

1 EBIT(DA) adjusted for specific items

Specific items

Specific items in 2022 were mainly composed of EUR 5.7 million onerous contract charges, EUR 2.8 million restructuring costs, EUR 2.6 million net asset impairments, and EUR 2.1 million refinancing costs.

Net finance income/ (costs)

(x EUR million)	2022	2021
Interest income	3.6	1.1
Net foreign exchange gain	11.7	18.7
Finance income	**15.3**	**19.8**
Finance expenses	(35.3)	(38.1)
Net finance costs	**(20.0)**	**(18.3)**

The net foreign exchange gain in 2022 was primarily the result of the appreciation of the US dollar. The net reduction of the finance expense follows from the full repayment of the remaining outstanding balance of the EUR 190 million convertible bond in October 2021 and partial repayment of the EUR 100 million convertible bond in 2022, and the refinancing in July 2022 at improved terms and conditions, reducing the cost of debt. These effects were largely offset by expensing the remaining unamortised direct costs upon the settlement of the previous facilities as well as higher interest expense on leases due to higher lease liabilities.

Share of profit/ (loss) of equity accounted investees

The share of profit of equity-accounted investees of EUR 13.5 million mainly comprises the result of joint ventures, including China Offshore Fugro Geosolutions, the ETW joint venture in Iraq and Fugro's remaining interest in Global Marine Holdings.

Income tax gain/ (expense)

There was an income tax expense of EUR 7.2 million compared to a gain of EUR 3.0 million in 2021.
The variance is the result of increased taxation due to better results in various geographies and higher change in tax rate benefit last year from the effect of deferred tax rate change in the UK.

(Gain)/loss on non-controlling interests from continuing operations

The EUR 5.6 million gain was attributable to non-controlling interests, mainly from a subsidiary in the Middle East.

HIGHLIGHTS BALANCE SHEET & CASH FLOW

Working capital

(x EUR million)	2022	2021
Working capital from continuing operations	227.8	158.9
Working capital as % of last 12 months revenue	12.9%	10.9%
Inventories	*35.1*	*29.1*
Trade and other receivables	*603.5*	*512.8*
Trade and other payables	*410.8*	*383.0*
Days revenue outstanding	85	82

Working capital as a percentage of 12-months rolling revenue was 12.9% at the end of 2022 compared to 10.9% a year ago, primarily as a result of higher activity levels in Europe-Africa, particularly in the second half of the year.

Capital expenditure

(x EUR million)	2022	2021
Maintenance capex	56.2	38.3
Transformation and expansion capex	66.9	41.4
Capex	**123.1**	**79.7**

Capital expenditure has increased by EUR 43.4 million to EUR 123.1 million in support of growth and maintenance of existing assets including a relatively higher number of scheduled dry dockings.
The transformation and expansion capex included the conversion of the Fugro Quest to a geotechnical vessel, and investment in USVs and the geotechnical seafloor drill Blue Dragon.

Return on capital employed

(x EUR million)	2022	2021
Capital employed[1]	**1,104.8**	1,006.9
Return on capital employed (%)[2]	8.4%	8.8%[3]

[1] Total equity plus loans and borrowings and bank overdrafts, minus cash and cash equivalents.
[2] ROCE is calculated using NOPAT of the last 12 months as a percentage of a three points average adjusted capital employed.
[3] Includes EUR 20.9 million income from discontinued operations

Cash flow

(x EUR million)	2022	2021
Cash flow from operating activities before changes in working capital	179.4	119.2
Changes in working capital	(52.0)	(28.0)
Cash flow from operating activities	**127.4**	**91.2**
Cash flow from investing activities	(102.5)	(65.0)
Cash flow from operating activities after investing	**24.9**	**26.2**
Cash flow from financing activities	32.9	(73.0)
Net cash movement	**57.8**	**(46.8)**

Cash flow from operating activities increased as a result of an increase in EBITDA. The decrease in cash flow from investing activities was primarily related to higher capital expenditure for the year. Cash flow from financing activities reflects amongst others the proceeds from long-term loans and issuance of ordinary shares. In September, Fugro entered into a sale and lease back agreement for its TechCenter in the Netherlands with cash proceeds of EUR 25.2 million, of which EUR 7.2 million is included in the free cash flow, and EUR 18.0 million in financing.

OUTLOOK 2023

For 2023, Fugro expects ongoing growth in the infrastructure, water and energy markets, in particular renewables, resulting in continuing strong revenue increase and margin expansion. Capex is estimated at EUR 200-225 million, including the acquisition of two geotechnical vessels, and investments in Fugro's uncrewed vessel strategy and net zero roadmap.
With its further diversification into structural growth markets, Fugro is progressing towards its 2023-2024 mid-term targets for EBIT margin, free cash flow and ROCE. In light of the market outlook and backlog development, Fugro plans to update the market on the next phase of the Path to Profitable Growth strategy in the second half of the year.

High quality solutions
Continued monitoring of its net promotor score (NPS) demonstrates Fugro's ambition to be fully client focussed and relationship driven, while the extremely valuable feedback allows the company to further improve in many areas of serving our clients. In 2022, Fugro achieved a NPS of 54 (2021: 55) although the number of responses in calculating this score remains below our target sample size. In the mid-term (2023-2024), Fugro aims to achieve a NPS of at least 40, calculated from a sample size of at least 1,200 responses covering each region, country and business line. Fugro pursues operational excellence through first time right delivery of results that meet client requirements by adopting a 'lessons-learned' philosophy, coupled with easy-to-use and high-quality event reporting.

One of Fugro's key strengths is the meaningful translation of technological innovations into integrated digital solutions with a reduced CO_2 footprint that address our client's toughest challenges. By leveraging technology developments in the fields of robotics, remote operations, cloud automation and machine learning, Fugro offers safer, faster, more efficient, and higher quality services and solutions, all in a more sustainable way. Fugro's portfolio of innovations is client-led and managed through a global network of research and development centres, employing over 350 scientists, experts and technicians. In 2022, Fugro spent 2.2% (2021: 2.5%) of its revenue on R&D and technology innovation, ensuring that clients receive the most up to date technologies and reliable solutions.

Fugro is a leader in the operation of advanced, multi-purpose uncrewed surface vehicles (USVs). Fugro's USVs consume over 90% less fuel than traditional vessels, supporting the company's target of net zero emission operations by 2035. Fugro currently operates two 9-metre Blue Shadow™ USVs for medium- to large-scale hydrographic survey applications and three 12-metre Blue Essence® USVs including fully electric remotely operated under water vehicles (ROVs) Blue Volta®. In 2022, Fugro Pegasus (Blue Essence class) was successfully introduced during the ADIPEC conference in Abu Dhabi. Fugro continues to invest in a further expansion of its fleet through the development of USVs in the range from 12 to 18 metres which have longer endurance, can deploy larger ROVs and towed equipment for site investigation purposes.

For offshore site investigations, two new robotic solutions were introduced which have already demonstrated their value on several high-profile projects. The Fugro Blue Snake™ is a highly portable, automated system that performs cone penetrometer and vibro-coring operations. The SeaAuk® is a portable shallow water unexploded ordnance (UXO) identification and clearance tool. In 2023, Fugro will start operations of its Blue Dragon, a fully automated geotechnical seafloor drill that will significantly enhance operational efficiency, while reducing safety risks and carbon emissions.

Fugro's 29 priority patent filings in 2022 is the result of a visionary innovation portfolio focused on partnerships and collaborations. Rather than using intellectual property (IP) rights purely as a defensive asset, Fugro is keen to stimulate innovation and share technologies via licensing. The creation and valuation of IP rights are the corner stones of impactful technologies; the protection thereof and associated value creation are an important element in Fugro's IP strategy.

Patent filings

	2022	2021	2020	2019
Priority patent filings	29	2	7	9
National/regional patent filings	44	62	62	39
Granted patents	35	29	35	10

A significant part of Fugro's technology is developed in close cooperation with universities and institutes throughout the countries in which Fugro operates. Fugro maintains relationships with over 30 universities and other knowledge institutes across the globe. Examples include University of California at Berkeley, Davis, Los Angeles and San Diego, Massachusetts Institute of Technology, University of Texas Austin and Texas A&M University, Louisiana State University, Catholic University of Chile, University of Oxford, Cambridge University, Imperial College in London, Edinburgh University, Sorbonne University, University of Montpellier (France), Delft University of Technology (Netherlands), Universite catholique de Louvain (Belgium), Eidgenoessische Technische Hochschule Zurich (Switzerland), Politecnico di Torino (Italy), Heriot-Watt University Edinburgh/ OrcaHub (Scotland), University of Twente (Netherlands), TIAS Business School Tilburg and Universiteit Leiden, King Abdullah University of Science and Technology (Saudi Arabia), University of Western Australia, Queensland University of Technology, Griffith University (Australia) the Hong Kong University of Science and Technology, the University of Hong Kong, National University of Singapore including the Centre for Offshore Research and Engineering.

Since 2014, Fugro funds the Chair in Geotechnics at the Centre for Offshore Foundation Systems at the University of Western Australia, whose team performs world leading research in offshore geotechnical engineering. The relationship places the research undertaken at the forefront of its field and accelerates the dissemination of the outcomes into industry practice to maximise impact. In addition, Fugro provides funding for PhD scholarships to support high-quality graduates, offering selected PhD students the opportunity to work for the company. Fugro also contributes to technical advancement through regular publications in scientific journals.

Digitalisation

Opportunities presented by current digital technologies and AI enable Fugro to redefine what is possible in the domain of spatial data processing, interpretation and Geo-data insight delivery. Fugro's analytics & cloud automation services team has introduced Geo-Data Factory™. This platform-as-a-service aids the integration of acquisition, processing and delivery systems by delivering Geo-Data via web-based portals and via progress reporting on large workflows with dynamically evolving data.

VirGeo® (formerly known as Gaia) is Fugro's web-based Geo-data engagement platform with capabilities ranging from visualisation and data delivery, to advanced tooling based on consulting expertise, spanning the entire asset life cycle in land, marine, and coastal environments.

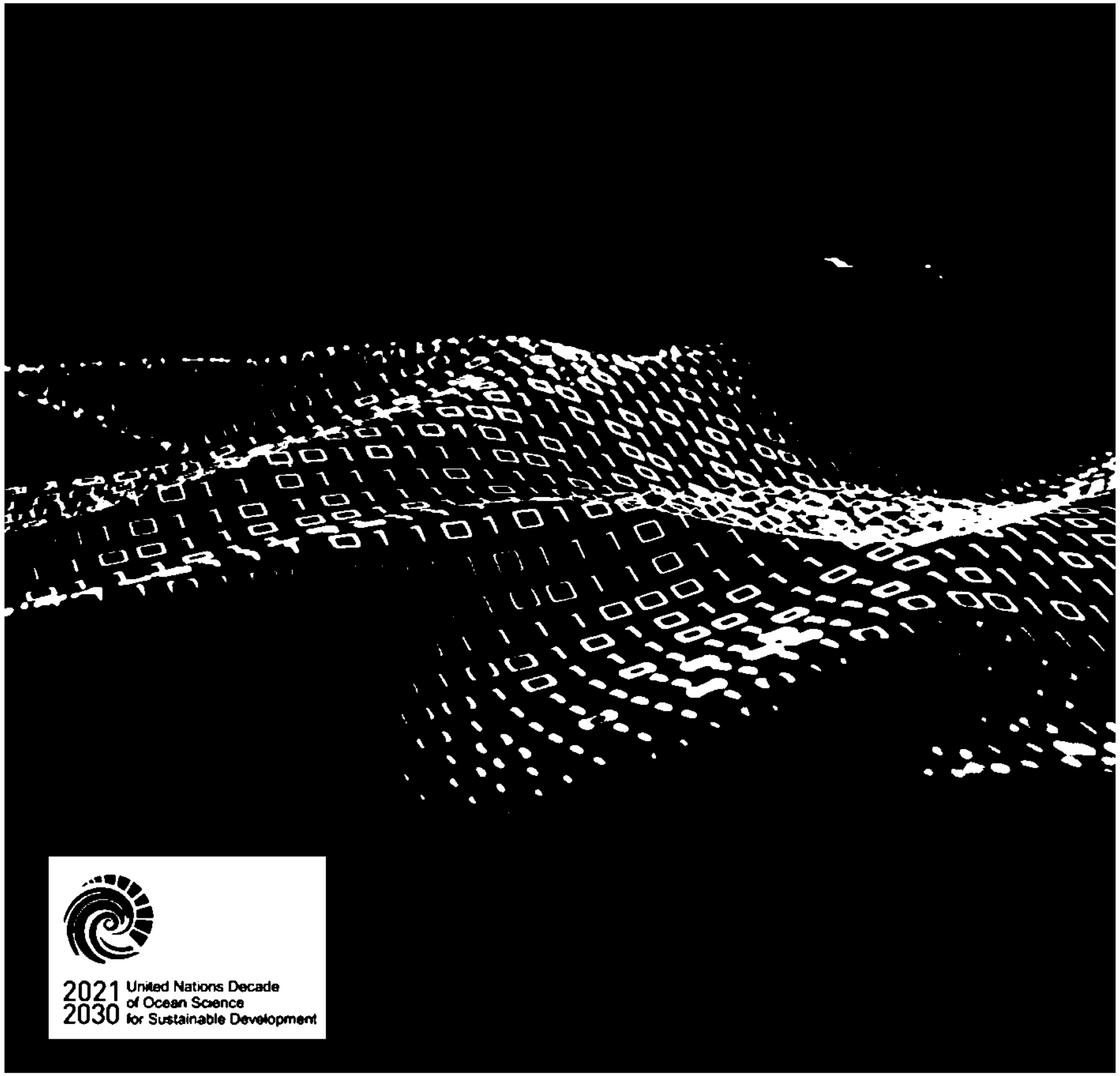
MANAGEMENT REPORT

How do we get the data we need for the ocean we want?

The United Nations Decade of Ocean Science for Sustainable Development (2021-2030) aims to reverse the cycle of declining ocean health. As the world's leading Geo-data expert, Fugro is a committed to supporting to the Ocean Decade through data acquisition and knowledge sharing.

Fugro is amongst others involved in the Data Coordination and Corporate Data working groups, which aim to provide the digital ecosystem that will support the Ocean Decade and facilitate the unlocking of privately owned ocean science data for public access. Fugro has seconded a geo-data expert to IOC-UNESCO to manage these working groups, with CEO Mark Heine co-chairing the corporate data group alongside the executive secretary of IOC-UNESCO, Vladimir Ryabinin.

Fugro's involvement in the recently launched Africa Taskforce for the Ocean Decade further demonstrates our strong advocacy for the protection of vulnerable populations and the well-being of our planet.
Furthermore, Fugro continues its in-kind support of The Nippon Foundation-GEBCO Seabed 2030 project, contributing approximately 333,000 km^2 of in-transit bathymetry data in 2022. This brings the total area submitted by Fugro vessels to close to 2.4 million km^2, an area approximately equivalent to the tenth largest country in the world, Algeria. ■



SOCIAL

Health, safety, security and wellbeing

Safety is key to all of Fugro's operations and is an integral part of its operational management and innovation efforts. Fugro is committed to providing a safe working place to its employees, contractors and clients, and firmly believes that incidents can be prevented. Fugro recognises the importance of implementing standards and practices that eliminate risk exposure or control it to an acceptable level across all its activities. To address these risks, Fugro has a common approach to managing the health, safety, security and environmental (HSSE) aspects of its operations that requires all entities to meet the same standards of practice. Groupwide policies, strategies, standards, performance indicators and targets help manage risk and achieve the highest levels of HSSE performance.

Fugro promotes visible leadership and a sense of responsibility throughout the organisation. Senior managers set and implement the required relevant policies and procedures, decide on organisational objectives and priorities, and lead by example. Furthermore, every employee is personally responsible for their own and co-workers' safety and is authorised and encouraged to speak up and stop the job if they feel a situation is unsafe. Following a hiatus during the pandemic years, Fugro restarted the dedicated leadership excellence safety workshop for Fugro's senior managers as part of Fugro's commitment to achieving health and safety excellence and improved performance.

Fugro's employees continue to cope professionally with the loss of expertise following relatively high staff turnover during the pandemic years, coupled with growing activity levels in 2022. Through the strength of its operational and project management systems, the company was able to maintain its high levels of HSSE performance. Fugro has a mid-term target for lost time injury frequency of below 0.5 per million staff hours, which is ambitious considering the growing and changing workforce and its increasing diversification into market segments that are, from a safety perspective, less mature than the traditional energy industry.

Safety performance[1]

	2022	2021	2020	2019
Lagging indicators				
Lost time injury frequency (x million hours)	0.73	0.70	0.67	0.68
Total recordable case frequency (x million hours)	**1.50**	1.71	1.62	1.58
Serious vehicle incident frequency (x million km)	0.44	0.85	–	–
Leading indicators				
Senior management project and site visits	**1,056**	1,015	675	987
Completed 'Managing Safely in Fugro' courses	580	165	*	1,010
Completed mandatory annual 'Life-saving rules' e-learning	95%	92%	NA	NA

1 Safety performance indicators cover both employees and contractors.

Following the introduction in 2022 of new multi-lingual online defensive driving training, the number of serious vehicle incidents reduced by almost 50%. To date more than 2600 staff participated in this training. During the year, the IOSH accredited Managing Safely training programme for line managers and supervisors was continued, combining online content with instructor-led interactive webinars. In 2022, 580 colleagues successfully completed the initial training or the 5-year refresher course.

The 3S Together safety campaign, amongst other initiatives, is targeted to provide a significant push to drive awareness and focus to work safely and further mature the groupwide safety culture. This programme is centred around a series of simple behaviours that everyone in Fugro must demonstrate. These behaviours, based on the 'Think Safe, Work Safe, Stay Safe' principles in Fugro's HSSE management system, stimulate a working environment in which safety is actively managed by all, and where potentially hazardous situations are openly discussed, pro-actively managed and reported.

With a significant number of new hires in Fugro in 2022, the programme helps to build mutual confidence, trust and support between operational staff and their supervisors and managers. To achieve this, a half day workshop was developed aimed at facilitating safety conversations between a manager or supervisor and their teams. In 2022, following the training of around 1000 managers, more than 3000 operational staff participated in this half day in person workshop.

The programme is further supported by webinar sessions for all managers, regular soundbite trainings and manager self-assessments to focus people on the importance of their own behaviours. The multi-lingual programme is also available to clients and suppliers.

Throughout 2022, ongoing rigorous monitoring and management of Covid-19 risks for people and operations has prevented any serious vessel, project or office outbreaks. Group wide management includes continued communication and engagement with Fugro's employees, the regional operations, clients and other external stakeholders. Fugro has a risk-based approach and strict guidance for vessel crew changes and project rotations, and continued to only work with fully vaccinated crews. Also mindful of the impact of the war in Ukraine on people's personal and professional lives, Fugro is actively providing support for employees and contractors and their families through its independent and confidential global employee assistance programme, providing 24/7 support for mental-health-related issues.

Fugro's operations are performed in accordance with ISO 9001 (Quality Management), ISO 45001/OHSAS 18001 (Occupational Health and Safety), ISO 14001 (Environmental Management) and ISM codes (International Management Code for the Safe Operation of Ships), or equivalent certifications. Fugro expects its business partners to adhere to comparable HSSE management standards and to be aware of Fugro's principles, policies and standards. Fugro works with its suppliers and clients to support the adoption of practices that are aligned with Fugro's standards. Active and reactive monitoring are critical elements of the HSSE management control loop. Fugro continuously reviews potential areas of improvement and ensures thorough root cause analysis of every incident. All lost time incidents and high potential incidents undergo a review process with a member of the Executive Leadership Team participating and key lessons learned are actively shared with the wider organisation.

Talent attraction, learning and development
Fugro is committed to attracting and hiring the best local, national and international talent available. To achieve this in these highly competitive labour markets, Fugro has initiated several initiatives, for example the implementation of a talent community platform, sharing relevant news and career opportunities for prospective employees with profiles matching Fugro's needs. In addition, Fugro runs global recruitment marketing campaigns to highlight specific job opportunities for targeted prospective employees. Fugro is also focused on further strengthening its relationships with universities in order to attract graduates for starter positions and for the international leadership track, Fugro's management traineeship programme.

Fugro practices inclusive talent management, recognising that everyone adds value. Learning and development and career opportunities are areas of strong focus for Fugro in order to attract, develop and retain skilled staff. Throughout the years, a strong leadership development curriculum has been built, in order to reinforce strong and effective management and leadership through all organisational levels.

Launched in 2020, the U.Gro programme is aimed at supporting the onboarding and personal development of all new employees with a bachelor's degree or higher and less than two years work experience. In 2022, over 300 colleagues worldwide participated, and the group is growing every month. In 2023, the first cohorts will finalise their U.Gro learning journey, supporting them in pursuing further career opportunities within Fugro.

Fugro's international leadership track aims to attract and accelerate the development of highly talented university graduates. During a 2.5 year international traineeship, participants are challenged with diverse international assignments, supported by training opportunities, a senior mentor and a coach. They develop a broad understanding of the organisation, establish a network and build cross-functional relationships, all of which prepare them for key positions within the company. In 2022, eight graduates commenced this track. In 2023, the programme will be further expanded.

For professionals who are already further advanced in their careers, Fugro has developed a range of leadership development programmes. In 2022, the U.Lead leadership programme welcomed over 100 managers with a further 400 assigned to enrol in 2023. Fugro believes that leadership development should be inclusive and widely available to its people, supporting them for what challenges lie ahead as they navigate their teams and build their leadership qualities and agility, so that they are prepared for tomorrow.

Fugro stays on top of the strengths and development areas of its workforce by yearly talent calibration sessions: meetings amongst managers to discuss, assess, validate, and agree upon talent assessments for each of their direct reports. These assessments are captured in personal development plans for the individuals concerned.

In addition to the various leadership development programmes, Fugro Academy is instrumental to the continuous development of employees at all levels of the company. The Academy provides a broad offering of training courses and programmes which have been established over the years, covering a full range of technical, safety, professional and interpersonal skills. Both internal and external trainers and subject matter experts deliver a combination of classroom, on-site, online and virtual training. These courses balance theory, practicals and instructor-guided peer discussions to ensure a competent workforce ready to perform their work today, tomorrow and the day after tomorrow with confidence. In 2022, 95,036 training courses were completed through Fugro Academy (2021: 80,873). Apart from Fugro Academy, Fugro also supports employees to attend courses from external educational and training institutes.

Culture and engagement
Fugro's company values guide employees in fulfilling Fugro's purpose. In 2022, Fugro continued to embed its company values (We are determined to deliver, We do what's right, We prepare for tomorrow, We build trust) by making them an integral part of every development

programme. In addition, an online game was launched and an award ceremony was organised around the globe to celebrate individuals and teams who demonstrated Fugro's values in an exemplary way.

In 2022, Fugro conducted two company-wide employee engagement surveys to enable management to drive meaningful improvements. The results showed an overall improvement compared to 2021. Employees know what is expected from them and feel that their managers show trust. They feel accepted and safe at work. On a more critical note, employees see opportunities for Fugro to better organise work processes and to listen to feedback from employees to implement improvements. Engagement workshops were held with over 1200 managers across Fugro to support them with an effective follow-up of the survey results. Following these sessions, managers planned team sessions to discuss results and initiate conversations with team members on areas for improvement, resulting in amongst others town hall meetings and the organisation of activity weeks.

Similar to last year, employee turnover rates were relatively high, which is in line with what other organisations are faced with in today's highly competitive labour markets. Therefore retention remains a key management priority. Fugro continues to focus on career development and training, in addition to competitive salary levels. We further developed career paths and trained managers on meaningful performance management and career development conversations.

Voluntary staff turnover

2022	2021	2020	2019	2018
14%	14%	8%	10%	8%

Diversity and inclusion
As stated by its diversity, equity and inclusion policy, Fugro cultivates a culture of belonging where everyone can bring their best selves to work. Fugro does not discriminate in employment opportunities or practices on the basis of race, ethnicity, nationality, class, caste, religion, belief, sex, gender, language, sexual orientation, gender identity, sex characteristics, age, health, education and other characteristics. Fugro's approach of non-discrimination applies to every aspect of the employment relation. Fugro is committed to creating a healthy work environment in which everyone uses their full capabilities and achieves their personal and professional aspirations. To this end, Fugro provides fair terms and conditions of employment and equal opportunity for all, in an environment where everybody feels valued. Fugro strongly believes that when people feel accepted, included and valued, they are more engaged in their roles, work more collaboratively with colleagues, and deliver better outcomes for Fugro and its clients.

Diversity, equity and inclusion roadmap
Fugro aims to increase employees' sense of belonging encompassing a broad range of diversity aspects, including gender, age and cultural differences. Fugro believes that small actions make a big impact, which is why the roadmap has been expanded from large events such as International Women's Day and Pride Month to include smaller initiatives such as Colleague Appreciation Day and International Volunteer Day.
A comprehensive calendar for 2023 has been developed in collaboration with the corporate communications team. The roadmap also includes existing unconscious bias training by focusing on conscious action, stimulating colleagues to take action against bias and create habits to be more inclusive every day.

Gender diversity and number of employees

	2022	2021	2020	2019
Overall				
Female	22%	22%	21%	21%
Male	78%	78%	79%	79%
Total number of employees (full-time equivalents)	9401	8976	9025	9856
Total number of employees (headcount)	9851	9317	9471	10343
In senior management[1]				
Female	19%[2]	15%	NA	NA
Male	81%	85%	NA	NA

1 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.
2 Refer to the limited assurance report of the independent auditor.

Fugro's female leadership programme called U.WiL (Women in Leadership) continued into 2022. By now, 150 women have successfully completed this programme, testifying that it has given them more confidence and a larger network. A new edition, available for a wider group of women throughout the company, will kick off in the first quarter of 2023.

Fugro will continue to encourage more women to join its workforce and to take on more responsibilities by implementing its gender equality plan. Fugro's gender equality plan consists of a set of commitments, such as a pledge to foster gender equity and the target to increase the representation of women in senior management positions, as well as various actions to support structural change such as setting up coaching circles, leader lunches and employee-led groups to foster a diverse, inclusive workplace by bringing together employees with shared identities and interests. Fugro has committed to a target for 25% women in senior management positions in 2025, which is also one of the key performance indicators of Fugro's sustainability-linked financing framework (see note 30.7 of the financial statements).

In the past year, the company was successful in attracting, promoting and retaining women for several key senior management positions, both at corporate and regional level. In 2022, 19% (2021: 15%) of senior management positions were held by women.

Employment relations
Fugro's human rights policy addresses the principles of diversity and non-discrimination, freedom of association, fair working hours, fair wages, protection of health and safety, no child labour and adequate grievance procedures. Collective or individual labour relations are ruled by local applicable law, collective agreements, Fugro's Code of Conduct and its underlying policies. Various collective bargaining agreements are in place within several of Fugro's entities. The agreements cover topics such as remuneration, working conditions, health and safety,

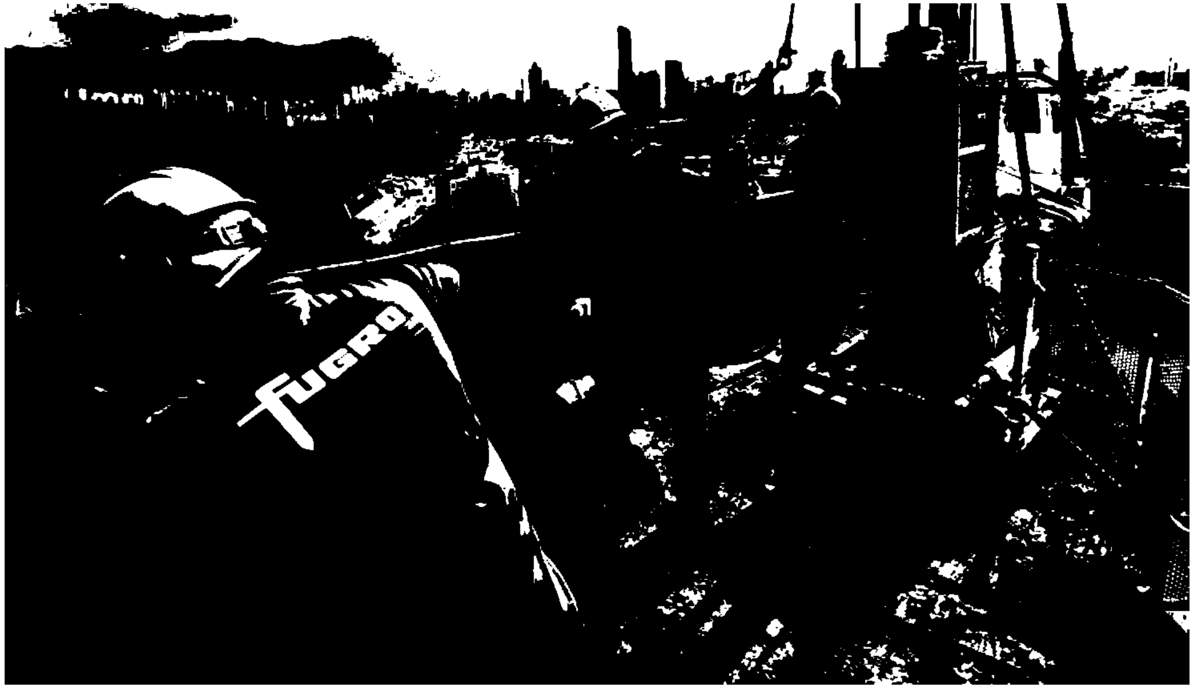
equal opportunity and training. As per local labour laws, Fugro's entities in the Netherlands, Belgium, France, Germany, Norway, Brazil, and Australia have works councils, union or employee representatives and/or formal health and safety committees.

Equal pay
Fugro promotes fair and equal pay for equal jobs and ensures compliance with local pay equity laws. Annual compensations reviews are conducted to identify and correct any wage gaps.

A gender pay gap analysis was performed across Fugro showing that there is a small gap globally across the organisation. This gap can be attributed to the relative underrepresentation of women in middle management and subject matter expert roles, for which actions are being taken as part of the diversity, equity and inclusion roadmap.

An equal pay gap analysis was conducted for countries with more than 250 employees, covering 78% of employees in total, to ensure a statistically meaningful analysis. The employees were categorised by the functions and compensation grades of the global career framework. The outcomes of the equal pay gap analysis are used to instigate further evaluation at local level. Additional governance is being set up to create a continuous process. Meanwhile, recruitment, hiring and salary procedures remain focused at equal pay for equal jobs.

Living wage
In addition to equal pay for men and women, Fugro is committed to living wages for all its employees and subcontractors. Fugro respects national statutory minimum wages, and the minimum living wage in case this is higher. Living wage is a wage that provides employees with the necessary income to maintain a decent standard of living for themselves and their dependants, based on the cost of living in the local context. Since 2018, Fugro performs an annual living wage assessment, and has increased wages in a few individual situations that surfaced in these assessments as being below the living wage standard. The 2022 assessment compared the data in Fugro's global human resource system with benchmark data provided by 'WageIndicator', a well-known labour market data base. In addition, more benchmark studies were conducted to monitor impacts of the high inflation globally. In some countries, additional measures were taken. Overall, living wage minimums were respected.



ENVIRONMENTAL

Driven by the company's objectives to reduce its impact on the environment and meet global climate change related carbon reduction objectives, Fugro's focuses on both its solutions for the energy transition and climate change mitigation and adaptation ('what we do'), and the way in which the company operates ('how we do it').

Climate change mitigation and adaptation solutions
Fugro actively manages the opportunities and risks resulting from climate change for its business operations, taking both aspects of mitigation and adaptation into account. In 2020, Fugro used the Task Force on Climate-related Financial Disclosures (TCFD) framework to increase its insight into the potential impacts on the organisation by conducting a qualitative assessment. From the potential risk and opportunity categories as identified by TCFD, Fugro assessed in detail those categories it considers relevant given its business characteristics (e.g., sectors, clients, suppliers, and location of operations). Fugro has not performed a detailed analysis for different climate change scenarios, as these are not anticipated to result in a material change to its strategic approach to climate change.

Fugro is actively adapting its business model to climate change mitigation and adaptation solutions as it is uniquely positioned to leverage its Geo-data services in order to contribute to the transition to a low carbon economy and to climate change adaptation. Growth markets such as offshore wind and other renewable energy sources, coastal protection, ocean science and hydrography, flood control and urban infrastructure development provide significant opportunities for further diversification and expansion of Fugro's services and solutions. To monitor the transition of Fugro's business model, Fugro has set a target for revenue in renewables, sustainable infrastructure and water markets of at least 65% in 2024. In 2022, these market segments made up 63% of revenue (2021: 61%). As part of Fugro's sustainability-linked financing framework, an additional target has been set to grow revenue in renewables by 50% compared to 2021, i.e. to EUR 527 million in 2024 (see note 30.7 of the financial statements). In 2022, revenue in renewables was EUR 521 million (refer to the limited assurance report of the independent auditor).

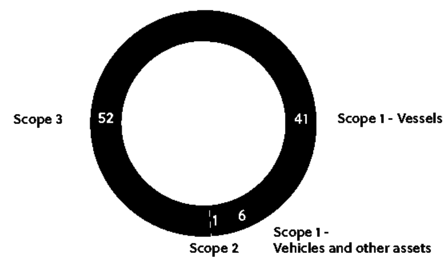
The physical risk of climate change is considered limited for Fugro; its high value assets are vessels which can be adapted to the physical effects of climate change. The transition risk of climate change mainly relates to the success of Fugro's business model in the transition to a lower carbon economy and to generate sufficient cash flows to finance the necessary investments in a low carbon fleet and other equipment. With the current market outlook, including the targets set by clients and expectations of other stakeholders, Fugro is confident that it can manage a successful transition. Refer to the Risk management chapter for more details on climate risk management.

The risk of Fugro's negative impact on the climate is managed through its greenhouse gas emission reduction roadmap. Refer to Group performance, Greenhouse gas emissions, for more information on this roadmap, the KPIs and the outcomes.

Greenhouse gas emissions
The need for greenhouse gas (GHG) emission reductions to avoid further global warming is a pressing, worldwide topic. Fugro recognises that companies play an important role in the required reduction of GHG emissions and targets to become net-zero by 2035 covering all direct and indirect emissions from its operations (scope 1 and scope 2). To support this goal, and following its formal commitment in 2022, Fugro is in the final stages of developing science-based targets for its absolute CO_2 emission reduction in line with the Science Based Targets initiative (SBTi), covering scope 1, 2 and 3. Fugro's intermediate target is to lower vessel emission intensity of owned and chartered vessels by 20% in 2025 compared to 2020, which is more ambitious than the International Maritime Organization (IMO) target of reducing GHG emissions from international shipping by at least 50% in 2050 compared to 2008. Moreover, Fugro aims to source 80% of its electricity consumption from renewable energy by 2025, which is in line with SBTi guidance for science-based targets

GHG emission profile
Fugro follows the Greenhouse Gas Protocol reporting standard and applies the operational control approach to set organisational boundaries for GHG accounting purposes. Since Fugro works as a service provider and

GHG emissions 2022 by scope (in %)



consultant, the carbon footprint of its own operations is limited to the emissions from the assets used for data acquisition, laboratories, transport and office environments. The majority of Fugro's scope 1 emissions comes from its vessels, including third party chartered vessels under the operational control of Fugro. Other scope 1 emissions are caused by fuel consumption of cone penetration testing trucks, vehicles and the operation of rigs and other assets. Scope 2 emissions largely come from electricity consumption of Fugro's offices, laboratories and other facilities. Scope 3 emissions relate to upstream emissions only and make up approximately half of Fugro's GHG emission profile.

Despite an increase in activity, Fugro managed to lower its absolute scope 1 and 2 emissions, driven by reduced vessel emission intensity (vessel emissions per operational day).

Scope 1: Reduce vessel emission intensity
As part of its net zero target on absolute emissions, Fugro has set an intermediate target to reduce its vessel emission intensity by 20% in 2025 compared to the 2020 baseline. This target is part of Fugro's sustainability-linked financing framework (see note 30.7 of the financial statements). In 2022, total vessel emission intensity was 13.8 tCO_2 per operational day, a 7% reduction compared to 2021.

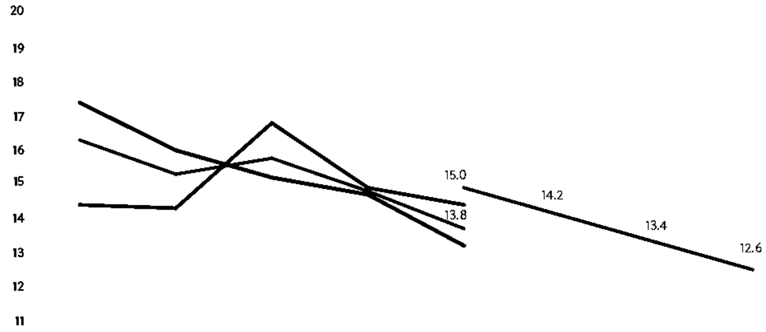
Fugro reduced the emission intensity of its own vessels by 10% to 13.3 tCO_2 per operational day.
This achievement was supported by continuous efforts to improve Fugro's vessels' energy efficiency. A ship energy efficiency management plan is in place for all Fugro-managed vessels to establish a better understanding of energy use and implement technologies, processes, and practices for improved energy efficiency. The plan includes guidelines such as a

Absolute GHG emissions (kilotonnes CO_2 equivalent) by source

	2022[3]	2021	2020	2019
Scope 1: Owned vessels[1]	102	116	113	128
Scope 1: Chartered vessels	82	71	70	81
Scope 1: Other assets (vehicles, CPT trucks, geotechnical drill rigs, barges, small aircrafts)	26	29	25	29
Scope 2: Electricity consumption	7	8	12	17
Total scope 1 and 2	**217**	**224**	**220**	**255**
Scope 3[2]	236	192	190	NA
Total scope 1, 2 and 3	**453**	**416**	**410**	**NA**

1 Emission (intensity) data of owned vessels include two leased vessels under Fugro management.
2 See 'Mapping scope 3 emissions' for breakdown per category
3 Refer to the limited assurance report of the independent auditor on absolute greenhouse gas emissions in 2022.

Vessel CO_2 emission intensity compared to targeted reduction
(tCO_2 per operational day)



	2018	2019	2020	2021	2022	2023t	2024t	2025t
Fugro owned vessels	17.5	16.1	15.3	14.8	13.3			
Chartered vessels	14.5	14.4	16.9	15.0	14.5			
Total	16.4	15.4	15.8	14.9	13.8			
Target total					15.0	14.2	13.4	12.6

Note: refer to the limited assurance report of the independent auditor regarding total vessel emission intensity in 2022.

lower redundancy in a dynamic positioning setup, the use of a voyage optimisation tool for transit voyages and other measures such as sailing at economic speed. In addition, Fugro offers its clients biofuel as a low carbon emissions transitional fuel. However, it remains commercially challenging to convince clients to accept higher costs for lower carbon solutions.

The emission intensity of third-party chartered vessels was reduced by 4% to 14.5 tCO_2 per operational day. Fugro continuously aims to charter the most efficient vessel for the job. To that end, a CO_2 emission index is part of our internal vessel vetting procedure. In 2022, emission intensity benchmarks per vessel category have been developed to support the vessel selection process.

Scope 1 emission reduction: Fleet transition plan
Absolute greenhouse gas emissions from vessels, both owned and chartered, account for approximately 85% of Fugro's combined scope 1 and 2 emissions. Therefore, Fugro's carbon reduction plan is for a large part included in Fugro's multi-year fleet composition and transition plan, requiring significant multi-year investments. Fugro has set up a net zero marine operations programme, headed by a steering committee consisting of senior management of the business, fleet management and sustainability departments.
The steering committee reports directly to the Board of Management. The programme consists of three pillars:
1. Decarbonising Fugro's own traditional fleet
2. Innovating and decarbonising operations with uncrewed surface vessels and remote operations
3. Reducing emissions from third-party chartered vessels.

1. Own fleet
Fugro's long-term investments entail the conversion of vessels to run on the low carbon emission fuel methanol, the replacement of older vessels, and the application of hybrid propulsion systems. Hybrid propulsion systems lead to savings in fuel consumption of up to 15% and are therefore key to making Fugro's fleet less carbon intensive in the short to medium term. In 2022, preparations were started for the hybrid conversions of two vessels.

Achieving emission-free vessels is not straightforward as most still use fossil fuels. There are only a few low-carbon alternatives to marine diesel of which green methanol seems the most viable option for large-scale introduction on Fugro's dedicated vessels. A successful transition depends on the development of technology and infrastructure in the entire shipping industry and the future worldwide availability of green methanol. Fugro is an outspoken advocate of this transition and builds industry-wide partnerships to drive progress, amongst others through its leadership of a consortium of the Dutch maritime sector aimed at developing engine technology, ship design and safety procedures for methanol as a low-carbon shipping fuel. The consortium, MENENS (Methanol as Energy Step Towards Emission-free Dutch shipping), has been awarded a grant from the Netherlands Enterprise Agency. Fugro had planned to have its first vessel – the Fugro Pioneer - converted to run on methanol in 2023. However, engineering challenges and current supply chain issues have delayed the conversion. Nevertheless, the development project has made significant progress, for example in preparing necessary adjustments to existing safety standards: a hazard identification workshop has been organised and proposed methanol-adjusted safety standards have been submitted to the relevant authorities.

2. Uncrewed surface vessels

The second pillar of the net zero marine operations programme focuses on Fugro's pioneering work in the development and utilisation of uncrewed surface vessels (USVs) operated from remote operations centres. Data-acquisitions via USVs, operated from remote operations centres, are up to 90% less carbon-intensive than traditional vessel operations. Fugro's fleet transition plan aims for USVs to replace traditional vessels for data acquisition applications in both our marine site characterisation and asset integrity activities. Challenges that are being actively addressed to achieve this are partly technological and partly immature or absent maritime regulations for uncrewed operations in most jurisdictions.

Despite these challenges, Fugro has made considerable progress in implementing its USV strategy. Various USV solutions have been developed, through internal initiatives and external partnerships. Fugro is considered a frontrunner and thought leader in uncrewed solutions for the offshore industry.
By year-end 2022, Fugro operates seven USVs globally. In 2022, Fugro managed 289,765 hours in its remote operation centres compared to 140,609 in 2021; the strong increase is clear evidence of an ongoing roll-out and increasing acceptance of this way of working.

3. Chartered vessels

The third pillar entails long-term engagement with third party vessel owners and developing partnerships for future net zero vessels. Fugro is mapping the supply chain and identifying the right suppliers for engagement and collaboration to achieve its net-zero target. The challenge is to align suppliers' longer term investment decisions with Fugro's decarbonisation roadmap.

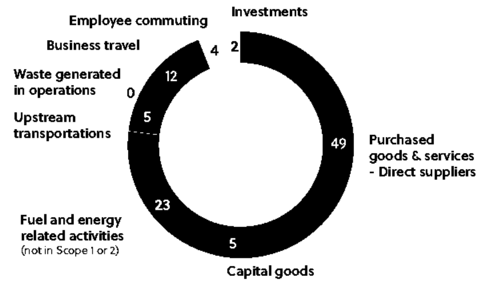
Scope 2: Renewable energy target

For 2025, Fugro targets at least 80% renewable energy consumption for its offices and other facilities worldwide. This will be achieved though the transition to renewable energy suppliers and by seeking alternatives in those countries where green energy is not yet readily available. In 2022, 49% of Fugro's electricity consumption was from renewable sources (2021: 47%; restatement of 43% reported in annual report 2021). In the region Europe-Africa, 78% of all electricity consumed was renewable, in the Americas this was 61%. Asia Pacific and Middle East & India prove to be more challenging due to absence of local renewable options on the grid. Fugro is looking for solutions in these regions, such as the recent installation of solar panels on the roof of Fugro's Singapore offices.

Mapping scope 3 emissions

Fugro is a service company and only rarely sells physical products. Consequently, Fugro's downstream scope 3 emissions are negligible, and the scope 3 calculation focuses on upstream emissions from its supply chain. In 2022, Fugro improved its scope 3 emissions calculation methodology to gain further insights, after having done a scope 3 screening over 2020 data in 2021. The initial spend-based analysis was refined with more specific industry emission factors to calculate emissions from suppliers. In addition, more activity data were used to calculate emissions from business travel and fuel and energy related emissions (not otherwise included in scope 1 or 2). The outcomes of the scope 3 inventories for 2021 and 2022 are 192 and 236 kilotonnes CO_2e respectively. The increase in 2022 can mainly be explained by the increase in company activity compared to 2021 and business travel picking up after COVID-19 related travel restrictions.

Scope 3 GHG emissions 2022 by category (in %)



Fugro is applying these insights to finalise its science-based emission reduction targets. With the complexity of a large number of suppliers, this will entail a risk and impact-based engagement approach.

Other air emissions

Apart from greenhouse gases, Fugro monitors other air emissions from its vessels, most notably sulphur oxides and nitrogen oxides. The sulphur content of all fuel consumed during the year was well within the reduced emission requirements set by the IMO in 2020.

Environmental management

Fugro has strict group-wide guidelines for risk management, and incident prevention, investigation and reporting. Fugro operates according to environmental standards; the requirements of ISO 14001 or similar have been integrated into Fugro's operational activities, providing objectives and practical tools to manage the company's environmental responsibilities. Compliance audits are carried out, both internally and by external certification bodies and clients.

The risks that Fugro's activities pose to the environment are largely related to land data collection equipment, such as geotechnical drill rigs and cone penetration trucks, which are hydraulically powered and could pose a risk of spillage. Fugro's equipment is managed under appropriate proactive maintenance programmes and is subject to periodic inspections, including daily pre-start checks. Operational teams are provided with spill kits and have been trained to capture, contain and clean any potential spillage during operations.

Biodiversity and ocean science initiatives
Worldwide, biodiversity is threatened by an unprecedented loss caused by human activity. Biodiversity decline is widely recognised as a crisis threatening human survival, requiring urgent action. Climate change and biodiversity loss are impacted by common drivers and reinforce one another. At the recent UN Biodiversity Conference (COP 15 in Canada), governments adopted a global biodiversity framework and agreed on targets to address key impact drivers. Fugro has written its biodiversity policy to further guide the organisation's efforts to minimise negative impacts of its operations and maximise positive contributions through its service offering to its clients. Fugro's data collection capabilities and know-how play an important role in understanding biodiversity and related changes, fully in line with its purpose of creating a safe and liveable world.

The impact assessment that Fugro performed in 2021 provided insights in potential effects of its activities on biodiversity, mitigating measures already in place, and areas for improvement. The assessment showed that Fugro's operations affect mainly three biodiversity impact drivers: the emission of greenhouse gases, underwater noise pollution from drilling and surveys, and the risk of transporting species between different

habitats, most prevalent in marine operations. Greenhouse gas emissions are considered a material impact, on which we report earlier in this chapter. Noise pollution is generally local and of short duration. Fugro has mitigating measures in place and will further investigate and collaborate with industry partners for the adoption of best practices. Fugro follows the International Maritime Organization (IMO) guidelines to control the risk of the transfer of invasive species at sea. Furthermore, Fugro invests in innovating its way of working with remotely operated uncrewed vessels, which will significantly reduce negative impacts of its operations.

In addition to its own operations and service offering, a third pillar of Fugro's biodiversity policy is knowledge building and partnerships. For example, Fugro contributed to the International Marine Contractor Association (IMCA) Recommended Code of Practice on Environmental Sustainability, which addresses marine biodiversity.

Fugro continues to expand its support of several collaborative ocean science initiatives and partnerships that are focused on improving our understanding of the world's oceans by addressing current gaps in ocean data, information and knowledge. Fugro signed a strategic partnership with the Intergovernmental Oceanographic Commission (IOC) of UNESCO in 2021 that seconded a full-time Fugro data expert to the IOC-UNESCO Secretariat in Paris aimed at transforming the coordination of global ocean science data, including improved access to private-sector data in support of the United Nations Decade of Ocean Science for Sustainable Development. Fugro joined the Ocean Decade Alliance in 2022, after receiving an invitation from IOC-UNESCO. Comprising an eminent network of global leaders and institutions, the Alliance aims to catalyse support for the Ocean Decade through targeted resource mobilisation networking and influence. This led to Fugro's industry leadership and active participation in the second UN Ocean Conference in Lisbon in June and the company's first ever participation in a United Nations climate change conference (COP 27) in Sharm El-Sheikh in November. Fugro also continued its in-kind support of The Nippon Foundation-GEBCO Seabed 2030 mapping project in 2022, contributing approximately 333,000 km^2 of in-transit bathymetry data over the course of the year, bringing the total area of seafloor data contributed by Fugro vessels to 2.4 million km^2, an area that is approximately equivalent to the tenth largest country in the world, Algeria.

In 2022, Fugro engaged with The Ocean Cleanup, the international non-profit organisation headquartered in the Netherlands, which is developing and scaling technologies to extract plastic pollution from the world's oceans and intercept trash from rivers before it reaches the ocean. The collaboration involved joint development sessions in finding the optimal remote and low-carbon solutions for their floating ocean plastic removal systems. Both organisations will continue their cooperation in 2023 and beyond.

COMPLIANCE

Business ethics & compliance
Fugro's global presence exposes the company to regional and local laws, regulations, customs and practices in challenging political and economic environments. Fugro is committed to adhering to its values, applicable laws and regulations, and to generally conducting business in a responsible manner. The Code of Conduct, together with its underlying policies, helps employees to put Fugro's values into practice. Together they provide practical guidance on how to conduct Fugro's business ethically, comply with legal requirements, and maintain Fugro's good reputation.

Code of Conduct and related policies
The Code of Conduct addresses topics including bribery and corruption, conflict of interest, competition and anti-trust, responsible taxation, data protection, human rights, equal opportunity and drugs & alcohol use. It applies to all employees, contractors and third parties that Fugro works with, including suppliers and partners. The underlying policies provide further guidance on various topics, such as fair competition, gifts & entertainment and sponsoring & charity.

Continuous efforts are made to convey the importance of adherence to the Code of Conduct and its underlying policies. To ensure that these documents are easily accessible to all employees, they are available in the company's most relevant working languages and accessible via intranet and the Fugro website. Dilemma workshops have proven to be an effective way to discuss how the Code of Conduct should be brought into practice in difficult situations, as well as a valuable tool to identify where the organisation might need more guidance. In 2022, following the lifting of many global travel restrictions, eight compliance dilemma workshops were held in various regions, and these workshops will continue in 2023.

Compliance trainings are mandatory for all employees to ensure that the entire workforce knows and understands Fugro's expectations and commitment to compliance and what this means for them in their day-to-day operations. The global completion rate for the mandatory Code of Conduct e-learning modules was 95% in 2022.

Anti-bribery and corruption
Fugro does not condone any form of corruption or bribery and expects the same from all parties it conducts business with. Fugro promotes measures to avoid any such practices by:

- Creating awareness of corruption through training and direct communication with employees exposed to potential bribery and corruption risks
- Communicating Fugro's position with suppliers and third parties by means of the supplier and partner code of business principles
- The screening of (potential) business partners
- The Fugro speak-up procedure to report suspected (potential) violations.

Political donations and lobbying
In accordance with Fugro's Code of Conduct, no political donations were made. Fugro's limited lobbying activities are in the US only, where Fugro monitors and engages on federal legislative, regulatory and policy matters related to Fugro's core business activities. In general, these activities are in support of policies, regulations and appropriations that support the United States' climate mitigation goals and support Fugro's purpose.

Human rights
Fugro recognises its responsibility under the Universal Declaration of Human Rights to respect the rights of those affected by its activities, and to ensure that its business operations do not cause or contribute to human rights abuses. The company is committed to the Core Conventions of the International Labour Organization, outlining, among others, freedom of association and collective bargaining, fair working hours

and fair wages. The company has embedded these commitments in its policy on human rights and the supplier and partner code of business principles.
To date, human rights due diligence has been mainly focused on Fugro's own operations. In 2023, Fugro will further develop its supply chain ESG due diligence process. With the complexity of many suppliers across the large number of countries in which Fugro operates, this will entail a risk and impact-based engagement approach.

Fugro endorses the OECD Guidelines for Multinational Enterprises and in 2021 joined United Nations Global Compact, the world's largest corporate sustainability initiative. In 2022, Fugro published a communication on progress on the implementation of the principles of UN Global Compact. Executive responsibility for the implementation of the human rights policy lies with the General Counsel/ Chief Compliance Officer and with the Global Director Human Resources.

Speak-up procedure
Fugro's speak-up procedure forms an essential part of the company's compliance programme and is available to employees, contract staff and to any third parties, amongst others customers, suppliers and agents.
The procedure can be found on Fugro's website (for external reporters) and on Fugro's intranet in the company's most relevant working languages, including additional guidance and a webinar for employees and managers. It offers multiple channels for reporting a suspected violation of the Code of Conduct and/or of its underlying policies, and outlines the subsequent internal investigation process which is supervised by Fugro's corporate integrity committee.

One of the channels for reporting a suspected (potential) violation is Fugro's independent external

Speak-up reports

	2022	2021	2020
Total number of reports	**21**	9	34
(Partially) substantiated	**7**	1	11
Unsubstantiated	**8**	8	16
Undetermined[1]	**5**	0	7
In review	**1**	0	0

[1] Due to lack of information and absence of response during the investigation, usually by an anonymous reporter

reporting line, which is available on a 24/7 basis (www.Convercent.com/Report) both online and by telephone. Reports can be made in 50+ languages.
The Convercent system is operated by an independent third-party provider and the reported data is stored outside our company. The system allows reporters to report a potential irregularity in complete confidence and anonymously if so desired.

Fugro has a strict non-retaliation policy in respect of any party for raising any concern in good faith. All reports are treated confidentially and investigated promptly, properly and fairly. Fugro's corporate integrity committee investigates any allegations regarding a breach of the Code of Conduct and/or its underlying policies. This committee consists of the Group Director Human Resources, Director Internal Audit, General Counsel/ Chief Compliance Officer and the Global Compliance Manager, and reports to the CEO and CFO on any material matters. If a violation is determined, the committee advises on the appropriate remedial action. Fugro is committed to making necessary corrections and taking remedial action to prevent recurrence.

In 2022, through its corporate speak-up procedure, Fugro received 21 reports of a potential violation of Fugro's Code of Conduct or its underlying policies.

Reports pertain to instances of (perceived) harassment, bullying or unfair treatment, (perceived) accounting misrepresentation, (perceived) conflict of interest and/ or (perceived) safety concerns. All 21 reports received were properly investigated by the committee and, where necessary, appropriate organisational and/or disciplinary measures were effected. For one report the investigation is still ongoing.

Supplier and partner code of business principles
Fugro requires its suppliers and other business partners to adhere to sound legal and ethical business practices. Fugro uses its supplier and partner code of business principles to engage with its suppliers and partners to ensure they work in accordance with similar standards as Fugro. The Code is an integral part of the company's purchasing terms and conditions, and explicitly refers to the human rights policy, which includes fair working hours and wages.

Screening of business partners
Over the years, Fugro has entered into various joint ventures and other partnership agreements. To reduce possible compliance and operational risks, due diligence and monitoring procedures include screening of the parties involved in an appropriate database; this can be expanded to include background investigation by an independent expert agency.

Partnership agreements include compliance provisions relating to anti-corruption laws and audit rights.

In certain limited instances Fugro works with commercial agents. All commercial agents are screened by an independent expert agency at least every two years, or more often as appropriate. The standard Fugro agency agreement includes clear compliance obligations, guidelines regarding fee arrangements, regular reporting requirements as well as audit rights. Any agent relationship is closely monitored, and each agent must sign a compliance declaration once a year. At year-end 2022, Fugro worked with five commercial agents (2021: 5).

International sanctions
To ensure compliance with internationally imposed sanctions programmes, the company has a strict procedure in place in relation to working in sanctioned territories or with restricted entities/ individuals. Approval of Fugro's Board of Management and/or General Counsel/Chief Compliance Officer must be obtained prior to being able to tender for or perform work in sanctioned areas or with or for forbidden/ blocked businesses, groups or individuals. As part of the mandatory approval process a comprehensive compliance review is performed, taking into account the intended scope of work, third parties involved in the project and potentially applicable sanctions and other restrictions.

Fugro closely monitors the numerous international sanctions programmes imposed following the events in Ukraine to ensure it remains compliant. After the start of the war, Fugro ceased its limited operations in Russia.

Compliance monitoring
Annually, an extended group of senior management worldwide must fill out a declaration regarding compliance with the Code of Conduct and related policies and procedures. For the year 2022, 100% of these senior managers have submitted the completed form. Adherence to the Code of Conduct and its related policies and procedures, as well as the supplier and partner code of business principles, is also monitored by Fugro's internal audit department. The Director Internal Audit plays an integral part in investigations led by Fugro's Corporate Integrity Committee.

Data privacy and security
Building on its commitment to maintaining a high level of privacy standards around the globe, Fugro has a global Privacy Compliance Programme in place, including Global Privacy and Data Protection Principles. These set the global standard for Fugro with respect to the processing of personal data. The awareness of data privacy matters has increased over time, which is evidenced through the increasing number of requests for Data Protection Impact Assessments, consultation on possible data and/or security breaches, requests for specific data protection training and by advice being regularly requested on other data protection topics. In 2022, Fugro executed nine of these assessments.

In 2022, one personal data breach was reported to the Dutch Data Protection Authorities. This pertained to a small portion of Fugro's internal accounts that were compromised and used to initiate a phishing campaign.

Fugro is ISO 27001 certified in several of its key markets. In 2022, Fugro expanded its dedicated global information security team consisting of a governance and operations team. Due to the increasing dependency on information- and operational technologies, for instance due to remote operations, Fugro has invested in resources and technologies to reduce risks and respond timely and effectively to incidents. The focus of 2022 has been on executing the information security roadmap to improve Fugro's security posture, which included a cyber security awareness campaign. Information security management is on the agenda of the Board of Management, at least on a quarterly basis.

Taxation

General approach to tax
Fugro's approach to tax is guided by its company values: Fugro believes a responsible approach to tax is an integral part of operating a sustainable global business. Even though tax is a cost of doing business, it is equally a contribution to the countries and communities in which the company operates. Fugro's Code of Conduct amongst others covers responsible taxation, and any related issues can be addressed under Fugro's speak-up ("whistleblower") procedure.

To support the company's values, Code of Conduct and overall business strategy, Fugro has a tax strategy, approved by Fugro's Board of Management and the audit committee of the Supervisory Board, and a set of global tax principles, aimed at providing value through the delivery of high-quality tax services within boundaries of legal and tax frameworks. In addition, Fugro has committed itself to comply with the Dutch Tax Governance Code, which was introduced in 2022.

Accountability, tax governance and risks
Fugro's tax governance and management of related risks follows the overall risk management framework, as described in the risk management chapter. Fugro's tax function is embedded in both the first and second

line. The global tax department is equipped to support Fugro's global activities in an effective and compliant manner. By partnering with the business, the tax function identifies risks based on undertaken business activities. The correct treatment is applied through training, analysis and review by qualified staff, complemented by an extended tax function, represented by professionals across finance, business, procurement and human resources. External support is provided by a reputable global network of external advisers that follow professional standards. Where possible, pre-transaction clearances or rulings from the tax authorities will be obtained to mitigate risks or assure the tax outcome of transactions. Such rulings will noter be in contradiction with Fugro's global tax principles.

In the third line, tax compliance and tax controls are monitored by Fugro's internal audit department, based on its risk-based audit plan. The audit committee of the Supervisory board reviews, at least once a year, the tax strategy including financial impact, management of tax risks, valuation of deferred tax assets, status of compliance and tax implications of any acquisition or divestment. In addition, Fugro's global tax position and processes are included in the audit process of the external auditors, both on a local and consolidated group level.

Within the Fugro control framework, internal controls addressing risks related to tax and compliance with local and international tax laws and regulations are outlined. The in-control statement by the Board of Management is based on the effectiveness of Fugro's internal controls, including those relating to tax. In line with the principle that taxation is an integral part of doing business, no separate tax in-control statement is provided by the Board of Management. The auditor does not provide separate assurance on tax; compliance with relevant tax laws and related accounting is nevertheless a material item as part of the financial statement for which assurance is provided by the external auditors.

Fugro's presence and cross-border operations in a large number of countries expose the company to various complex tax jurisdictions and tax systems. These systems are constantly under development following initiatives from individual countries and organisations such as the OECD and the EU. Other developments arise from the economic environment; as tax is a crucial component of the financial budget of national jurisdictions, economic and geopolitical developments have a direct impact on the way fiscal regulations are designed and upheld. Accordingly, the global footprint and complexity of Fugro's business undertakings automatically result in potential tax risks, for which Fugro has a low risk appetite.

Based on likelihood and impact, Fugro has identified four key tax risks, for which it has mitigating actions in place:

- Impact of national and global tax developments.
  Actions: monitoring global developments and mitigating effects on an ongoing basis; educating business and other stakeholders on commercial effects of tax developments.
- Tax controversy: Adequate management of tax queries and tax audits
  Actions: maintain proper relation with tax offices; assure defendable filing positions; timely and complete input from business and support functions.
- Involvement of tax function in commercial bid proposal processes
  Actions: monitoring of proposal reviews following the authorisation matrix, including tax consultation in defined thresholds.
- Management of workload and costs associated with tax filings
  Action: engaging with network of reputable tax advisers; ongoing education and retention investments in groupwide tax function/ team and reliance on internal tax control framework; focus on financial and tax automation.

Compliance
Fugro prepares and files over 300 corporate income tax returns in more than 60 jurisdictions. Depending on regional or country specifics, these returns will be prepared in-house or by external consultants followed by Fugro review. Returns are based on complete, accurate and timely disclosures to all relevant authorities. If applicable, Fugro will claim tax incentives in the returns, but only if such incentives are openly available to comparable taxpayers.

Business structure
Tax effects are one of the components in the commercial process but ultimately only legitimate business considerations drive decisions. The commercial and operational focus of the group determines that Fugro does not undertake artificial tax planning and does not use tax havens for tax avoidance purposes. The specific definition of what Fugro classifies as a tax haven aligns with generally accepted indicators as provided by organisations such as EU and OECD.

Relationships with tax authorities and other stakeholders
Fugro maintains cooperative relationships with tax authorities in various jurisdictions, mitigating future disputes and uncertainty with potential financial, business and reputational effects. In The Netherlands,

for example, Fugro cooperates with the Dutch tax office in an open and transparent matter, although this is not formalised under an agreement. Another example is the United Kingdom, where Fugro cooperates with the tax office under the applicable business risk review process, with a variety of information exchanges between tax authorities and taxpayer; a process which recently resulted in a low risk classification.

Other interactions take place with external stakeholders, where Fugro's views are provided on interpretation or development of relevant legislative matters. This particularly applies to tax developments that have a close connection with Fugro's business specifics. In 2022, such interaction took place for instance on the anticipated implementation of Pillar 2 (global minimum tax level) and its impact on Fugro's maritime activities. The concept of the Dutch Tax Governance Code was discussed with VNO-NCW.

Stakeholders such as shareholders, analysts and other investors requesting background on Fugro's tax position are directly informed by Fugro's investor relations department, where needed supported by the global tax department. In addition, internal stakeholders such as management, other support functions and employees are regularly informed by the global or regional tax departments on relevant developments.

Reporting

For a detailed overview of tax positions, including narratives on material items and reconciliation of the effective tax rate of the group, please refer to note 18 of the financial statements. The tax charge per region is included under operational segment reporting in note 7 of the financial statements.

EU TAXONOMY REPORTING

The EU Taxonomy-Regulation as part of the EU Action Plan on Sustainable Finance is aimed at directing investments towards sustainable projects and activities. This regulation serves as a standardised and mandatory classification system to determine which economic activities are considered as 'environmentally sustainable' in the EU.

The EU Taxonomy-Regulation identifies the following six environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restauration of biodiversity and ecosystems.

A distinction is made between Taxonomy-eligibility and Taxonomy-alignment. An activity can be considered eligible when it is described in the Delegated Regulations of (EU) 2020/852. To assess whether the activity can also be considered Taxonomy-aligned or 'environmentally sustainable', an additional evaluation must be executed to identify whether the specified technical screening criteria in the Delegated Regulations are met.

This year's reporting requirement covers eligibility and alignment for the available two of the six environmental objectives: climate change mitigation and climate change adaptation. The Technical Screening Criteria for the remaining four environmental Taxonomy objectives are expected to become applicable for financial year 2023.

The regulation is complex and Delegated Acts are still under development. On 15 July 2022, the EU Taxonomy Climate Complementary Delegated Act was published. This act sets down the strict technical screening criteria in order for an economic activity involving gas or nuclear energy to be classified as environmentally sustainable. The Platform for Sustainable Finance published several reports with recommendations on a variety of topics for the European Commission to consider in the Delegated Regulations. Further guidance is needed for the application methodology of certain topics, such as enabling activities, as also highlighted by the Platform on Sustainable Finance in recent reports.

Having completed the eligibility assessment last year for climate change mitigation and climate change adaptation, Fugro performed the following alignment screening steps. Several workshops were held with key local and global product owners and group level senior management. The workshops were used to determine whether Fugro has an instrumental role in the target activities and projects meeting the substantial contribution and 'do-no-significant-harm' criteria.

Fugro is a key enabler in climate change mitigation and climate change adaptation. Fugro helps its clients make a substantial contribution to one or more of the Taxonomy's six environmental objectives. Fugro enables clients to qualify their economic activities (for example in the energy transition) as 'environmentally sustainable'.

The EU Taxonomy alignment criteria encompass 'substantial contribution' to one of the environmental objectives, 'do no significant harm' to the other environmental objectives, and compliance with 'minimum social safeguards' in the value chain of the activity. Fugro has assessed all three alignment criteria for its Taxonomy eligible activities. Fugro's activities in renewable energy enable the energy transition and as such Fugro considers these activities to make a substantial contribution to climate change mitigation. However, In the client value chain, Fugro has limited possibilities to assess whether the 'do-no-significant-harm' and 'minimum social safeguards' criteria are met. Fugro's Taxonomy-eligible activities relate mainly to site characterisation work performed for offshore wind farms, which are built (much) later by the client and other parties further down the value chain. The information necessary to determine whether the 'do-no-significant-harm' and 'minimum social safeguards' criteria are met is not available during the stages that Fugro is involved. Even if such information does become available (much) later, it is produced and used by the client and other parties further down the value chain.

For Fugro's own operations, policies and procedures are in place to prevent or minimise any significant harm to the environment and safeguard minimum social safeguards in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
To date, human rights due diligence has been mainly focused on Fugro's own operations. More information on Fugro's ESG approach can be found in the Group performance -compliance chapter. In 2023, Fugro will further develop its supply chain ESG due diligence process. In the client value chain, Fugro has limited possibilities to assess whether the 'do-no-significant-harm' and 'minimum social safeguards' criteria are met.

There is a lack of interpretative guidance and unclarity on how to apply the EU Taxonomy Regulation to these enabling activities. As a result, Fugro cannot make an informed assessment on whether its own activities are Taxonomy-aligned. Therefore, Fugro reports zero % of its economic activities to be Taxonomy-aligned.

Fugro actively monitors the developments regarding this regulation and evolving market practices. This may lead to changes in interpretation and changes in disclosures.

Application

Revenue

The turnover KPI is calculated by the proportion of revenue derived from products or services that are Taxonomy-eligible. The denominator for the turnover KPI corresponds to the total revenue in the consolidated statement of comprehensive income for the year ended 31 December 2022 (EUR 1,766 million).

Based on Fugro's market segmentation and a detailed analysis of the underlying activities, the company has allocated the related revenue to the Taxonomy-eligible economic activities as follows:

Revenue

	2022	2021
Taxonomy eligible	30%	25%
Non-eligible*	70%	75%
Total (X EUR million)	**1,766**	1,462

* Revenue reported as unassessed in prior year has been restated to non-eligible

Eligible activities relate to climate change mitigation and primarily consider the renewables market segment, where Fugro's services and solutions enable the development of offshore wind farms which are a key contributor to the energy transition by generating electricity from renewable sources supporting climate change mitigation. The taxonomy category is predominately 4.3 'Electricity generation from wind power'. The percentage of taxonomy eligible activities is therefore primarily driven by the respective share of revenues that relate to the renewables market segment. A reconciliation was made to the total reported revenue to avoid double counting.

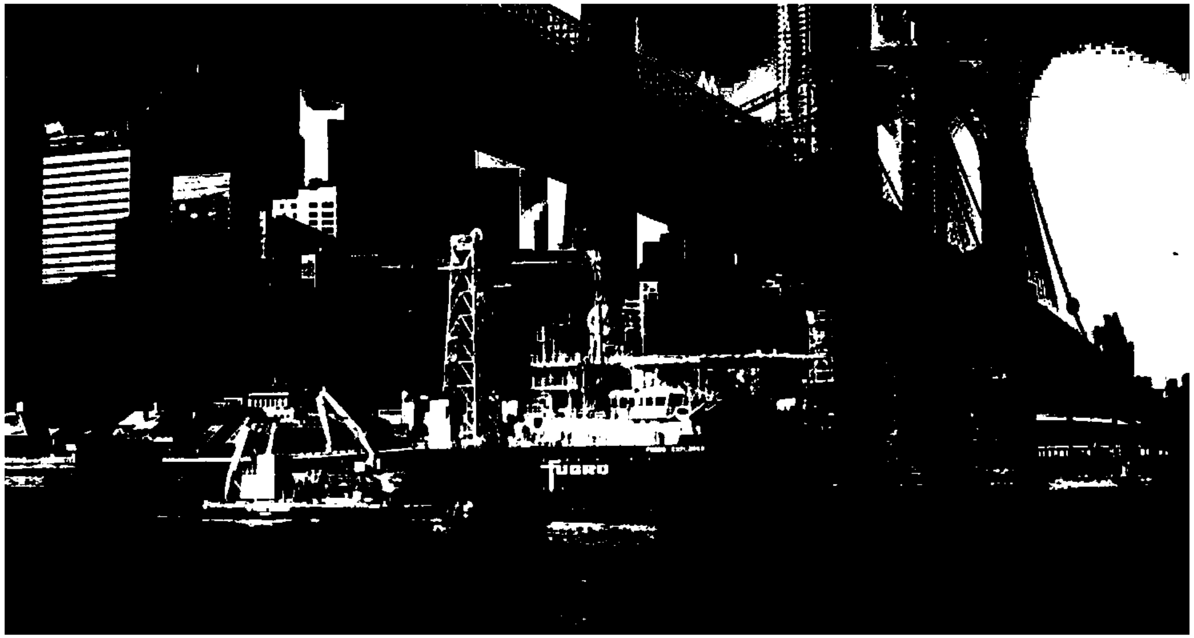
Based on further analysis in 2022, Fugro also considers activities related to coastal protection and flood control as eligible in the taxonomy category '9.1 Engineering activities and related technical consultancy dedicated to adaptation to climate change' (comparative figures have been restated). These activities are primarily reported in the water market segment. However, reliable actual revenue data on this lower level is not available on a consolidated level, partly because economic activities in this market segment may be multi-purpose and thus not exclusively related to climate change adaptation. Hence, these economic activities are excluded from eligible activities in the above table. The impact is considered not material. In 2022, 4% of Fugro's revenues related to the water segment. In 2023 we will continue to work on our reporting processes, as part of more extensive preparation for upcoming reporting requirements including CSRD.

In 2022, 37% (2021: 39%) of Fugro's revenue was generated from the oil and gas market segment. Activities supporting the development and production of fossil fuels do not qualify as eligible under the Taxonomy. This revenue is therefore reported as non-eligible. It is noted that meeting the short-term energy demand requires an energy mix which includes fossil fuels, in particular natural gas. Our solutions enable clients to keep their existing oil and gas assets operating in a safe, sustainable and reliable way. Fugro is committed to executing its activities in the most sustainable way, using state of the art technologies with a strong focus on significant reduction of our own carbon emissions. Fugro supports the ambition to work towards a net-zero Europe by 2050 and targets 'net zero' carbon emissions from its own operations by 2035 (scope 1 and scope 2).

Capex
Capital expenditures considered for Taxonomy purposes (Taxonomy-Capex) comprise additions to property, plant and equipment, additions to intangible assets and additions to right-of-use assets (see notes 19, 20 and 21 of the consolidated financial statements. Additions to goodwill, if any, are not considered. Capital expenditures are reported as eligible when these are related to assets or processes associated with the EU Taxonomy eligible activities. Capital expenditures are reported as aligned, when these are related to assets or processes associated with the EU Taxonomy aligned activities, part of the Capex-plan, or related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that such measures are implemented and operational within 18 months.

For 2022, 38.2% out of total Taxonomy-Capex (non-IFRS performance measure; reference is made to the reconciliation of non-IFRS performance measures and glossary) of EUR 186.3 million (2021: 42.6% out of EUR 103.4 million) is considered eligible. Capital expenditures that are classified as eligible predominately relate to climate change mitigation and the Taxonomy category '6.12. Retrofitting of sea and coastal freight and passenger water transport' and include investments in vessels such as dry-docking and investments in uncrewed vessels (USVs). USV operations increase safety by removing personnel from high-risk offshore environments and reduce carbon footprint by over 90 % compared to traditional survey methods.
A reconciliation was made to the total reported additions to property, plant and equipment, additions to intangible assets and additions to right-of-use assets to avoid double counting.

For 2022, zero percent of capital expenditures is reported as taxonomy aligned. As already disclosed last



year, it is expected that alignment is significantly below the percentage of eligibility, as for example regular maintenance capex does not meet the specified technical screening criteria. To reach net zero carbon emissions from its own operations, Fugro will continue to invest in decarbonisation of its vessels and equipment, and the procurement of green energy. A significant part of these future investments is expected to classify as Taxonomy-aligned. It is noted however that Fugro's asset base, including its vessels and USVs, is generally sector-agnostic and while increasingly serving the renewables market segment, these assets can also be directed to serve customers in traditional energy markets, which might limit the percentage of investments that may qualify as aligned.

Opex
Operating expenditures considered for Taxonomy purposes (Taxonomy-Opex) comprise direct non-capitalised costs recorded in the consolidated statement of comprehensive income that relate to R&D, building renovation measures, short-term lease, maintenance and repair (excluding expenses reported as Cost of Sales), and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. Operating expenditures are reported as eligible when there are related to assets or processes associated with the EU Taxonomy eligible activities.

Total Taxonomy-Opex amounts to EUR 171.9 million, or 10.9% (2021: EUR 142.3 million and 10.6%) of total operating expenditures, comprising of costs of suppliers, personnel expenses and other expenses as specified in notes 10, 12 and 16 of the 2022 consolidated financial statements. A reconciliation was made to the financial administration to avoid double accounting. Since the costs included in the Taxonomy-Opex are not separately disclosed in the consolidated financial statements, no reconciliation is provided. No opex is reported as Taxonomy eligible or aligned. The % of Taxonomy eligible or aligned opex is not expected to be material at this stage. Operating expenditures that are expected to qualify as eligible include innovation expenditures related to solutions for climate change mitigation and adaption.

Next steps
During 2023, Fugro will proceed with the assessment and implementation of the related Taxonomy reporting requirements in internal processes, which may include the remaining four environmental objectives, depending on whether they become effective, as well as including an impact assessment of the EU Taxonomy Climate Complementary Delegated Act. This includes the further consideration of the Platform on Sustainable Finance's Recommendations on Data and Usability (28 October 2022) in the context of Fugro's enabling activities. Fugro will further review all of the company's activities and implement internal data-collection and reporting processes in line with the requirements of the EU Taxonomy.

SUSTAINABILITY REPORTING PRINCIPLES

Reporting framework
This board report has been prepared according to the legal requirements of section 2:391 of the Dutch civil code, including the Decree on the content of the board report, the Dutch Corporate Governance Code and the Decree on disclosure of non-financial and diversity information. The information in this report on Fugro's approach to managing climate risk follows the recommendations provided by the Task Force on Climate-Related Financial Disclosures (TCFD) and the EC Guidelines on reporting climate-related information. Fugro's reporting has been guided by the reporting principles from GRI 1: Foundation 2021 as issued by the Global Reporting Initiative. Fugro has applied the principles for defining report content (stakeholder inclusiveness, sustainability context, materiality, and completeness) and the principles for defining report quality (accuracy, balance, clarity, comparability, reliability, and timeliness) in the preparation of the sustainability information. Moreover, the report has been informed by the value creation concept and the content elements of the Integrated Reporting Framework.

Fugro is preparing for reporting in line with European Sustainability Reporting Standards, as will be required from reporting year 2024 under the Corporate Sustainability Reporting Directive.

Scope & consolidation
This report covers the activities of Fugro N.V. and its subsidiaries for the period from 1 January to 31 December 2022. The scope for human resources (HR) data and health, safety, security and environmental (HSSE) data including GHG emissions is based on the principle of operational control. For entities under operational control, 100% of HR, HSSE and GHG emission data is included irrespective of percentage ownership. The vessel GHG emissions of Seabed Geosolutions have been included up to the divestment in June 2021. HR and HSSE data have always excluded Seabed Geosolutions. The scope for the number of employees is the financial consolidation scope. The difference between the operational control scope and the financial control scope concerns three joint ventures where Fugro has operational control but no financial control.

Reporting process and controls
The Board of Management is responsible for the contents of the integrated annual report. Director Investor Relations coordinates the board report and collects information from departments, group strategy & communication, safety & sustainability, human resources, and compliance. The Board of Management thoroughly reviews the contents before signing off.

Health and safety data are extracted from the global HSSE system, HR data from the global HR system Workday. Fugro's subsidiaries report their fuel and renewable/ non-renewable electricity consumption and related scope 1 & 2 emissions in the group's consolidation system. CO_2 emission data from vessels is collected via the digital operational management environment. Each of these systems is operated with checks and balances to safeguard data quality.

The group safety & sustainability team safeguards that the non-financial data from different source systems is consistent with the indicator definitions.

Assurance
Fugro's auditor has reviewed the reported performance for absolute GHG emissions scope 1, 2 and 3, and the KPIs that are part of Fugro's sustainability-linked financing framework: Vessel emission intensity, Percentage of women in senior management, and Revenue in the renewables market segment. Refer to the limited assurance report of the independent auditor.

KPI definitions

Greenhouse gas emissions
Fugro follows the Greenhouse Gas Protocol reporting standard and applies the operational control approach to set organisational boundaries for GHG accounting purposes. The majority of Fugro's scope 1 emissions comes from the consumption of marine gas oil (MGO) of its vessels, including third party chartered vessels of which Fugro has operational control. Other scope 1 emissions are caused by fuel consumption of cone penetration testing trucks, vehicles and the operation of rigs and other assets. Scope 1 emissions are calculated by multiplying the fuel consumption in the period with the applicable CO_2 equivalent conversion factors for MGO, diesel, gasoline and aviation fuel, as published by the UK government Department for Business, Energy & Industrial Strategy.

Scope 2 emissions largely come from electricity consumption of Fugro's offices, laboratories and other facilities. Fugro applies the market-based method to calculate scope 2 emissions, meaning that contractual instruments are considered. Fugro collects activity data of electricity, steam, heat and cooling per entity and applies the market-based emission factor hierarchy: energy attribute certificates such as Guarantees of Origin and Renewable Energy Certificates, electricity contracts, supplier specific emission factors, regional and national grid-average emission factors. In addition, through CDP Fugro reports a scope 2 total based on the location-based method.

Scope 3 emissions relate to upstream emissions and investments; other downstream emissions are negligible. Following the Greenhouse Gas Protocol, Fugro's scope 3 emissions are categorised as purchased goods and services, fuel and energy related emissions (not included in scope 1 or 2), capital goods, upstream transportation and distribution, waste generated in operations, business travel, employee commuting and investments. The other scope 3 categories are not material when considering Fugro's operations and services. Activity data combined with relevant emission factors published by the UK government were used to calculate emissions from fuel and energy related emissions, business travel, employee commuting and (partly) investments. The spend-based method was applied for the other categories, using WIOD emission factors.

Vessel CO_2 emission intensity
CO_2 emissions from fuel combustion of the vessels, both owned and chartered, in tonnes of CO_2 per operational day. An operational day is when the vessel is being used for actual business-related project work, including project related transit, preparation and testing. Other operational days include transits (port calls or repositioning of the vessels between regions), calibration and tests. The notion of operational is irrespective of project contractual or client definitions or interpretations and is not linked to actual agreed contractually paid days. For each vessel, the fuel consumption (on both operational and non-operational days) is multiplied with the density factor (source: Bunker Delivery Note) and the CO_2 emission factor (source: latest edition of the International Maritime Organisation (IMO) GHG studies). The outcome is total CO_2 emissions in the period per vessel. The sum of total CO_2 emissions for all vessels is divided by the sum of operational days for all vessels.

Share of energy consumption in Fugro offices from renewable sources
Part of the electricity consumption in Fugro offices from renewable sources such as solar, wind, hydro, thermal and tidal energy. This includes renewable energy generated on Fugro sites, renewable energy purchased via contractual instruments and electricity consumption in countries where the grid energy mix consists (almost) only of renewable sources.

Lost time injury frequency (LTIF)
Sum of injuries resulting in fatalities, permanent total disabilities and lost workday cases per one million exposure hours. A lost workday case is a work-related injury or illness which results in a person being unable to perform their normal work or restricted work on any day after the day on which the injury /illness occurred.
LTIF covers both employees and contractors in all Fugro's activities.

Total recordable case frequency (TRCF)
Sum of injuries resulting in fatalities, permanent total disabilities and lost workday cases, restricted work cases and medical treatment cases per one million exposure hours. TRCF covers both employees and contractors in all Fugro's activities.

Serious vehicle incident frequency
Sum of work-related vehicle incidents per 1 million kilometers driven, which have resulted or could possibly have resulted in a fatality, permanent disability, lost workday case, restricted workday case or medical treatment case.

Number of employees
- Number of employees in full-time equivalents: per 31 December, excluding contingent workers.
- Number of employees headcount: per 31 December close of business, excluding contingent workers.

Percentage of female employees
Number of female employees as share of total number of employees, based on headcount per 31 December.

Percentage of women in senior management
Number of women in defined senior management positions as share of total number of defined senior management positions, based on headcount per the end of the reporting period. Senior management positions include the Board of Management, the Executive Leadership Team and key management positions.
Per 31 December 2022 close of business, this comprises 162 senior management positions.

Voluntary employee turnover rate
Total resignations divided by average headcount in the reporting year, covering all staff on an employment contract and excluding contingent workers.

Number of completed courses at Fugro Academy
Total number of courses completed by employees at Fugro Academy during the reporting year, including classroom, on site, online and virtual training.

Net promotor score
Net promoter score is a globally recognised measurement of client loyalty and satisfaction, taken by asking clients how likely they are to recommend Fugro to someone else, on a scale from 0 – 10 (lowest to highest score). Net promotor score is a representation of the percentage of promoters minus the percentage of detractors, and is expressed as a figure from -100 to +100. Those customers answering the above question with a 6 or lower are known as detractors and those with a score of 9 or 10 are promoters. Scorers of 7 or 8 are passives and not included in the calculation.

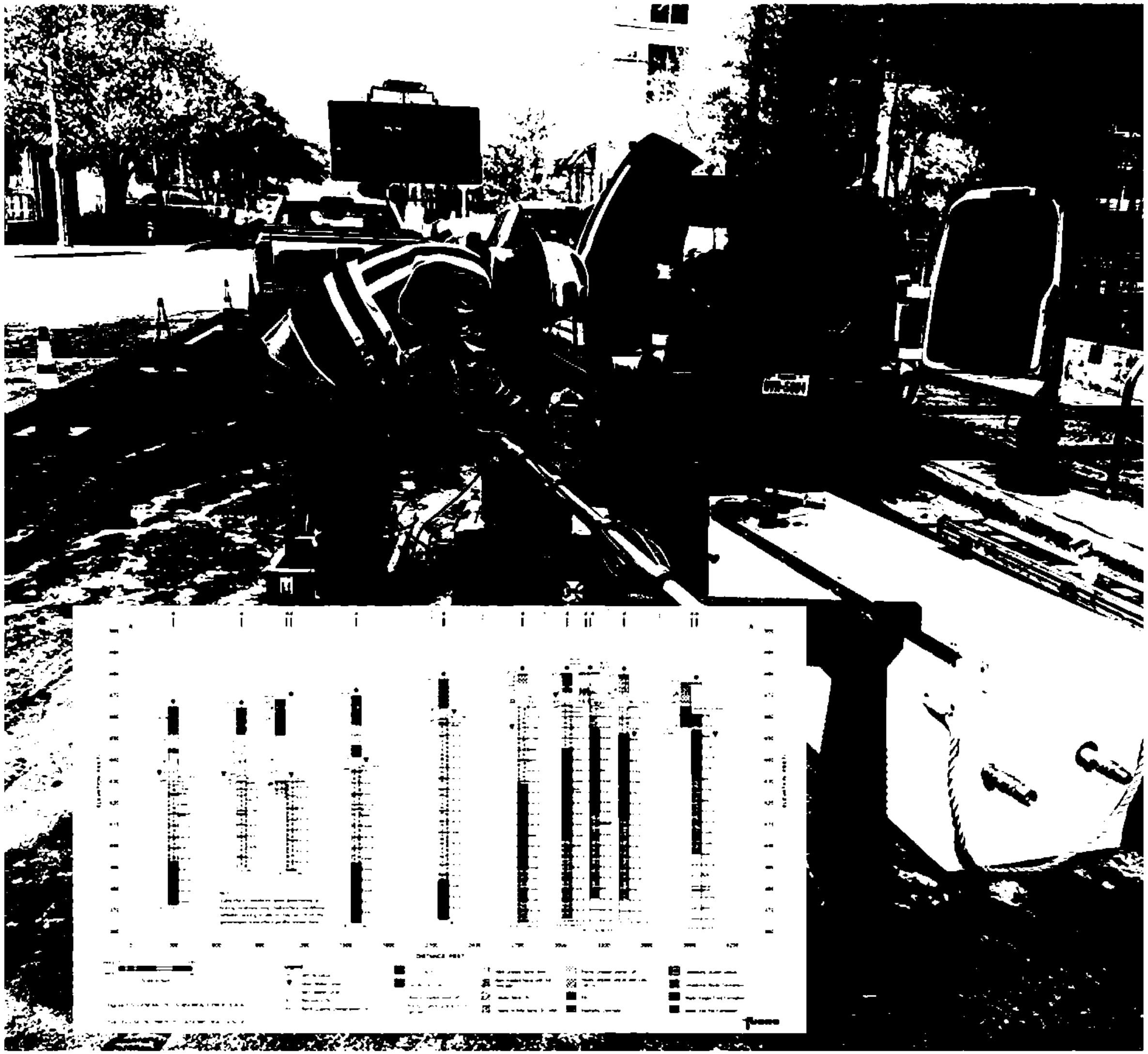
Number of alleged violations of Code of Conduct
All suspected violations of the Code of Conduct and/or of its underlying policies reported through one of the channels of the speak-up procedure during the reporting year. The speak-up procedure is available to employees, contract staff, business relationships and other stakeholders.

Remote operations centre (ROC) project hours
Number of offshore project hours managed from a remote operations centre. The number of offshore project hours is based on the number of working hours that would have been required if the project was managed from a vessel instead of remotely. The remote project hours allow Fugro to track the amount of traditional project hours that are replaced with safer and more efficient remote operations.

R&D spend as share of revenue
R&D spend consists of the operating expenses of Fugro's innovation centres, mainly personnel expenses. The R&D spend is related to total group revenue.

Renewables, infra and water as percentage of total revenue
Revenue in the market segments renewable energy, infrastructure, and water (nautical), as a percentage of total revenue.

Revenue in the market segment renewables
Revenue in the market segment renewables (in EUR million). This indicator represents Fugro's contribution to the energy transition. Fugro's activities in the renewable energy market segment are site characterisation and asset integrity solutions for renewable energy constructions. For Fugro this market segment consists mainly of offshore wind parks, but also includes onshore wind parks, solar farms, hydropower dams, and constructions to generate energy from tides, waves, and geothermal heat.



How to mitigate potential ground risks in the design of our tunnel?

Understanding and managing ground-risks is key when developing important infrastructure projects. We aim for our 'digital twins' and subscription-based portals to become the backbone of Geo-data based decision models throughout the life cycle of our clients' assets, with the ultimate goal of reducing overall costs and impact of development and operation.

Fugro recently completed a year-long site investigation for infrastructure solutions firm HNTB to support the safe design of a new light rail transit tunnel in downtown Austin, Texas. This tunnel aims to ease traffic congestion and support population and economic growth in the city.

To understand and mitigate potential ground risk in the tunnel design, Fugro characterised the site's soil structure, using a variety of site investigation methods. By delivering near real-time data to the client through Fugro's cloud-hosted web-based platform, collaboration and earlier decision-making was facilitated. This has enabled the team to overcome challenges associated with conducting fieldwork in a busy metropolitan area.

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON FUGRO N.V.'S SELECTED INDICATORS

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

Our conclusion
We have performed a limited assurance engagement on selected indicators in the annual report for the year 2022 (hereinafter: selected indicators) of Fugro N.V. at Leidschendam.

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected indicators are not prepared, in all material respects, in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report.

The selected indicators consist of:
- Greenhouse gas emissions (scope 1, 2 and 3) – as presented on page 50 in the annual report
- Vessel emission intensity owned and chartered vessels – as presented on page 50 in the annual report
- Revenue in renewable energy market – as presented on page 49 in the annual report
- Share of women in senior management positions – as presented on page 47 in the annual report

Basis for our conclusion
We have performed our limited assurance engagement on the selected indicators in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement on the selected indicators' section of our report.

We are independent of Fugro N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch code of ethics).

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

Reporting criteria
The reporting criteria used for the preparation of the selected indicators are the reporting criteria developed by Fugro N.V. and are disclosed in section 'Sustainability reporting principles' of the annual report.

The absence of an established practice on which to draw, to evaluate and measure the selected indicators allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Consequently, the selected indicators need to be read and understood together with the reporting criteria used.

Unassured corresponding information
No assurance engagement has been performed on the selected indicators:
- Greenhouse gas emissions (scope 1,2 and 3) for the periods prior to 2022.
- Vessel emission intensity owned and chartered vessels for the periods prior to 2020.
- Revenue in renewable energy market for the periods prior to 2021.

Consequently, the corresponding selected indicators for those periods are not assured.

Limitations to the scope of our assurance engagement
Our assurance engagement is restricted to the selected indicators. We have not performed assurance procedures on any other information as included in the annual report in light of this engagement.

The selected indicators include prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the selected indicators.

The references to external sources or websites are not part of our assurance engagement on the selected indicators. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of these matters.

Responsibilities of the board of management and the supervisory board for the selected indicators
The board of management is responsible for the preparation of the selected indicators in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report. The board of management is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.
In this context, the board of management is responsible for the identification of the intended users and the criteria being applicable for their purposes. The choices made by the board of management regarding the scope of the selected indicators and the reporting policy are summarized in in section 'Sustainability reporting principles' of the annual report.

Furthermore, the board of management is responsible for such internal control as it determines is necessary to enable the preparation of the selected indicators that are free from material misstatement, whether due to error or fraud.

The supervisory board is responsible for overseeing the reporting process of Fugro N.V.

Our responsibilities for the assurance engagement on the selected indicators
Our responsibility is to plan and perform our limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance obtained in a reasonable assurance engagement.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

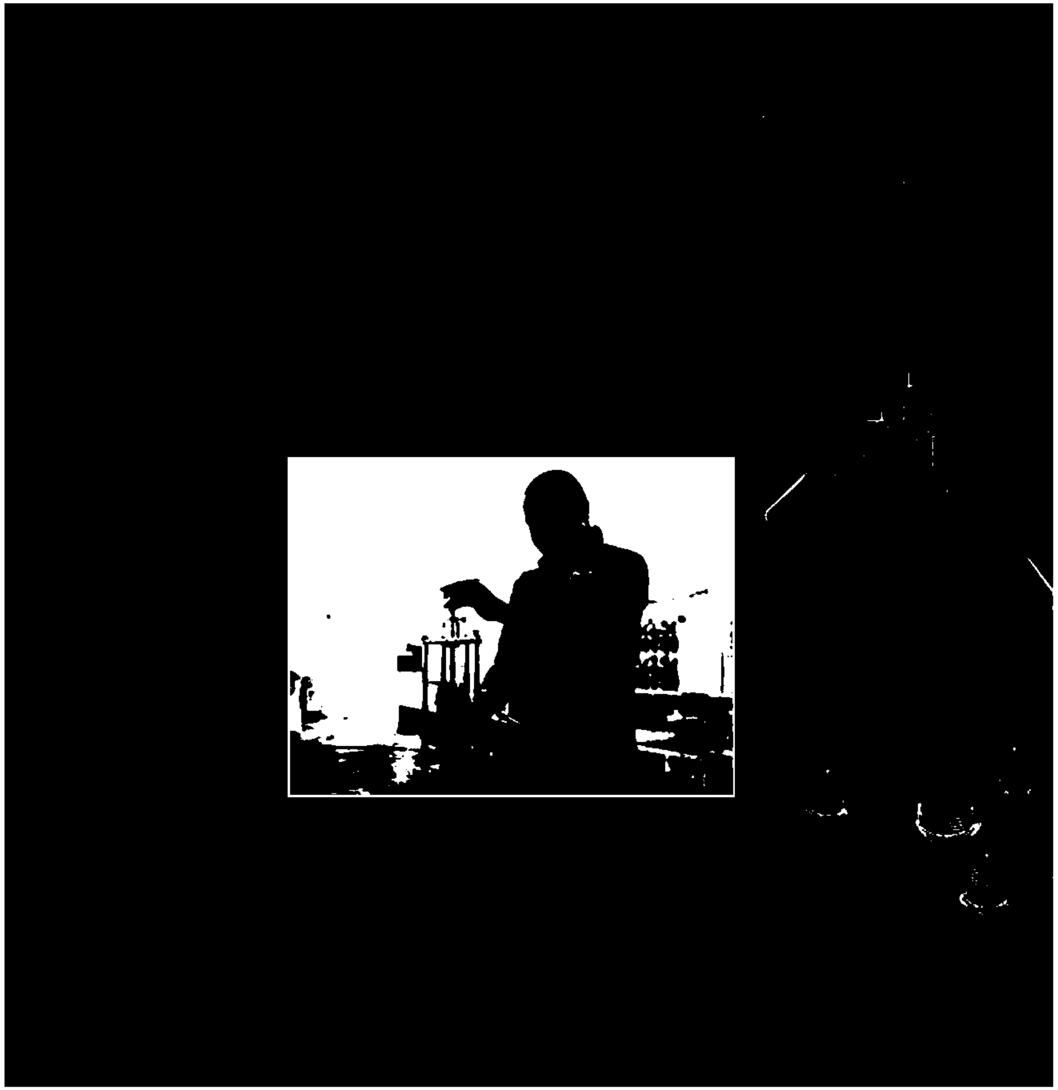
The procedures of our limited assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues, relevant laws and regulations and the characteristics of the company as far as relevant to the selected indicators
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures on the selected indicators. This includes the evaluation of the reasonableness of estimates made by the board of management
- Obtaining through inquiries a general understanding of internal control, reporting processes and information systems relevant for the preparation of the selected indicators, without obtaining evidence about implementation or testing the operating effectiveness of controls
- Identifying areas of the selected indicators with a higher risk of misleading or unbalanced information or material misstatements, whether due to error or fraud. Designing and performing further assurance procedures aimed at determining the plausibility of the selected indicators responsive to this risk analysis. These further assurance procedures consisted amongst others of:
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the selected indicators
  - Obtaining assurance information that the selected indicators reconcile with underlying records of the company
  - Reviewing, on a limited test basis, relevant internal and external documentation
  - Performing an analytical review of the data and trends
- Evaluating the consistency of the selected indicators with the information in the annual report which is not included in the scope of our assurance engagement

Amsterdam, 10 March 2023

Ernst & Young Accountants LLP

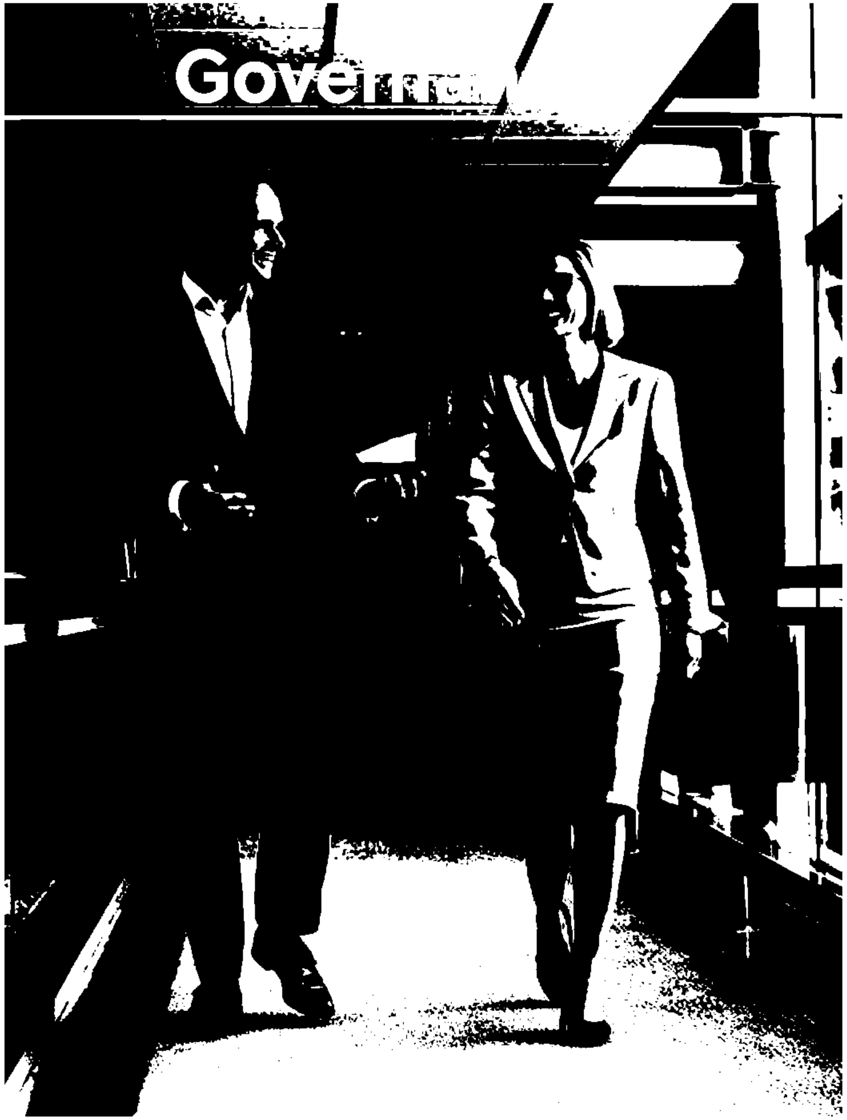
R.T.H. Wortelboer



Our Geo-data solutions play a key role in the energy transition, in particular through our site characterisations for offshore wind developments; a market in which we have been leading for 25 years already. In Europe, to date we have been involved in projects generating around 110 GW generation capacity, powering over 82 million homes.

In 2022, Fugro was awarded a major contract with Energinet, an independent public company under the Danish Ministry of Climate, Energy and Supply, for site investigations for their North Sea I offshore wind development.
With fieldwork set to start in 2024, Fugro's Geo-data will provide crucial insights on the seabed and sub-surface conditions, reducing uncertainty and helping installers make informed decisions on where and how best to position the turbines and cables. The fieldwork is expected to continue well into 2025, with further processing and laboratory testing to follow.
The resulting data will provide essential input for an optimised ground model for an optimised foundation design.

This award follows Fugro's involvement with Energinet's first of its kind energy islands throughout 2022.



BOARD OF MANAGEMENT

Mark R.F. Heine (1973)
Chief Executive Officer

Nationality Dutch
Employed by Fugro Since 2000. Joined Fugro's former Executive Committee in 2013 and appointed to the Board of Management in April 2015. Appointed CEO in October 2018
Current term Until AGM 2023
Background Mark Heine joined Fugro in 2000 and served in various positions, including geodesist on various onshore and offshore survey projects, managing director Africa, regional manager Europe-Africa, Director of the Survey division, Executive Committee member and division director. He holds a master's degree in Geodetic Engineering from Delft University of Technology. Mark is member of the board of directors and chair of Dutch marine contractor association IRO.

Barbara P.E. Geelen (1974)
Chief Financial Officer

Nationality Dutch
Employed by Fugro Since 2021. Appointed to Board of Management as Chief Financial Officer per May 2021
Current term Until AGM 2025
Background From 2014 until 2021 Barbara was CFO at HES International, one of Europe's largest independent bulk handling companies. Prior to that, she held various leading roles at ABN AMRO and has extensive experience in equity and high yield capital markets transactions, restructuring of companies and managing client teams, among others in the energy sector. She has extensive international experience. She holds a master's degree in Business from the University of Nijmegen.

Company secretary Paul Theunissen (1980)

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team includes the CEO and CFO.

Erik-Jan Bijvank (1969)
Group Director Europe-Africa
Nationality Dutch
Employed by Fugro since 2020

Erik-Jan has spent over 20 years with Stork, a Fluor Corporation company in several senior management roles both in the Netherlands and the UK. He holds a master's degree from Universiteit Twente and a Master of Project Management from Western Carolina University.

Céline Gerson (1972)
Group Director Americas
Nationality French/American
Employed by Fugro since 2021

Before joining Fugro, Céline served as Vice President Global Account Director for Schlumberger and President of Schlumberger Canada. Along with being a Harvard Business School Alumna, Céline holds a bachelor's degree from the European University of Brussels and a Juris Doctorate from the University of Houston.

Amar Umap (1972)
Group Director Asia Pacific
Nationality Indian
Employed by Fugro since 2017

Amar has worked for several multinationals, including Technip, Global Industries, McDermott International Inc. in Asia Pacific, India, Middle East and USA. He graduated from the Indian Institute of Technology, Kharagpur with a bachelor's degree of Technology in Civil Engineering and holds a Global Executive MBA from INSEAD.

Tim Lyle (1977)
Group Director Middle East & India
Nationality British
Employed by Fugro since 2006

Tim joined Fugro as an engineering geologist and project manager. He has since served in several management positions including country manager for Oman and the UAE and Regional Director of Europe. He holds a bachelor's degree in engineering from Camborne School of Mines, University of Exeter.

Erwin Hoogeveen (1968)
Group Director Human Resources
Nationality Dutch
Employed by Fugro since 2016

Previously, Erwin worked in various HR leadership roles with Seafox, CEVA Logistics, Dockwise, BMC Software and Getronics. He holds a BA in Human Resources Management from Avans Hogeschool in Breda.

Annabelle Vos (1978)
General Counsel/Chief Compliance Officer
Nationality Dutch
Employed by Fugro since 2016

Annabelle worked in private practice for 11 years at De Brauw Blackstone Westbroek, a Dutch law firm, in their M&A and corporate litigation practice groups. She holds a Master of Law degree from Leiden University and a Master of International Relations and International Economics from Johns Hopkins University.

Wim Herijgers (1975)
Group Director Development & Digital Transformation
Nationality Dutch
Employed by Fugro since 2014

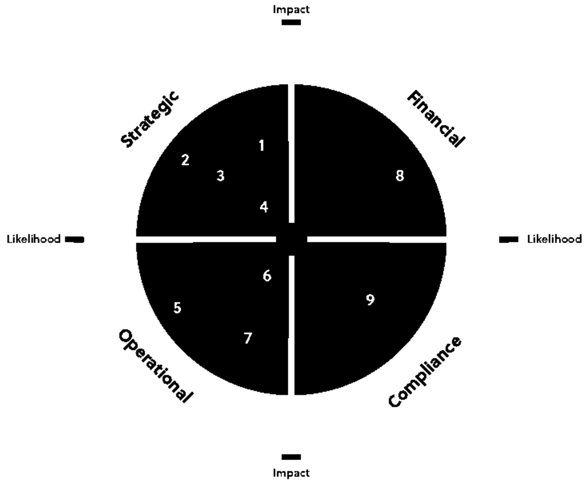
Before joining Fugro, Wim was Principal at the Boston Consulting Group for over 12 years. He holds an MBA from INSEAD and a master's degree in Electrical Engineering from Delft University of Technology.

RISK MANAGEMENT

The nature of Fugro's business reflects that the company is inherently willing to take risks while benefiting from opportunities. Taking managed risks is part of doing business, and therefore risk management is an essential element of Fugro's culture, corporate governance, strategy development, and operational and financial management. Management of risks and opportunities is a shared responsibility, with a combined local and groupwide approach. Fugro's current organisational risk profile is mainly related to Fugro's asset base, expertise and client solutions, serving clients across industries and geographies.

Fugro is willing to take certain risks associated with the execution of its core business, as it is sufficiently equipped to manage them. This occurs within the

Fugro's key risks



Strategic
1 Market exposure
2 Climate change
3 innovative capability
4 Employees and capacity

Operational
5 Health, safety and security
6 Project execution
7 Information security and technology

Financial
8 Cash generation

Compliance
9 Legal & regulatory compliance

The center implies higher impact and likelihood

Key risks at a glance

Risk category	Key risks	Risk description	Risk trend compared to prior year	Risk appetite
Strategic	1. Market exposure	Risk of market developments negatively impacting Fugro.	▲▼	
	2. Climate change	Climate change and the energy transition present both opportunities and risks for Fugro.	▲	
	3. Innovative capability	Risk that Fugro is not delivering new sustainable innovations meeting market demand.	▲	
	4. Employees and capacity	Risk that within the organisation insufficient talent is available to deliver Fugro solutions, now and in the future	▲	
Operational	5. Health, safety and security	Risk of health and safety and security incidents or exposure adversely impacting Fugro's people or business.	▲	
	6. Project execution	Risk of projects not delivered timely, within budget or with the required quality.	▲	
	7. Information security and technology	Risk that confidentiality, integrity and availability of data is compromised due to an information security incident and/or restricted availability of critical IT systems.	▲	
Financial	8. Cash flow generation	The risk of insufficient cash generation to fund future opportunities and growth.	▲▼	
Compliance	9. Legal & regulatory compliance	Risk of non-compliance with international and statutory laws and regulations in the jurisdictions in which Fugro operates; and/or risk of behaviour not in line with Fugro's values.	▲	

Legend: Risk appetite
Low · Moderately-low · Moderate · Moderately-high · High

Legend: Risk trend
▲ Increasing ▲▼ Stable ▼ Decreasing

boundaries of its expertise set by the Board of Management, supported by the Executive Leadership Team and under supervision of the Supervisory Board. These boundaries ensure that individual events will not result in disproportionate risks or missed opportunities for the entire company resulting in not achieving Fugro's strategic goals.

Fugro's risk management is aimed at supporting long-term value creation. It is designed to provide reasonable assurance that objectives are met by integrating management control into daily operations, ensuring compliance with legal requirements and safeguarding the integrity of the company's financial reporting and its related disclosures. Fugro's risk management framework is compliant with the Dutch corporate governance code.

To facilitate the risk identification and response process, Fugro identifies four risk categories: strategic, operational, financial and compliance. Risks may be interdependent, meaning that an increase in one risk (or category) may impact other risks and categories. The Board of Management and Executive Leadership Team continuously keep this in mind while assessing risks.

Risk appetite and sensitivity
Risk appetite refers to the level of risk that the Board of Management is prepared to be exposed to in pursuit of long-term value creation. Fugro's risk boundaries are driven by the company's culture, corporate governance and management systems, its expertise and strategic risk assessments. This is detailed in Fugro's values, Code of Conduct, policies and procedures and authorisation schedules. Fugro's risks are assessed as part of its quarterly risk management update and reporting process, in which risk levels are compared against the defined risk appetite. Fugro's risk levels, as well as its risk appetite, changes over time reflecting the company's strategic objectives, external factors and internal organisational changes.

In addition to the key risks mentioned in the table on page 70, other risks potentially impacting Fugro's market or financial position, as well as reputation, are closely monitored and discussed semi-annually by the Executive Leadership Team. Considered risks include geopolitical and macro-economic developments, biodiversity, business ethics and human rights. These risks influence Fugro's work environment and could therefore impact the implementation of Fugro's Path to Profitable Growth strategy.

Constant monitoring of the external environment and operating and financial results is required. Clarity and transparency are essential for assessing and evaluating risks, and are fundamental characteristics of Fugro's culture. Management throughout the company is bound by clear restrictions regarding representation and decision-making.

In 2022, internal control and risk management procedures were further embedded and structured within the organisation. Risks and the company's associated appetite and responses have been re-assessed by the Executive Leadership Team. During 2023, risk quantification will be further embedded in the organisation in order to increase the visibility of early warnings in case the estimated impact of a risk would exceed the defined risk appetite. This will further support Fugro's decision making processes.

Risk management framework
Fugro has a risk management framework in place to identify and manage risks and internal controls. This framework also assists with the identification of (missed) opportunities.

Fugro has adopted the so-called three lines model, whereby the first line relates to risk management being an integral part of day-to-day activities. Fugro's employees and in particular management have the obligation to obtain an appropriate level of understanding and training regarding their roles and responsibilities. Fugro expects that every employee complies with internal policies, procedures and guidance, and applicable laws and regulations.

The second line functions carries out various risk management and compliance activities by issuing guidance, providing support and monitoring the effectiveness of first line controls.

The third line consists of the independent internal audit department which reports to the Board of Management and the audit committee of the Supervisory Board on the structure, existence and effectiveness of risk management and internal control systems. In the second place, the internal audit department provides services to facilitate risk management activities.

In line with the control environment, Fugro's risk management governance is based on delegated accountability to those who are best placed to manage these risks and opportunities. Management with delegated authority (ie regional, business line, global support function and shared service centre management) is expected to performs periodic risk assessments. Risks are captured in Fugro's internal control framework and assigned for monitoring to an appropriate risk and action owner. Risk reporting takes place via multiple channels to the Board of Management and the Executive Leadership Team. The internal audit department supports the Board of Management in reviewing the periodic risk assessments and identified mitigating measures.

The Board of Management holds ultimate responsibility for risk management within Fugro and determines its risk appetite. The Board of Management reports to the audit committee on the risk management processes. The audit committee and the Board of Management receive independent information on risk management activities from the internal audit department. The audit committee reports their observations and findings to the full Supervisory Board.

Fugro's Three lines model

Supervisory Board

Board of Management/Executive Leadership Team

First line
Operations
Support functions

Seconded line
Global business lines
Regional business lines
Corporate functions
Risk

Third line
Internal audit

External auditor

Other assurance providers

Reporting line

Strategic risk

Fugro's Path to Profitable Growth strategy has associated risks, for which the company has management measures in place.

[redacted] ▲▼

Risk description	Main actions to manage risk
Fugro operates in competitive markets exposed to market volatility and economic cycles	■ Continued focus on further diversification with particular attention for non-oil and gas related growth markets (in particular renewables). ■ Scenario planning and monitoring contributing to forecasting and pro-active responses to market events.

[redacted] ▲

Risk description	Main actions to manage risk
For Fugro, the identified climate-related risks mainly concern consequences of not acting fast enough upon the transition to a low carbon economy. In addition, the implementation of net zero emission roadmaps will (initially) lead to higher cost levels throughout the value chain. At the same time, climate change offers opportunities to Fugro due to its exposure to climate change mitigation and adaptation solutions, and opportunities to differentiate with digital solutions which will lower the carbon footprint of Fugro and its clients.	■ Manage operations to maintain flexibility to shift assets to strategic growth markets (in particular 'renewables' and 'water'). ■ Client engagement about pricing impacts required for the implementation of Fugro's net-zero roadmap, in light of the resulting reduction in client's scope 3 emissions. ■ Ongoing monitoring of related risks and opportunities (according to the TCFD framework). ■ Increasing transparency in sustainability reporting, including on environmental performance.

[redacted] ▲

Risk description	Main actions to manage risk
Innovation is a key enabler of Fugro's strategic priorities, and there is a risk that investments relating to research and development will not deliver timely, new, sustainable technologies and commercial solutions. In addition, irrespective of Fugro's efforts to protect its intellectual property, competitors might develop similar or better solutions.	■ Further embedding of Fugro's innovation framework, combining and translating its deep understanding of clients' needs, market trends and competition into a differentiating innovation portfolio. ■ Leverage third party technology and resources, resulting in increased effectiveness of innovations. ■ Leverage technology in the field of visualisation, robotics, connectivity and advanced analytics in order to offer safer, faster and higher quality services with a significantly lower carbon footprint, reduced client delivery time and better client insights. ■ Continue to develop and roll-out value based pricing models and promote key innovations through Fugro's key accounts. ■ A dedicated team is in place to protect Fugro's intellectual property.

[redacted]

Risk description	Main actions to manage risk
Not being able attract and retain qualified employees impacts effective delivery of Fugro services and leadership within the organisation. Labour markets are very competitive, and the recent Covid-19 pandemic has impacted the choices that people make regarding their career paths. Therefore, keeping employees engaged and looking after their wellbeing is key for the future success of the organisation.	■ Assess employees’ satisfaction levels by performing regular engagement surveys resulting in clear actions. ■ Promotion of global career framework to create technical and functional development opportunities for employees in their professional careers. ■ Support hybrid working philosophy to proactively accommodate employees. ■ Support company values through the Fugro Values game and other tools. ■ Provide opportunities to employees, amongst others via Fugro’s dedicated diversity and inclusion policy and roadmap, training, leadership and expertise development and career opportunities.

Operational risk

For Fugro as a project organisation, its main operational risks are related to the execution of its projects.

[redacted]

	Main actions to manage risk
Fugro is subject to a variety of health and safety, risks, given the operational diversity, technical complexity and geographic spread of its operations.	■ Continued global roll out of HSSE initiatives and processes such as ‘3S Together’ safety programme, including centrally developed policies, strategies, standards, incident registration and management, performance indicators and targets. ■ Maintain certified management systems, such as ISO and ISM codes (or equivalent). ■ Regular safety trainings for all employees. ■ Proactive evaluation of all incidents and sharing of best practices across the company. ■ Keep business partners informed about Fugro’s HSSE management standards and the importance of adhering to these. ■ Active promotion of independent global employee assistance programme for employees and their families. ■ Ongoing roll-out of uncrewed operations, removing personnel from a high-risk environment to onshore remote operations centres.

[redacted] ▲▼

Risk description	Main actions to manage risk
Risks are mainly related to delivering services, project management and the impact of external events on operational performance. Downtime related to adverse weather, vessel or equipment breakdown, logistical complexities or availability of people or assets can significantly impact project performance. Inadequate project control due to time, knowledge or resource constraints, can cause unnecessary delays and serious damage to projects.	■ Strict adherence to Fugro's authorisation matrix, for approval for all projects and contracts above a certain threshold, risk or complexity. ■ A robust project delivery process, including risk assessments and monitoring regarding internal and external events. ■ Constantly considering the contracting rules and guidelines to structure projects with mandatory controls. ■ Roll out of trainings on technical aspects for relevant Fugro's staff. ■ Embed operational excellence, and drive optimisation and improvements in current processes and the implementation of new technologies. ■ Optimise standardised project management approach and actively share lessons learned across the regions. ■ Constantly improving performance dashboards providing continuous insight into project performance. ■ Implementation of global resource pools to manage allocation and utilisation of key assets. ■ Further standardisation and clear definition of roles and responsibilities within the organisation.

[redacted] ▲

Risk description	Main actions to manage risk
Fugro relies on a range of IT systems to manage its business, support operations and technological solutions. Information security incidents and the unavailability or restricted availability of critical IT systems present a risk, in particular related to a cyber-attack (e.g. phishing, malware), non-delivery by suppliers or an internal system failure. This could lead to loss of operational functionality and business disruptions	■ Maintaining a solid security IT infrastructure including advanced spam and internet filters, firewalls, policy-based access to the internet and tooling to monitor network and cloud usage. ■ Continuous monitoring of IT systems for contamination by viruses, malware or malicious content or behaviour. ■ Implementation of real time incident detection and response set-up for timely and effectively responses to incidents (e.g., phishing attempts and malware outbreaks). ■ Maintaining an experienced and senior global information security team. ■ Adherence to ISO 27001 standards in various of Fugro's key markets. ■ Ongoing creation of awareness for cyber security via multiple campaigns. ■ Comply with procedures demanded by insurers, including continuous monitoring and regular contact with Fugro's cybersecurity insurer. ■ Focus on further harmonisation of IT landscape.

Financial risk

Fugro has to fund its operations, which is done with a mix of equity and external capital (bank facilities and convertible bonds) and manages bank balances and receivables on different locations and in different currencies. Apart from the key financial risks presented below, Fugro also recognises risks related to development of interest rates. All these risks are mitigated with proportionate measures and monitored on different levels within the company.

[redacted]

Risk description	Main actions to manage risk
Insufficient free operating cash flow generation and ability to attract external funds and liquidity could negatively impact Fugro's ability to fund its growth and opportunities. In addition, there is a risk that customers or counterparties fail to meet contractual obligations, resulting in inefficient working capital management and access to short term funding.	■ Continuous focus on working capital across all regions. ■ Value based pricing and liquidity assessments during tendering and the various project phases to monitor any liquidity risks and act when needed. ■ Ongoing focus on timely collection of outstanding trade receivables and regular customer creditworthiness checks. ■ Implementation of financial scenario analyses to monitor liquidity. ■ Policy setting and management focus on value creation and cash flow generation ■ Strict capital allocation by implementation of a groupwide capital expenditure tool to structure and assess investment requirements and support long-term capex planning.

Compliance risk

Fugro is a multinational company, operating with multiple subsidiaries and branches in various countries. Apart from the key compliance risks presented below, Fugro also recognises compliance risks related to taxation, insurance, and intellectual property.

[redacted]

Fugro's global presence exposes the company to regional and local laws, regulation and business cultures, and related changes or new laws and regulations, for example in relation international sanctions. Fugro is also exposed to changing and challenging political and economic environments and environmental laws and regulations. This can impact the realisation of business opportunities. Other risks may include non-compliance with Fugro's Code of Conduct.	■ Code of Conduct adherence for all Fugro's employees, subcontractors and business partners to conduct business ethically and to comply with the law and regulations. ■ A mandatory Code of Conduct training for all new Fugro employees during onboarding. ■ Actively monitoring of agents and joint venture partners by the business with supervision from the legal and compliance department. ■ (Remote) trainings and workshops across the organisation with regards to ethical behaviour. ■ Fugro is acutely aware of and firmly responsive to the topic of climate change, and the related challenging political and economic business environment.

FINANCIAL REPORTING

Fugro operates in many parts of the world, sometimes differing in accounting policies and local reporting requirements. This exposes Fugro to the risk of reporting figures that are not in line with the group's IFRS framework. To mitigate this risk, a financial handbook and an accounting manual, containing detailed guidelines for the financial reporting, are available for all employees. Continuous guidance and support is delivered to senior management and controllers of all reporting entities.

The business plans of every reporting entity are translated into forecasts. Deviations from the forecast are reviewed on a monthly basis. Any unforeseen circumstances that arise, or any substantial deviation from the forecasts, must be reported immediately. The monthly reports submitted by the operational management include an analysis of the achievements versus the approved plans and a forecast for the coming periods, including actions to address any shortfall.

Fugro is implementing a groupwide integrated system to monitor and manage the business, including redesign and standardisation of applicable processes in order to optimise the way Fugro operates. The key business processes are validated by business and support functions. The aim of this global implementation is to contribute to and improve Fugro's business management and internal control environment. Every six months all managers and controllers of reporting entities sign a detailed statement regarding the design and operating effectiveness of financial reporting and internal controls.

Internal audit

The internal audit department assists the company with accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In the year under review, the department obtained its recertification for the coming five years from the Institute of Internal Auditors.

In 2022, the internal audit department performed a broad range of services, including (financial) project, organisational and process reviews. In total, 33 reviews took place during the year. Most of these reviews were performed onsite. The department is independently accountable to the audit committee of the Supervisory Board and participates and reports in each audit committee meeting (5 times per year). Additionally, the Director Internal Audit has direct access to the chair of the audit committee and CEO, and meets one a one-on-one basis with both of them at least quarterly.

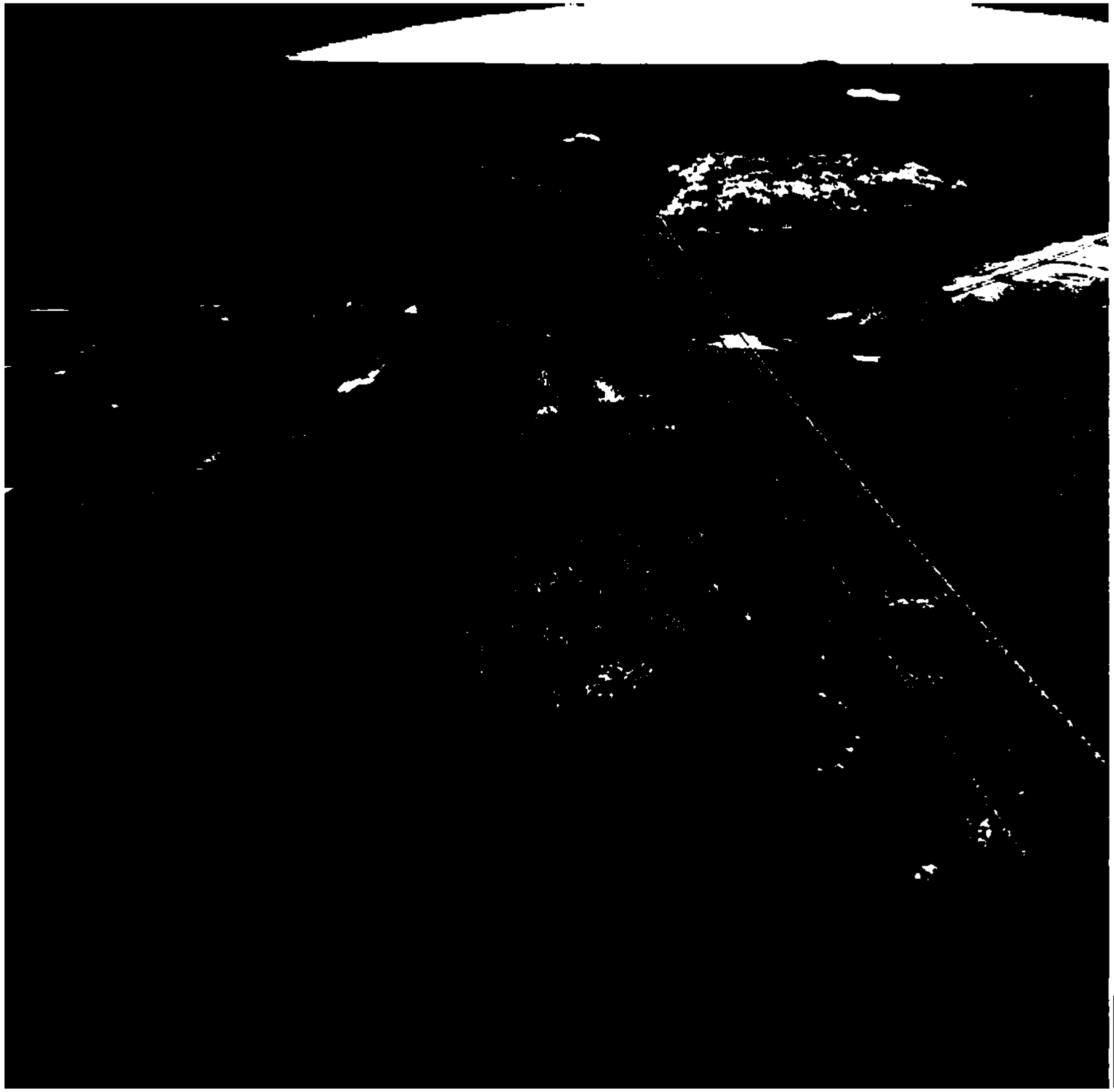
Close cooperation and alignment between the external auditor and internal audit department takes place on approach, scoping and outcome. The performance of the internal audit department is annually evaluated by the audit committee, assisted by the Board of Management.

External audit

The financial statements of Fugro are audited annually by external auditors. The audit is performed in accordance with Dutch law. As a matter of independence principles, the firm of the external auditor does not provide advisory services.
The performance of the external auditor is evaluated annually by the audit committee, assisted by the Board of Management. The audit committee advises the Supervisory Board on their proposal to the annual general meeting regarding (re)appointment of the external auditor. For specific information regarding the external audit, refer to the independent auditor's report on page 183.

Audit committee

The audit committee, one of the committees within the Supervisory Board ensures an independent monitoring of the risk management process from the perspective of its supervisory role, based on the risk appetite of the company. The committee focuses on the quality of the internal and external reporting, the effectiveness of the internal audits and the functioning of the external auditor. See 'Supervisory Board report – Supervisory Board committees' for further information on the audit committee.



How can we best plan preventative maintenance?

Fugro uses increasingly remote and real-time scanning, monitoring, analytics and data management techniques to assess and report on structural behaviour of electricity networks, railways, roads and bridges. With predictive modelling, we can identify vulnerabilities before they pose a risk with the ultimate goal of reducing overall costs of development and long-term operation of their assets.

Fugro has been awarded a new 4-year framework agreement to continue the collection of high-resolution aerial survey data for SP Energy Networks in the UK.

Fugro's ROAMES® virtual world asset management technology is used to update the existing 3D model of overhead power lines to help reduce the risk of power cuts, optimise operations and maintenance schedules, and improve overall safety. Fugro's award-winning technology combines innovative 3D mapping techniques with cutting-edge machine learning and cloud computing.

Fugro will survey SP Energy Networks' entire transmission and distribution network over an area of 45,000 line kilometres in Scotland, Merseyside and North Wales. This Geo-data will be included in a digital twin model for asset inspections that will reduce the number of on-site surveys and audits, and increase efficiency in vegetation and ground clearance management. ■

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

CORPORATE GOVERNANCE

ORGANISATIONAL STRUCTURE

Fugro N.V. is a public limited liability company under Dutch law. Fugro is also an international holding company. It has a two-tier board structure, consisting of a Board of Management and an independent Supervisory Board. The company also has an Executive Leadership Team, which consists of the Board of Management members and seven senior executives/ functional directors.

The Board of Management and the Supervisory Board have their specific role and tasks regulated by laws, the articles of association, the Dutch corporate governance code and the rules of these boards. The tasks of the Executive Leadership Team are regulated by the Board of Management and Execute Leadership Team rules.

Board of Management
The Board of Management is responsible for day-to-day management, continuity, goals and objectives, policies and results of the company. These responsibilities include long-term value creation for all stakeholders and integrating environmental and social factors into its strategy, policies and reporting.

The members of the Board of Management are appointed by the general meeting of shareholders for a maximum period of four years. The Supervisory Board determines the number of members of the Board of Management after consultation with the Board of Management. Board of Management members may be reappointed. The Supervisory Board appoints one of the members of the Board of Management as chair (CEO). The Board of Management shall divide its tasks among its members subject to the Supervisory Board's approval.

In accordance with the articles of association the Supervisory Board is entitled to make a (binding) nomination for every appointment to the Board of Management. The general meeting can overrule a binding nomination by a resolution adopted by an absolute majority of the votes cast, provided such majority represents more than one-third of the issued share capital. If this part of the share capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of the resolution to cancel the binding nature of the nomination, a new meeting may be convened at which the resolution may be passed by an absolute majority of votes, irrespective of the part of the capital represented at such meeting. On a non-binding nomination, the general meeting decides on the appointment with an absolute majority of votes.

The general meeting can dismiss or suspend members of the Board of Management. Such a decision, other than proposed by the Supervisory Board, requires at least two-third of the votes, representing at least half of the issued share capital. With regard to the overruling of the binding nature of decisions to suspend or dismiss members of the Board of Management or Supervisory Board, convening a second meeting pursuant to section 2:120, subsection 3, Dutch Civil Code is not permitted. The Supervisory Board may at any time suspend a member of the Board of Management.

During 2022, the members of the Board of Management have not been involved in transactions involving conflicts of interest for Board of Management which were of material significance to Fugro and/or to members of the Board of Management.

The Board of Management regularly, at least annually, evaluates its own and individual members' performance.

Executive Leadership Team
The Executive Leadership Team (ELT) consists of the two members of the Board of Management (CEO and CFO) and seven senior managers with clear accountability to deliver on all elements of the strategic plan. The four Regional Group Directors each focus on their own region. Key functional focus areas are covered by three other members: development and digital transformation, human resources, and legal and compliance. CEO Mark Heine is chairman of both the Board of Management and the ELT.

The ELT members assist the Board of Management in managing the company. The ELT is collectively responsible for the performance of the company and its business, the implementation of the strategy and group wide policies, systems and processes. It focuses on review of business results, functional and regional strategies, budget-setting, people and organisation. The Board of Management is responsible for ensuring its expertise and responsibilities are safeguarded in the context of the operation of the ELT.

Each ELT member is accountable to the Board of Management for the fulfilment of his/her duties and therefore reports to the Board of Management on a regular basis and in such manner as to give the Board of Management a proper insight in the performance of his/her tasks. The Board of Management remains fully accountable for the actions and decisions of the ELT and has ultimate responsibility for the general affairs of the company's business and the general affairs of the Group.

The size and composition of the ELT are subject to Supervisory Board approval. The ELT members, other than the members of the Board of Management, are appointed, suspended and dismissed as ELT members by the Board of Management, subject to approval by the Supervisory Board. The remuneration of ELT members, including short- and long-term incentives, other than for the members of the Board of Management is decided annually by the Board of Management, subject to approval by the Supervisory Board.

During 2022, the ELT held 24 meetings, of which 6 were held in person during multiple days and 18 via video conference. Information about the members of the ELT is provided on page 69 of this report.

At least annually, the ELT evaluates its own performance. The Board of Management regularly, at least annually, evaluates the performance of each ELT member, other than the members of the Board of Management. The CEO informs the Supervisory Board on the outcome of the evaluation.

Supervisory Board
The Supervisory Board supervises and advises the Board of Management and the ELT on the policies, management and the general affairs of Fugro, including the relations with shareholders. The Supervisory Board assists the Board of Management with advice on general policies related to Fugro and its business.
In fulfilling its responsibilities, the Supervisory Board is guided by the interests of Fugro and its stakeholders.

The environmental, social and governance aspects of Fugro's policies, operations and performance are an integral part of its supervisory duties.

Members of the Supervisory Board are appointed (and, if necessary, dismissed) by the general meeting for a maximum period of four years. The Supervisory Board consists of such number of members as shall be set by the Supervisory Board (currently six). In case of an appointment or reappointment of Supervisory Board members, the Supervisory Board profile will be observed. A Supervisory Board member may be reappointed once for a second period of four years, and subsequently reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of a reappointment after an eight-year period, reasons should be given in the report of the Supervisory Board.

For every appointment to the Supervisory Board and the Board of Management, the Supervisory Board is entitled to make a (binding) nomination. The general meeting can overrule a binding nomination by a resolution adopted by an absolute majority of the votes cast, provided such majority represents more than one-third of the issued share capital. If this part of the share capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of the resolution to cancel the binding nature of the nomination, a new meeting may be convened at which the resolution may be passed by an absolute majority of votes, irrespective of the part of the capital represented at such meeting. On a non-binding nomination, the general meeting decides on the appointment with an absolute majority of votes.

The Supervisory Board appoints one of its members as chair and one as vice-chair. The chair is assisted in his role by the company secretary.

The Supervisory Board has established four committees from amongst its members: an audit committee, a nomination committee, a remuneration committee and a technology committee. The function of the committees is to assist the Supervisory Board and to prepare decision-making.

The general meeting can dismiss or suspend members of the Supervisory Board. Such a decision, other than proposed by the Supervisory Board, requires at least two-third of the votes, representing at least half of the issued share capital. With regard to the overruling of the binding nature of decisions to suspend or dismiss members of the Supervisory Board, convening a second meeting pursuant to section 2:120, subsection 3, Dutch Civil Code is not permitted.

During 2022, the members of the Supervisory Board have not been involved in transactions involving conflicts of interest for Supervisory Board members, which were of material significance to Fugro and/or to members of the Supervisory Board.

The Supervisory Board regularly, at least annually, evaluates the performance of the Board of Management and its members individually.
The Supervisory Board discusses the conclusions of this evaluation, also in relation to the succession of members of the Board of Management. The evaluation takes place without the Board of Management being present. The Supervisory Board regularly, at least annually, also evaluates its own and the individual members' performance. The performance of the various committees is evaluated as well.

Further information on the internal proceedings governing the Board of Management, the ELT and the Supervisory Board, can be found on the website of Fugro.

Diversity Board of Management, ELT and Supervisory Board
Increased diversity will lead to a wider range of skills for better oversight and governance. Fugro has identified the diversity aspects of gender, nationality, location of residence, cultural background and qualifications (education and experience) as most relevant for Fugro, based on the nature and complexity of the business, the markets in which Fugro operates, and the diversity of its client base and employees. For the boards, these diversity aspects are considered when filling vacancies. Reference is made to the diversity policy for the Board of Management (which also applies to the ELT) and the Supervisory Board, and to the Supervisory Board rules (which contain the profile of the Supervisory Board), which are available on Fugro's website.

The Supervisory Board has set a gender diversity target for the boards of at least one-third female and at least one-third male members. This target is in line with the Dutch gender diversity act (Wet ingroeiquotum en streefcijfers) for gradual entry quota and target figures which came into force on 1 January 2022. In 2022, the Supervisory Board comprised of four male (66.66%) and two female members (33.33%). The Board of Management comprised of two members, one male and one female, and the ELT of six male (66.66%) and three female (33.33%) members.

In the longer run, gender diversity at the top should also come from a more balanced composition in terms of gender throughout the organisation. The Board of Management has set a target of 25% of the senior management positions to be held by women by 2025. For information about Fugro's groupwide diversity, equity and inclusion policy and roadmap, see page 47 of the Group performance chapter.

See pages 68 and 91 for the personal details of the members of the Board of Management and the Supervisory Board.

General meeting of shareholders
General meetings of shareholders are convened by the Board of Management or the Supervisory Board. Meetings can also be convened by shareholders who, individually or jointly, represent at least 10% of the issued share capital if authorised by the relevant Dutch court.

The powers of the general meeting are stipulated in legislation and in the articles of association of Fugro and can be summarised as follows: approval of decisions that would entail a significant change to the identity or character of Fugro or its business; appointment and dismissal of members of the Board of Management and of the Supervisory Board; adoption of the remuneration policies of the Board of Management and the Supervisory Board; approval of long-term incentive plans for the Board of Management; adoption of the annual financial statements; discharge of members of the Board of Management and of the Supervisory Board; approval of the profit appropriation in accordance with article 33 paragraph 7 of the articles of association; authorisation to repurchase or cancellation of shares, to issue shares (or to grant rights to subscribe for shares) and to restrict or exclude pre-emptive rights in respect of shares; and approval of decisions to amend the articles of association or to dissolve Fugro.

The annual general meeting is held within six months after the end of the financial year (often in April) in order to discuss the management report and the financial statements, any appointments of members of the Board of Management and of the Supervisory Board and any of the other topics mentioned above and as required by Dutch law. Extraordinary general meetings are convened as often as the Supervisory Board or the Board of Management deems necessary.

General meetings are chaired by the chair of the Supervisory Board. The Supervisory Board and the Board of Management provide the shareholders' meeting with all the information requested, unless there is a very good reason why providing the information would not be in the interests of Fugro.

Shareholders who, individually or jointly, represent at least 3% of the issued share capital may request to the Board of Management that items be placed on the agenda. Such requests need to be received in writing not later than 60 days prior to the meeting date.

CORPORATE INFORMATION

Capital structure

At 31 December 2022, the authorised capital of Fugro amounted to EUR 20,000,000 and was divided into:

- 180,000,000 ordinary shares, with a nominal value of EUR 0.05
- 200,000,000 cumulative protective preference shares, with a nominal value of EUR 0.05
- 10,000,000 cumulative financing preference shares, with a nominal value of EUR 0.05 each, which can be sub-divided into two series of 5,000,000 cumulative financing preference shares
- 10,000,000 cumulative convertible financing preference shares, with a nominal value of EUR 0.05 each, which can be sub-divided into two series of 5,000,000 cumulative convertible financing preference shares.

On 31 December 2022, the issued capital amounted to EUR 5,675,740,10 divided into 113,509,402 ordinary shares. No preference shares have been issued.
On 31 December 2022, all ordinary shares have equal voting rights (one share, one vote). There are no restrictions on the voting rights of the company's ordinary shares and preference shares (if issued).

Restrictions to the transfer of shares

The Board of Management's approval is required for each transfer of preference shares. The approval has to be requested in writing stating the name of the intended acquirer of the shares in question.There are currently no limitations either under Dutch law or the articles of association of Fugro to the transfer of ordinary shares.

Foundation Protective Preference Shares Fugro

The objects of Stichting Beschermingspreferente aandelen Fugro ('Foundation Protective Preference Shares') are to attend to Fugro's interests and of Fugro's businesses as well as the businesses of the entities that form part of the group, in such way that Fugro's interests and the interests of the relevant businesses as well as the interests of all parties involved, are safeguarded to the extent possible, and that Fugro and the relevant businesses are defended to the extent possible against factors that could negatively affect the independence and/or continuity and/or identity of Fugro and the relevant businesses, as well as all activities which are incidental to or which may be conducive to any of the foregoing.

The Foundation aims to achieve its objects independently from Fugro, by acquiring protective preference shares and by exercising the rights attached to such shares. In the articles of association of Fugro, the Foundation Protective Preference Shares has been granted the option to subscribe for up to the number of cumulative protective preference shares included in Fugro's authorised capital from time to time, provided that immediately following the issue, the number of protective preference shares issued may not exceed half (1/2) of the total number of shares issued and outstanding. The Foundation is in a position to achieve its objects – i.e. safeguarding Fugro and its businesses – autonomously, independently and effectively should the occasion occur. The Board of Foundation Protective Preference Shares operates completely independently from Fugro; for the composition of the Board see page 193.

When carrying out assignments, Fugro receives or can have access to clients' extremely confidential information. For this reason it is essential the company can safeguard its position as independent service provider. The main point of Fugro's protection against a hostile takeover depends on the possibility of Fugro to issue cumulative protective preference shares.
This protective measure shall be put up, especially in a takeover situation, when this is in the interest of Fugro to protect its independent service delivery and also in defining Fugro's position in relation to that of the raider and the raider's plans. It creates the possibility, when necessary, to look for alternatives. It will not be put up to protect the Board of Management's own position. Due to the uncertainty regarding the situations with which Fugro could be confronted, the use of this protective measure in circumstances other than those described above cannot be discounted.

Amendment of articles of association
A resolution to amend the articles of association of Fugro may be passed only on a proposal thereto of the Board of Management with the prior approval of the Supervisory Board

Insofar as a resolution to amend the articles of association brings about a change in the rights vested in the holders of protective preference shares or the holders of financing preference shares or the holders of convertible financing preference shares (currently no such preference shares are issued), such a resolution shall require the approval of the meeting of holders of protective preference shares or the meeting of holders of financing preference shares or the meeting of the holders of convertible financing preference shares, as the case may be. Fugro's latest articles of association are posted on the website.

Authorisation Board of Management regarding shares
Fugro regularly proposes to its shareholders to authorise the Board of Management to grant or issue (rights to acquire) shares and to repurchase own shares.
On 22 April 2022, the AGM authorised the Board of Management for a period of 18 months as from 22 April 2022 until 22 October 2023, subject to the approval of the Supervisory Board, to:

- cause Fugro to repurchase its shares in its own capital, up to a maximum of 10% of the issued capital at the date of acquisition, provided that Fugro will hold no more shares in stock than at maximum 10% of the issued capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the shares and not higher than 10% above the average of the closing price of the shares on Euronext Amsterdam for the five business days preceding the date on which the repurchase is made
- resolve on the issue of – and/or on the granting of rights to acquire up to 10% of the issued capital on 22 April 2022 of ordinary shares and/or all sorts of financing preference shares in which the authorised capital of Fugro is divided.
- limit or exclude pre-emption rights in relation to any issue or grant of (rights to acquire) ordinary shares and all sorts of financing preference shares in which the authorised capital of Fugro is divided as referred to under the second bullet.

Key agreements containing change of control provisions
Fugro differentiates the following categories of agreements as referred to in the Decree on Article 10 of the EU Takeover Directive:

- Fugro, directly and indirectly, has entered into a syndicate revolving credit facility (RCF), as well as a term loan. See for further details note 30.2/30.3 of the financial statements. The RCF and term loan agreements stipulate that in the event of a change of control of Fugro, the loans/amounts outstanding under these arrangements may become immediately due.
- Fugro has entered into a sale and lease back agreement regarding the geotechnical vessels Fugro Scout and Fugro Voyager. The documentation contains change of control clauses which could result, depending on various circumstances, in damages to be paid by Fugro. To secure availability of these vessels in the future, Fugro exercised its purchase options on 28 February 2022, and is currently investigating financing alternatives and structures with the lessor.
- In October 2017 Fugro N.V. issued EUR 100 million in subordinated convertible bonds. For further details see note 30.4 of the financial statements.
Both agreements contain a change of control clause which gives the holder of each bond the right to require Fugro to redeem that bond.
- Some joint venture agreements Fugro and Fugro subsidiaries have entered into contain change of control clauses, which agreements are in itself not considered key agreements within the meaning of the Decree on Article 10 of the EU Takeover Directive, but jointly they are considered significant.
- Fugro and Fugro subsidiaries have entered into various important agreements that contain clauses that in the event of a change of control the other party has the right to terminate the agreement. These agreements are in itself not considered key agreements within the meaning of the Decree on Article 10 of the Takeover Directive, but jointly they are considered significant.
- Long-term incentive plans with respect to unconditional options and conditional performance options and shares. The terms and conditions of the unconditional options stipulate that in the event of a restructuring of the share capital of Fugro or a merger of Fugro with any other legal entity, the option holder is entitled for every option to such securities, cash or other property as to which a shareholder of Fugro is entitled per share immediately prior to the restructuring or merger, unless the option period is shortened by Fugro. In the event of a restructuring of its share capital or merger with another company, Fugro may shorten the option period so as to terminate immediately prior to the time at which the restructuring or merger is effectuated. In the event that a public offer is considered hostile and such offer is declared unconditional, all options become immediately exercisable. The terms and conditions of the conditional performance options and shares contain more or less similar change of control clauses.

Termination of management service agreements resulting from public bid

Fugro has not entered into any agreements with members of the Board of Management that provide for a specific severance payment on termination of the services agreement as a result of a public bid within the meaning of section 5:70 or 5:74 of the Dutch Act on Financial Supervision. The agreements with the members of the Board of Management do – in accordance with the Code – provide for a general severance payment amounting to a maximum of one year's fixed base salary which in principle is applicable in the event of termination or annulment of the agreement unless this is for cause. This severance payment is also applicable when the termination is justified by such change of circumstances that the members of the Board of Management cannot reasonably be expected to continue the performance of their function/services as a statutory director of Fugro. This may be the case, for example, if Fugro is liquidated, is merged with or taken over by a third party, is subject to an important reorganisation or to a major change of policy. This severance payment is in addition to a three months' notice period for both parties.

COMPLIANCE WITH DUTCH CORPORATE GOVERNANCE CODE IN 2021

The Dutch corporate governance code (the Code) contains principles and best practices on the governance of listed companies and their accountability to their shareholders on this topic. Fugro is fully compliant with the Code. A full overview ('comply or explain'-report) of Fugro's compliance with the Code is posted on Fugro's website, as are the rules governing the internal proceedings of the Board of Management and Executive Leadership Team and of the Supervisory Board (including its four committees).

CORPORATE GOVERNANCE STATEMENT

This is a statement concerning corporate governance as referred to in section 2a of the decree on additional requirements for board reports (Besluit inhoud bestuursverslag) effective as of 1 July 2022 (the 'Decree'). The information required to be included in this corporate governance statement as described in sections 3, 3a and 3b of the Decree and in best practice provision 2.1.6 of the Code can be found in the following chapters, sections and pages of this annual report 2022 and are deemed to be included and repeated in this statement:

- The information concerning compliance with the Code, as required by section 3 of the Decree, can be found in 'Corporate governance'
- The information regarding Fugro's diversity policy for the Supervisory and Management Boards as required by section 3a sub d of the Decree and best practice provision 2.1.6 of the Code, can be found in 'Corporate governance'
- The information regarding the number of male and female members in the Supervisory Board, the Board of Management and in senior management positions as required by section 3d sub 1 of the Decree can be found in 'Diversity Board of Management, ELT and Supervisory Board'
- The information concerning Fugro's main features of the internal risk management and control systems relating to the financial reporting process, as required by section 3a sub a of the Decree, can be found in the risk management chapter'
- The information regarding the functioning of Fugro's general meeting, and the authority and rights of Fugro's shareholders, as required by section 3a sub b of the Decree, can be found in 'Corporate governance'
- The information regarding the composition and functioning of Fugro's Board of Management, the Supervisory Board and its committees, as required by section 3a sub c of the Decree, can be found in the relevant sections of 'Corporate governance' and 'Supervisory Board report'
- The information concerning the disclosure of the information required by the Decree on Article 10 EU Takeover Directive, as required by section 3b of the Decree, can be found in 'Corporate governance' and 'Fugro on the capital markets'.

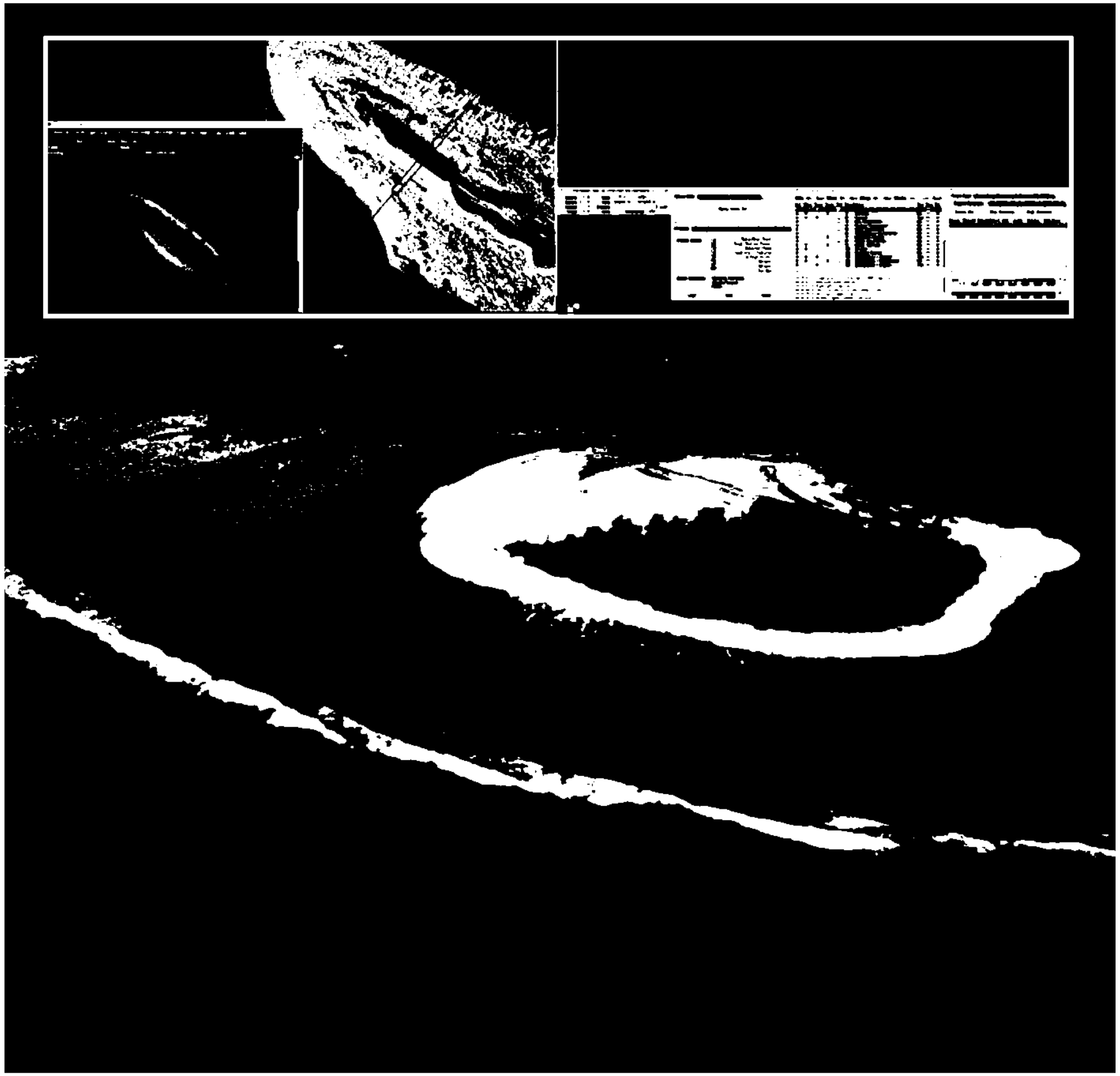
How safe are my coastlines and shipping routes in light of climate change and rising sea levels?

Fugro is offering integrated seabed mapping and coastal resilience solutions for safe shipping, coastline mapping and ocean science. This helps communities and asset owners to better analyse their climate related risks and available solutions.

Working with the National Maritime Safety Authority (NMSA) and with funding from the Asia Development Bank, Fugro recently completed a hydrographic survey to determine a safe channel through the Star Reefs Passage in Papua New Guinea.

The data will be used to support updated nautical charting and improved coastal zone management. Safer maritime activities that improve trade and tourism, as well as information to help manage the environment, will bring direct benefit to coastal communities.

To accomplish the work, the latest Fugro airborne lidar bathymetry system was deployed with a team of surveyors from both the NMSA and Fugro working together. The data was collected with minimal environmental impact on the sensitive reef environment or local marine activity. ■



FUGRO ON THE CAPITAL MARKETS

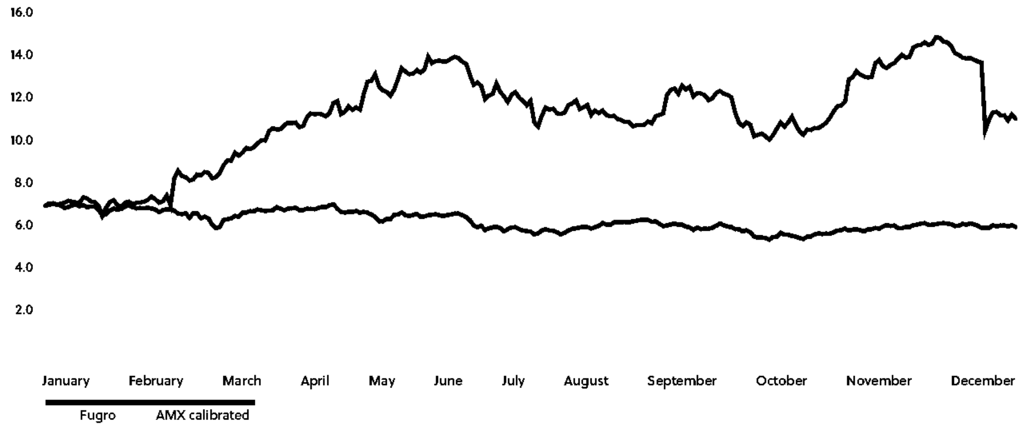
Investor relations policy
Fugro's investor relations policy is aimed at providing timely, complete and consistent information to existing and potential shareholders, other capital providers and its intermediaries. Fugro wants to enable them to develop a clear understanding of the company's strategy, activities, historical performance and outlook for the future. Fugro offers comprehensive information on its website and through presentations to and meetings with analysts, investors and media. Analyst presentations are accessible via webcast.

After the publication of the full year and half-year results, Fugro hosts meetings and/or calls with shareholders and other investors, in particular in the Netherlands, the UK, other European and North American capital markets. In addition, Fugro participates in relevant investor conferences. Fugro is currently covered by eight financial analysts.

These activities are carried out in strict accordance with the requirements of Euronext and the Dutch Authority for the Financial Markets. Fugro has a policy on bilateral contacts in place, detailing how information is provided to investors, analysts, financial institutions, the press and other stakeholders. For this policy and all other relevant publications such as press releases and presentations, see www.fugro.com.

Listing on the stock exchange
Fugro is listed on Euronext Amsterdam since 1992 (symbol: FUR/ISIN code: NL00150004A7) and is included in the midcap index AMX. Options on Fugro shares are traded on the European Option Exchange in Amsterdam (Euronext Life).

Development share price 2022 (x EUR)



AMX (Dutch mid cap index) calibrated to Fugro share price on 3 January 2022.

Trading information*

	2022	2021	2020	2019	2018
Shares outstanding (at year-end)	**113,509,402**	103,190,366	103,190,366	84,572,525	84,572,525
Year-end closing share price on Euronext	**11.20**	6.89	7.60	9.98	7.55
Market capitalisation (x EUR 1 million, year-end)	**1,271**	710	784	844	639
Average daily trading on Euronext (shares)	**525,395**	849,048	1,374,116	941,676	935,089

* 2018-2019 numbers have not been adjusted for the rights issue and 2:1 share consolidation, which both took place in December 2020

On 31 December 2022, Fugro had 113,509,402 shares outstanding. All shares have equal voting rights: one share gives one vote. No preference shares have been issued.

Refinancing 2022
In July 2022, Fugro arranged a new comprehensive sustainability-linked financing with extended maturities, including a 10% equity raise. This enabled the company to also address the upcoming put option of the 2024 convertible bond in November 2022. The new bank facilities have improved terms and conditions versus the previous facilities, significantly reducing cost of debt, and the equity raise resulted in a significant deleveraging of the balance sheet.

Shareholders
Under the Dutch Financial Supervision Act, holdings of 3% or more must be disclosed to the Dutch Authority for the Financial Markets (AFM).

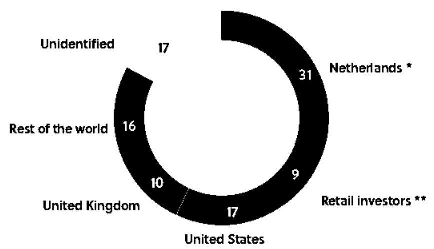
Holdings of 3% or more per 31 December 2022

	Position	Date notification
NN Group N.V.	16.74%	30 November 2020
ASR Nederland N.V.	7.63%	30 November 2020

On 31 December 2022, Fugro owned 1,586,549 'treasury shares' which can be (partly) used to cover the employee option and share plans and (partial) conversion of the outstanding convertible bonds. Treasury shares are not entitled to dividend and there are no voting rights attached to these shares.

During 2022, Fugro has not been involved in any transaction with holders of at least 10% of its shares; therefore best practice provision 2.7.5 of the Code has been observed.

Geographical distribution of shares (in %)



* Including treasury shares.
** Primarily Dutch shareholders
source: cmi2i shareholder identification report, July 2022

Dividend
In light of the growth in Fugro's markets, the company will not propose a dividend over 2022 and will reinvest the generated cash flow in the business.

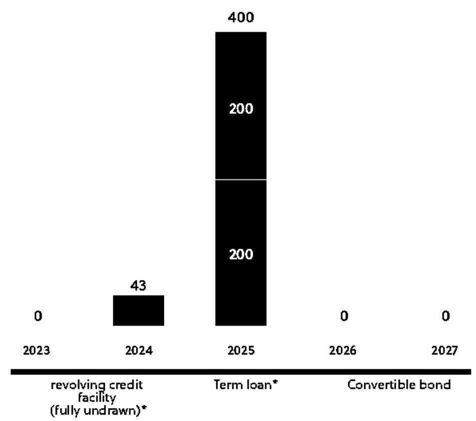
Fugro's dividend policy is a pay-out ratio of 35% to 55% of net result. Shareholders have the choice between cash or shares. In case no choice is made, the dividend will be paid in shares. Fugro offsets dilution resulting from the optional dividend (cash or shares). Fugro will repurchase the number of shares issued as stock dividend and these shares will be cancelled after having obtained shareholder approval. This way, dilution is being offset while the tax advantage for a substantial part of the shareholders related to stock dividend is retained.

Loans
Fugro has a EUR 200 million 3-year senior secured sustainability-linked revolving credit facility and a EUR 200 million 3-year senior secured sustainability-linked term loan in place, both subject to a 1-year extension option, with six relationship banks.

The initial rate of interest on the revolving credit facility is EURIBOR +2.75% and depending on leverage can vary between EURIBOR +1.75% and EURIBOR +3.75%. To date, this facility is fully undrawn. The term loan has an initial interest rate of EURIBOR +3.50% and depending on leverage can vary between EURIBOR +3.25% and EURIBOR +5.00%. A discount or penalty of between 5 and 10 basis points will be applied on the margin payable based on the performance of Fugro against specified targets for three key performance indicators as outlined in the sustainability-linked financing framework (for more details, see note 30.7 of the financial statements).

The 2024 convertible bonds carry a coupon of 4.5% and a conversion price of EUR 19.6490. They are trading on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange (symbol: ISIN: XS1711989928). In 2022, Fugro repurchased EUR 57 million in principal amount of the original EUR 100 million nominal value outstanding.

Debt maturity profile per 31 December 2022
(in millions, euro equivalents)



* plus 1 yearextension option

ESG ratings

Various organisations are including Fugro in their ESG rating systems and benchmarks. Investors and clients increasingly use these ratings as part of their investment or commercial decision-making processes. Fugro actively engages with the benchmarks that are most relevant to our stakeholders and uses the learnings to further enhance transparency and to achieve continuous improvement in these scores going forward.

Scorings in various ESG benchmarks

	2022	2021	2020	Rating scale (from good to bad)	Brief description
CDP	B	B –	C	A – D	A global disclosure system for mainly investors and companies to manage and understand their environmental impacts.In 2022, Fugro's rating improved from B- to B.
Sustainalytics	23.3	23.3	19.4	0 – 40+	Sustainalytics, a Morningstar company, has rated Fugro with an ESG Risk Rating of 23.3 as of June 2021. With this score, Fugro ranks 13th of 341 companies in the construction and engineering industry.
MSCI	A	AA	AA	AAA – CCC	MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material ESG risks. In 2022, Fugro was re-classified by MSCI to the Construction & Engineering industry, having expanded beyond oil and gas services. This has changed the rating due to the different peer group.
V.E.	48	48	NA	100 – 0	V.E.'s sustainability ratings combine environmental, social and governance data points to assess how companies are responding to the various sustainability challenges. In 2021, Fugro scored 48 points, ranking 6th out of 23 oil field services companies in the EU.
Transparancy Benchmark	NA	64%, #57 out of 235 companies	NA		Bi-annually, the Dutch Ministry of Economic Affairs and Climate Policy ranks companies and other organisations according to their ESG strategy and policies. In 2021, Fugro scored 64 points, ranking 57 out of 235, an improvement from 56 points in 2019.

Financial calendar	
26 April 2023	Publication trading update first quarter 2023
26 April 2023	Annual general meeting (14.00 CET)
27 July 2023	Publication half-year results 2023
26 October 2023	Publication trading update third quarter 2023
29 February 2024	Publication 2023 annual results

Contact

For further information contact:

Catrien van Buttingha Wichers
Director Investor Relations
+31(0)70 3115335
c.vanbuttingha@fugro.com

Management statements

The Board of Management is responsible for the design and operation of the internal risk management and control systems. Accordingly, the Board of Management made an assessment of the effectiveness of the design and operation of these systems.

Fugro is aware of risks it can be confronted with and has an internal control framework in place to identify and manage risks. The Board of Management has reviewed the effectiveness of Fugro's internal risk management and control systems, based upon the following information:

- internal control self-assessments within financial shared service centres and letters of representation signed by the management of Fugro's reporting entities
- reports of internal audit on reviews performed throughout the year
- various risks assessments performed throughout the company, including risk assessment by the Board of Management.

The Board of Management considered the external auditor's reporting provided at half-year and full year 2022. The reports gave an update on areas for further improvement, such as the harmonisation of financial reporting procedures, information technology and implementation of a single ERP system throughout the group. The Board of Management monitored ongoing action plans.

The establishment of the internal risk management and control systems is based on the identification of external and internal risk factors that could influence Fugro's operational and financial objectives and contains a system of monitoring, reporting and operational reviews. All material risk management activities have been discussed with the audit committee and Supervisory Board. For more information on Fugro's risk management activities and internal control and risk management systems, see pages 70-77. For a summary of risk factors, see page 70.

The purpose of Fugro's internal risk management and control systems is to adequately and effectively manage the significant risks to which it is exposed. Such systems can never provide absolute assurance as to the realisation of operational and strategic business objectives, nor can they prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. These systems do not provide certainty that Fugro will achieve its objectives.

The Board of Management states, in accordance with best practice provision 1.4.3 of the Dutch corporate governance code updated on 20 December 2022, that:

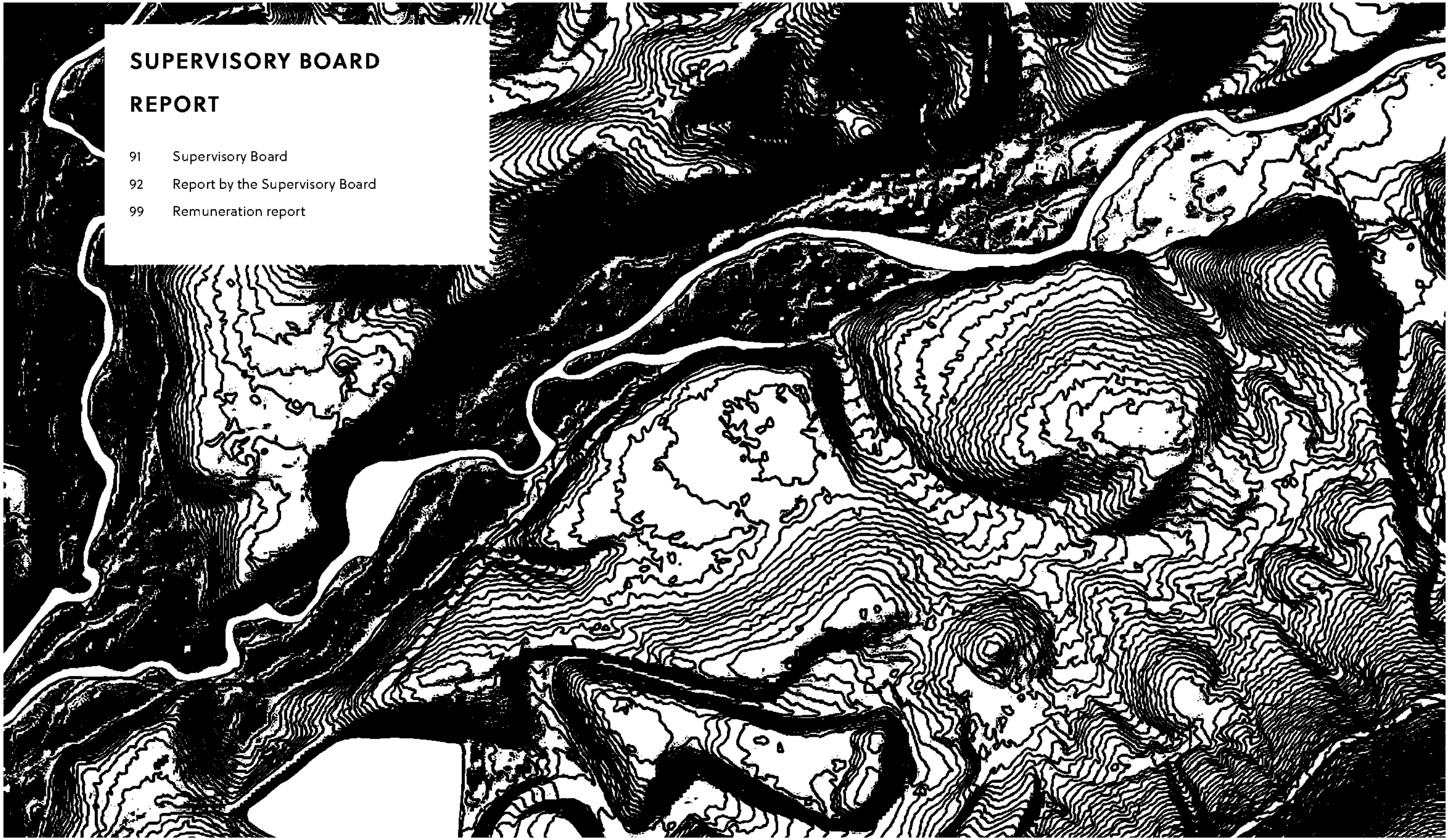
- the management board report provides sufficient insight into any failings in the effectiveness of the internal risk management and control systems of Fugro
- the internal risk management and control systems of Fugro provide reasonable assurance that the company's financial reporting does not contain any material inaccuracies
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis, as supported by Fugro's budget process and latest forecasts
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of Fugro's operations for the period of twelve months after the preparation of this report

Furthermore, in view of the above, the Board of Management confirms, in accordance with article 5:25c of the Financial Supervision Act, that, to the best of its knowledge:

- the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Fugro and of group companies included jointly in the consolidation
- the board report (pages 21 to 88) provides a true and fair view of the position at the balance sheet date, the development and performance of the business during the financial year of Fugro and group companies included in the consolidation taken as a whole
- the board report describes the principal risks and uncertainties that the Group faces.

Leidschendam, 10 March 2023

M.R.F. Heine, Chief Executive Officer
B.P.E. Geelen, Chief Financial Officer



SUPERVISORY BOARD REPORT

Report of the Supervisory Board

SUPERVISORY BOARD

Sjoerd S. Vollebregt (1954)
Function Chairman Supervisory Board
Committee Chairman nomination committee, member remuneration committee
Nationality Dutch
First appointed 2020
Current term Until AGM 2024
Previous positions CEO Stork N.V., CEO Fokker Technologies B.V., various senior position at logistics companies, non-executive board positions at TNT Express B.V. and Mylan N.V.
Other functions Chairman of the Supervisory Board of Heijmans N.V. and lead independent director of Joulz B.V.

Petri H.M. Hofsté (1961)
Committee Vice-chair Supervisory Board, chair audit committee
Nationality Dutch
First appointed 2015
Current term Until AGM 2023
Previous positions Senior financial management positions at various organisations; partner at KPMG, group controller and deputy chief financial officer of ABN AMRO Bank, division director of the Dutch Central Bank and chief financial and risk officer of APG Group
Other functions Member Supervisory Board of Rabobank, Achmea B.V. and Achmea Investment management, Pon Holdings B.V. and chair of the Board of Nyenrode Foundation

Antonio J. Campo (1957)
Committee Member remuneration committee; member nomination committee
Nationality Colombian
First appointed 2014
Current term until AGM 2024
Previous positions Multitude of senior management positions at Schlumberger, President and CEO of the Integra group of companies
Other functions Vice-chairman Board Basin Holdings, lead director of National Energy Services Reunited Corporation

Marc J. C. de Jong (1961)
Committee Chair technology committee, member audit committee
Nationality Dutch
First appointed 2021
Current term Until AGM 2025
Previous positions CEO LM Wind Power, various executive positions and part of Group Management Committee at Royal Philips, executive position at NXP Semiconductors
Other functions Owner and CEO of Innomarket Consultancy BV, member Supervisory Board of ASM International NV, chairman Supervisory Board BDR Thermea, member Supervisory Board of Sioux. Non-executive board member at two Danish private equity owned companies in international wind energy (Nissens AS and Fiberline AS), board member of FiberSail S.A. in Portugal and venture partner at Forward.one

Ron Mobed (1959)
Committee Member audit committee; member technology committee
Nationality British
First appointed 2020
Current term Until AGM 2024
Previous positions CEO of Elsevier (part of RELX Group), president of the Energy division of IHS Markit Ltd, various senior management positions at Schlumberger, non-executive director and chair of Robert Walters Plc., Non-executive director at AVEVA Plc
Other functions Board member of Ordnance Survey Limited

Anja H. Montijn (1962)
Committee Chair remuneration committee; member nomination committee
Nationality Dutch
First appointed 2015
Current term Until AGM 2023
Previous positions Various national and international leadership positions at Accenture, amongst others managing partner Resources practice in France and Benelux, Country Managing Director Accenture the Netherlands, Global Managing Director Management Consulting Resources, member Supervisory Board Royal VolkerWessels NV
Other functions Non-executive director at OCI NV

Company secretary Paul Theunissen (1980)

SUPERVISORY BOARD REPORT

As Supervisory Board, we are pleased with the solid improvement in the company's performance. Against a backdrop of geopolitical and volatile markets, there is high client demand for Fugro's solutions in support of the energy transition, sustainable infrastructure and climate change adaptation. Fugro's purpose is more relevant than ever.

The company is making good progress on the implementation of its strategy. To reach its mid-term targets and further progress in the future, execution excellence, human capital development, and innovation are more relevant than ever before. Throughout the year, we extensively discussed the relevant topics with management and site visits have helped us to understand the current state of the business, its markets, challenges and opportunities. Fugro is leveraging technology developments in the field of robotics, remote operations and analytics & cloud automation in order to offer safer, faster, more efficient and higher quality services; all in a more sustainable way. As innovation and digitalisation are key going forward, we have created a separate technology committee within our team. We have spent ample time with management and Fugro's senior management discussing Vision 2030, addressing the future beyond the current Path to Profitable Growth strategy.

With its much stronger performance throughout the year and balance sheet after the July 2022 refinancing, Fugro has substantially strengthened its foundation for the future, allowing for investments in further growth to benefit from the significant opportunities in the company's markets.

2022 FINANCIAL STATEMENTS AND DIVIDEND

This annual report includes the 2022 financial statements, which are accompanied by an unqualified independent auditor's report of Ernst & Young Accountants LLP (see the independent auditor's report starting on page 183). These financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and section 9 of Book 2 of the Dutch Civil Code.

The audit committee discussed the draft 2022 financial statements with the CEO, the CFO and the auditors. The committee also discussed the long form auditor's report, the quality of internal risk management and control systems and had a discussion with the auditor without Fugro's management being present.

Subsequently, Supervisory Board discussed the annual report, including the financial statements, with the Board of Management in the presence of the auditor. Furthermore, we took note of the reporting from the audit committee and reviewed the independent auditor's report and the quality of internal risk management and control systems.

We recommend that the AGM, to be held on 26 April 2023, adopts the 2022 financial statements. In addition, we request that the AGM grants discharge to the members of the Board of Management in the 2022 financial year for their management of the company and its affairs during 2022, and to the members of the Supervisory Board in office in the 2022 financial year for their supervision over said management. We concur with the decision of the Board of Management that the company will resume dividend payments once leverage structurally allows.

HEALTH, SAFETY AND SUSTAINABILITY

Each regular meeting with the Board of Management starts with a discussion on safety, based on an analysis of statistics, usually in the presence of Global Director Safety & Sustainability.

In the wake of the Covid-19 pandemic, also after related restrictions were lifted, the health and safety measures continues to be a key focus area for us, in particular considering the challenging environments that Fugro works in. With a significant number of new hires in Fugro in 2022, the 3S Together safety programme, launched in 2021, helps to build mutual confidence, trust and support between operational staff and their supervisors and managers. We were also informed on Fugro's employee assistance programme which provides full (mental) health support for all employees. A separate employee assistance programme was set up to support Ukrainian employees and their families.

Sustainability is closely linked to Fugro's purpose of creating a safe and liveable world. It is increasingly important, also from a strategic perspective, as it is not only a corporate responsibility but also a driver for long-term value creation. In the course of the year, we amongst others discussed Fugro's solutions to assist its clients with climate adaptation and mitigation, but also the company's net-zero roadmap aimed at reducing the environmental impact of Fugro's own operations. As Fugro's carbon footprint is mostly related to its vessels, the ongoing roll-out of remote and autonomous solutions will support improved sustainability performance, not only of Fugro, but also of the clients that use these solutions.

STRATEGY

In November 2018, Fugro launched its strategy 'Path to Profitable Growth', including related mid-term targets. We fully support executive management's intent to continue to diversify and we are aligned with Fugro's strategy revolving around supporting its clients with the energy transition, development of sustainable infrastructure and climate change adaptation, both in the marine and land environment. This includes in our joint view:

- Continued diversification through strong growth in offshore wind, major infrastructure projects and new growth markets such as coastal resilience
- Maintaining and expanding market leading positions by digital solutions, more client focus and technical innovations
- Improving profitability and cash flow generation, amongst others by further strengthening of the organisation's commercial capabilities and operational excellence.

In October, during our three-day 'off-site' meeting, we joined the Board of Management in extensively discussing and finalising the group's Vision 2030, which will provide the basis for Fugro's future strategy. This vision revolves around the intent that over the next decade, Fugro's scientists, engineers and Geo-data specialists will be able to provide an even better understanding of the planet with a holistic integrated digitalised view; the 'digital twin' of the sub-surface. The Geo-data of the future will be gathered with state-of-the-art remote, autonomous and digital technology. Fugro will apply predictive and automated analytical tools for its clients to deliver insights easier, safer, in real-time and with a lower carbon footprint.

RISK MANAGEMENT

Risk awareness and management is an important integral part of Fugro conducting its business. It is designed to provide reasonable assurance that objectives are met by integrating management control into daily operations, ensuring compliance with legal requirements and safeguarding the integrity of the company's financial reporting and its related disclosures. Fugro's risk management is aimed at supporting long-term sustainable value creation.

In the past years, risk management procedures have been firmly embedded and structured within the organisation. Risk awareness is increasing within the organisation and risk management processes are continuously enhanced. Risks have been assessed per region and mitigating measures have been aligned. The identified key risks are continuously monitored and re-evaluated and potential new risks are assessed. This process is facilitated and monitored by the internal audit function, which reports periodically on the progress to the audit committee.

Risks have been identified as part of the risk management process and are linked to specific internal control procedures embedded in the internal control framework. The Fugro internal control framework describes the requirements on internal control and determines the set of internal controls to mitigate (key) risks for processes that contribute to, amongst others, the preparation and processing of accounting and financial information.

The audit committee reviewed the reporting of Fugro's risk management and control systems. This was reported to and discussed in the full Supervisory Board. We also discussed the roadmap to further enhance risk management, and the internal audit plan which is linked to the identified risks for Fugro. The internal audit plan reflects a risk-based approach. Based upon the advice of the audit committee, the audit plan of the internal audit department and the external auditor was approved. We also took note of the reports from internal audit and discussed the reports of the external auditor provided on the (interim) financial statements at half year and full year.

Taking into account the reports and advice from the audit committee, we concur with management that the internal risk management and control systems of Fugro are sufficiently adequate and robust.

INVESTOR RELATIONS AND SHAREHOLDER MEETINGS

An open and regular dialogue with shareholders and other investors is important to explain the company's strategy and performance, but also to receive feedback which often provides us with valuable insights. On a regular basis, we were informed on investor relations including feedback from roadshows and analyst contacts, share price developments and the composition of the shareholder base. We also took note of analyst reports.

Together with the Board of Management, we prepared for the 2022 annual general meeting of shareholders (AGM). In the wake of the Covid-19 pandemic, this meeting was again organised in the form of a virtual meeting. It was accessible via a webcast and shareholders were given the opportunity to send in their questions in advance with a possibility for follow up questions during the meeting. All proposals on the agenda were adopted by the AGM.

OTHER ACTIVITIES AND MEETINGS

In the year 2022, we had 14 meetings with the Board of Management, of which 6 regular scheduled meetings. The 8 extra meetings were predominantly related to the refinancing. Upcoming debt maturities necessitated a timely refinancing, which was complex in challenging capital market conditions, heavily affected by volatile geopolitical and macro-economic conditions. We are pleased that over the summer, the company succeeded in arranging a new comprehensive sustainability-linked financing at better terms and conditions, in combination with a 10% equity increase, giving Fugro a solid basis for the further implementation of its strategy.

Except for the meeting in July, all regular meetings were in person meetings. All other meetings were held virtually.

None of the Supervisory Board members was absent at the regular scheduled meetings. Including the extra meetings, the attendance of the Supervisory Board members to the Supervisory Board meetings in 2022 was 97.6%. When members are unable to attend meetings, they provide their input beforehand and receive an update afterwards. The chairman of the Supervisory Board and chair of the audit committee has been in frequent contact with colleagues, the CEO, the CFO, the company secretary and external advisors.

During most of our regular meetings, an ELT member (not being a Board of Management member) or other senior managers joined the meeting and were invited to participate in the discussions and give a presentation on his or her area of responsibility.

Supervisory Board attendance record

	SB[1]	AC[2]	RC[3]	NC[4]	TC[5]
Sjoerd Vollebregt	14/14	–	5/5	4/4	–
Petri Hofsté	14/14	5/5	–	–	–
Antonio Campo	14/14	–	5/5	4/4	–
Marc de Jong	12/14	5/5	–	–	3/3
Ron Mobed	14/14	5/5	–	–	3/3
Anja Montijn	14/14	–	5/5	4/4	–

1 Supervisory Board
2 audit committee
3 remuneration committee
4 nomination committee
5 technology committee

By way of preparation, many subjects are discussed in advance in one of the four permanent Supervisory Board committees. All Supervisory Board members receive the meeting documents and the minutes of the four committees.

The Board of Management is an important source of information for the Supervisory Board. It is supplemented with information from the external auditor, internal audit and presentations and discussions with members of the ELT, senior management and other employees in meetings and during site visits. The Supervisory Board receives quarterly reports on financial performance. Information is also provided outside meetings, in bilateral contacts or whenever a Supervisory Board member feels the need to be informed on a specific topic.

In accordance with the Dutch gender diversity act (Wet ingroeiquotum en streefcijfers), the Supervisory Board supervises the target setting for a balanced gender diversity, not only for the Board of Management and the Supervisory Board, but also for senior management throughout the company. We have taken note of Fugro's comprehensive diversity, equity and inclusion policy and related roadmap.

In the regular scheduled meetings, recurring items on the agenda were, among others, quarterly results, (re) financing, market developments, financial performance and forecasts, developments and performance per region and business line, organisational developments, HSSE, ESG, strategy updates and updates on key projects. The CEO gave a presentation every meeting with an update on priorities of the Board of Management, new key hires and other highlights. The meeting reports of the audit committee, the nomination committee, the remuneration committee and the technology committee were also discussed.

Apart from the regular agenda items and insofar as not already mentioned before, we discussed, amongst others, the following items:

- In January, an extra Supervisory Board call was scheduled to discuss the developments with respect to the refinancing.
- In our regular February meeting, we discussed the annual results 2021 and related items in the presence of the external auditor (EY). We agreed to propose the re-appointment of the external auditor at the AGM. The annual report 2021, including the remuneration report 2021, were approved.
  In addition, the refinancing, vessel management and long-term vessel planning were discussed, also related to Fugro's ambitious net zero carbon emissions roadmap.
- In March, two extra Supervisory Board meeting were held. The first meeting was scheduled to discuss the composition and team effectiveness of the Supervisory Board and the board development programme in cooperation with an independent

consultant. In the second meeting the consequences of the Ukraine/Russia conflict for Fugro's business and the developments with respect to the refinancing were discussed.

- In April, we discussed the first quarter results and received and update on the refinancing process. In addition, ESG was discussed, in particular developments around the related reporting requirements (including EU Taxonomy), Fugro's net-zero emission roadmap, the progress towards developing science-based targets, and supply chain ESG due diligence.
- In June, a virtual meeting was dedicated to the developments regarding the refinancing.
- In the light of the refinancing, launched on 25 July, two extra Supervisory Board meetings were held next to the regular meeting. In these meetings the refinancing and the half-yearly report 2022 was discussed and approved. The external auditor attended the financial part of the meetings. We also received a detailed presentation on human resources.
- In October, we had a three-day 'off-site' meeting in Houston, USA in combination with visits to Fugro's local offices. During our meetings we received an update on the energy market from an external specialist. We also discussed the current strategy, the market & business developments and the group's long-term Vision 2030. We dedicated a full day to the developments in the Americas. Topics such as financial performance HSE, HR, and market focus on renewable energy, coastal resilience and critical minerals were discussed. The 'off-site' visits and meetings with senior management and staff take place annually. These meetings are of great value because it gives a better insight in local operations, management and key employees.
- In our regular October meeting, we discussed the third quarter results. We also had an in-depth discussion on risk management and received an update on key account management. ESG was also discussed, in particular global frameworks for responsible business. Next to this, we approved the audit plan for 2023, as recommended by the audit committee.
- In a video-conference call in November, we discussed the preliminary budget for 2023. We gave our feedback on the proposed targets for 2023.
- In December, we approved the annual budget/ operational plan for 2023 and received an update on the group's long-term Vision 2030.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board had three permanent committees: an audit committee, a nomination committee and a remuneration committee. In 2022, the Supervisory Board established a fourth permanent committee, the technology committee. The function of these committees is to assist the Supervisory Board and to prepare the decision-making. The chairman of each committee reports the main considerations, findings and recommendations to the full Supervisory Board.

Audit committee

The members of the audit committee are Petri Hofsté (chair), Ron Mobed and Marc de Jong. Collectively the members possess the required experience and financial expertise. Petri Hofsté has specific expertise in financial reporting, risk management and audit.

In 2022, the committee met five times. All meetings were attended by the CFO, the Group Controller, and the external auditor; the Director Internal Audit and the General Counsel both attended four times. In the meeting in which the annual results were discussed, the CEO was also present. The chairman of the committee had regular contact with the CFO to discuss financial performance, risks and other relevant matters, and with the internal and external auditors.

Recurring items on the agenda were the quarterly results and the half-year report, risk management and internal control, the internal audit plan and internal audit reports, audit plan and reports of the external auditor and claims/disputes and compliance aspects. More specific items on the agenda were amongst others, the refinancing, ESG reporting and change of the ERP system, tax, impairment testing, treasury, and the follow upon the management letter. Many of these topics were presented by the responsible managers.

In its February 2023 meeting, the audit committee reviewed amongst others the 2022 financial statements and other parts of the annual report. The committee discussed the use of the going concern assumption, and the compliance with covenants. The quality of the financial closing process was reviewed.
The budget 2023 was discussed in the December 2022 meeting. The valuation of goodwill, vessels and right-of-use assets were discussed on the basis of impairment tests and sensitivity analysis performed.

The committee was briefed by the external auditor on relevant developments in the audit profession.
The committee met with the external auditor without the Board of Management being present and reported to the Supervisory Board on the performance of and the relationship with the external auditor. The chair of the committee also regularly communicated on a one-to-one basis with the external auditor.

The committee also had a closed meeting with the Director Internal Audit. Among others, the performance and independence of internal audit and its members were discussed. The committee also evaluated the performance of the internal audit function, without the Director Internal Audit being present, on the basis of input provided by management and its own observations. Conclusions were positive. During the year, there were regular one on one contacts between the chair of the committee and the Director Internal Audit.

It is a regular practice that the audit committee shares its main deliberations and findings or advises in the Supervisory Board meeting following the audit committee meeting. In the reporting to the Supervisory Board, the information as referred to in best practice provision 1.5.3 of the Code is taken into account.

At the AGM on 22 April 2022, Ernst & Young Accountants LLP (EY) was reappointed as auditor to audit the financial statements for 2023. In its February 2023 meeting, the audit committee evaluated the performance of EY. Input was an assessment based on a questionnaire and interviews with relevant stakeholders. Based on the evaluation, the audit committee advised the Supervisory Board to propose at the upcoming AGM on 26 April 2023, to reappoint EY to audit the financial statements for 2024.

Nomination committee

The members of the nomination committee are Sjoerd Vollebregt (chair), Antonio Campo and Anja Montijn.

In 2022, the committee met four times, mostly with the CEO and the Group Director Human Resources being present. The topics that were discussed included, among others, organisation development, global human resources management, talent development and succession planning, attrition and retention, initiatives to increase diversity at senior management level and annual assessment of the Board of Management.

The committee also discussed the composition of the Management Board and the Supervisory Board and reviewed the profiles.

Remuneration committee

The members of the remuneration committee are Anja Montijn (chair), Antonio Campo and Sjoerd Vollebregt.

Both the remuneration and the nomination committee prepare the Supervisory Board's duties in its role as the employer of the Board of Management.

In 2022, the committee met five times, mostly with the CEO, the Group Director Human Resources and the Global Head of Rewards being present. Discussed were, among others, the annual bonus 2022 for the members of the Board of Management and the ELT, the bonus targets for 2023, the vesting of the performance shares granted in 2020 and the granting of performance shares to the members of the Board of Management and the ELT for the period 2023 – 2025. The committee also discussed and advised on the granting of restricted shares under the new long-term incentive programme for key employees, and discussed and agreed on the remuneration report to be included in the annual report 2022. The committee prepared a new remuneration policy for the Supervisory Board, which will be on the agenda of the annual general meeting on 26 April 2023.

Technology committee

As technical innovations and digitalisation play a critical role in Fugro's future and can considerably add value to its customers, the Supervisory Board has decided to set up a permanent committee for this purpose.
The members of the technology committee are Marc de Jong (chair) and Ron Mobed.

In 2022, the committee met three times, always with the CEO and the Group Director Development and Digital Transformation present. The Global Director Innovations regularly joined the committee meetings. Discussed were, among others, the digital transformation programme and the developments with respect to Fugro's uncrewed and remote operations.

COMPOSITION AND FUNCTIONING OF THE SUPERVISORY BOARD

The Supervisory Board has formulated a profile defining its size and composition, taking into account the nature of the company and its activities. This profile is published on Fugro's website. The Supervisory Board has set the number of members that it aims for at six.

The current composition of the Supervisory Board is balanced and complies with the requirement of at least one-third of each gender in accordance with the Dutch gender diversity act (Wet ingroeiquotum en streefcijfers) which came into effect on 1 January 2022. The mix of knowledge, skills, experience and expertise of its members is such that it fits the profile and strategy of the company and its diversity policy (see for more information on composition and diversity, page 91 of this annual report).

The Supervisory Board attaches great importance to the independence of its members. All members qualify as independent in the meaning of best practice provisions 2.1.7 – 2.1.9 of the Code. None of the criteria as referred to in best practice provision 2.1.8 is applicable to any one

Supervisory Board skills matrix

	Sjoerd Vollebregt	Petri Hofste	Antonio Campo	Marc de Jong	Ron Mobed	Anja Montijn
Executive board member of (listed) international company	✓	✓	✓	✓	✓	✓
Finance/ governance	✓	✓		✓		
ESG		✓		✓		
Technology/innovation	✓		✓	✓	✓	
IT/digital/cyber security					✓	✓
Risk management	✓	✓	✓			
Human resources		✓	✓	✓		✓
Project management	✓	✓	✓			✓
Energy (transition)			✓	✓		✓
Business strategy planning	✓	✓	✓	✓	✓	✓

of the members and they do not carry out any other functions that could jeopardise their independence. The Supervisory Board members also comply with the requirement under section 2:142a of the Dutch civil code that they do not hold more than five Supervisory Board positions (including non-executive directorships at one tier boards) at certain 'large' (listed) companies or entities.

Besides the 14 meetings during the year, during 4 meetings throughout the year the annual evaluation of the Supervisory Board and its committees related to 2022 took place in the form of an extensive board development programme conducted by an independent consultant. All members of the Supervisory Board, Board of Management and the Company Secretary were interviewed and completed a questionnaire. The programme and evaluation covered the following topics: the strengths, the composition, the roles and responsibilities, the focus, and the way of working of the Supervisory Board. The Board of Management was also asked for input and the outcome has jointly been discussed. It was concluded that further progress can be made in effectively tapping into the diverse and broad experience of the Supervisory Board as a whole, the team interaction within the Supervisory Board as well as with the Board of Management, and setting up a comprehensive agenda for the Supervisory Board meetings dealing with today' trading, tomorrow's challenges and Fugro's unique and long term strengths. The outcome and recommendations of the board development programme and evaluation was presented in a report and discussed by the Supervisory Board as a whole.

The Supervisory Board concluded that the Supervisory Board and its committees had properly discharged their responsibilities during 2022.

COMPOSITION AND FUNCTIONING OF THE BOARD OF MANAGEMENT

During the year 2022, the Board of Management consisted of Mark Heine (CEO) and Barbara Geelen (CFO).

With input from all Supervisory Board members, the nomination committee evaluated the performance of the Board of Management. Also, the personal targets for 2022 were evaluated and the functioning of the Board of Management as a team was discussed.

The size and composition as well as the combined experience and expertise of the ELT and the Board of Management fit the profile and strategy of the company. The composition is balanced from an age, nationality, gender and background perspective.
In accordance with the Dutch gender diversity act (Wet ingroeiquotum en streefcijfers), the Supervisory Board will supervise the target setting for a balanced gender diversity in the Board of Management, the Supervisory Board and senior management levels to be reported on the in the annual report 2022. For the current composition of the Board of Management and the ELT and information about its members, please refer to pages 68 and 69 of this report.

FINAL COMMENTS

In the year of its 60th anniversary, the company made good progress towards its mid-term targets. We want to thank management and all Fugro employees for their dedication and commitment to crafting a stronger Fugro. With a second year of positive results after a number of difficult years, strong client demand and a solid balance sheet, we are excited about the future prospects of the company.

Leidschendam, 10 March 2023

Sjoerd Vollebregt, chairman
Petri Hofsté, vice-chair
Antonio Campo
Marc de Jong
Ron Mobed
Anja Montijn

Remuneration report 2022

This report has been prepared by the remuneration committee of the Supervisory Board. The responsibility of this committee is to prepare the decision-making of the Supervisory Board regarding the remuneration policy and the determination of the remuneration of individual members of the Board of Management within the framework of the remuneration policy. The Supervisory Board remains responsible for the decisions. The members of the remuneration committee are Anja Montijn (chair), Antonio Campo and Sjoerd Vollebregt.

This report contains:
- Current remuneration policy for the Board of Management
- Remuneration of the Board of Management in 2022
- Internal pay ratio and 5-year analysis
- Terms of appointment of the members of the Board of Management
- Remuneration Board of Management per 2023
- Remuneration of the Supervisory Board.

Further information on the remuneration and on option and share ownership of members of the Board of Management and members of the Supervisory Board is available in note 37 of the financial statements in this annual report. The remuneration policy and the remuneration charter, which is included in the Supervisory Board rules, are posted on Fugro's website.

This report takes into account the Shareholders' Rights Directive which was implemented into Dutch law per 1 December 2019. The current remuneration policy was first adopted by the AGM in 2014 and adjusted by the AGM in 2017, primarily to change the long-term incentive plan to performance shares only with the addition of a longer-term strategic target. Early 2020, the remuneration committee evaluated the remuneration policy, taking into account the Shareholders' Rights Directive, an updated benchmark analysis of the labour market reference group and feedback from stakeholders, including shareholders and their representatives. Based on that evaluation, the Supervisory Board decided not to adjust the remuneration policy, other than required by the Shareholder Rights' Directive. These adjustments included the addition of a derogation clause and increased transparency on target setting and achievements of the short-term incentive plan.

At the AGM in April 2022, the remuneration report 2021 was on the agenda. The advisory vote on the remuneration report had 97.13% of the votes in favour. No comments were raised during the AGM on the report and based on the voting results no changes to the remuneration report have been made.

In line with the Shareholders' Rights Directive, the remuneration policy will be submitted for adoption to the AGM at least every four years. Fugro has reviewed the remuneration policies for both boards. At the AGM 2023, Fugro will submit a new remuneration policy for the Supervisory Board. For the Board of Management, the review will be concluded in 2023 and a new policy will be submitted to the AGM in 2024.

Remuneration policy for the Board of Management
The main objective of Fugro's remuneration policy is to attract, motivate and retain qualified management that is needed for a global company of the size and complexity of Fugro. The policy targets compensation in line with the median of the labour market reference group. Variable remuneration is an important part of the total package. The policy supports both short and long-term objectives, whereas the emphasis is on long-term value creation, to which it contributes by including both financial and non-financial performance metrics.

Labour market reference group
In preparing the remuneration policy and to determine the remuneration of the members of the Board of Management, the remuneration committee uses external benchmark information to assess market comparability. The labour market reference group consists of 14 Dutch listed companies of comparable scope with international/ global business activities. These are currently Aalberts Industries, Accell Group, AMG, Aperam, Arcadis, ASM International, BAM Group, Boskalis, Brunel, Corbion, SBM Offshore, TKH Group, TomTom and Vopak. In addition, an international group has been used to assess market competitiveness within the sector, especially regarding short- and long-term incentive levels.

The remuneration committee periodically evaluates the composition of this group, amongst others in light of corporate events and overall fit. Companies removed from the reference group will be replaced by other listed companies of comparable scope with international/ global business activities with the objective to position Fugro around the midpoint in terms of the average of the scope parameters revenues, market capitalisation, assets and employees.

Analyses
In the design of the remuneration policy and in determining the remuneration of the members of the Board of Management, the Supervisory Board takes into consideration:
- Fugro's purpose, vision and strategy
- Related strategic enablers and Fugro's values
- Internal pay differentials
- Scenario analyses, indicating possible outcomes of the variable remuneration elements and how these may affect the remuneration
- Performance indicators relevant to the long-term objectives of the company.

Fugro considers sustainable development an important driver to help create a safe and liveable world. This requires balancing the short- and long-term interests of stakeholders and taking into account environmental, social and governance (ESG) aspects of Fugro's business and operations, as included in the strategic agenda.

The remuneration structure and elements do not encourage risk taking that is not in line with Fugro's strategy and risk appetite. The remuneration committee takes note of individual Board of Management members' views with regard to the level and structure of their remuneration.

Remuneration elements
The remuneration of the Board of Management consists of the following four elements:
- Fixed base salary
- Short-term incentive (STI), consisting of an annual cash bonus opportunity
- Long-term incentive (LTI), consisting of conditional performance shares
- Pension and other benefits.

The principles of the remuneration policy are cascaded to the next senior management level.

Fixed base salary
Fixed base salaries of the members of the Board of Management are determined by the Supervisory Board (based on advice of the remuneration committee) and set in line with the median of the labour market reference group. Once a year, the Supervisory Board determines whether, and if so, to what extent the base salaries will be adjusted. The outcome of external benchmarking by an independent consultant is taken into consideration.

Short-term incentive
Each member of the Board of Management is eligible for an annual bonus. The bonus may vary from 0% to 100% of fixed base salary, with 67% being applicable when targets are achieved. The STI is linked to financial and non-financial (personal) performance metrics. The non-financial metrics give the possibility to take for example health and safety, ESG and personal development goals into consideration.

At target level, the financial metrics count for 75% of the bonus payment and the non-financial metrics count for 25%. To ensure alignment of the STI with Fugro's strategy and to enable adequate responses to the challenges the company is facing, flexibility with respect to the STI metrics is important. Therefore, at the beginning of each year, the Supervisory Board will set the metrics and targets, based on the budget and taking into account the strategic goals of the company.

The Supervisory Board will also determine the relative weight for the selected performance metrics and the applicable performance zones for each metric (financial and non-financial). These zones determine:
- Threshold performance below which no pay-out is made
- Target performance at which 100% pay-out is made
- Excellent performance at which the maximum pay-out is made.

Between these levels, pay-out is based on linear interpolation. Overall, maximum pay-out is 1.5 times pay-out at target level (from 66.7% at target to 100% maximum). As there is no overshoot possibility for the non-financial metrics, maximum pay-out for the financial metrics is 1.67 times pay-out at target performance. The Supervisory Board ensures that the targets are challenging, realistic and consistent with Fugro's strategic goals.

After the end of the financial year, the remuneration committee determines to what extent the targets have been met. The Supervisory Board, following a proposal from the remuneration committee, will decide upon the STI to be awarded over the past financial year. The STI, if any, is paid after adoption by the AGM of the financial statements.

As per 2020, the metrics that will be used for the financial targets and their relative weight are disclosed at the beginning of the financial year in the remuneration report regarding the previous year. The incentive zones qualify as sensitive information and will not be disclosed. After the end of the financial year, the performance will be disclosed in relation to the incentive zones that had been applied.

Long-term incentive
To strengthen the alignment with shareholder's interests, the LTI consists of performance shares which are conditionally granted annually to members of the Board of Management (and to other senior management). These shares vest after three years, conditional on the achievement of predetermined targets, which are focused on long-term value creation. Vesting is also subject to continuous employment with exceptions in connection with retirement, long-term disability and death.

As from 2018, the number of granted performance shares is set for a period of three years. The principle being that the expected value as percentage of fixed base salary of the members of the Board of Management is as follows:
- CEO: 100%
- CFO: 90%.

As from 2021, a new number of annual granted performance shares was set for the granting in 2021, 2022 and 2023. This number will remain the same for the set period. A new three year period started with the granting on 1 March 2021.

Conditional grants under the LTI are made each year in the open period immediately following the publication of the annual results. The performance period is from 1 January of the year of granting to 31 December three years later. The maximum number of shares that can vest after three years equals 175% of the conditionally granted number of shares (only in the case that excellent performance is achieved on all criteria). As of the granting in 2018, the criteria used for vesting and their relative weight are as follows:
- Total shareholder return (TSR): 37.5%
- Return on capital employed (ROCE): 37.5%
- Strategic target: 25%.

TSR is defined as the share price increase, including reinvested dividends. TSR is measured over a three-year (calendar year) period based on a three-month average of the last three months of the year before grant and before vesting date. The relative position within the peer group determines the award level.
The composition of the peer group is evaluated on a yearly basis, amongst others, in light of corporate events, and comprises Arcadis, Boskalis, Core Laboratories, Fluor, John Wood Group, Oceaneering International, Schlumberger, Subsea 7, TechnipFMC, Transocean and WorleyParsons.

Each year at granting, the Supervisory Board will determine the target and performance zones with respect to ROCE for the last year of the performance period. Return will be based on NOPAT, excluding impairments; capital employed will be corrected for impairments (these will be set back when applying the vesting criteria).

The strategic target is part of the LTI as achieving strategic goals is an important driver for long-term value creation. Each year at granting, the Supervisory Board will set a strategic target to be achieved in the coming period. These targets will be derived from Fugro's strategy to create long-term value for its shareholders and other stakeholders.

Achievement of the performance targets is determined by the Supervisory Board in the first quarter of the year following the three-year performance period.
The vesting period starts at the first day following the grant date. Vested shares have a holding (lock-up) period of 2 years and may be partly sold only to meet tax requirements at vesting. The holders of performance shares are not entitled to shareholders' rights, including the right to dividends, during the period between granting and vesting. Pension and other benefits
The pension contribution for the members of the Board of Management is in line with market practice.
In accordance with Dutch law, tax deductible pension accruals are only possible for the part of salary up to EUR 114,866 (2022). Members of the Board of Management are compensated by a non-tax deductible, age dependent pension contribution, which

Total shareholder return ranking (weight: 37.5%) and applicable vesting (% of conditional award)

Ranking	12	11	10	9	8	7	6	5	4	3	2	1
Vesting	0%	0%	0%	0%	0%	25%	50%	75%	100%	125%	150%	175%

Vesting percentage for ROCE (weight 37.5%) and strategic target (weight 25%)

Performance	Below threshold	Threshold	At target	Excellent
Vesting as % of conditional grant[1]	0%	25%	100%	175%

1 Vesting in between performance levels as from threshold is based on linear interpolation.

allows building up pension out of net salary, resulting in pension costs for Fugro at a similar level as before the legislative changes per 1 January 2015.

In 2019, Fugro transferred all employees in the Netherlands to a new defined contribution plan up through the legal maximum pensionable salary. The Board of Management also participates in this plan up through the legal maximum.

The fringe benefits of the members of the Board of Management are commensurate with the position held and include expense and relocation allowances, a company car and health and accident insurance.

Fugro does not grant loans, advance payments or guarantees to members of the Board of Management.

Claw back and value adjustment
Pursuant to section 2:135 paragraph 6 of the Dutch Civil Code (DCC), the Supervisory Board is authorised to adjust a variable remuneration component to an appropriate level if payment of that variable remuneration component would be unacceptable according to standards of reasonableness and fairness. Pursuant to section 2:135 paragraph 8 DCC, Fugro is authorised to claw back a variable remuneration component in full or in part to the extent the payment was made on the basis of incorrect information with respect to the achievement of the targets on which the variable remuneration component was based or with respect to the circumstances on which this variable remuneration component was dependent.

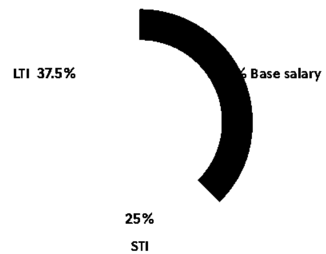
Derogation clause
In exceptional circumstances the Supervisory Board may decide to temporarily deviate from its remuneration policy based on a proposal of its remuneration committee, when this is necessary to serve the long-term interests and sustainability of the company as a whole or to assure its viability. The derogations can concern the objective setting and pay-out of the short-term and long-term incentive plans.

Share ownership guidelines
The Supervisory Board encourages the Board of Management to hold shares in Fugro to emphasise their confidence in the company and its strategy. Since 2014, minimum share ownership guidelines are applicable. For the CEO this amounts to 250% of fixed base salary and for the other members of the Board of Management this amounts to 125%. The target period to achieve these levels is 5 years, but in practice timing will (also) depend on share price developments and the vesting of shares and options that have been granted under the LTI programme.

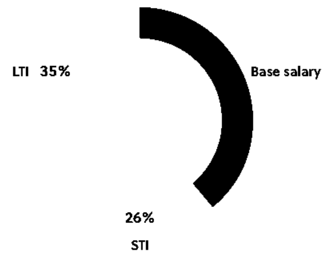
Ratio between fixed and variable pay
Based on Fugro's remuneration policy as described above, the pie charts on this page represent the pay mix for the CEO and CFO in case of 'at target' performance.

Ratio between fixed and variable pay

CEO



CFO



REMUNERATION BOARD OF MANAGEMENT IN 2022

Fixed base salary

In 2022, the fixed base salary of the CEO was adjusted in line with policy. The benchmark study indicated that an increase was needed to continue to align to median market level for the CEO. The salary for the CFO is in line with the median market level and was not adjusted in 2022.

Short-term incentive

The remuneration committee evaluated the performance of the Board of Management in 2022 in relation to the targets that had been set for the year. The financial metrics for the STI in 2022 were: adjusted EBIT margin, working capital and free cash flow. The actual 2022 performance in relation to the performance zones that had been set for each of the financial metrics, would result in a bonus of 46.31% of fixed base salary. In addition, the remuneration committee selected amongst others Fugro's further diversification and in particular growth in the renewable market as key personal targets for both the CEO and CFO. In evaluating performance on these personal metrics, the remuneration committee concluded that both members fully delivered on their personal targets. This leads to a pay-out on the personal metrics of 16.67% of fixed base salary. The total performance regarding the financial and personal targets results in a bonus of 62.98% of fixed base salary.

The bonus for the members of the Board of Management is at 100% target level 66.7% of their base salary. At maximum score, the bonus can result in 100% of base salary. For 2022, the bonus is slightly below target level and resulted in a 62.98% of base salary pay out, which is 95% of target. On 21 February 2023,

Performance Board of Management on short-term incentive targets 2022

		Performance zones				
	Weight	Threshold	At target	Excellent	Result 2022	Bonus as % of base salary
Adjusted EBIT margin	35%	4.3%	6%	8%	6.1%	24.11%
Working capital % of 4 times Q4 revenue	20%	11.5%	10.5%	9%	12.6%	0 %
Free cash flow proxy in EUR million	20%	40	60	80	89	22.20%
Personal targets	25%	On individual basis				16.67%
Total						62.98%

the Supervisory Board discussed this proposal and agreed with it.

Long-term incentive

As of 2014, the long-term incentive (LTI) scheme consists of a mix of conditional performance shares and performance options. These have been granted per 31 December 2014, 2015 and 2016. As of 2017, the form of conditional grants has been changed – in line with market practice – from a mix of performance shares and performance options to conditional grants in the form of performance shares only. Furthermore, the moment on which LTI grants are made was shifted to the open period immediately following the publication of the annual results, instead of as per 31 December. As a result, the grants at the end of 2017 were shifted to 1 March 2018. These changes as of 2017 have been approved by the AGM in 2017.

Long term incentives

Performance shares	M.R.F. Heine	B.P.E. Geelen
Outstanding on 31 December 2021	140,500	56,250
25 February 2022: 29,000 + 203 shares above grant	203	
Vested on 25 February 2022 as a result of achieving targets, locked for 2 years	(29,203)	–
Granted on 25 February 2022	82,500	56,250
Outstanding on 31 December 2022	194,000	112,500
Performance options		
Outstanding on 31 December 2021	4,219	
Lapse due to end of option term 31 December 2022	(4,219)	
Outstanding on 31 December 2022	0	

Shares and options held by Board of Management

Shares and options

Number of shares	M.R.F. Heine[1]	B.P.E. Geelen
31 December 2021	47,884	20,000
31 December 2022	77,087	20,000

[1] Including 3,125 restricted shares vested in 2021 with a lock-up period of 2 years. These restricted shares were granted per 1 March 2018 as bonus for the 2017 performance (approved by the AGM in 2018).

Vesting of 2020 performance shares

On 26 February 2023, the performance shares which were granted on 26 February 2020 to the Board of Management and other senior management, will vest.

On TSR, Fugro ended at the 7th position in the ranking of the peer group, resulting in 25% vesting. ROCE came out above the threshold but below target, which resulted in 85% vesting.

The three strategic ESG targets that were set early 2020 were aimed at growing use of renewable energy in Fugro's offices around the world, reducing the CO_2 footprint of Fugro vessels and encouraging the survey fleet to participate in the Nippon Foundation-GEBCO Seabed 2030 project, which targets a mapping of the world's seabed by 2030.

1. The renewable energy target was set before the COVID-19 pandemic and current uncertain geopolitical and macro-economic environment. Despite good progress that can be reported end of 2022, the score on this ambitious target was just below minimum target level. In 2023, management will continue to push towards reaching this target.
2. Through a dedicated group effort within fleet management and the early benefits of USVs, Fugro was able to reduce its CO_2 footprint through a series of fuel efficiency actions and programmes. This has resulted in achieving the 'excellent' level for this target. For the coming years, further tangible action will be taken, amongst others by adaptations to the Fugro Pioneer, Scout and Voyager vessels to reduce their CO_2 emissions.
3. End of 2022, 8 of Fugro's 17 geophysical survey vessels (47%) have participated in the Seabed 2030 Fugro crowd sourced bathymetry programmes. This is below the 2022 target of 75%. Nevertheless, in 2022, Fugro added another 330,000 km² to their crowd sourced bathymetry efforts, bringing the total area of seafloor data contributed by Fugro vessels to cover 2.4 million km².

The overall score for the strategic ESG target resulted in 58.33% due to the outperformance on vessel CO_2 footprint reduction.

Calculation of vesting of 2020 performance shares Long term incentives

Performance shares	Weight	Result	Vesting
TSR	37.5%	25%	9.37%
ROCE	37.5%	85%	31.88%
Strategic ESG target	25%	58.33%	14.58%
Total	100%		55.83%

Calculation of vesting of 2020 performance shares Long term incentives

2020 Performance shares	M.R.F. Heine	P.A.H. Verhagen
Grant March 2020	29,000	20,000
Vested per February 2023	16,191	4,962[1]

[1] Pro-rated due to end of service per 30 April 2021

Total remuneration Board of Management in 2021–2022
The table below gives an overview of the remuneration of the Board of Management in 2021 and 2022. In this table the LTI incentive refers to the IFRS 2 expense as included in the financial statements.

Total remuneration Board of Management in 2021–2022

	% of total in 2022	M.R.F. Heine		% of total in 2022	B.P.E. Geelen		P.A.H. Verhagen	
		2022	2021		2022	2021	2022	2021
Fixed base salary[1]	37.0%	686,250	660,000	40.3%	500,000	333,333	–	166,668
Short-term incentive 2022[2]	23.6%	437,696	442,464	25.4%	314,889	223,467	–	
Pension costs including disability insurance and related costs	1.9%	36,217	36,303	2.9%	36,217	24,202	–	12,872
Pension compensation	3.6%	66,654	65,211	5.4%	66,654	43,690	–	27,034
Severance								
Long-term incentive[3]	**33.9%**	**629,169**	**857,166**	**26.0%**	**322,208**	**100,814**	**–**	**260,205**
Total	**100%**	**1,855,986**	**2,061,144**	**100%**	**1,239,968**	**725,507**	**–**	**466,779**

1. Base salary Mark Heine was adjusted per 1 April 2022 with 5.3% to EUR 695,000.
2. STI 2022 is related to 2022 performance, paid in 2023; STI 2021 is related to 2021 performance, paid in 2022.
3. The LTI incentive refers to the IFRS 2 expense as included in the financial statements. The vesting value of the LTI (29,203 shares) in 2022 for Mark Heine amounted to EUR 243,845.

Other benefits
The additional benefits, i.e. company car and health and accident insurance, remained unchanged in 2022.

INTERNAL PAY RATIO AND 5-YEAR ANALYSIS

Pay ratios

In designing the remuneration policy, the pay ratios within Fugro are taken into consideration. An external consultant assisted in developing an approach to review pay ratios and, more specifically, the pay ratio between the CEO and the average of the employees for the relevant year. Based on the value of the actual long-term incentive awarded to the CEO in 2022 and the STI pay-out for 2022, the ratio amounted to 26 (2021: 32), implying that the CEO pay was 26 times the average pay within the organisation. The average pay takes into account all employee costs, i.e. salaries, variable pay, pensions and other benefits. Based on the expected value of the CEO's long-term incentive at target vesting, the pay ratio would have been 27 (2021: 29). The remuneration committee considers these pay ratios acceptable, also in view of market practices for companies comparable to Fugro.

5-year analysis

In 2018, Fugro adjusted salaries at slightly below market movement and in 2019 had a regular salary review. In 2020, the salary review was cancelled and in 2021 limited due to the pandemic. The Executive Leadership Team took a voluntary 10% pay-cut in 2020 that was restored per January 2021. In April 2022 Fugro had a regular salary review and decided on an additional increase for all employees excluding the Board of Management of 4% per 1 November 2022. In April 2022 the CEO base salary was adjusted. The table shows the overall remuneration for five years compared to personnel expenses and company performance.

Five year remuneration Board of Management compared to company performance[1]

		2022	2021	2020	2019	2018
M.R.F. Heine[2]	Remuneration	**1,226,817**	1,203,979	962,144	1,076,280	760,011
	Remuneration including LTI (IFRS)	**1,855,986**	2,061,144	1,343,737	1,458,821	1,021,061
	% change	**(10%)**	53%	(8%)	43%	63%
	Remuneration including LTI (vesting)	**1,470,662**	1,302,315	997,710	1,076280	760,011
	% change	**13%**	31%	(7%)	42%	21%
B.P.E. Geelen[3]	Remuneration	**917,760**	624,693			
	Including LTI (IFRS)	**1,239,968**	725,507			
	% change	**47%**				
P.A.H. Verhagen[4]	Remuneration		206,575	771,514	857,345	765,067
	Including LTI (IFRS)		466,779	1,057,655	1,224,144	1,054,035
Adjusted EBITDA	Actual	**230**	176	162	184.9	120.4
Personnel expenses per FTE[5]	Actual	**70,801**	64,383	64,820	66,342	60,961
	% change	**10%**	(1%)	(2%)	9%	(3%)

[1] Remuneration includes base salary, short term incentive, long term incentive, pension and pension contribution.
[2] Appointed CEO in October 2018.
[3] Appointed CFO at AGM 2021
[4] Reappointed CFO at AGM 2018.
[5] Personnel expenses include all salary costs, bonus, LTI plans, social security and retirement contributions.

Terms of appointment of the members of the Board of Management

When members of the Board of Management are nominated for (re)appointment, it is for a maximum period of four years. Members of the Board of Management deliver their services under a management services contract.

For termination of contract, a three months' notice period is applicable for both Fugro and the members of the Board of Management. The current appointment of Mark Heine (CEO) expires at the AGM 2023.

Severance pay

Severance payment is limited to one year's fixed base salary and is in principle applicable in the event of termination or annulment of the services agreement, unless this is for cause. No severance payment will apply if the agreement is terminated at the initiative of the member of the Board of Management. Severance payment is also applicable when the termination is justified by such change of circumstances that the members of the Board of Management cannot reasonably be expected to continue the performance of their function/ services as a statutory director of Fugro. This may be the case, for example, if Fugro is liquidated, is merged with or taken over by a third party, is subject to an important reorganisation or to a major change of policy.

In 2022, no severance payments were committed to (former) members of the Board of Management.

Remuneration Board of Management per 2023
The remuneration policy was evaluated by the remuneration committee at the beginning of 2020 and adjusted based on the Shareholders' Rights Directive which was implemented into Dutch law per 1 December 2019. The remuneration committee concluded that the policy still supports Fugro's strategy and company objectives. It is also considered to be well aligned with the external environment in which the company operates as well as with all applicable rules, regulations and best practices. The committee is aware of the public debate surrounding the topic of remuneration, including the increasing relevance and importance of ESG performance, internal pay differentials, and it strives for broad stakeholder support.

In line with the Shareholders' Rights Directive, the remuneration policy for the Board of Management, was submitted for shareholder approval on 30 April 2020 and adopted accordingly. The remuneration committee will regularly evaluate remuneration of the Board of Management to check on market conformity. The remuneration of the Board of Management in 2023 will be based on the remuneration policy as adopted by the AGM in 2020.

The metrics that will be used for the financial targets and their relative weight for the short-term incentive plan 2023 are as follows:
- Adjusted EBIT margin, weight 35%
- Net working capital as % of revenue, weight 20%
- Free cash flow proxy, weight 20%
- In addition, personal targets for 2023 were set in line with Fugro's key focus areas: health safety & environment, people, commercial and operational excellence.

In 2023 the criteria for the long-term incentive grants are in line with the policy and as follows:
- Total shareholder return (TSR): 37.5%
- Return on capital employed (ROCE): 37.5%
- Strategic (ESG) target: 25%.

The strategic ESG targets for the vesting year 2023 – 2025 are linked to the company's sustainability-linked financing framework and relates to vessel emission intensity, usage of renewable energy and gender diversity.

In 2022, the Supervisory Board started to evaluate the Board of Management remuneration policy. The TSR and labour market refence groups has been reviewed and other companies were considered to be added for the future or when a possible replacement is needed. Since Boskalis needs to replaced due to delisting, Sweco has been selected as the company to complete the TSR group for 2023. The labour market reference group will be further reviewed in 2023, and the new policy will be submitted to the AGM in 2024.

Remuneration Supervisory Board

Remuneration policy for the Supervisory Board
On the basis of the revised Shareholders' Rights Directive, the remuneration policy for the Supervisory Board was adopted by the AGM of 2020.
The Supervisory Board draws up the Supervisory Board remuneration policy based on advice from its remuneration committee.

The Supervisory Board remuneration policy is geared to attract and retain members that contribute to the desired composition with regard to expertise, experience, diversity and independence, as set out in the profile of the Supervisory Board. The policy aims to reward Supervisory Board members for the time spent and the responsibilities of their role, including but not limited to the responsibilities imposed by the Dutch Civil Code, Dutch Corporate Governance Code and the articles of association.

The remuneration for Supervisory Board members consists of the following elements:
- a fixed remuneration and a committee fee, which varies for the chair, vice-chair and members, to reflect the time spent and the responsibilities of the role
- an attendance allowance per meeting held outside the country of residence, to compensate for additional time spent to attend meetings
- a reimbursement for actual costs in the performance of the duties for Fugro.

The impact and responsibility of the various committees is deemed to be comparable, therefore there is no difference in committee fees. For remuneration purposes, the remuneration committee and the nomination committee are considered a combined committee.

The remuneration committee uses external benchmark information to assess market comparability of the remuneration. Remuneration levels are aimed at the median of Dutch listed companies with a two-tier board structure comparable in size and scope. For the past 11 years the remuneration level did not change.

Remuneration Supervisory Board	
Fixed remuneration per year	▪ Chair EUR 70,000 ▪ Vice-chair EUR 55,000 ▪ Member EUR 50,000
Committee fee per year	▪ Chair EUR 10,000 ▪ Member EUR 8,000
Attendance allowance for meetings outside country of residence	▪ EUR 5,000 per meeting
Expenses	▪ Reimbursement of actual incurred costs

The remuneration is not dependent on the results of Fugro. Members of the Supervisory Board will not be awarded remuneration in the form of shares and/or rights to shares. In addition, Fugro does not grant loans, advance payments, guarantees, shares or rights to shares.

In exceptional circumstances the Supervisory Board may decide to temporarily deviate from its remuneration policy based on a proposal of its remuneration committee. The derogations can concern increasing remuneration and/or committee fees in case a significant increase in time investment by its members is necessary to serve the long-term interests and sustainability of the company as a whole, or to assure its viability, e.g. in case someone is asked to act as delegated member of the Supervisory Board. In such a case the additional remuneration will be EUR 1,500 per half-day.

Remuneration Supervisory Board 2022

(x EUR)	Fixed fee	Membership committee	Attendance allowance	Total
Sj.S. Vollebregt (chairman per AGM 2021)	70,000	10,000	5,000	85,000
P.H.M. Hofsté (vice-chair per May 2020)	55,000	10,000	5,000	70,000
A.J. Campo	50,000	8,000	40,000	98,000
R. Mobed[1]	50,000	12,000	35,000	97,000
A.H. Montijn	50,000	10,000	5,000	65,000
M.J.C. de Jong[2]	50,000	13,000	5,000	68,000

1. As from mid 2022, member of two committees
2. As from mid 2022, chair of the technology committee was added

Ownership Fugro shares (per December 2022)	
Sj.S. Vollebregt	20,000
R. Mobed	6,245
M.J.C. de Jong	35,000

Remuneration Supervisory Board per 2023

A new remuneration policy for the Supervisory Board will be sent to the AGM 2023 for approval. The policy and remuneration have not been adjusted since 2011, although the workload has increased considerably. Therefore, the following changes are proposed:

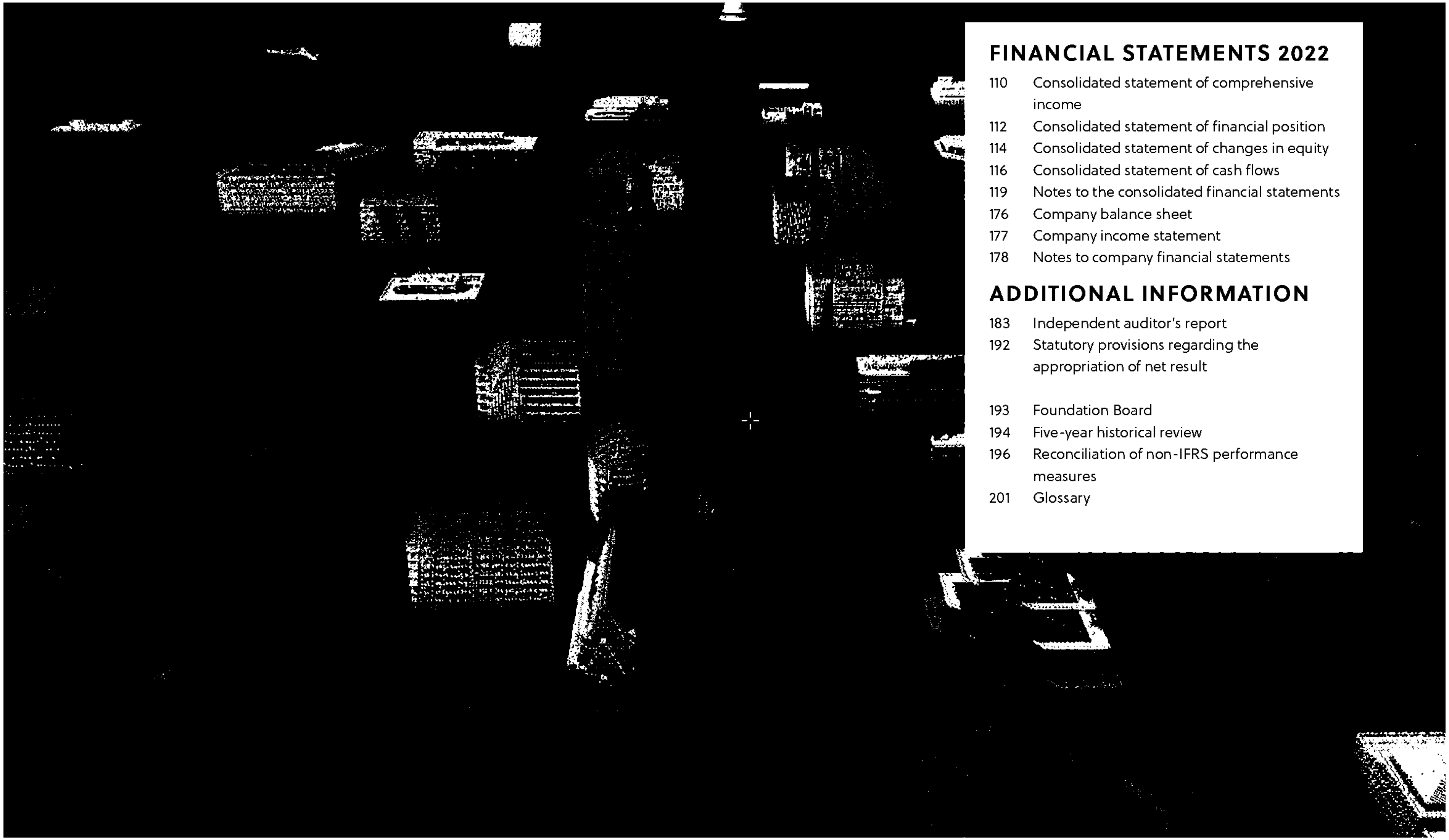
- Alignment with other Boards of the fixed remuneration for the Board members
- The introduction of a market aligned fee for the chair of the audit committee
- Renaming of the attendance allowance to travel allowance since that is the purpose of the allowance payment. In addition, Fugro intends to introduce an intermediate travel allowance of EUR 2,500 for travel to Board meetings within the continent (outside of the Benelux).

Fugro met with several stakeholders to receive their input on this new policy. These stakeholders were supportive to the proposed changes and their recommendations were considered.

Leidschendam, 10 March 2023

On behalf of the remuneration committee

Anja Montijn, Chair



FINANCIAL STATEMENTS 2022

ADDITIONAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FUGRO GROUP
For the year ended 31 December

Notes	(EUR x 1,000)	2022	2021
	Continuing operations		
7, 9	Revenue	1,766,009	1,461,725
10	Third party costs	(727,368)	(585,258)
	Net revenue own services[1]	1,038,641	876,467
11	Other income	23,047	20,045
12	Personnel expenses	(665,615)	(577,936)
19, 20	Depreciation	(122,285)	(112,104)
21	Amortisation	(535)	(557)
15	Impairments	(2,583)	(619)
16	Other expenses	(177,702)	(145,035)
	Results from operating activities (EBIT[1])	**92,968**	**60,261**
	Finance income	15,290	19,826
	Finance expenses	(35,295)	(38,090)
17	**Net finance income/(expenses)**	**(20,005)**	**(18,264)**
22	Share of profit/(loss) of equity-accounted investees (net of income tax)	13,525	17,476
	Profit/(loss) before income tax	**86,488**	**59,473**
18	Income tax gain/(expense)	(7,197)	3,049
	Profit/(loss) for the period from continuing operations	**79,291**	**62,522**
8	Profit/(loss) for the period from discontinued operations	–	11,487
	Profit/(loss) for the period	**79,291**	**74,009**
	Attributable to:		
	Owners of the company (net result)	74,127	71,123
29	Non-controlling interests	5,164	2,886
28	**Earnings per share (Euro)**		
	Basic earnings per share	0.70	0.70
	Basic earnings per share from continuing operations	0.70	0.59
	Diluted earnings per share	0.70	0.70
	Diluted earnings per share from continuing operations	0.70	0.59

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FUGRO GROUP
For the year ended 31 December

Notes	(EUR x 1,000)	2022	2021
	Profit/(loss) for the period	79,291	74,009
31, 18	Defined benefit plan actuarial gains / (losses)	2,460	31,601
	Total of items that will not be reclassified to profit or loss (net of tax)	**2,460**	**31,601**
17	Foreign currency translation differences of foreign operations	10,580	38,968
17	Foreign currency translation differences of equity-accounted investees	659	3,295
	Total of items that will be reclassified subsequently to profit or loss (net of tax)	**11,239**	**42,263**
	Other comprehensive income/(loss) for the period	**13,699**	**73,864**
	Total comprehensive income/(loss) for the period	**92,990**	**147,873**
	Attributable to:		
	Owners of the company	87,447	144,194
	Non-controlling interests	5,543	3,679
	Total comprehensive income attributable to owners of the company arises from:		
	Continuing operations	87,447	132,707
	Discontinued operations	–	11,487

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FUGRO GROUP
As at 31 December

Notes	(EUR x 1,000)	2022	2021
	ASSETS		
19	Property, plant and equipment	560,095	535,160
20	Right-of-use assets	196,904	143,421
21	Intangible assets including goodwill	292,749	289,839
22	Investments in equity-accounted investees	46,549	46,366
23	Other investments	35,250	63,095
18	Deferred tax assets	58,703	48,989
	Total non-current assets	**1,190,250**	**1,126,870**
24	Inventories	35,079	29,098
25	Trade and other receivables	603,475	512,820
18	Current tax assets	8,871	10,881
26	Cash and cash equivalents	209,090	148,956
		856,515	**701,755**
8	Assets classified as held for sale	10,705	9,712
	Total current assets	**867,220**	**711,467**
	Total assets	**2,057,470**	**1,838,337**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

FUGRO GROUP
As at 31 December

Notes	(EUR x 1,000)	2022	2021
	EQUITY		
	Total equity attributable to owners of the company	1,055,072	851,203
29	Non-controlling interests	11,269	10,361
27	**Total equity**	**1,066,341**	**861,564**
	LIABILITIES		
30	Loans and borrowings	241,667	199,178
20, 34	Lease liabilities	99,850	117,147
31	Employee benefits	36,877	48,174
32	Provisions	16,579	15,125
18	Deferred tax liabilities	1,545	1,933
	Total non-current liabilities	**396,518**	**381,557**
26	Bank overdraft	2,059	1,824
30	Loans and borrowings	3,801	93,241
20, 34	Lease liabilities	69,124	30,277
33	Trade and other payables	410,794	383,007
32	Provisions	10,822	7,723
18	Current tax liabilities	37,084	31,459
	Other taxes and social security charges	60,927	47,685
	Total current liabilities	**594,611**	**595,216**
	Total liabilities	**991,129**	**976,773**
	Total equity and liabilities	**2,057,470**	**1,838,337**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FUGRO GROUP

Notes	(EUR x 1,000)	Share capital	Share premium	Translation reserve	Reserve for own shares	Equity component of convertible bonds	Retained earnings	Unappropriated result	Total	Non-controlling interest	Total equity
	Balance at 1 January 2022	5,160	762,495	(95,024)	(149,287)	11,831	244,905	71,123	851,203	10,361	861,564
	Profit or (loss)	–	–	–	–	–	–	74,127	74,127	5,164	79,291
17, 31	Other comprehensive income	–	–	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**
5, 27	Issue of ordinary shares	516	115,573	–	–	–	(1,718)	–	114,371	–	114,371
14	Share-based payments	–	–	–	–	–	6,106	–	6,106	–	6,106
	Delivery of treasury shares for share-based payment plans	–	–	–	9,364	–	(9,364)	–	–	–	–
5, 30	Repurchase of convertible bonds	–	–	–	–	(4,055)	–	–	(4,055)	–	(4,055)
30.4	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)	–	–	–
29	Dividends to shareholders	–	–	–	–	–	–	–	–	(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**
	Balance at 31 December 2022	**5,676**	**878,068**	**(84,164)**	**(139,923)**	**5,029**	**316,259**	**74,127**	**1,055,072**	**11,269**	**1,066,341**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FUGRO GROUP

Notes	(EUR x 1,000)	Share capital	Share premium	Translation reserve	Reserve for own shares	Equity component of convertible bonds	Retained earnings	Unappropriated result	Total	Non-controlling interest	Total equity
	Balance at 1 January 2021	10,319	757,336	(136,494)	(158,496)	19,802	383,427	(173,824)	702,070	9,580	711,650
	Profit or (loss)	–	–	–	–	–	–	71,123	71,123	2,886	74,009
17, 31	Other comprehensive income	–	–	41,470	–	–	31,601	–	73,071	793	73,864
	Total comprehensive income / (loss) for the period	–	–	41,470	–	–	31,601	71,123	144,194	3,679	147,873
27.1	Change in nominal value of ordinary shares	(5,159)	5,159	–	–	–	–	–	–	–	–
14	Share-based payments	–	–	–	–	–	4,939	–	4,939	–	4,939
	Delivery of treasury shares for share-based payment plans	–	–	–	9,209	–	(9,209)	–	–	–	–
30.4	Transfer of equity component of convertible bonds to retained earnings upon repayment bonds	–	–	–	–	(7,971)	7,971	–	–	–	–
	Addition to / (reduction of) reserves	–	–	–	–	–	(173,824)	173,824	–	–	–
29	Dividends to shareholders	–	–	–	–	–	–	–	–	(2,898)	(2,898)
	Total contributions by and distributions to owners	(5,159)	5,159	–	9,209	(7,971)	(170,123)	173,824	4,939	(2,898)	2,041
	Balance at 31 December 2021	5,160	762,495	(95,024)	(149,287)	11,831	244,905	71,123	851,203	10,361	861,564

CONSOLIDATED STATEMENT OF CASH FLOWS

FUGRO GROUP
For the year ended 31 December

Notes	(EUR x 1,000)	2022	2021
	Continuing operations		
	Cash flows from operating activities		
	Profit/(loss) for the period	79,291	62,522
	Adjustments for:		
19, 20, 21	Depreciation and amortisation	122,820	112,661
15	Impairments	2,583	619
22	Share of (profit)/loss of equity-accounted investees (net of income tax)	(13,525)	(17,476)
	Net gain on sale of property, plant and equipment	(3,828)	(6,893)
11	Net gain on sale of business	(3,070)	–
14	Equity-settled share-based payments	6,106	4,939
	Change in provisions and employee benefits	(5,933)	(19,305)
18	Income tax expense/(gain)	7,197	(3,049)
	Income tax paid	(12,998)	(5,985)
17	Finance income and expense	20,005	18,264
	Interest paid	(19,295)	(27,099)
	Loss on divestment of subsidiaries	–	26
	Operating cash flows before changes in working capital[1]	**179,353**	**119,224**
	Decrease/(increase) in working capital:	(51,994)	(28,023)
	▪ Decrease/(increase) in inventories	(5,608)	(1,014)
	▪ Decrease/(increase) in trade and other receivables	(91,450)	(44,262)
	▪ Increase/(decrease) in trade and other payables	45,064	17,253
	Net cash generated from operating activities	**127,359**	**91,201**

[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

Notes	(EUR x 1,000)	2022	2021
	Cash flows from investing activities		
19	Capital expenditures on property, plant and equipment	(120,487)	(77,799)
21	Acquisition of and other additions to intangible assets	(2,477)	(2,366)
19, 20	Proceeds from sale of property, plant and equipment	12,772	11,513
	Proceeds from sale of business, net of cash sold	1,146	–
	Disposal of intangible assets	702	–
	Proceeds from sale of financial assets	–	324
22	Dividends received	11,540	5,133
23	Repayment of financial assets	435	–
	Acquisitions, net of cash acquired	(589)	–
23	Additions to other investments	(5,536)	(1,851)
	Net cash (used in) / from investing activities	**(102,494)**	**(65,046)**
	Cash flows from operating activities after investing activities[1]	**24,865**	**26,155**
	Cash flows from financing activities		
5, 27	Proceeds from the issue of ordinary shares	116,089	–
5, 27	Transaction costs on issue of ordinary shares	(2,311)	–
30	Proceeds from the issue of long-term loans	307,535	55,132
30	Transaction costs on long-term loans	(3,677)	–
30	Repayment of borrowings	(344,127)	(99,682)
29	Dividends paid	(4,635)	(2,841)
20	Payments of lease liability	(35,944)	(25,599)
	Net cash from / (used in) financing activities	**32,930**	**(72,990)**
	Net cash provided by (used for) continuing operations	**57,795**	**(46,835)**

[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

Notes	(EUR x 1,000)	2022	2021
	Discontinued operations		
	Cash flows from operating activities	(1,015)	(33)
	Cash flows from investing activities	–	13,360
	Cash flows from financing activities	–	(13,327)
8	**Net cash provided by (used for) discontinued operations**	**(1,015)**	**–**
	Total net cash provided by (used for) operations	**56,780**	**(46,835)**
	Effect of exchange rate fluctuations on cash held	3,119	12,841
	Cash and cash equivalents at 1 January	147,132	181,126
	Cash and cash equivalents at 31 December	**207,031**	**147,132**
	Presentation in the statement of financial position		
26	Cash and cash equivalents	209,090	148,956
26	Bank overdraft	(2,059)	(1,824)

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 2022 include Fugro and its subsidiaries (together referred to as the 'Group') and the Group's interests in equity-accounted investees.

2. 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.

On 10 March 2023, 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 26 April 2023.

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.

2.1 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)	15
Impairment of financial assets (trade receivables, unbilled revenue on (completed) projects, and other receivables)	25
Deferred tax	18
Accounting for the refinancing	5, 27 and 30
Employee benefits	31
Provisions	32
Climate-related matters	6
Macro-economic environment following geo-political events and Covid-19 pandemic	9, 34 and 36

3. SIGNIFICANT ACCOUNTING POLICIES
The significant 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 2022, but these do not have a material impact on the consolidated financial statements of the Group.

4. OTHER ACCOUNTING POLICIES
Statement of cash flows
The consolidated statement of cash flows is prepared using the indirect method. Cash flows in foreign currencies are converted at the exchange rate at the dates of the transactions. Currency exchange differences on cash held are presented separately. The line item interest paid includes cash payments for the interest portion of lease liabilities.

Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method as 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. 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.

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.

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 2022. 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.

5. REFINANCING 2022

On 26 July 2022, Fugro completed a EUR 116.1 million equity raise through an accelerated bookbuild offering. The offering was supported by a number of pre-committed investors, who agreed to subscribe for over 50% of the deal size. Transaction costs on the equity issue amounted to EUR 2.3 million. On 25 July 2022, the company simultaneously announced a comprehensive sustainability-linked refinancing of its bank debt as summarised below. This refinancing consisted of a full settlement of existing debt, cancellation of commitments and termination of the existing Facilities Agreement.

On 28 July 2022, upon settlement of the equity raise, the company simultaneously repurchased EUR 9 million (on a nominal basis) of its subordinated convertible bonds due 2 November 2024 at par using proceeds from the equity raise. An amount of EUR 91 million (principal on a nominal basis) remained outstanding of the convertible bonds due 2024. In August 2022, Fugro fully repaid the existing senior revolving credit facility in two tranches for a total amount of EUR 75 million (nominal amount). On 5 August 2022, the existing EUR 250 million senior revolving credit facility (existing RCF, including ancillary facility of EUR 50 million) and EUR 188 million (nominal amount) senior term expiring on 14 December 2023 were cancelled and replaced by a new EUR 200 million senior term loan and a new EUR 200 million senior RCF, together called the Senior Facility Agreement (SFA). On 5 August 2022, the transaction closed and the SFA became effective.
On 5 August 2022, Fugro issued the new term loan (EUR 200 million) and fully settled the existing term loan of EUR 188 million principal and EUR 1.7 million of accrued interest. The net proceeds amounted to EUR 10.0 million (net of transaction costs). On 5 August 2022, the existing ancillary facility outstanding amount of EUR 18.7 million was repaid using proceeds from the equity raise. Transaction costs for the new term loan amounted to EUR 3.7 million. Transaction costs for the new RCF amounted to EUR 3.2 million. Other professional services fees (EUR 2.1 million) that did not qualify as transaction costs were recognised in profit and loss and presented in other expenses.

On 2 November 2022, EUR 48.5 million of the remaining convertible bond was repaid at par value, following the exercise of bond holder's early redemption put options.
The settlement gain was EUR 1 million.

The refinancing qualifies as an extinguishment of debt. The unit of account pertained to the existing term loan, ancillary facility, RCF and the convertible bonds. The existing RCF, term loan, and ancillary facility were therefore fully derecognised. The existing convertible bonds were partially repaid. The unamortised transaction costs (EUR 4.1 million) were recognised in profit and loss (in finance expenses). The repayment consideration with respect to the convertible bonds was allocated to the debt and equity component upon repurchase/redemption. The new senior RCF and senior term loan were recognised initially at fair value, i.e., the consideration received. Subsequent accounting is at amortised cost in accordance with the effective interest rate method. The repayment consideration of the existing RCF, term loan, ancillary facility and convertible bonds were presented in the statement of cash flows under financing activities. Transaction costs paid were presented in the statement of cash flows under financing activities. Reference is further made to note financial liabilities for more details.

The net proceeds of the equity raise of EUR 114.4 million were recognised in equity in the statement of financial position (net of transaction costs) and presented in the statement of cash flows under financing activities. Reference is made to note total equity for further details.

6. 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 were disclosed in the first half of the annual report (sections CEO message, strategy, risk management and group performance - environmental).

Fugro concluded there was no direct material financial impact from climate-related matters in the 2022 consolidated financial statements. The assessments performed, judgements made, and time horizon used to reach this conclusion are disclosed in notes 15 impairments, 19 property plant and equipment, 20 leases, 21 intangible assets, 30 financial liabilities, and 36 commitments not included in the statement of financial position.

7. 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, repair and maintenance services (IRM).
- 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 near shore 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 the electrical power business, railroads, roads and infrastructure.

Operating segments / reportable segments

(EUR x 1,000)	E-A		AM		APAC		MEI		Eliminations		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Segment revenue	829,251	683,565	463,145	358,559	330,521	324,000	228,511	157,043	–	–	1,851,428	1,523,167
Of which inter-segment revenue	(40,942)	(25,938)	(9,020)	(3,067)	(20,052)	(16,881)	(15,405)	(15,556)	–	–	(85,419)	(61,442)
Revenue from external customers	**788,309**	**657,627**	**454,125**	355,492	**310,469**	307,119	**213,106**	**141,487**	**–**	–	**1,766,009**	**1,461,725**
Segment result	134,796	115,227	26,204	25,412	45,318	26,134	12,053	6,768	–	–	218,371	173,541
Depreciation	(60,564)	(53,965)	(27,450)	(23,695)	(23,341)	(24,804)	(10,930)	(9,640)	–	–	(122,285)	(112,104)
Amortisation	(288)	(183)	(50)	(195)	(196)	(178)	(1)	(1)	–	–	(535)	(557)
Impairments	(438)	370	(277)	128	(1,546)	(1,117)	(322)	–	–	–	(2,583)	(619)
Result from operating activities (EBIT)	**73,506**	**61,449**	**(1,573)**	**1,650**	**20,235**	35	**800**	**(2,873)**	**–**	–	**92,968**	**60,261**
EBIT in % of revenue	9.3%	9.3%	(0.3%)	0.5%	6.5%	0.0%	0.4%	(2.0%)	–	–	5.3%	4.1%
Finance income	24,610	20,785	8,046	7,801	7,166	9,882	2,805	3,387	(27,337)	(22,029)	15,290	19,826
Finance expense	(29,558)	(28,928)	(9,502)	(10,036)	(15,413)	(16,256)	(8,159)	(4,899)	27,337	22,029	(35,295)	(38,090)
Share of profit/(loss) of equity-accounted investees	1,297	221	–	–	9,747	13,094	2,481	4,161	–	–	13,525	17,476
Reportable segment profit/(loss) before income tax	**69,855**	53,527	**(3,029)**	(585)	**21,735**	6,755	**(2,073)**	**(224)**	**–**	–	**86,488**	59,473
Income tax	(6,031)	(1,059)	(636)	2,667	497	1,163	(1,027)	278	–	–	(7,197)	3,049
Profit/(loss) for the period from continuing operations	**63,824**	**52,468**	**(3,665)**	**2,082**	**22,232**	**7,918**	**(3,100)**	**54**	**–**	–	**79,291**	**62,522**
Capital employed	514,866	469,749	236,017	219,349	221,475	189,259	132,420	128,494	–	–	1,104,778	1,006,851
Non-current assets	596,550	579,704	206,562	176,257	241,241	242,377	145,897	128,532	–	–	1,190,250	1,126,870
Capital expenditure property, plant and equipment	60,562	33,893	21,049	15,351	32,388	23,634	9,100	6,805	–	–	123,099	79,683
Capital expenditure E&E, software and other intangible assets	1,509	635	586	81	263	1,650	119	–	–	–	2,477	2,366
Trade receivables and unbilled revenue on (completed) contracts	192,743	159,260	126,939	113,103	94,886	90,351	93,383	63,323	–	–	507,951	426,037

8. 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.

8.1 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. There is no material impact from discontinued operations in the 2022 financial statements. The cash flow from discontinued operations in 2022 relates to changes in remaining working capital balances in Seabed Geosolutions.

8.2 Assets held for sale

Assets held for sale as at 31 December 2022 of EUR 10.7 million (31 December 2021: EUR 9.7 million) consist of property, plant and equipment with a total carrying amount (which is the lower book value) of EUR 2.9 million (31 December 2021: EUR 4.3 million) and the interest in the Global Marine Group associate with a carrying amount of EUR 7.8 million (31 December 2021: EUR 5.4 million).

Property, plant and equipment held for sale pertains to certain properties and an airplane. These assets were presented in the AM and APAC operating segments respectively. Due to the advanced stage of negotiations with the respective potential buyers, it is deemed highly probable that these assets will be sold in exchange for cash in 2023 (reference is made to the subsequent events note). There were no impairments or reversals of impairments with respect to these assets in 2022.

HC2 Holdings Inc is a third party and the majority owner of the Global Marine Group (GMG). In connection with the highly probable exercise by HC2 of a put option agreement to sell GMG's stake in Huawei Marine Networks Co. Limited, the GMG associate has been classified as held for sale as of 31 December 2021. The Group expects the sale to Hengtong Optic-Electric Co Ltd to be completed in 2023. There were no impairment losses or reversals with respect to GMG in 2022. GMG is presented in the E-A operating segment.

9. 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 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 32 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.

9.1 Disaggregation of revenue from contracts with customers

Revenue by businesses and market segment

(EUR x 1,000)	2022 Marine	2022 Land	2022 Total	2021 Marine	2021 Land	2021 Total
Oil and gas	605,633	47,742	653,375	542,566	27,784	570,350
Renewables	448,822	71,941	520,763	321,519	28,589	350,108
Infrastructure	114,693	404,273	518,966	108,547	354,380	462,927
Water	58,283	14,622	72,905	65,288	13,052	78,340
Total	**1,227,431**	**538,578**	**1,766,009**	**1,037,920**	**423,805**	**1,461,725**
Of which:						
Site characterisation	748,499	425,243	1,173,742	612,243	322,525	934,768
Asset integrity	478,932	113,335	592,267	425,677	101,280	526,957

In 2022, market segments have been redefined, and as a result, the number of market segments was reduced, certain revenues were reclassified and one segment was renamed. Comparative numbers have been restated accordingly.

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 32 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.

9.2 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. The Group applies the practical expedient allowing not to disclose information about remaining performance obligations that have an original expected duration of one year or less.

(EUR x 1,000)	2022	2021
Within one year	260,687	175,014
More than one year	249,926	119,549
Total	**510,613**	**294,563**

The increase in unsatisfied performance obligations in 2022 is explained by a number of high-value contracts signed during the year, which are estimated to be completed by 2025.

9.3 Contract balances

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

(EUR x 1,000)	Note	2022	2021
Unbilled revenue on (completed) projects	25	216,744	186,002
Trade receivables	25	291,207	240,035
Advance instalments to work in progress	33	(71,508)	(50,514)

10. THIRD PARTY COSTS

(EUR x 1,000)	2022	2021
Cost of suppliers	614,719	491,374
Lease expenses	98,223	75,739
Onerous contracts	5,739	–
Other costs	8,687	18,145
Total	**727,368**	**585,258**

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 30.8 million (2021: EUR 26.8 million) directly related to projects. Lease expenses relate to short-term vessel leases and variable lease payments not included in the measurement of vessel lease liabilities. Other costs mainly relate to subcontracted cost at request of the client which can be recharged to the client directly.

11. 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)	2022	2021
Government grants	4,812	8,486
Gain on sale of property, plant and equipment	4,119	7,397
Sundry income	14,116	4,162
Total	**23,047**	20,045

Government grants includes tax credits received on research and developments and Covid-19 related government support.

Included in gain on sale of property, plant and equipment is a gain on sale and leaseback of EUR 583 thousand. Refer to Note 20 Leases for more details.

Sundry income includes a EUR 3.1 million gain on disposal of the Land Site Characterisation business in France and a EUR 4.7 million gain from a license fee received in connection with the group's E&E assets.

12. PERSONNEL EXPENSES

(EUR x 1,000)	Note	2022	2021
Wages and salaries		570,543	496,405
Social security contributions		53,183	45,319
Equity-settled share-based payments	14	6,106	4,939
Expense related to defined contribution plans		30,649	29,742
Expense / (gain) related to defined benefit plans	31	1,120	418
Increase/(decrease) in liability for long service leave	31	4,014	1,113
Total		**665,615**	577,936

13. EMPLOYEES

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

	2022			2021		
	Nether-lands	Other countries	Total	Nether-lands	Other countries	Total
Technical staff	741	6,473	7,214	699	6,352	7,051
Management and administrative staff	264	1,218	1,482	241	1,198	1,439
Temporary and contract staff	226	479	705	169	343	512
Total number of employees at 31 December	**1,231**	**8,170**	**9,401**	**1,109**	**7,893**	**9,002**
Average number of employees during the year	1,170	8,032	9,202	1,115	7,961	9,076

14. 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.

14.1 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 targets and their relative weights for the grants made under the plan are as follows:

Performance metric	**Relative weights in 2022**
Total Shareholder Return	37.5%
Return on Capital Employed	37.5%
Strategic targets	25.0%

The performance targets 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.

	2022		**2021**	
	Number of shares	**Weighted average grant date fair value**	**Number of shares**	**Weighted average grant date fair value**
Performance shares outstanding at 1 January	826,724	12.12	530,929	17.96
Granted during the period	435,750	10.73	424,500	9.03
Forfeited during the period	28,866	9.64	72,584	21.81
Vested during the period	70,459	18.50	56,121	25.13
Performance shares outstanding at 31 December	**1,163,147**	**11.27**	**826,724**	**12.12**

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):

	2022	2021
	Performance Shares	**Performance Shares**
Share price (in EUR)	**8.35 – 11.02**	8.96 – 9.13
Volatility (%)	**62.2% – 62.6%**	60.9% – 62.7%
Dividend yield (%)	**0.0%**	0.0%
Vesting period (in years)	**2.75 – 2.85**	2.64 – 2.84
Risk-free interest rate (%)	**(0.296)% – 0.135%**	(0.66)% – (0.70)%
Remaining performance period (in years)	**2.75 – 2.85**	2.64 – 2.84

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 2022 related to performance shares amounted to EUR 3,920,234 (2021: EUR 3,297,452).

14.2 Restricted Share Unit plan

A Restricted Shared Unit (RSU) entitles the employee to receive a number of Fugro shares. RSU's 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 RSU's. The grant date fair value of the RSU's is the share price at the date of grant adjusted for expected dividends during the vesting period (2022: EUR 11.02).

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

	2022		2021	
	Number of shares	**Weighted average grant date fair value**	**Number of shares**	**Weighted average grant date fair value**
RSU's outstanding at 1 January	374,357	9.08	–	–
Granted during the period	384,644	11.02	385,032	9.08
Forfeited during the period	27,400	9.47	10,675	9.08
Vested during the period	3,290	9.08	–	–
RSU's outstanding at 31 December	**728,311**	**10.10**	374,357	9.08

The total expense recognised in 2022 related to RSU's amounted to EUR 1,977,409 (2021: EUR 744,636).

14.3 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.

	2022		2021	
	Number of shares	**Weighted average grant date fair value**	**Number of shares**	**Weighted average grant date fair value**
Restricted shares outstanding at 1 January	58,934	23.82	105,334	24.53
Granted during the period	–	–	–	–
Forfeited during the period	–	–	1,850	25.43
Vested during the period	12,783	24.14	44,550	25.43
Restricted shares outstanding at 31 December	**46,151**	**23.74**	58,934	23.82

The total expense recognised in 2022 related to restricted shares amounted to EUR nil (2021: EUR 183,956).

14.4 Options

Performance options

No performance options were granted since 2016. The last remaining performance options vested in 2019. No expense was recognised for performance options in 2022 and 2021. As at 31 December 2022, nil performance options were outstanding (2021: 24,793). The performance options expired on 31 December 2022.

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:

	2022		2021	
	Number of options	Weighted average exercise price (EUR)	Number of options	Weighted average exercise price (EUR)
Options outstanding at 1 January	901,578	26.59	1,160,733	22.38
Forfeited during the period	73,100	20.73	92,750	21.92
Expired during the period	173,513	29.10	166,405	30.12
Options granted during the period	–	–	–	–
Options outstanding at 31 December	**654,965**	**18.91**	901,578	21.02
Options exercisable at 31 December	**423,465**	**22.07**	406,188	26.59

The outstanding share options have an exercise price ranging from EUR 13.12 to EUR 24.04 as at 31 December 2022. The average remaining term of the options is 2.2 years (2021: 2.7 years).

The total expense recognised in 2022 related to share options amounted to EUR 207,790 (2021: EUR 712,577).

15. 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. 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)	2022			2021		
	Impairment	Reversal	Net	Impairment	Reversal	Net
Property, plant and equipment	1,533	(167)	1,366	2,779	(4,753)	(1,974)
Right of use assets	–	(35)	(35)	931	–	931
Other intangible assets	1,252	–	1,252	1,662	–	1,662
Net impairment loss / (reversal)	**2,785**	**(202)**	**2,583**	5,372	(4,753)	619

The impairment charge on Property, plant and equipment includes an amount of EUR 1.3 million for a vessel whose recoverable amount was below the carrying value and which was sold in 2022. Furthermore, recognised as impairment charge on Other intangible assets is EUR 1.3 million on Exploration and Evaluation (E&E) assets following an unsuccessful drilling for hydrocarbons.

16. OTHER EXPENSES

(EUR x 1,000)	2022	2021*
Indirect operating expenses	31,951	22,638
Occupancy costs	18,267	13,587
Professional services fee	17,764	14,285
Communication and office equipment	48,037	40,513
Legal, audit & tax advisory fees	11,677	10,212
General maintenance and supplies	6,279	8,355
Property lease expense	5,540	6,581
Training	5,897	3,461
Marketing and advertising costs	4,153	1,854
Impairment of receivables	1,480	2,283
Restructuring costs	2,844	1,977
Research costs	3,162	2,773
Loss on disposal of property, plant and equipment	292	504
Other	20,359	16,012
Total	**177,702**	145,035

* Comparative numbers have been restated to conform to current year presentation.

17. 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)	2022	2021
Interest income on loans and receivables	(3,574)	(1,156)
Net foreign exchange gain	(11,716)	(18,670)
Finance income	**(15,290)**	**(19,826)**
Interest expense on financial liabilities measured at amortised cost	35,295	38,030
Net change in fair value of financial assets at fair value through profit or loss	–	60
Net foreign exchange loss	–	–
Finance expense	**35,295**	38,090
Net finance (income)/expenses recognised in profit or loss	**20,005**	18,264

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)	**2022**	**2021**
Recognised in other comprehensive income		
Foreign currency translation differences of foreign operations	10,580	40,907
Foreign currency translation differences recycled to profit and loss	–	(1,939)
Foreign currency translation differences of equity-accounted investees	659	3,295
Total	**11,239**	**42,263**
Recognised in:		
Translation reserve	10,860	41,470
Non-controlling interests	379	793
Total	**11,239**	**42,263**

18. 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 payable also includes any tax liability arising from the declaration of dividends. The global developments around introduction of Pillar 2 regulations are being monitored by Fugro. Regulations are highly complex and not sufficiently predictable yet. Based on Fugro's approach to tax and the initial analyses performed, no or no material tax impact is expected to arise 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.

18.1 Income tax expense / (gain)

Recognised in profit or loss

(EUR x 1,000)	2022	2021
Current income tax expense/(gain)		
Current year	22,122	11,125
Adjustments for prior years	(3,087)	709
	19,035	**11,834**
Deferred income tax expense/(gain)		
Origination and reversal of tax losses and temporary differences	19,541	4,191
Change in tax rate	(895)	(7,912)
Recognition of previously unrecognised tax losses and temporary differences	(13,528)	(13,967)
Recognition of liquidation losses	(15,254)	–
Liability for undistributed foreign earnings (deferred)	599	1,529
Adjustments for prior years	(2,301)	1,276
	(11,838)	**(14,883)**
Total income tax expense/(gain) on continuing operations	**7,197**	**(3,049)**

Reconciliation of effective tax rate

(EUR x 1,000)	2022 %	2022	2021 %	2021
Profit/(loss) before income tax		**86,488**		59,473
Income tax using the weighted domestic average tax rates	33.2	28,739	33.3	19,805
Change in tax rate	(1.0)	(895)	(13.3)	(7,912)
Recognition of previously unrecognised tax losses and temporary differences	(15.7)	(13,528)	(23.5)	(13,967)
Recognition of liquidation losses	(17.6)	(15,254)	–	–
Current year tax losses, temporary differences and tax credits not recognised	9.1	7,858	13.8	8,180
Non-deductible expenses	7.6	6,570	12.6	7,512
Tax exempt income	(7.5)	(6,513)	(13.4)	(7,956)
Write down of intercompany positions	4.4	3,808	(21.6)	(12,835)
Liability for undistributed foreign earnings (deferred)	0.7	599	2.6	1,529
Adjustments for prior years (deferred)	(2.7)	(2,301)	2.1	1,276
Adjustments for prior years (current)	(3.6)	(3,087)	1.2	709
Dividend and other income taxes	1.4	1,201	1.0	610
Income tax expense recognised in consolidated statement of comprehensive income	**8.3**	**7,197**	**(5.1)**	**(3,049)**

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 decrease of the average tax rate compared to prior year is caused by a significantly different mix of results in the various tax groups.

Change in tax rate

The changes in tax rate in 2022 (EUR 0.9 million) and 2021 (EUR 7.9 million) mainly relate to changes in the United Kingdom corporate income tax rate. This tax rate will increase from 19% to 25% with effect of April 2023.

Recognition of previously unrecognised tax losses
The 2022 recognition is mainly the effect of debt-forgiveness on non-recoverable intercompany positions with Angola (EUR 9.4 million). In addition, carry forward losses were recognised in Germany and France. In 2021 the recognition was mainly based on the increased profitability in the Netherlands.

Recognition of liquidation losses
The recognition of liquidation losses relates for EUR 12.4 million to valuation of tax losses from the anticipated formal liquidation of the remaining legal entities of the Seabed group, which business was divested in 2021. In addition, liquidation losses of EUR 2.9 million were recognised in relation to the upcoming liquidation of an Irish subsidiary.

Write down of intercompany positions
In the 2021 tax books, the tax effect of write downs of intercompany positions with Seabed Geosolutions and Fugro Angola were recognised for EUR 12.8 million. In 2022 the write down for Fugro Angola was formalised through a debt-forgiveness, which was also processed in the commercial books. This leads to a reversal in 2022 for EUR 3.8 million.

Adjustments for prior years (current)
The majority of the adjustment relates to a benefit of EUR 4.0 million in 2022 for the conclusion on a Mutual Agreement Procedure between Netherlands and Norway regarding an old (2008-2012) transfer pricing dispute. The procedure resulted in an initial formal conclusion in December 2022, which will be finalised in the first quarter of 2023.

18.2 Current tax assets and liabilities
The net current tax liability of EUR 28,213 thousand (2021: EUR 20,578 thousand liability) represents the balance of current tax assets and liabilities in respect of current and prior periods less advance tax payments.

18.3 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)	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	24,748	(11,435)	28,092	(10,788)
Intangible assets	127	(2,473)	127	(2,155)
Subordinated unsecured convertible bonds	–	(1,276)	–	(1,650)
Loans and borrowings	–	(1,713)	–	–
Leases	23,061	(21,527)	16,446	(15,346)
Employee benefits	2,593	(5,348)	4,321	(3,869)
Provisions	6,805	(5,301)	4,967	(5,313)
Liquidation losses	15,254	–	–	–
Tax loss carry-forwards	32,443	–	32,001	–
Other items	4,077	(2,877)	4,080	(3,867)
Deferred tax assets/(liabilities)	**109,108**	**(51,950)**	**90,044**	**(42,988)**
Set-off of tax components	(50,405)	50,405	(41,055)	41,055
Reflected in the statement of financial position as follows	**58,703**	**(1,545)**	**48,989**	**(1,933)**

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.

Movement in temporary differences during the year

(EUR x 1,000)	Balance 1 January 2022	Recognised in profit or loss	Recognised in other compre-hensive income	Recognised directly in equity	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 Netherlands, United Kingdom and Germany.

Liquidation losses
The 2022 movement relates to recognition of liquidation losses from the anticipated liquidation of entities of the Seabed group and an Irish subsidiary.

(EUR x 1,000)	Balance 1 January 2021	Recognised in profit or loss	Recognised in other compre-hensive income	Recognised directly in equity	Balance 31 December 2021
Property, plant and equipment	11,040	6,264	–	–	17,304
Intangible assets	(1,174)	(854)	–	–	(2,028)
Subordinated unsecured convertible bonds	(3,607)	2,008	–	(51)	(1,650)
Leases	187	913	–	–	1,100
Employee benefits	6,855	(3)	(6,400)	–	452
Provisions	2,696	(3,042)	–	–	(346)
Tax loss carry-forward	19,970	12,041	–	–	32,011
Other items	(3,866)	130	3,949	–	213
Exchange differences	–	(2,574)	2,574	–	–
Total	**32,101**	**14,883**	**123**	**(51)**	**47,056**

18.4 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:

* Includes EUR 2,294 thousand recognised in profit & loss of discontinued operations.

Unrecognised deferred tax assets

(EUR x 1,000)	2022	2021
As at 1 January	285,688	284,498
Movements during the period:		
Additional unrecognised losses and temporary differences	7,858	8,180
Recognition of previously unrecognised tax losses and temporary differences (profit or loss)	(13,528)	(13,967)
Recognition of previously unrecognised tax losses and temporary differences (equity)	–	(5,730)
Effect of change in tax rates	(933)	963
Exchange rate differences	12,191	14,911
Expiration of tax losses	(667)	(162)
Change from reassessment	(1,541)	(107)
Acquisitions and divestments	–	(2,898)
As at 31 December and specified as follows:	**289,068**	**285,688**
Tax credits	7,550	10,476
Deductible temporary differences	20,363	15,123
Tax losses	261,155	260,089
	289,068	**285,688**

Tax loss carry-forward

This item mainly consists of deferred tax assets in Australia, Singapore and the United States. The balance also includes an amount of EUR 65 million related to the remaining legal entities in the Seabed group, which business was divested in 2021, effectively limiting the utilization of these losses.

(EUR x 1,000)	2022	2021
Recoverability of recognised and unrecognised deferred tax assets in respect of tax losses carried forward		
Between 1 – 5 years	14,984	12,286
Between 6 – 10 years	25,949	1,272
Between 11 – 20 years	56,659	68,162
Indefinite	196,006	210,400
	293,598	**292,120**

Temporary differences relating to investments in subsidiaries

At 31 December 2022 a deferred tax liability of EUR 1,773 thousand relating to investments in subsidiaries has been recognised (2021: EUR 1,674 thousand). 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 24,080 thousand (2021: EUR 20,471 thousand).

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.

19. 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 15 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)						2022
	Land and buildings	Plant and equipment	Vessels	Fixed assets under construction	Other	Total
Balance at 1 January						
Cost	184,982	908,634	760,750	48,716	141,568	2,044,650
Accumulated depreciation and impairment	(92,397)	(820,338)	(465,406)	–	(131,349)	(1,509,490)
Carrying amount	**92,585**	**88,296**	**295,344**	**48,716**	**10,219**	**535,160**
Change in carrying amount:						
Investments	1,579	21,378	18,859	76,918	4,365	123,099
Transfers from fixed assets under construction	8,167	30,405	32,110	(71,253)	571	–
Depreciation	(4,925)	(40,907)	(39,468)	–	(5,311)	(90,611)
Impairment (loss) / reversal	(198)	–	(1,168)	–	–	(1,366)
Disposals	(21,342)	(320)	(1,169)	(326)	(30)	(23,187)
Effects of movement in foreign exchange rates	2,865	808	11,748	89	124	15,634
Transfers from / (to) assets classified as held for sale	(1,147)	823	1,690	–	–	1,366
Total changes	**(15,001)**	**12,187**	**22,602**	**5,428**	**(281)**	**24,935**
Balance at 31 December						
Cost	167,180	858,575	834,642	54,144	131,023	2,045,564
Accumulated depreciation and impairment	(89,596)	(758,092)	(516,696)	–	(121,085)	(1,485,469)
Carrying amount	**77,584**	**100,483**	**317,946**	**54,144**	**9,938**	**560,095**

Disposals include a sale and leaseback transaction for the Nootdorp property in the Netherlands. Refer to note 20 Leases. A reclassification adjustment of EUR 83.8 million was recorded at 31 December 2022 in Cost and Accumulated depreciation for assets previously disposed.

(EUR x 1,000)						2021
	Land and buildings	Plant and equipment	Vessels	Fixed assets under construction	Other	Total
Balance at 1 January						
Cost	180,613	896,854	761,749	22,588	133,448	1,995,252
Accumulated depreciation and impairment	(86,874)	(807,391)	(452,613)	–	(125,331)	(1,472,209)
Carrying amount	**93,739**	**89,463**	**309,136**	**22,588**	**8,117**	**523,043**
Change in carrying amount:						
Investments	376	25,631	7,816	40,420	5,440	79,683
Transfers from fixed assets under construction	1,631	11,664	1,678	(16,011)	1,038	–
Depreciation	(4,890)	(39,089)	(36,313)	–	(4,772)	(85,064)
Impairment (loss) / reversal	(185)	(1,185)	3,344	–	–	1,974
Disposals	(2,046)	(526)	(1,804)	(166)	(78)	(4,620)
Effects of movement in foreign exchange rates	3,960	3,413	12,904	1,885	478	22,640
Transfers from / (to) assets classified as held for sale	–	(1,075)	(1,417)	–	(4)	(2,496)
Total changes	**(1,154)**	**(1,167)**	**(13,792)**	**26,128**	**2,102**	**12,117**
Balance at 31 December						
Cost	184,982	908,634	760,750	48,716	141,568	2,044,650
Accumulated depreciation and impairment	(92,397)	(820,338)	(465,406)	–	(131,349)	(1,509,490)
Carrying amount	**92,585**	**88,296**	**295,344**	**48,716**	**10,219**	**535,160**

Last year, Fugro announced its net zero carbon emissions commitment by 2035 (note 36). The maritime sector will face more challenging customer needs and tighter regulations with respect to vessel emissions and maritime fuels in the foreseeable future. It follows that the asset category vessels is most exposed to the inherent risk of impairment from climate-related matters than the other categories. The Group assessed whether these developments shorten the current estimates of vessel useful lives and trigger so-called stranded assets. No impact on useful lives 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.

20. LEASES

Accounting policies Fugro as lessee

Definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, 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.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index, initially measured using the index as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- 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
- 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. It is remeasured when:

- there is a change in future lease payments arising from a change in an index or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee. In these cases, the lease liability is remeasured by discounting the revised lease payments by using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- the Group changes its assessment of whether it will exercise a purchase, extension or termination option. In this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- a lease contract is modified and the lease modification is not accounted for as a separate lease. In this case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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.

Lease payments are allocated between the liability and finance expenses (interest costs). The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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 3 to 9 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, due to the reasonably certain threshold. Purchase options are not reasonably certain to be exercised, with the exception of the geotechnical vessels Fugro Scout and Fugro Voyager as further explained below. Lease payments generally include a fixed component (e.g. a fixed day rate). In addition, variable 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 more than 200 property leases, which consist of land and buildings (e.g. offices, laboratory facilities, warehouses and housing). The lease terms vary from 2 to 20 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 more than 450 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 average lease term is 2 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 2022	71,026	67,254	5,141	143,421
Balance at 31 December 2022	94,906	94,681	7,317	196,904
Balance at 1 January 2021	62,637	68,901	3,469	135,007
Balance at 31 December 2021	71,026	67,254	5,141	143,421

(EUR x 1,000)	Depreciation 2022	Additions 2022	Depreciation 2021	Additions 2021
Vessels	14,860	15,960	12,416	7,354
Property	13,755	39,991	12,299	10,898
Equipment	3,059	4,743	2,325	3,072
Total	**31,674**	**60,694**	**27,040**	**21,324**

The geotechnical vessels Fugro Voyager and Fugro Scout are currently leased. To secure availability of these vessels in the future, Fugro exercised its purchase options on 28 February 2022. The expected delivery date is 14 July 2023. The net impact of the remeasurement adjustment was a EUR 20.2 million increase in right-of-use assets and a EUR 14.0 million reduction of the lease liability. The cash payment in consequence of exercising the purchase options will be net of the deposit which was presented in other investments (EUR 30.7 million) and is now included as part of the carrying amount of the right of use asset. Fugro is currently investigating financing alternatives and structures with the lessor. A further remeasurement adjustment may be required in the future, after completion of ongoing negotiations. Additions exclude the remeasurements as explained above, and relate, among others, to a new office building in MEI and new vessel leases.

Refer to note 34 'Financial risk management' for the maturities of lease liabilities.

Amounts recognised in profit and loss (EUR x 1,000)	**2022**	**2021**
Interest on lease liabilities	6,391	5,581
Variable lease payments not included in the measurement of lease liabilities	11,792	6,212
Low-value asset expense	12,393	10,128
Expenses relating to short-term leases	130,283	99,635

Amounts recognised in the statement of cash flows (EUR x 1,000)	**2022**	**2021**
Total cash outflow for leases	**42,335**	**31,180**

Fugro does not act as lessor.

The same additional climate-related impairment trigger assessment as explained in note 19 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.

Sale and leaseback

Fugro occasionally enters into a sale and leaseback transaction to free up capital through asset-based financing of non-operating assets at favourable terms, whilst continuing to use such assets. On 14 September 2022, Fugro signed a sale and leaseback arrangement for the Nootdorp property in the Netherlands with a third party. The property was sold for a cash consideration of EUR 25.2 million (excluding VAT and real estate transfer tax). The fair value of the property was estimated at EUR 22.7 million. The lease term is twenty years, excluding extension options up to thirty years. Lease payments are predetermined and subject to customary annual indexations. Fugro has a right of first refusal to acquire the property during the lease at the same arm's length price as a third party agrees to pay to the lessor for the sale of the property. The transaction qualifies as a sale applying IFRS 15.

Fugro accounted for the disposal of the property with a right of use asset and lease liability recognised in respect of the leaseback on 15 September 2022 (the closing date). The cash consideration of the sale exceeds the fair value of the property. This above-market term amounting to EUR 2.5 million was treated as additional financing provided to Fugro by the buyer-lessor and excluded from the gain on sale calculation. The partial gain recognition method in IFRS 16 was applied, considering the proportion of rights transferred to the buyer/lessor and rights retained by Fugro. Accordingly, a gain on sale of the property was determined at EUR 583 thousand and presented in other income. The total cash inflow of EUR 25.2 million was presented as a financing cash inflow of EUR 18.0 million (reflecting the rights retained by Fugro) and an investing cash inflow of EUR 7.2 million (reflecting the rights transferred by Fugro) in the consolidated statement of cash flows. The financing cash inflow is the sum of the lease liability and additional financing provided by the buyer/lessor. The remaining amount is the investing cash inflow.

21. INTANGIBLE ASSETS INCLUDING GOODWILL

Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at 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. The measurement date of the annual goodwill impairment test is 30 September. 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 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. 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)					2022					2021
	Goodwill	E&E (Finder/ Theia)	Software	Other	Total	Goodwill	E&E (Finder/ Theia)	Software	Other	Total
Balance at 1 January										
Cost	587,188	38,459	17,007	25,964	668,618	560,467	35,621	22,514	31,874	650,476
Accumulated amortisation and impairment	(317,672)	(20,766)	(16,909)	(23,432)	(378,779)	(302,818)	(18,467)	(22,237)	(29,663)	(373,185)
Carrying amount	**269,516**	**17,693**	**98**	**2,532**	**289,839**	**257,649**	**17,154**	**277**	**2,211**	**277,291**
Change in carrying amount:										
Purchase of intangible assets	–	–	927	305	1,232	–	–	22	696	718
Other additions	–	1,245	–	–	1,245	–	1,648	–	–	1,648
Amortisation	–	–	(123)	(412)	(535)	–	–	(90)	(467)	(557)
Impairment	–	(1,252)	–	–	(1,252)	–	(1,662)	–	–	(1,662)
Disposals	–	(700)	–	(2)	(702)	–	–	(120)	(9)	(129)
Effect of movements in foreign exchange rates	2,962	21	(27)	(34)	2,922	11,867	553	9	101	12,530
Total changes	**2,962**	**(686)**	**777**	**(143)**	**2,910**	**11,867**	**539**	**(179)**	**321**	**12,548**
Balance at 31 December										
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**

Goodwill

The capitalised goodwill was allocated to the following CGU's as at 31 December:

(EUR x 1,000)	2022	2021
Europe-Africa	120,288	118,980
Americas	70,541	69,774
Asia Pacific	29,738	29,415
Middle East & India	51,911	51,347
Total	**272,478**	**269,516**

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 CGU's.

- Cash flows in the first year of the forecast are based on management's approved financial budget. For all CGU's, the 2023 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 CGU's beyond one year are extrapolated using an estimated growth rate based on expected market developments, taking into account strategic plans of the company and current market conditions.
- Cash flows for the CGU's beyond five years are extrapolated using an estimated long-term growth rate of 2.1% (2021: 0.0%). For the CGU's the 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.

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

(EUR x 1,000)	Growth rate first year		Growth rate long-term		Pre-tax discount rate		Long-term EBIT margin %	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Europe-Africa	**13.1%**	9.3%	**2.1%**	0.0%	**11.7%**	9.9%	**10.1%**	10.1%
Americas	**10.3%**	5.1%	**2.1%**	0.0%	**11.9%**	9.8%	**9.9%**	7.3%
Asia Pacific	**27.7%**	(1.9%)	**2.1%**	0.0%	**11.6%**	9.5%	**8.1%**	6.0%
Middle East & India	**15.1%**	28.6%	**2.1%**	0.0%	**12.9%**	10.9%	**9.4%**	9.1%

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 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 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 increase in discount rate from 2021 to 2022 is mainly driven by a higher equity market risk premium and risk-free rate.

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	Growth rate first year	Growth rate long-term	Pre-tax discount rate	Long-term EBIT margin %
Europe-Africa	494,406	(33.0%)	(10,4%)	7.8%	(11.6%)
Americas	331,272	(38.7%)	(16.3%)	11.1%	(9.8%)
Asia Pacific	136,939	(24.6%)	(5.7%)	4.7%	(5.8%)
Middle East & India	57,944	(17.8%)	(3.6%)	3.1%	(7.4%)
Total	**1,020,561**				

Total headroom increased significantly from EUR 619 million in 2021 to EUR 1,021 million in 2022. 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.

22. 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.

Fugro has a call option to acquire the remaining shares of Sea-Kit International Limited (an individually immaterial associate) from its joint venture partner between 13 February 2024 and 30 June 2024 (which period may be deferred by one year by the joint venture partner). The exercise price is the estimated fair value at that point in time. The joint venture partner has a put option to sell the remaining shares to Fugro under substantially the same conditions as the call option which is capped at a fixed amount.

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

(EUR x 1,000)	Joint ventures		Associates	
	2022	**2021**	**2022**	**2021**
At January 1	43,640	28,152	2,726	8,062
Share of profit/ (loss)	11,558	16,598	236	878
Capital increase/(decrease)	–	–	589	–
Other comprehensive income/ (loss)	(493)	3,371	(166)	(76)
Dividends received	(11,540)	(4,440)	–	(693)
Transfer to asset held for sale	–	–	–	(5,445)
Other	(1)	(41)	–	–
At 31 December	**43,164**	43,640	**3,385**	2,726

Since 31 December 2021 the Global Marine Group associate was presented as held for sale, with a carrying amount as at 31 December 2022 of EUR 7,852 thousand (2021: EUR 5,445 thousand). The Group's share of profit from continuing operations amounted to EUR 1,731 thousand (2021: EUR 1,416 thousand) and a profit of EUR 676 thousand (2021: EUR 286 thousand loss) was reported as other comprehensive income relating to foreign currency exchange differences which is attributed to the carrying amount classified as held for sale (reference is made to note 8.2).

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

23. 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 34.2 Credit risk for details on how the Group applies ECL model.

(EUR x 1,000)	Measurement Category	2022	2021
Equity securities	Fair value through profit and loss	1,096	1,096
Long-term loans	Amortised cost	4,500	4,500
Deposits	Amortised cost	3,238	32,086
Net defined benefit asset	Present value	21,333	22,796
Other long-term assets	Nominal value	5,083	2,617
Balance at 31 December		**35,250**	**63,095**

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 no dividends from its equity securities in 2022 (2021: nil).

Long-term loans mainly comprise a loan due from Wavewalker B.V. for the carrying amount of EUR 4.5 million (31 December 2021: EUR 4.5 million). The loan has to be fully repaid before 30 April 2027.

The net defined benefit asset comprises of a surplus on a UK pension plan as per 31 December 2022 (refer to note 31 Employee Benefits).

Deposits pertained to the lease of two geotechnical vessels. Fugro exercised its purchase options on 28 February 2022. The purchase price will be net of the deposits, which are consequently now included as part of the carrying amount of the right of use asset.

24. 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 2022, EUR 29,098 thousand (2021: EUR 29,261 thousand) of inventories was recognised as an expense.

25. 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 34.2 Credit risk for details on how the Group applies the ECL model.

(EUR x 1,000)	**2022**	2021
Trade receivables	291,207	240,035
Unbilled revenue on (completed) projects	216,744	186,002
Prepayments	28,882	29,716
VAT and other tax receivables	30,563	17,927
Other receivables	36,079	39,140
Balance at 31 December	**603,475**	512,820

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 include short-term deposits and current portion of long-term receivables with an impairment loss of EUR 524 thousand recognised in the year (2021: nil).

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)				**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	403,381	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		**522,942**	**14,991**	

(EUR x 1,000)				2021
	Status	Estimated total gross carrying amount at default	Expected credit loss	Expected credit loss rate %
Past due for 0 to 30 days	Fully performing	353,829	95	0.03
Past due for 31 to 60 days	Not (materially) impaired	34,286	998	2.91
Past due for 61 to 90 days	Not (materially) impaired	8,968	552	6.16
Past due for over 90 days	(Materially) impaired	35,281	13,711	38.86
Retentions and special items		9,111	82	0.90
Balance at 31 December		441,475	15,438	

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)	2022	2021
Balance at 1 January	15,438	16,835
Impairment loss recognised	2,918	4,144
Impairment loss reversed	(2,003)	(1,861)
Write-off	(1,972)	(4,767)
Effect of movements in exchange rates	610	1,087
Balance at 31 December	**14,991**	**15,438**

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 2022 and which are still subject to enforcement activity.

26. 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.

(EUR x 1,000)	2022	2021
Cash and cash equivalents	209,090	148,956
Bank overdraft	(2,059)	(1,824)
Cash and cash equivalents in the consolidated statement of cash flows	**207,031**	**147,132**

The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include EUR 9.4 million (31 December 2021: EUR 8.8 million) of Angolan Kwanza's and EUR 6.9 million (31 December 2021: EUR 6.8 million) of Nigerian Naira where exchange controls apply (these balances are considered trapped cash). These trapped cash balances are not available for general use by other entities within the group.

27. 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 in the period in which they are declared.

27.1 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	
	2022	2021	**2022**	2021
In issue at 1 January	103,190,366	103,190,366	–	–
Issued for cash	10,319,036	–	–	–
In issue at 31 December – fully paid	**113,509,402**	103,190,366	**–**	–
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 2022, the authorised share capital amounts to EUR 20 million (2021: EUR 20 million), consisting of ordinary shares and various types of preference shares. On 31 December 2022, the issued share capital amounted to EUR 5.7 million (2021: EUR 5.2 million).

Ordinary shares

Holders of ordinary shares are entitled to dividends as declared 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 2022 provide the foundation Stichting Beschermingspreferente aandelen Fugro with a right to exercise a call option on protective preference shares.

27.2 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).

27.3 Reserve for own shares

Fugro has not purchased own shares to cover its long-term incentive plan in 2022 (2021: nil). In 2022, 97,199 shares were used (2021: 94,124 pre-share consolidation). As per 31 December 2022, Fugro holds 1,586,549 own shares (2021: 1,683,748) with respect to the long-term incentive plan and subordinated unsecured convertible bonds. This was 1.4% of the issued capital (2021: 1.6%).

27.4 Unappropriated result

No dividend is proposed to be paid-out for 2022. Refer to note 34 Financial risk management for dividend restrictions.

28. 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)	2022			2021		
	Continuing operations	Discon-tinued operations	Total	Continuing operations	Discon-tinued operations	Total
Net income (loss) attributable to equity holders of the parent (Euro)	74,127	–	74,127	59,636	11,487	71,123
Reconciling items numerator basic EPS	–	–	–	–	–	–
Profit (loss) attributable to ordinary shareholders (basic)	**74,127**	**–**	**74,127**	**59,636**	**11,487**	**71,123**
Effects of dilutive potential ordinary shares	–	–	–	–	–	–
Profit (loss) attributable to ordinary shareholders (diluted)	**74,127**	**–**	**74,127**	**59,636**	**11,487**	**71,123**

Number of shares	2022	2021
Outstanding number of ordinary shares at 1 January	101,506,618	101,412,494
Effect of delivery of treasury shares for share-based payment plans	65,330	79,167
Effect of shares issued during the year	4,438,599	–
Weighted average number of ordinary shares at 31 December (basic)	**106,010,547**	**101,491,661**
Effects of conversion of convertible bonds	–	–
Effects of share options on issue	–	–
Effects of restricted shares on issue	221,566	88,640
Effects of performance shares on issue	374,838	197,692
Weighted average number of ordinary shares at 31 December (diluted)	**106,606,951**	**101,777,993**

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. For convertible bonds and share options, the conversion to ordinary shares would not decrease earnings per share or increase loss per share and as such they have not been treated as dilutive.

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

29. NON-CONTROLLING INTEREST

The total non-controlling interest as at 31 December 2022 is EUR 11,269 thousand (surplus), of which EUR 10,455 thousand (surplus) is attributable to Fugro-Suhaimi Ltd.
The non-controlling interest of other subsidiaries is insignificant. During the course of the year EUR 4,635 thousand (2021: EUR 2,898 thousand) was paid as dividends to non-controlling interest shareholders, also mainly related to Fugro-Suhaimi Ltd (Suhaimi).

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	
	2022	2021
Current		
Assets	53,684	34,786
Liabilities	(39,983)	(23,690)
Total current net assets	**13,701**	**11,096**
Non-current		
Assets	13,412	12,827
Liabilities	(6,203)	(5,165)
Total non-current net assets	**7,209**	**7,662**
Net assets	20,910	18,758
NCI percentage	50%	50%
Carrying amount of NCI	10,455	9,379

Summarised income statement

(EUR x 1,000)

	Fugro-Suhaimi Ltd.	
	For period ended 31 December	
	2022	2021
Revenue	49,923	39,136
Profit/(loss) before income tax	10,211	5,557
Income tax (expense)/income	–	–
Post-tax profit/(loss) from continuing operations	10,211	5,557
Other comprehensive income	–	–
Total comprehensive income/(loss)	10,211	5,557
Total comprehensive income/(loss) allocated to non-controlling interests	5,106	2,779
Dividends paid to non-controlling interests	4,400	2,898

Summarised cash flows

(EUR x 1,000)

	Fugro-Suhaimi Ltd.	
	For period ended 31 December	
	2022	2021
Net cash generated from operating activities	11,382	7,317
Net cash used in investing activities	(1,114)	(1,421)
Net cash used in financing activities	(5,050)	(5,796)
Net increase in cash and cash equivalents and bank overdrafts	5,218	100
Cash, cash equivalents and bank overdrafts at beginning of year	3,896	3,476
Exchange gains/(losses) on cash and cash equivalents	162	320
Cash and cash equivalents and bank overdrafts at end of year	9,276	3,896

The amounts above are before intercompany eliminations.

30. 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.

30.1 Loans and borrowings

(EUR x 1,000)	**2022**	**2021**
Super senior revolving credit facility of EUR 250 million	–	12,521
Senior term loan of EUR 200 million	200,234	–
Super senior term loan of EUR 200 million	–	186,217
Nine hundred and ten subordinated unsecured convertible bonds of EUR 100,000 (issued in 2017)	40,348	92,123
Other loans and long-term borrowings	4,886	1,558
Subtotal	**245,468**	**292,419**
Less: current portion of loans and borrowings	(3,801)	(93,241)
Balance at 31 December	**241,667**	**199,178**

Terms and debt repayment schedule
Terms and conditions of outstanding loans were as follows:

(EUR x 1,000)				2022		2021	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Senior RCF of EUR 140 million and ancillary facility of EUR 60 million	EUR/Variable	EURIBOR + 1.75% – 3.75%	2025	–	–	–	–
Super senior revolving credit facility of EUR 250 million	EUR	EURIBOR +2.75% – 5.50%	2023	–	–	12,500	12,521
Senior term loan of EUR 200 million	EUR	EURIBOR +3.25% – +5.00%	2025	200,000	200,234	–	–
Super senior term loan of EUR 200 million	EUR	EURIBOR +5.50% – +8.00%	2023	–	–	188,000	186,217
Subordinated unsecured convertible bonds of EUR 100 million (issued 2017)	EUR	4.50%	2024	42,500	40,348	100,000	92,123
Other long-term loans	Variable	4% – 5.51%	2023 – 2024	4,886	4,886	1,558	1,558
Balance at 31 December				**247,386**	**245,468**	302,058	292,419

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 31 December 2022
Net equity value of guarantors (aggregated)	2,802,319
Bank accounts (of Dutch, Curaçao and other foreign subsidiaries)	38,409
Intercompany receivables (of Dutch, Curaçao and other foreign subsidiaries)	743,511

Guarantees (liens) related to the senior revolving credit facility and senior term loan are EUR 200 million (the drawn amount) as of 31 December 2022 (2021: EUR 188 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 2022, 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.

30.2 Senior RCF

On 5 August 2022, the existing ancillary facility amount outstanding of EUR 18.7 million was repaid. As at 31 December 2022, EUR nil million under the senior RCF and ancillary facility was drawn (2021: EUR 12.5 million). The senior RCF may be utilised by way of drawing of loans and ancillary facilities. The senior RCF represents a three-year facility (of which two years and seven months remain at 31 December 2022) subject to a one year extension option (all lenders' consent). 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% as shown below:

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 KPI's (see below).

The transaction costs of the senior RCF of EUR 3.2 million are recorded as current assets and are amortised over the term. The current year amortisation amounts to EUR 0.4 million (finance expense).

30.3 Term loan

As at 31 December 2022, the carrying amount of the senior term loan amounts to EUR 200.2 million with an effective interest expense (at 4.77%) of EUR 3.9 million during 2022 (2021: carrying amount EUR 186.2 million and interest expense EUR 14.7 million). The senior term loan has a three-year term (of which two years and seven months remain as of 31 December 2022) subject to a one year extension option (all lenders' consent). The initial coupon is EURIBOR+3.50% and depending on leverage can vary between EURIBOR+3.25% and EURIBOR+5.00% as shown below:

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 transaction costs of EUR 3.7 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 0.5 million.

30.4 Subordinated unsecured convertible bonds

Simultaneously with the broader refinancing, Fugro repurchased EUR 9 million in principal amount (ninety bonds) of the outstanding subordinated convertible bonds due 2024 via a private transaction with Stichting Value Partners Family Office. The ninety bonds repurchased were cancelled in accordance with the terms and conditions. The repurchase price was EUR 100,000 per EUR 100,000 in principal amount of such bonds.
The consideration paid on 28 July 2022 was allocated to the liability in full (there was no residual that was assigned to the equity component). The debt settlement gain was EUR 0.6 million and presented in finance expense.

In accordance with the terms and conditions, bond holders could at their discretion require the early redemption at par on the fifth anniversary of their issue. During the notice period, which ended on 16 September 2022, Fugro received early redemption notices for an aggregate amount of EUR 48.5 million. The total amount of EUR 48.5 million (principal and accrued interest) was repaid on 2 November 2022. The consideration paid was allocated to the liability (EUR 45.5 million) and equity component (EUR 4.0 million). The debt settlement gain was EUR 1.0 million and presented in finance income.

The total portion of the equity component pertaining to the convertible bonds fully redeemed during 2022 was transferred to retained earnings for an amount of EUR 2.7 million.

As at 31 December 2022, the carrying amount of the EUR 100 million subordinated unsecured convertible bonds due 2024 amounts to EUR 40.3 million (31 December 2021: 92.1 million) with an effective interest expense (at 8.1%) of EUR 6.5 million in 2022 (2021: EUR 7.1 million). A EUR 4.4 million coupon of 4.5% has been paid in 2022 (2021: 4.5 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 5,089.3175 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.

30.5 Changes in liabilities arising from financing activities

The table below sets out an analysis of the changes in liabilities arising from financing activities in 2022.

(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.

The cash outflow from financing activities of EUR 5.1 million in 2022 represents the total net cash from financing activities in the consolidated statement of cash flows of EUR 32.9 million excluding dividends paid of EUR 4.6 million, proceeds from issue of term loan of EUR 200 million, repayment of super senior RCF and super senior term loan of EUR 285.5 million and the proceeds from sale and leaseback (financing component) of EUR 18.0 million.

In 2021, the analysis of the changes in liabilities arising from financing activities was as follows:

(EUR x 1,000)	Subordinated unsecured convertible bonds EUR 190,000	Subordinated unsecured convertible bonds EUR 100,000	Super senior RCF	Super senior term loan	Lease Liabilities	Transaction with discontinued operations	Other long-term loans	Total
Balance at 1 January 2021	56,953	89,521	–	195,137	132,692	–	2,631	476,934
Cash flow from financing activities provided by (used for) continued operations	(58,900)	–	12,500	(12,000)	(25,599)	14,801	(951)	(70,149)
Cash flow from financing activities provided by (used for) discontinued operations	–	–	–	–	–	(14,801)	–	(14,801)
Sub-total	**(1,947)**	**89,521**	**12,500**	**183,137**	**107,093**	–	**1,680**	**391,984**
Effect of movement in foreign exchange rates	–	–	–	–	9,229	–	18	9,247
Other changes*	1,947	2,602	21	3,080	31,102	–	(140)	38,612
Balance at 31 December 2021	–	**92,123**	**12,521**	**186,217**	**147,424**	–	**1,558**	**439,843**

* Other changes include interest payments, accrued interest, amortisation, and new/modification of leases.

30.6 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.

	2022			2021		
Principal covenants	Target	Actual	Headroom	Target	Actual	Headroom
Solvency ratio	>=33.33%	51.0%	17.67%	>=33.33%	46.3%	12.97%
Net leverage	=<3.25:1	0.93	2.32	=<3.25:1	1.71	1.54
Interest coverage	>=2.50:1	7.05	4.55	>=2.50:1	4.60	2.1

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, the lease liabilities of the two geotechnical vessels 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 200.2 million.
Note 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. Fugro complied with the covenant requirements in the SFA as of 31 December 2022. Fugro expects to comply with its covenants in the twelve months after the reporting period, with adequate headroom.

30.7 Sustainability-linked KPIs

Sustainability-linked KPI's	Initial score	Year initial score	Target score				Actual score	Annual target met (yes/no)
			2022	2023	2024	2025	2022	2022
Reduction CO_2 emission intensity vessels	15.8 tonnes CO_2/operational day	2020	– 5%	– 10%	– 15%	– 20%	– 13%	Yes
Growth in revenue from renewables market segment	EUR 351.5 million	2021	10%	28%	50%	60%	+48%	Yes
Percentage women in senior management positions	15.4%	2021	16%	17.5%	20%	25%	19%	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 / results and publications). The reporting criteria used for the preparation of the KPI's 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

31. 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than twelve months after the end of the period in which the employees render the service are discounted to their present value.

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, then 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)	**2022**	2021
Net defined benefit asset	(21,333)	(22,796)
Total employee benefit asset	**(21,333)**	**(22,796)**
Net defined benefit obligation	8,256	22,272
Liability for long-service leave	28,621	25,902
Total employee benefit liabilities	**36,877**	**48,174**

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. The valuation of both the FH and the RRI scheme resulted in a net defined benefit asset as per 31 December 2022.
- 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)	**2022 RRI plan**	**2022 Other**	**2022 Total**	**2021 RRI plan**	**2021 Other**	**2021 Total**
Present value of funded obligations	48,233	263,784	312,017	70,499	431,444	501,943
Fair value of plan assets	(62,835)	(262,259)	(325,094)	(93,295)	(409,172)	(502,467)
Net defined benefit obligation (asset)	**(14,602)**	**1,525**	**(13,077)**	**(22,796)**	**22,272**	**(524)**

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

	2022			2021		
(EUR x 1,000)	Obligation	Plan assets	Net liability (asset)	Obligation	Plan assets	Net liability (asset)
Balance at 1 January	501,943	(502,467)	(524)	542,234	(494,853)	47,381
Plan amendments and curtailments (past service cost)	(5,568)	6,937	1,369	–	–	–
Interest expense / (income)	7,358	(7,607)	(249)	4,920	(4,502)	418
Included in profit or loss (personnel expense)	**1,790**	**(670)**	**1,120**	4,920	(4,502)	418
Actuarial losses / (gains):	(170,994)	167,699	(3,295)	(53,498)	15,497	(38,001)
▪ (Gain)/loss from change in demographic assumptions	2,241	–	2,241	(1,563)	–	(1,563)
▪ (Gain)/loss from change in financial assumptions	(180,728)	167,699	(13,029)	(53,079)	15,497	(37,582)
▪ Experience (gains)/losses	7,493	–	7,493	1,144	–	1,144
Exchange rate differences	(9,881)	11,052	1,171	18,495	(16,736)	1,759
Included in other comprehensive income	**(180,875)**	**178,751**	**(2,124)**	(35,003)	(1,239)	(36,242)
Paid by the employer	–	(11,514)	(11,514)	–	(12,081)	(12,081)
Paid by plan participants	–	–	–	–	–	–
Benefits paid by the plan	(10,841)	10,806	(35)	(10,208)	10,208	–
Other	**(10,841)**	**(708)**	**(11,549)**	(10,208)	(1,873)	(12,081)
Present value of the funded obligation at 31 December	**312,017**	**(325,094)**	**(13,077)**	501,943	(502,467)	(524)

The following remeasurements were recognised directly in other comprehensive income:

(EUR x 1,000)	2022	2021
Cumulative amount at 1 January	(35,165)	(69,390)
Remeasurements:	4,745	34,225
▪ Recognised during the year	3,295	38,001
▪ Effect of movement in exchange rates	1,450	(3,776)
Cumulative amount at 31 December	**(30,420)**	**(35,165)**

The actuarial gain net of tax recognised in other comprehensive income amounts to EUR 2,460 thousand (2021: EUR 31,601 thousand), after income tax recognised of EUR 835 thousand (2021: EUR 6,400 thousand).

Actuarial assumptions

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

	2022		2021	
	UK	Netherlands	UK	Netherlands
Discount rate at 31 December	4.85%	3.60%	1.93%	1.10%
Future salary increases	0.0%	0.0%	0.0%	0.0%
Future pension increases	1.54%	0.0%	1.51%	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 2021 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 7.1%	Increase by 8.1%
Salary growth rate	0.50%	Increase by 0.0%	Decrease by 0.0%
Pension growth rate	0.50%	Increase by 2.1%	Decrease by 2.0%
Life expectancy	1 year	Increase by 2.9%	Decrease by 2.9%

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 latter plays a role in the assumed salary increase and especially for those group pension obligations which are linked to inflation, meaning higher inflation will lead to higher liabilities.

The Group is actively managing risk related to its defined benefit plans to reduce these risks as much as possible. Specifically for inflation, 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.

Apart from the Group wide risks, 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 Robertson and UK Holdings plan include return seeking assets and bonds. The Robertson plan also includes matching assets to cover the pensioner liabilities.
The employer is ultimately 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)				2022				2021
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity instruments	7,571	–	7,571	2%	112,958	–	112,958	22%
Debt instruments	145,414	–	145,414	45%	131,822	–	131,822	26%
Government	12,733	–	12,733	4%	10,107	–	10,107	2%
Corporate bonds (Investment grade)	62,515	–	62,515	19%	76,156	–	76,156	15%
Corporate bonds (Non-investment grade)	70,166	–	70,166	22%	45,559	–	45,559	9%
Insurance policies	–	147,352	147,352	45%	–	233,942	233,942	47%
Property	8,984	–	8,984	3%	13,273	–	13,273	3%
Cash and cash equivalents	–	15,773	15,773	5%	10,472	–	10,472	
Balance at 31 December	**161,969**	**163,125**	**325,094**	**100%**	**268,525**	**233,942**	**502,467**	

The expected 2023 contributions amount to EUR 12.2 million (2022: EUR 12.8 million).

The weighted average duration of the defined benefit obligation is 18.4 years (2021: 20 years).

As at 31 December 2022	Netherlands	United Kingdom	Total weighted
Duration of plan	18.0	18.8	18.4

32. 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)					2022					2021
	Onerous contracts	Legal claims	Restructuring	Asset retirement obligations	Total	Onerous contracts	Legal claims	Restructuring	Asset retirement obligations	Total
Balance at 1 January	1,270	14,990	3,086	3,502	22,848	1,515	15,506	5,710	2,563	25,294
Provisions made during the year	5,739	1,994	2,783	990	11,506	124	1,225	12,112	820	14,281
Provisions used during the year	(458)	(146)	(5,118)	(302)	(6,024)	(126)	(2,567)	(14,898)	(125)	(17,716)
Provisions reversed during the year	–	(2,704)	59	–	(2,645)	(358)	(1,308)	(769)	–	(2,435)
Unwinding of discount	–	–	–	70	70	–	–	–	93	93
Transfer from held for sale	–	–	–	–	–	–	–	793	–	793
Reclassification	–	1,306	–	–	1,306	–	1,937	–	–	1,937
Effect of movements in foreign exchange rates	(18)	307	41	10	340	115	197	138	151	601
Balance at 31 December	**6,533**	**15,747**	**851**	**4,270**	**27,401**	**1,270**	**14,990**	**3,086**	**3,502**	**22,848**
Non-current	–	12,309	–	4,270	16,579	–	11,460	163	3,502	15,125
Current	6,533	3,438	851	–	10,822	1,270	3,530	2,923	–	7,723

Fugro has accounted for certain tax indemnities and warranties in respect of the sale of the majority of the Geoscience business to CGG in 2013 for liabilities arising from tax exposures. This tax indemnity and warranty amounts to EUR 9.8 million as at 31 December 2022 (31 December 2021: EUR 9.8 million).

33. 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)	**2022**	**2021**
Trade payables	110,067	111,409
Accrued expenses	137,224	139,824
Advance instalments to work in progress	71,508	50,514
Employee related accruals	65,616	60,188
Other liabilities	26,379	21,072
Balance at 31 December	**410,794**	383,007

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 42,740 thousand has been recognised as revenue that was included in the closing balance as at 31 December 2021 (2020: EUR 40,225 thousand). Accrued expenses primarily represent project cost accruals for goods and services received but which are yet to be invoiced.

34. FINANCIAL RISK MANAGEMENT

34.1 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. This note presents information on a consolidated basis including both continued and discontinued operations.

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.

34.2 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 1.5 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 by the group controllers. 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 has no significant lease arrangements in which it is a lessor.

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 visible impact of macroeconomic events arising in 2022 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 25 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.

34.3 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 2022, Fugro holds trapped cash balances in Angola and Nigeria (as quantified in note 26 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 under the new Senior Facility arrangement to replace the existing facility (Refer to Note 5 Refinancing 2022 for more details). As at 31 December 2022, the facility was drawn for EUR 200 million (2021: EUR 188 million from the then existing super senior term loan facility totalling EUR 200 million). These bank facilities have been secured until December 2025. 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 2022.
- A variety of unsecured overdraft facilities in various currencies totalling around EUR 74 million of which EUR 2.1 million have been drawn at 31 December 2022 (31 December 2021: EUR 54 million with EUR 1.8 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)							2022
	Carrying amount	Contractual cash flows	6 months or less	7 – 12 months	1 – 2 years	3 – 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**

(EUR x 1,000)							2021
	Carrying amount	Contractual cash flows	6 months or less	7 – 12 months	1 – 2 years	3 – 5 years	More than 5 years
Super senior revolving credit facility in EUR 250 million	12,521	12,592	12,592	–	–	–	–
Super senior term loan EUR 200 million	186,217	214,419	5,671	6,212	202,536	–	–
Subordinated unsecured convertible bonds in EUR 100,000	92,123	113,500	2,250	111,250	–	–	–
Lease liabilities	147,424	186,226	16,045	14,586	25,929	66,328	63,338
Other loans and long-term borrowings	1,558	1,558	1,558	–	–	–	–
Trade and other payables	383,007	383,007	383,007	–	–	–	–
Bank overdraft	1,824	1,824	1,824	–	–	–	–
Balance at 31 December	**824,674**	**913,126**	**422,947**	**132,048**	**228,465**	**66,328**	**63,338**

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, interest payments or the one year term-extending option on the senior RCF and senior term loan. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

34.4 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.

34.4.1 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.

To mitigate the impact of currency exchange rate fluctuations, the Group continually assesses the exposure to currency risks and if deemed necessary a portion of those risks is hedged by using derivative financial instruments. The principal derivative financial instruments used to cover foreign currency exposure are forward foreign currency exchange contracts. As of 31 December 2022, there are no material forward foreign currency exchange contracts 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.

Applicable exchange rates at 31 December for major non-Euro currencies to the Euro are shown as follows:

	2022	2021	2022	2021
	Closing rates		Weighted average rates	
	1 EUR	1 EUR	1 EUR	1 EUR
AUD	1.5625	1.5625	1.5152	1.5873
GBP	0.8850	0.8403	0.8547	0.8547
HKD	8.3056	8.8183	8.2242	9.1792
NOK	10.5263	10.000	10.1010	10.2041
SGD	1.4286	1.5385	1.4493	1.5873
USD	1.0638	1.1364	1.0526	1.1765

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 2022		31 December 2021	
	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	(3,576)	150	(3,695)	1,140
GBP	(14,592)	585	(16,176)	(829)
HKD	(13,792)	(861)	(11,622)	(470)
NOK	(4,012)	(1,433)	(3,909)	(968)
SGD	(3,554)	(470)	(2,851)	(457)
USD	(2,870)	3,009	(3,656)	1,695

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:

2022

Exposure in EUR thousands	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

2021

Exposure in EUR thousands	Trade receivables	Unbilled revenues	Trade payables	WIP Advances	Project accruals
AUD	7,893	28,177	7,551	2,266	13,908
GBP	41,269	25,047	15,520	7,988	19,046
HKD	10,574	6,029	3,717	4,449	3,637
NOK	9,134	2,878	4,319	4,896	1,262
SGD	3,309	621	1,401	1,806	1,523
USD	66,323	56,650	32,273	9,217	47,392
	138,502	**119,402**	**64,781**	**30,622**	**86,769**
Sensitivity					
+10%	12,591	10,855	5,889	2,784	7,888
+15%	18,065	15,574	8,450	3,994	11,318

34.4.2 Interest rate risk

The Group's liabilities bear both fixed and variable interests. The Group's objective is to limit the effect of interest rate changes on the results by matching long term investment with long term (fixed or variable interest) financing as much as possible.

Profile

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

(EUR x 1,000)	Carrying amount	
	2022	**2021**
Fixed rate instruments		
Financial assets	4,500	4,500
Financial liabilities	(214,233)	(241,096)
Variable rate instruments		
Financial assets	209,090	148,956
Financial liabilities	(202,292)	(200,565)
Balance at 31 December	**(202,935)**	**(288,205)**

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 (interest rate swaps) 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

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 2022, 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 2022		
Variable rate instruments	68	(68)
Cash flow sensitivity (net)	68	(68)
31 December 2021		
Variable rate instruments	(516)	516
Cash flow sensitivity (net)	(516)	516

34.5 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. The Board strives for a dividend pay-out ratio of 35 to 55% of net result. Subsequent to the refinancing in 2020 dividend payments are restricted. Over 2022 no dividends will be paid. Dividends may only be paid if net leverage is structually equal to or less than 2.5 times and a maximum of 60% of net profit (refer to 30.6 for the covenant requirements).

Targeted solvency is set at, at least 33.3%. The targeted solvency includes the impact of IFRS 16. The solvency at the end of 2022 was 51.0% (2021: 46.3%). 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 7.03% (positive) in 2022 (2021: 8.4% 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.

There were no changes to the Group's approach to capital management during the year.

35. 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)	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade and other receivables*	603,475	603,475	512,820	512,820
Cash and cash equivalents	209,090	209,090	148,956	148,956
Deposits	3,238	3,238	32,086	32,086
Long-term loans	4,500	4,500	4,500	4,500
Other long-term receivables	5,083	5,083	2,617	2,617
Equity securities	1,096	1,096	1,096	1,096
Financial liabilities measured at amortised cost				
Senior term loan of EUR 200 million	(200,234)	(200,234)	–	–
Subordinated unsecured convertible bonds EUR 100,000	(40,348)	(39,700)	(92,123)	(84,326)
Super senior revolving credit facility in EUR 250 million	–	–	(12,521)	(12,521)
Super senior term loan EUR 200 million	–	–	(186,217)	(186,217)
Other long-term loans	(4,886)	(4,886)	(1,558)	(1,558)
Bank overdraft	(2,059)	(2,059)	(1,824)	(1,824)
Trade and other payables*	(410,794)	(410,794)	(383,007)	(383,007)
Unrecognised gains/(losses)		(648)		(7,797)

* 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)	2022	2021
Loans and borrowings	8.4%	2.75% – 8%

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 2022 (31 December 2021: 1,096 thousand), which are categorised within Level 1.

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.

36. COMMITMENTS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

Bank guarantees

Per 31 December 2022, Fugro's banks have issued bank guarantees to clients for an amount of EUR 96.9 million (2021: EUR 88.2 million).

Capital commitments

At 31 December 2022, the Group has EUR 5.5 million contractual obligations to purchase property, plant and equipment (2021: EUR 13.7 million).

Climate commitments

On 19 February 2021, Fugro announced a target of net zero carbon emissions scope 1 and scope 2 by 2035. In 2022, in support of this target, Fugro started developing science-based targets on its CO_2 emission reduction in line with the Science Based Targets initiative (SBTi). In addition to scope 1 and 2, science-based targets also cover scope 3 emissions. 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. CO_2 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, 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.

37. 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:

(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**

(in EUR)	Short-term employee benefits	Post-employment benefits	Severance	Share-based payment expense (IFRS 2)	Total 2021
Board of Management	1,988,548	46,698	–	1,218,184	3,253,430
Senior managers	3,015,580	147,292	–	897,408	4,060,280
Executive Leadership Team (subtotal)	**5,004,128**	**193,990**	–	**2,115,592**	**7,313,710**
Supervisory Board	425,415	–	–	–	425,415
Total	**5,429,543**	**193,990**	–	**2,115,592**	**7,739,125**

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.

	2022			2021		
	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	–	–	–	30,000	EUR 7.59	–
Senior managers	1,500	EUR 14.69 – EUR 14.70	–	–	–	–
Executive Leadership Team (subtotal)	**1,500**	**–**	**–**	30,000	–	–
Supervisory Board	28,100	EUR 11.38 – EUR 13.59	–	6,500	EUR 7.55 – EUR 7.62	–
Total	**29,600**		**–**	36,500		–

The individual shareholdings are less than 5%.

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

38. SUBSEQUENT EVENTS

On 31 January 2023, Fugro signed a vessel charter agreement with a third party.
The charter payments for Fugro excluding potential indexations are estimated between USD 28 million (3 years) and USD 49 million (5 years). On 23 February 2023, Fugro reached agreement with a third party to acquire two platform supply vessels, which will be repurposed to geotechnical vessels. The respective capital expenditures will be accounted for in 2023. The airplane which was presented as non-current asset held for sale in the APAC region at 31 December, was sold to a third party on 24 February 2023. On 7 March 2023, INNOVATE Corp. (a third party) announced that it has closed the sale of the remaining 19% interest in Huawei Marine Networks Co. Ltd. The 19% interest was held by Global Marine Holdings LLC, an entity in which INNOVATE Corp. is the majority shareholder and in which Fugro holds an 23.6% interest. After taxes and transaction costs, Fugro will receive approximately USD 10 million, resulting in a minor positive result.
This completes the divestment of Fugro's non-core interest in the Global Marine Group associate, which was presented as non-current asset held for sale (note 8.2).

39. 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 Australia Land Pty Ltd.		Perth, Australia
Fugro Holdings (Australia) Pty Ltd.		Perth, Australia
Fugro Australia Marine Pty Ltd.		Perth, Australia
Fugro Exploration Pty Ltd.		Perth, Australia
SOCAR-Fugro LLC	49%*	Baku, Azerbaijan
Fugro In Situ Geotecnia Ltda.		Pinhais, Brazil
Fugro Brasil Levantamentos Ltda.		Rio de Janeiro, Brazil
Fugro Holding Belgium N.V.		Louvain la Neuve, Belgium
Fugro Canada, Corp.		St. John's, Canada
Fugro Chile S.A.		Santiago, Chile
China Offshore Fugro GeoSolutions (Shenzhen) Co. Ltd.	50%*	Shekou, Shenzhen, China
Fugro Offshore Survey (Shenzhen) Co. Ltd.		Shenzhen, China
Fugro Pacifica Qinhuangdao Co. Ltd.		Qinhuangdao, China
Fugro Technical Services (Guangzhou) Ltd.		Guangzhou, 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 Geoid S.A.S.		Castries, France
Fugro Holding France S.A.S.		Nanterre, France
Fugro Germany Land GmbH		Berlin, Germany
Fugro Germany Marine GmbH		Bremen, Germany
Fugro Ghana Limited	90%	Accra, Ghana

Company	%	Office, Country
Fugro Geotechnical Services Ltd.		Fo Tan, Hong Kong
Fugro Technical Services Ltd.		Tuen Mun, Hong Kong
Fugro Geosciences International Ltd.		Wanchai, Hong Kong
Fugro (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Holdings (Hong Kong) Ltd.		Wanchai, Hong Kong
Fugro Survey (India) Private Limited		Navi Mumbai, India
Fugro Geotech (India) Private Limited		Navi Mumbai, India
PT Fugro Indonesia	80%	Jakarta Selatan, Indonesia
Fugro-ETW LLC	50%*	Basra, Iraq
Fugro Italy S.p.A.		Rome, Italy
Fugro Japan Co., Ltd.		Tokyo, Japan
Bulan Selatan Sdn Bhd	49%	Kuala Lumpur, Malaysia
Fugro Malaysia Marine Sdn Bhd	30%	Kuala Lumpur, Malaysia
Fugro Mauritius Ltd.		Quatre Bornes, Mauritius
Fugro Mexico S.A. de C.V.		Ciudad Del Carmen, Campeche, Mexico
Fugro Holdings (NZ) Ltd.		New Plymouth, New Zealand
Fugro New Zealand Ltd.		New Plymouth, New Zealand
Fugro Norway AS		Oslo, Norway
Fugro Philippines Inc.		Manila, Philippines
Fugro Peninsular Services Co. W.L.L.	49%	Doha, Qatar
Fugro-Suhaimi Ltd.	50%	Dammam, Saudi Arabia
Eastern Supporter Pte Ltd		Singapore, Singapore
Fugro Marine Personnel Pte Ltd.		Singapore, Singapore
Fugro Singapore Marine Pte Ltd		Singapore, Singapore
Fugro Satellite Positioning Pte Ltd.		Singapore, Singapore
Fugro Properties Pte Ltd.		Singapore, Singapore
Southern Evolution Pte Ltd.		Singapore, Singapore
Eastern Mariner Pte Ltd.		Singapore, Singapore
Eastern Equator Pte Ltd.		Singapore, Singapore
Fugro Singapore Land Pte Ltd.		Singapore, Singapore
Fugro Subsea Technologies Pte Ltd.		Singapore, Singapore
Fugro Survey Africa (Pty) Ltd.		Cape Town, South Africa
Fugro Geodetic AG		Zug, Switzerland
Fugro IOVTEC Co. Ltd.	49%*	Taipei City, Taiwan
Agung Shipping B.V.		Leidschendam, The Netherlands
Kika Shipping B.V.		Leidschendam, The Netherlands

Company	%	Office, Country
Kilimanjaro Shipping B.V.		Leidschendam, The Netherlands
Fugro NL Services B.V.		Leidschendam, The Netherlands
Katla 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
Mayon 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
Fugro Survey B.V.		Leidschendam, The Netherlands
Fugro NL Land B.V.		Leidschendam, The Netherlands
Fugro Nederland B.V.		Leidschendam, The Netherlands
Fugro Innovation & Technology B.V.		Leidschendam, The Netherlands
Fugro Marine Services B.V.		Leidschendam, The Netherlands
Fugro Financial Resources B.V.		Leidschendam, The Netherlands
Fugro Vastgoed B.V.		Leidschendam, The Netherlands
Scenery Shipping B.V.		Leidschendam, The Netherlands
Semeru Shipping B.V.		Leidschendam, The Netherlands
Seabed Geosolutions B.V.		Leidschendam, The Netherlands
Wavewalker B.V.	50%*	Leidschendam, The Netherlands
Bosavi Shipping B.V.		Nootdorp, The Netherlands
Hastveda Shipping B.V.		Nootdorp, The Netherlands
Fugro Netherlands Marine B.V.		Nootdorp, The Netherlands
Fugro Trinidad Ltd.		Port of Spain, Trinidad
Fugro Middle East	49%	Dubai, United Arab Emirates
Fugro GB (North) Marine Limited		Aberdeen, United Kingdom
Fugro GeoServices Limited		Falmouth, United Kingdom
Hush Craft Ltd	49%*	Suffolk, 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 Brasilis, Inc.		Houston, United States
Fugro Gulf, Inc.		Houston, United States
Fugro Synergy, Inc.		Houston, United States
Fugro USA Land, Inc.		Houston, United States
Fugro Enterprise, Inc.		Houston, United States
Fugro (USA) Holdings, Inc.		Houston, United States
Fugro USA Marine, Inc.		Lafayette, United States

* 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

Notes	(EUR x 1,000)	2022	2021
	ASSETS		
41	Financial fixed assets	1,012,081	924,232
42	Deferred tax assets	21,369	19,780
	Total non-current assets	**1,033,450**	**944,012**
43	Trade and other receivables	88,143	25,560
	Cash and cash equivalents	1,138	245
	Total current assets	**89,281**	**25,805**
	Total assets	**1,122,731**	**969,817**
	EQUITY		
	Share capital	5,676	5,160
	Share premium	878,068	762,495
	Translation reserve	(84,164)	(95,024)
	Other reserves	(134,894)	(137,456)
	Retained earnings	316,259	244,905
	Unappropriated result	74,127	71,123
44	**Total equity**	**1,055,072**	**851,203**
	Provisions		
45	Provisions	10,060	10,981
	LIABILITIES		
46	Loans and borrowings	40,348	–
	Total non-current liabilities	**50,408**	**10,981**
46	Loans and borrowings	–	92,123
47	Trade and other payables	15,222	13,128
	Other taxes and social security charges	2,029	2,382
	Total current liabilities	**17,251**	**107,633**
	Total liabilities	**67,659**	**118,614**
	Total equity and liabilities	**1,122,731**	**969,817**

COMPANY INCOME STATEMENT

FUGRO N.V.
For the year ended 31 December

Notes	(EUR x 1,000)	2022	2021
48	Revenue	47,068	37,894
	Other income	–	1,652
49	Personnel expenses	(32,519)	(26,525)
50	Other expenses	(32,209)	(25,327)
	Results from operating activities (EBIT)	**(17,660)**	**(12,306)**
	Finance income	1,011	66
	Finance expenses	(6,795)	(12,228)
51	**Net finance income/(expenses)**	**(5,784)**	**(12,162)**
	Profit/(loss) before income tax	**(23,444)**	**(24,468)**
52	Income tax gain/(expense)	22,886	27,890
	Share in results from participating interests, after taxation	74,685	67,701
	Profit/(loss) for the period	**74,127**	**71,123**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

40. 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 significant 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.

41. FINANCIAL FIXED ASSETS

Subsidiaries

(EUR x 1,000)	**2022**	**2021**
Balance at 1 January	924,232	788,115
Share in result of participating interests	74,685	67,701
Capital increase/(decrease)	22	(214)
Dividends received	(6,172)	(3,088)
Currency exchange differences	11,114	39,474
Actuarial gains/(losses)	3,289	29,770
Other	4,911	2,474
Balance at 31 December	**1,012,081**	**924,232**

42. DEFERRED TAX ASSETS

The majority of deferred tax assets had been recognised in 2021. The only deferred tax assets that remain unrecognised are the carry forward withholding tax credits (EUR 6.9 million) as the qualifying foreign income does not yet meet the recognition criterions.

43. TRADE AND OTHER RECEIVABLES

(EUR x 1,000)	**2022**	**2021**
Receivables from Group companies	66,908	8,822
Current tax assets	20,565	16,665
Other receivables	670	73
Balance at 31 December	**88,143**	**25,560**

The Receivables from Group companies as at 31 December 2022 include a cash-pool balance of Fugro N.V. amounting to EUR 53.7 million. The cash-pool balance as at 31 December 2021 was EUR 2.4 million negative and included under Payables to Group companies. Due to the nature of the cash pool balance it often fluctuates from being positive to negative.

44. 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.

45. 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 amounting to EUR 9.8 million as at 31 December 2022 (31 December 2021: EUR 9.8 million). An amount of EUR 0.3 million (31 December 2021: EUR 1.1 million) relates to employee benefit obligations. The provisions are not expected to be settled within one year.

46. LOANS AND BORROWINGS

(EUR x 1,000)	2022	2021
Subordinated unsecured convertible bonds EUR 100,000	40,348	92,123
Balance at 31 December	**40,348**	**92,123**

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 (2021: 4.0% - 4.5%).

47. TRADE AND OTHER PAYABLES

(EUR x 1,000)	2022	2021
Trade payables	1,501	996
Payables to Group companies	4,829	4,481
Other payables	8,892	7,651
Balance at 31 December	**15,222**	**13,128**

48. REVENUE

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

49. PERSONNEL EXPENSES

(EUR x 1,000)	2022	2021
Wages and salaries	29,086	23,069
Social security contributions	463	450
Equity-settled share-based payments	2,608	2,465
Contributions to defined contribution plans	376	536
(Gains)/losses related to defined benefit plans	(14)	5
Total	**32,519**	**26,525**

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 24 (2021: 23), all based in the Netherlands consistent with prior year.

50. OTHER EXPENSES

(EUR x 1,000)	2022	2021
Indirect operating expenses	1,200	787
Communication and office equipment	660	1,583
Marketing and advertising costs	487	272
Restructuring costs	–	(83)
Professional services	29,862	22,768
Total	**32,209**	**25,327**

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)	2022			2021		
	Ernst & Young Accountants LLP	Other EY network	Total EY	Ernst & Young Accountants LLP	Other EY network	Total EY
Statutory audit of financial statements	1,566	1,864	3,430	1,408	1,706	3,114
Other audit services	–	–	–	–	–	–
Other assurance related services	213	–	213	54	–	54
Tax advisory services	–	–	–	–	–	–
Total	**1,779**	**1,864**	**3,643**	**1,462**	**1,706**	**3,168**

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 2022 related mainly to the refinancing and government grants.

51. NET FINANCE (INCOME)/EXPENSES

(EUR x 1,000)	2022	2021
Interest income on loans and receivables from Group companies	(1,011)	(66)
Net foreign exchange gain	–	–
Finance income	**(1,011)**	**(66)**
Interest expense on financial liabilities measured at amortised cost	6,671	11,909
Net foreign exchange loss	124	319
Finance expense	**6,795**	**12,228**
Net finance (income)/expenses recognised in profit or loss	**5,784**	**12,162**

52. INCOME TAX

Fugro N.V. is head of the fiscal unity that exists for Dutch corporate income taxes. The effective tax rate in 2022 deviates compared to the Dutch statutory rate of 25.8%, mainly due to recognition of a deferred tax asset on liquidation losses, a prior year adjustment from a Mutual Agreement Procedure and a debt-forgiveness on a non-recoverable intercompany position with Angola.

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 2022, Fugro's bank has issued bank guarantees to clients for an amount of EUR 82.6 million (2021: EUR 76.1 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.

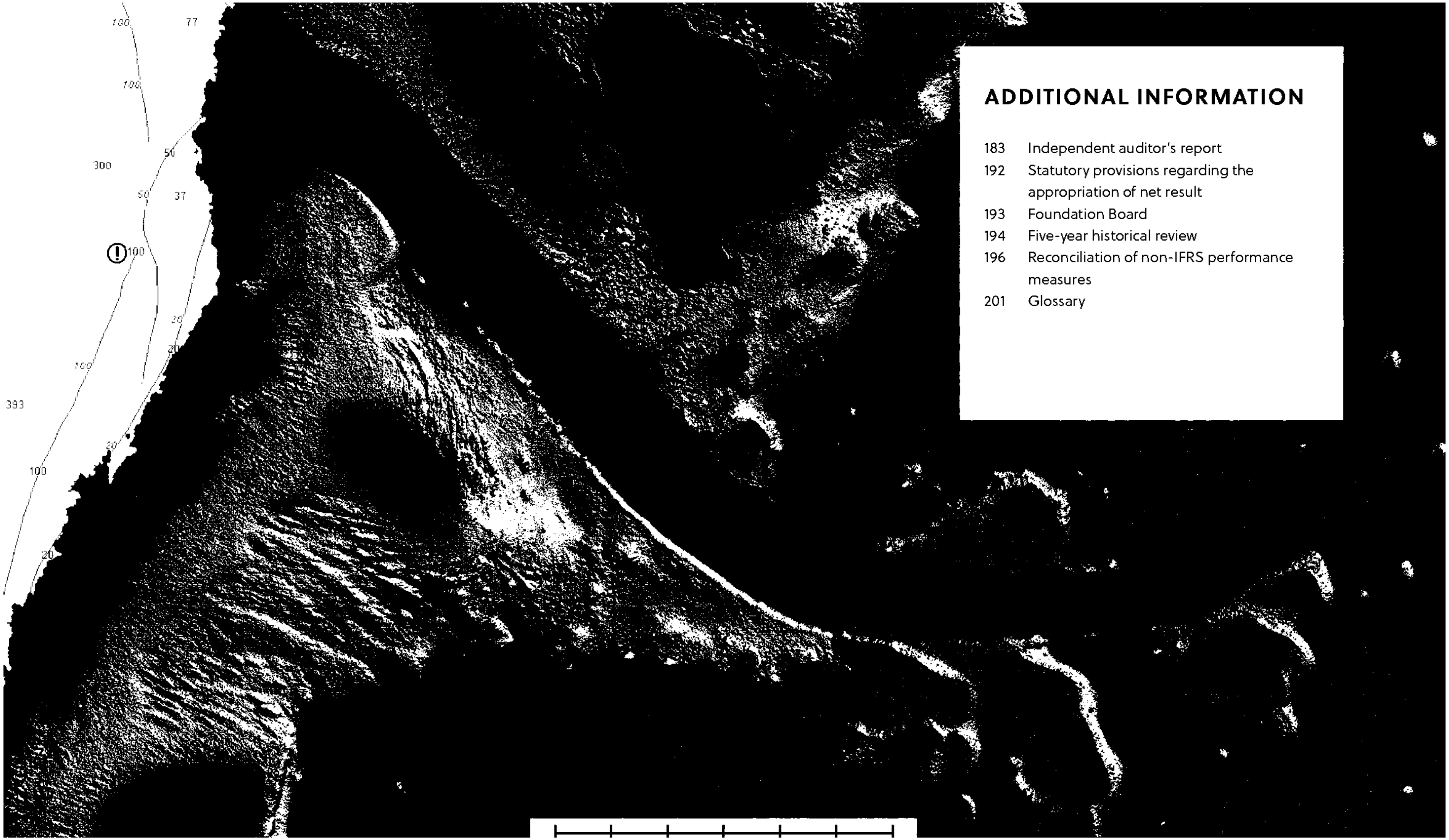
The members of the Board of Management have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 Netherlands Civil Code and Section 5:25c sub 2 (c) Financial Markets Supervision Act.

Fugro will not propose to the annual general meeting on 26 April 2023 to declare a dividend for 2022 to shareholders.

Leidschendam, 10 March 2023

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
P.H.M. Hofsté, Vice Chair
A.J. Campo
A.H. Montijn
R. Mobed
M.J.C. de Jong



ADDITIONAL INFORMATION

ADDITIONAL 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 2022 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2022 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 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) 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 2022 and of its result for 2022 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 2022
- the following statements for 2022: the consolidated statements of comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2022
- the company income statement for 2022
- 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 approximately 60 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	€ 10.0 million (2021: € 10.0 million)
Benchmark applied	Approximately 0.7% of revenue (2021: 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. Earnings based measures are not considered to be appropriate benchmarks, given their volatility over the past years and we believe revenue is a key indicator of the performance of the company.

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 €0.5 million 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 specific items.

All entities exceeding 1.5% of revenues are included within our group audit scope. We used the work of other EY member firms when auditing entities outside the Netherlands. We performed audit procedures ourselves at certain group entities located in the Netherlands and performed analytical review procedures at entities without an assigned group audit scope.

The procedures performed for entities with a group audit scope represent 81% of revenue and 78% of total assets.

By performing the procedures mentioned above at components of the group, together with additional procedures 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, treasury, 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. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets for companies with a larger CO_2 footprint. The board of management summarized Fugro's commitments and obligations, and reported in the section Risk Management of the management report how the company is addressing climate-related and environmental risks. Furthermore, we refer to section Stakeholder Engagement 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 energy transition. In this respect, we note that Fugro has an ambition to reach net zero emissions by 2035. This ambition requires 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 section environmental of the group performance chapter and in the section risk management of the governance chapter included 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.

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 higher risk countries, 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.

As in all of our audits, we addressed the risks related to management override of controls. 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	When identifying and assessing fraud risks we presume that there are risks of fraud in revenue recognition. We evaluated that the method to measure progress and the estimation for actual cost incurred compared to estimated cost to completion for performance obligations that are satisfied over time, in particular give rise to such risks.
Our audit approach	We describe the audit procedures responsive to the presumed 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 and regional directors and the supervisory board.

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 correspondence with regulatory authorities and 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 skepticism. 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. We considered the successful issuance of new shares and a new sustainability-linked bank financing arrangement that extended Fugro's debt maturity profile. 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 2022, the carrying amounts of goodwill and vessels (both owned and leased) amount to, respectively, € 272.5 million and € 412.9 million, and together amount to approximately 31% of total assets. As disclosed in Notes 19, 20 and 21, the board of management performed the annual impairment tests for goodwill and evaluated vessels with individually significant net book values for indicators of impairment, not resulting in an impairment for either vessels or goodwill. 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. We consider the risk of management bias that may represent a risk of material misstatement due to fraud and determined this to be a key audit matter. On the back of 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 mentioned in note 21.

Estimates with respect to the valuation of goodwill and vessels	
	As disclosed in note 36, Fugro has an ambition to reach net zero emissions by 2035. This ambition requires capital expenditures for the decarbonization 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 2023 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 € 957.9 million as disclosed in note 21 of the consolidated financial statements.
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 or 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. To this end, we verified that value in use calculations appropriately included (capex) cash outflows consistent with Fugro's view on what future investments are required to achieve its business plans.

Estimates with respect to the valuation of goodwill and vessels	
	We evaluated the budget 2023, 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 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-IFRS and whether significant judgments by the board of management are disclosed and particularly whether disclosures adequately convey the degree of estimation uncertainty, those assumptions to which the outcome of the impairment test is most sensitive and the range of possible outcomes.
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-IFRS.

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. 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 individually significant 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 included in note 9 to the consolidated financial statements.
Key observations	We concluded that Fugro appropriately recognised (unbilled) revenue on (completed) contracts as at 31 December 2022 and revenue for the year then ended. We concluded that the disclosures in the consolidated financial statements are appropriate and in accordance with EU-IFRS

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 part of these tax loss carry forwards, deferred tax assets are recognised. Furthermore, additional deferred tax assets related to a planned dissolvement of a fully owned subsidiary were recognized during the year. This is disclosed in Note 18 to the financial statements. Determining the amount of deferred tax assets to be recognized assumes significant management judgement. The assessment of the recoverability of deferred tax assets involves a high degree of judgement and we determined this to be a key audit matter. As at 31 December 2022, recognised deferred tax assets amount to € 58.7 million (2021: € 49.0 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 the effective tax rate reconciliation. We involved specialists for the audit of the amounts recognised in the statement of comprehensive income and 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 and available tax planning strategies, we evaluated the 2023 financial forecast, the solidity of the financial forecast preparation process and the reasonability of the 2023 forecasts at the level of individual jurisdictions. Also, we evaluated the projected developments after 2023 and reasonability of expectations and assumptions. We also evaluated the adequacy of the disclosure to the consolidated financial statements.
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 concluded that the disclosures in the consolidated financial statements are appropriate and in accordance with EU-IFRS.

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-IFRS 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 skepticism 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.

Amsterdam, 10 March 2023

Ernst & Young Accountants LLP

J.J. Vernooij

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.

FOUNDATION BOARD

STICHTING BESCHERMINGSPREFERENTE AANDELEN FUGRO ('FOUNDATION PROTECTIVE PREFERENCE SHARES')

The Board of Foundation Protective Preference Shares, Leidschendam, The Netherlands, is composed as follows:

Name:	Function:	Term:
J.J. Nooitgedagt	Chairman Board member	2025
S.C.J.J. Kortmann	Board member	2024
A. Van der Lof	Board member	2023
A.C. Metzelaar	Board member	2026
C.P. Veerman	Board member	2026

The (Board of) Foundation Protective Preference Shares operates completely independent of Fugro.

After Fugro's annual general meeting of 22 April 2022, Mr J.C. de Mos resigned as Chairman and board member of the Foundation Protective Preference Shares. At the meeting of 11 July 2022, the board of the Foundation Protective Preference Shares unanimously appointed J.J. Nooitgedagt as Chairman of the board. In the same meeting, A.C. Metzelaar was unanimously appointed as board member of the Foundation Protective Preference Shares.

FIVE-YEAR HISTORICAL REVIEW

	2022	2021	2020	2019	2018[2]	2018[3]
Selected financial data (x EUR 1,000)[1]						
Revenue	1,766,009	1,461,725	1,386,303	1,631,328	1,552,761	1,649,971
Net revenue own services	1,038,641	876,467	865,696	977,098	880,073	910,625
Results from operating activities (EBIT)*	92,968	60,261	19,772	25,560	23,784	8,795
Net finance income/(expense)	(20,005)	(18,264)	(73,981)	(57,764)	(51,623)	(52,780)
Net result from continuing operations	74,127	59,636	(74,034)	(39,558)	(38,946)	(51,064)
Net result (including discontinued operations)	74,127	71,123	(173,824)	(108,492)	(51,064)	(51,064)
Cash flow operating activities after investing activities*	24,865	26,155	105,397	58,311	(21,228)	(33,379)
Cash flow operating activities after investing incl. discontinued operations*	23,850	39,482	88,398	22,817	(33,379)	(33,379)
Property, plant and equipment	560,095	535,160	523,043	564,291	619,985	619,985
Capital expenditures	123,099	79,683	81,211	83,079	61,335	72,711
Capital expenditures (including discontinued operations)	123,099	79,683	86,985	106,219	72,711	72,711
Cash and cash equivalents	209,090	148,956	183,462	201,147	227,147	227,147
Total assets	2,057,470	1,838,337	1,701,044	2,056,304	1,944,422	1,944,422
Loans and borrowings[4]	245,468	292,419	344,242	687,498	731,369	731,369
Equity attributable to owners of the company	1,055,072	851,203	702,070	597,257	668,763	668,763
Net debt – excluding lease liabilities under IFRS 16*	38,437	145,287	163,116	502,547	505,451	505,451
Capital employed*[5]	1,104,778	1,006,851	874,766	1,110,434	1,207,936	1,207,936
Key ratios (in %)						
Results from operating activities (EBIT)/revenue	5.3	4.1	1.4	1.6	1.5	0.5
Net result from continuing operations/revenue	4.2	4.1	(5.3)	(1.4)	(2.5)	(3.1)
Return on capital employed*[5]	8.4	8.8	4.6	3.2	0.2	0.2
Total equity/total assets	51.8	46.9	41.8	29.6	36.1	36.1

* 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] Continuing operations only, excluding Seabed Geosolutions classified as discontinued operations.
[3] Including Seabed Geosolutions.
[4] Total of current and non-current balances.
[5] 2019, 2020 and 2021 numbers calculated based on revised definition. See reconciliation of non-IFRS performance measures and glossary.

	2022	2021	2020	2019	2018
People, diversity, talent management[1]					
Number of full-time equivalent (FTE) employees (at year-end)	9,401	8,976	9,025	9,856	10,045
Number of employees (headcount)	9,851	9,317	9,471	10,343	10,293
Gender diversity					
▪ Female	22%	22%	21%	21%	20%
▪ Male	78%	78%	79%	79%	80%
Gender diversity management senior management[2]					
▪ Female	19%	15%	NA	NA	NA
▪ Male	81%	85%	NA	NA	NA
Lost time injury frequency (x million hours)	0.73	0.70	0.67	0.68	0.46
Total recordable case frequency (x million hours)	1.50	1.71	1.62	1.58	1.56
Fugro academy statistics					
Number of completed courses	95,036	80,873	101,193	39,596	81,021
Innovation[1]					
Granted patents	35	29	35	10	7
Environmental performance					
Vessel CO_2 emission intensity (tonnes per operational day)					
▪ Owned vessels[2]	13.3	14.8	15.3	16.1	17.5
▪ Chartered vessels	14.5	15.0	16.9	14.4	14.5
▪ Owned and chartered vessels	13.8	14.9	15.8	15.4	16.4
Greenhouse gas emissions scope 1&2 ($ktCO_2e$)					
▪ Owned vessels[2]	102	116	113	128	149
▪ Chartered vessels	82	71	70	81	73
▪ Other assets	26	29	25	29	NA
▪ Scope 2	7	8	12	17	NA
▪ Total scope 1&2	217	224	220	255	NA

[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] The CO_2 emission intensity for 2018, 2019 and 2020, as well as the absolute vessel emissions 2019 have been restated. Refer to Sustainability reporting principles for more information.

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 amount 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.

		2022			2021	
	Comparable growth	Currency effects	Nominal growth	Comparable growth	Currency effects	Nominal growth
Europe-Africa	19.8%	0.1%	19.9%	8.6%	1.9%	10.5%
Americas	14.2%	13.5%	27.7%	7.8%	(3.3)%	4.5%
Asia Pacific	(5.9)%	7.0%	1.1%	5.9%	(0.4)%	5.5%
Middle East & India	38.3%	12.3%	50.6%	(9.5)%	(1.8)%	(11.3)%
Total	**14.8%**	**6.0%**	**20.8%**	5.8%	(0.4)%	5.4%

		2022			2021	
	Comparable growth	Currency effects	Nominal growth	Comparable growth	Currency effects	Nominal growth
Marine	12.9%	5.4%	18.3%	5.8%	0.1%	5.9%
Land	19.7%	7.4%	27.1%	5.7%	(1.3)%	4.4%
Total	**14.8%**	**6.0%**	**20.8%**	5.8%	(0.4)%	5.4%

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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Results from operating activities before net financial expenses and taxation (EBIT)	**73,506**	61,449	**(1,573)**	1,650	**20,235**	35	**800**	(2,873)	**92,968**	60,261
Onerous contract charges[1]	(1,876)	–	(3,747)	–	(117)	–	–	–	(5,739)	–
Restructuring costs[2]	(1,184)	(1,220)	(1,043)	(207)	(556)	(439)	(61)	(111)	(2,844)	(1,977)
Certain adviser and other (costs) / gains[3]	(988)	–	(1,843)	–	(408)	(98)	(247)	–	(3,486)	(98)
Impairment losses	(438)	370	(277)	128	(1,546)	(1,117)	(322)	–	(2,583)	(619)
Adjusted EBIT	**77,991**	62,299	**5,337**	1,729	**22,862**	1,688	**1,430**	(2,762)	**107,621**	62,954
Depreciation	(60,564)	(53,965)	(27,450)	(23,695)	(23,342)	(24,804)	(10,930)	(9,640)	(122,285)	(112,104)
Amortisation	(288)	(183)	(50)	(195)	(195)	(178)	(1)	(1)	(535)	(557)
Adjusted EBITDA	**138,843**	116,447	**32,837**	25,619	**46,399**	26,670	**12,361**	6,879	**230,441**	175,615

(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	
	2022	2021	**2022**	2021	**2022**	2021
Results from operating activities before net financial expenses and taxation (EBIT)	**57,653**	51,370	**35,315**	8,891	**92,968**	60,261
Onerous contract charges[1]	(5,739)	–	–	–	(5,739)	–
Restructuring costs[2]	(1,430)	(981)	(1,414)	(996)	(2,844)	(1,977)
Certain adviser and other (costs) / gains[3]	(1,491)	(98)	(1,996)	–	(3,486)	(98)
Impairment losses	(2,371)	157	(212)	(776)	(2,583)	(619)
Adjusted EBIT	**68,684**	52,291	**38,936**	10,662	**107,621**	62,954
Depreciation	(101,107)	(92,426)	(21,179)	(19,678)	(122,285)	(112,104)
Amortisation	(382)	(352)	(153)	(206)	(535)	(557)
Adjusted EBITDA	**170,173**	145,069	**60,268**	30,547	**230,441**	175,615

(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)	**2022**	2021
Working Capital	**227,759**	**158,911**
Eliminate liabilities comprised in working capital:		
▪ Trade and other payables	410,795	383,007
Include assets not comprised in working capital:		
▪ Non-current assets	1,190,250	1,126,870
▪ Current tax assets	8,871	10,881
▪ Cash and cash equivalents	209,090	148,956
▪ Assets classified as held for sale	10,705	9,712
Total Assets	**2,057,470**	**1,838,337**

(EUR x 1,000)	2022	2021
Revenue	1,766,009	1,461,725
Working capital as % of last 12 month revenue	12.9%	10.9%
Days of revenue outstanding	85	82

Net debt and capital employed

The Group presents net debt and capital employed as it understands that these measures are used by banks, analysts, rating agencies and investors in assessing the Group's performance. These measures are used by the Group's management to evaluate the Group's financial strength and funding requirements. 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)	2022	2021
Non-current loans and borrowings	241,667	199,178
Current loans and borrowings	3,801	93,241
Bank overdraft	2,059	1,824
Cash and cash equivalents	(209,090)	(148,956)
Lease liabilities	168,858	147,424
Net debt	**207,295**	**292,711**
Net debt (excluding lease liabilities)	38,437	145,287
Equity	1,066,341	861,563
Capital employed	1,104,778	1,006,850

Return on capital employed and NOPAT

The Group presents capital employed as it understands that this measure is used by analysts, rating agencies and investors in assessing the Group's performance, in particular on capital efficiency, by determining the return on capital employed (ROCE). 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)	2022				2021			
	December 2021	June 2022	December 2022	Average	December 2020	June 2021	December 2021	Average
Capital employed	1,006,850	1,168,762	1,104,856	1,093,489	874,766	1,003,877	1,006,901	961,848
Adjustment for impairment losses	–	2,403	2,583	1,662	–	7,468	3,273	3,581
▪ of which continuing operations	–	2,403	2,583	1,662	–	4,795	600	1,798
▪ of which discontinued operations	–	–	–	–	–	2,673	2,673	1,782
Potential tax impact	–	–	(318)	(106)	–	(375)	–	(125)
Adjusted capital employed	**1,006,850**	**1,171,165**	**1,107,121**	**1,095,045**	874,766	1,010,971	1,010,174	965,304

(EUR x 1,000)	2022	2021
Adjusted EBIT	107,621	83,864
▪ of which continuing operations	107,621	62,954
▪ of which discontinued operations	–	20,910
Share of profit/(loss) of equity-accounted investees (net of income tax)	13,525	17,476
▪ of which continuing operations	13,525	17,476
▪ of which discontinued operations	–	–
Potential tax impact	(28,913)	(16,335)
NOPAT	**92,233**	85,005

(EUR x 1,000)	2022	2021
Average Adjusted capital employed	1,095,045	965,304
NOPAT	92,233	85,005
ROCE (%)	**8.4%**	8.8%

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	2022	2021
Additions to property, plant and equipment	19	123,099	79,683
Additions to intangible assets (excluding goodwill)	21	2,477	2,366
Additions to right-of-use assets	20	60,694	21,324
Taxonomy-Capex		**186,270**	103,373

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.

Ocean bottom node (OBN) Seismic imaging through individual nodes placed on the seabed.

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, initially used for hydrographic services applications; next generation USVs will also be capable of deploying remotely operated vehicles for inspection activities. USVs are cost-effective to build and safer and more efficient to operate, consuming significantly less fuel than regular, crewed 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

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TD Cascade, Amsterdam

Photography and images
Fugro (employees)
Michel Campfens
Karen Kaper
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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'.

Årsregnskap

2022

Fugro Norway AS

Org.nr.:969 059 789

Fugro Norway AS

Annual Report
2022

General
Fugro Norway AS is 100% owned by Fugro N.V., located in Leidschendam, The Netherlands and listed on the Euronext Amsterdam stock exchange. Fugro Norway AS is the Norwegian operating company with offices with headquarter in Oslo and offices also in Bergen and Trondheim.

At the end of 2022 all shares in Fugro Norway AS were owned by Fugro Consultants International NV. Fugro Consultants International NV in turn is owned by Fugro N.V.

At the end of 2022, Fugro Norway AS had two wholly owned subsidiaries, Fugro RUE AS and OSAE Norway AS which do not have any employees or any operating activity.

Fugro Norway AS produces no official consolidated accounts. For consolidated accounts for Fugro N.V., refer to the group's official website: www.fugro.com.

Financial
Financial Development
The 2022 markets have shown continuously steady growth in all service lines contributing to increased revenue and margins. The second half being particularly strong securing the annual result significantly ahead of last year. Cost saving measures introduced during Covid-19 have been extended and are now part of normal business operations.
It is the Board's opinion that the income statement, balance sheet and cash flow with notes provide a true and fair view of operation and position at the year end.

Profit and equity
In 2022, Fugro Norway AS had a turnover of NOK 958.3 million (2021: NOK 778.9 million) and net profit of 168.8 million after tax (2021: NOK 113.3 million).

Equity in the company is at the end of 2022 49.0% (2021: 45,6%) of Total Assets.

Key risks
The Board is not aware of significant uncertainties relating to the financial statements, or that there are extraordinary circumstances that affect the financial statements beyond what is stated in the financial statements and annual report.

R & D activities
The Company is involved in R & D activities in the two business areas Monitoring & Forecasting and Satellite Positioning. The company also participates in European research and development programs within these two business areas.

Cash Flow
In 2022, the Company had a cash flow from operating activities of NOK 182.3 million (2021: NOK 130.8 million).

Future expectations
The Company has a sound balance sheet and the business in Norway is solid, profitable and cash generating. The majority of our business is within the oil and gas sector and is sensitive to fluctuations in the E&P spending of the oil companies. However, the business in the renewables sector has grown significantly, especially in the Monitoring & Forecasting service line.

Belonging to a large group with global reach is considered beneficial. This gives access to technical specialists, operational resources and assets. The Norwegian operational unit also recognize the benefits of such connections when operating in foreign markets.
Fugro Norway AS will continue to look for opportunities in new market areas as well as for expansion within existing markets.

Risk analysis
Financial risks
A large part of the company's turnover is in foreign currency. Currency risk is assessed continuously.

Market Risk
The Company operates and invests in markets segments that are dependent on global trends and is hence exposed to market risks.

Interest & Credit risk
The Company has no external interest-bearing debt and is therefore not materially exposed to interest rate risk.

Liquidity Risk
The Company has a healthy liquidity with no long-term loans.

Insurance
The company is covered through several group wide and local insurance policies such as General Liability, Professional Indemnity, Cyber, and Equipment Pool.
Board members and management are covered under a Group wide Directors and Officers Liability Insurance Policy

Going concern
The financial statements are prepared based on the going concern assumption, and the board confirms this assumption. The financial results for the company are good. In 2022 the Company has demonstrated the ability to develop and introduce new technology to the market whilst keeping and increasing market shares and position as supplier in a growing market.

Working environment
Employees
The company has 177 employees at the end of 2022. (2021: 169)

Measures for improvement of working environment
It is management's opinion that the overall work environment and general well-being at work is good.

Injury and accident statistics
There have been no injuries or accidents with the company's personnel or equipment during the year.

Sick Leave Statistics
According to applicable laws and regulations the company records an overview of sick leave among the company's employees. In 2022, the company had a total absence of 1.36%. (1.35% in 2021)

Diversity and equality between the sexes

Status

The proportion of women in the company is 24.9% (26.6% in 2021).
Approximately 15% of employees of both genders has managerial positions.
In top management positions the salary level is somewhat higher for male employees than female employees, mainly because these few employees have Regional or Global roles and responsibilities in the Fugro Group.
In the general population of employees the salary level of female employees is around 95% of male employees.
There is one woman represented on the Board of Directors.
The company does not have part time positions or as a standard of employment, and 3.4% of the company's employees are working part time, all by own choice. There were only 4 persons employed on temporary contracts at the end of 2022.
in 2022 there were 16 employees on maternity/paternity leave, of which 2 at year end 2022.

Measures to promote diversity

The company strives for gender equality in all positions. Diversity and inclusion has a strong focus in the Fugro Group, in 2022 the %-age of female employees was 22% and the group's target is to exceed 25% by 2025. Fugro Group's human rights policy formalises its responsibility under the Universal Declaration of Human Rights to respect the rights of those affected by its activities. The policy addresses principles such as diversity and non-discrimination. All recruitment, evaluation, promotion, development and compensation decisions are based on qualification, merit and performance or business considerations.

External environment

The group aims to be a pioneer in all areas of work on health, safety and the environment. Focus is to achieve well-being at work, good leadership and the psychosocial work environment. Fugro Norway AS is certified under the ISO14001-2015 standard. Waste from the offices is recycled and electronic waste is returned in accordance with the regulations. Special attention has been addressed to reduction of CO_2 emissions, electricity and paper consumption. In these areas all target where measured and achieved.

The Transparency Act

The Transparency Act report will be made available within 30.06.2023, and can be obtained by contacting: contact.norway@fugro.com

Allocation of profit / settlement of losses

The board proposes that this year's profit after tax, NOK 168.8 million, is allocated as follows;

Accrued dividend	mNOK	120.0
To other equity	mNOK	48.8
Total	mNOK	168.8

Oslo 12 June 2023

Per Kjenner
(Chairman and MD)

Arve Lygre
(Member of the Board)

Tore Hilde
(Member of the Board)

Leif Morten By
(Member of the Board)

Helga Hus
(Member of the Board)

Income statement

Fugro Norway AS

(NOK 1.000)

Operating income and operating expenses	**Note**	**2022**	**2021**
Revenue		957 683	778 436
Other income		569	426
Total income	**1**	**958 252**	**778 863**
Direct project cost and cost of goods sold		388 428	308 401
Employee benefits expense	**2**	213 173	197 272
Depreciation and amortisation expenses	**3**	38 419	28 990
Other operating expenses	**2, 4**	125 615	93 461
Total expenses		**765 635**	**628 124**
Operating profit		**192 617**	**150 739**
Financial income and expenses			
Interest income	**4**	4 412	983
Other financial income		67 442	35 207
Write-down of long-term investments		0	35
Interest expense	**4**	1 481	399
Other financial expenses		46 474	41 221
Net financial items		**23 898**	**-5 465**
Net profit before tax		216 515	145 274
Income tax expense	**5**	47 751	32 020
Net profit after tax		**168 764**	**113 253**
Annual net profit /(loss)		**168 764**	**113 253**
Attributable to			
Ordinary dividend		120 000	130 000
To (from) other equity	**10**	48 764	-16 747
Total	**10**	**168 764**	**113 253**

Balance sheet

Fugro Norway AS

(NOK 1.000)

Assets	Note	2022	2021
Non-current assets			
Intangible assets			
R&D and IP	3	0	6 932
Patents, licenses, trademarks etc.	3	13 573	2 231
Deferred tax assets	5	7 190	6 222
Total intangible assets		**20 762**	**15 385**
Leasehold improvements	3	146	261
Equipment and other movables	3	94 145	75 182
Total property, plant and equipment		**94 290**	**75 443**
Financial assets			
Shares in subsidiaries	6	3 063	3 063
Total non-current financial assets		**3 063**	**3 063**
Total non-current assets		**118 116**	**93 891**
Current assets			
Inventories	7	53 201	37 483
Debtors			
Accounts receivables		130 814	100 952
Other short-term receivables	4, 8	69 776	53 792
Deposits in Group Cash Pool	4, 9	144 596	206 906
Total receivables		**345 186**	**361 650**
Cash and cash equivalents	9	120 239	83 977
Total current assets		**518 626**	**483 111**
Total assets		**636 742**	**577 002**

Balance sheet

Fugro Norway AS

(NOK 1.000)

Equity and liabilities	**Note**	**2022**	**2021**
Paid-in capital			
Share capital	**10**	165 000	165 000
Fund	**10**	70 000	70 000
Total paid-up equity		**235 000**	**235 000**
Retained earnings	**10**	77 193	28 428
Total retained earnings		**77 193**	**28 428**
Total equity	**10**	**312 193**	**263 428**
Liabilities			
Provisions			
Other non-current liabilities			
Current liabilities			
Trade payables	**4**	37 883	47 009
Tax payable	**5**	48 719	33 011
Public duties payable		14 315	13 279
Dividends	**4, 10**	120 000	130 000
Other current liabilities	**4**	103 632	90 275
Total current liabilities		**324 550**	**313 574**
Total liabilities		**324 550**	**313 574**
Total equity and liabilities		**636 742**	**577 002**

Oslo, 12.06.2023

The board of Fugro Norway AS

Per Kjenner
Chairman of the board/General Manager

Arve Lygre
Member of the board

Tore Hilde
Member of the board

Leif Morten By
Member of the board

Helga Hus
Member of the board

Cash flow statement

Fugro Norway AS

(NOK 1.000)

	Note	2022	2021
Cash flows from operating activities			
Result before tax		216 515	145 274
Tax refunded / (paid)	5	-29 459	-33 528
Depreciation fixed assets		38 419	28 990
Decrease (increase) in inventory value		-15 718	13 023
Accounts receivables		-29 862	-23 363
Decrease (increase) in accounts payable		-9 126	13 605
Other noncash transactions		11 524	-13 195
Net cash from operating activities		**182 293**	**130 806**
Cash flows from investment activities			
-Investment in fixed assets		78 342	47 522
Net cash used for investing activities		**-78 342**	**-47 522**
Cash flows from financing activities			
Dividends paid out		130 000	150 000
Net cashflow from financing activities		**-130 000**	**-150 000**
Net cashflow for the period		-26 049	-66 716
Cash and cash equivalents at start of period (incl Cash Pool)		290 883	357 600
Balance Group Cash Pool 31.12.	4	144 596	206 906
Cash and cash equivalents at end of period		**120 239**	**83 977**

Cash and cash equivalents relates to recorded amounts on bank accounts 31.12.

Note 1

ACCOUNTING PRINCIPLES AND SEGMENT INFORMATION

The financial statements, which have been presented in compliance with the Norwegian Companies Act , the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31 December 2022, consist of the profit and loss account, balance sheet, cash flow statement and notes to the accounts. The cash flow statement is prepared based on the indirect method.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations, congruence and prudence. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time of delivery of goods or services. Costs are expensed in the same period as the income to which they relate.

The company has used the exemption in the Accounting Act and not prepared consolidated accounts. Consolidated accounts for the group's parent company Fugro N.V. (The Netherlands) is available at www.fugro.com
Consolidated accounts for Fugro Consultants International NV can be obtained at Fugro Consultants International NV's head office in the Netherlands.

Assets and liabilities

Assets/liabilities related to current business activities and items which fall due within one year are classified as current assets/liabilities. Current assets/short-term debts are recorded at the lowest/highest of acquistion cost and fair value. The definition of fair value is the estimated future sales price reduced by expected sales costs. Other assets are classified as fixed assets.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. 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. Foreign exchange gains and losses are presented as Financial income and Financial expenses.

Revenue and cost recognition

Operating revenues are recognized at the time of delivery of goods or services. Revenues are presented net of any VAT and discounts. Operating expenses and financial income and expenses are recognized at date of transaction. Revenues that both consists of services, production of goods and custom changes or developments (projects) are recognized in the income statement in relation to the completion of the transaction at the balance sheet date. Completion is assessed by review of work carried out in accordance with planned time consumption. Revenue is not recognized if there is substantial uncertainty about the overdue claims will be paid or there is substantial uncertainty about the costs.

Inventory

Inventory is stated at the lower of cost and net realisable value. Goods in progress and inventory assembled inhouse are stated at cost.

Fixed assets

Fixed assets are recognized in the accounts at historical cost, with deductions for accumulated depreciation and write-down. If the fair value of a fixed asset is lower than book value, and the decline in value is not temporary, the fixed asset will be written down to fair value.
Costs related to normal maintenance and repairs are expensed as incurred. Costs related to major renewals and changes that increase the economic life of the fixed asset materially are capitalised. Assets are capitalised when a finite economic useful life can be defined, and the cost is deemed to be significant.

Intangible assets

Intangible assets ate entered in the accounts when the criteria for recognition are met. The assets are entered into the accounts at historical cost, with deduction for accumulated depreciation and write-down
The period which an asset is depreciated over varies with the economical lifetime of the assets, normally 3-5 years.

Financial assets
A subsidiary is defined as an entity where the company has a long-term, strategic ownership of more than 50% and a decisive vote. Subsidiaries are accounted for using the historic cost method. Investments are written down to fair value if impairment is not considered to be temporary and it is deemed necessary by generally accepted accounting principles.

Accounts Receivables
Trade receivables are accounted for at face value with deductions for expected loss.

Pension liabilities and pension costs
According to the law the company has to participate in the OTP occupational pension. Company pension plans meet the requirements of this Act.
The company has a pension scheme securing the employees' right to future pension benefits.
The company's pension plan is a pure contribution scheme. The scheme entails a contribution of 7% of salary up to 7,1G and 20% of salary between 7,1G and 12G.

Deferred tax and tax expense
Deferred tax is calculated based on temporary differences between book values and values according to the tax basis for assets and liabilities at year end. For the purposes of calculating deferred tax, nominal tax rates are used. Positive and negative differences are offset to the extent they reverse within the same time-frame. However, some items such as surplus value from acquisitions and deferred tax asset on net pension liabilities are treated separately. Temporary differences that will constitute a future tax deduction give rise to a deferred tax asset. Change in deferred liability and deferred tax asset, together with taxes payable for the fiscal year adjusted for errors in previous years tax calculations constitutes taxes for the year.

Segment Information
Fugro Norway AS is part of Fugro Group's Marine Division and has operations in several business areas. The company's turnover can be specified as follows:

Service Line (millNOK)	2022	2021
Geophysical Services	230	169
Geotechnical Services*	5	0
Positioning & Construction Support	140	120
Satellite Positioning	327	267
Monitoring and Forecasting	249	217
Other	7	6
Total	**958**	**779**

The majority of the company's activities are in Norway, but it has activities and customers worldwide.
*The revenue of the Geotechnical service line is presented net of intercompany project charges, as this service line operates all its projects as regional (European) projects and all project risk is kept in the European Service Line HQ (in the Netherlands). In 2022 this represents 62 millNOK.

Turnover per country (millNOK)	2022	2021
Norway*	516	385
Great Britain	71	49
The Netherlands	55	52
Singapore	51	59
USA	48	23
Denmark	27	13
India	16	8
Other	174	190
Total	**958**	**779**

Note 2

PAYROLL EXPENSES, AUDITORS FEE

(NOK 1.000)

Salary costs	**2022**	**2021**
Payroll expenses	168 092	155 476
Social security	25 248	24 264
Pension Costs	15 173	14 712
Other payments	4 660	2 820
Total	**213 173**	**197 272**

Average number of man-labour years	**173**	**166**

Payments to leading personnel	**2022**	**2021**
General Manager:		
Payroll Expenses	2 355	2 082
Other payments	163	145
Total	**2 518**	**2 227**

The Board of Directors has not received any remuneration.

AUDITORS FEE

Auditor	**2022**	**2021**
Expensed auditor's fee	1 034	900
Fee for other audit services	50	37
Total (excl. VAT)	**1 084**	**937**

Note 3

FIXED ASSETS AND DEPRECIATION

(NOK 1.000)

Historic Cost	31.12.2021	Additions	Disposals	31.12.2022
R&D and IP	11 491	0	0	11 491
Licenses, patents etc.	5 168	8 878	-3 045	11 001
Total Intangible assets	**16 659**	**8 878**	**-3 045**	**22 492**
Operational and office equipment	282 537	69 464	-109 741	242 260
Leasehold improvements	1 349	0	0	1 349
Total tangible assets	**283 886**	**69 464**	**-109 741**	**243 609**

Depreciation	31.12.2021	Additions	Disposals	31.12.2022
R&D and IP	4 559	1 793	0	6 352
Licenses, patents etc.	5 166	446	-3 045	2 567
Total Intangible assets	**9 725**	**2 239**	**-3 045**	**8 919**
Operational and office equipment	223 634	36 065	-109 430	150 269
Leasehold improvements	1 088	115	0	1 203
Total tangible assets	**224 722**	**36 180**	**-109 430**	**151 472**

Net Book Value	Useful life	Depreciation rates	31.12.2021	31.12.2022
R&D and IP	3-5 yrs	20-33% linear	6 932	5 139
Licenses, patents etc.	2-3 yrs	33-50% linear	2	8 434
Immaterial asset 'under construction'			2 229	0
Total Intangible assets			**9 163**	**13 573**
Operational and office equipment	3-5 yrs	20-33% linear	58 903	91 991
Leasehold improvements	10 yrs	10% (lease per.)	261	146
Fixed assets under construction			16 278	2 153
Total tangible assets			**75 442**	**94 290**

Note 4

TRANSACTIONS WITH RELATED PARTIES

(NOK 1.000)

Related party	Relationship
Fugro NV (NL)	Parent company
Fugro Financial Resources NV (NL)	Sister company
Fugro Rue AS	Subsidiary
Fugro Netherlands BV	Sister company
Fugro Survey GmbH	Sister company
Fugro GB Marine Ltd	Sister company
Fugro GB (North) Marine Ltd	Sister company
Fugro Netherlands Marine BV	Sister company

Management fee cost	2022	2021
Fugro NV	-18 268	-15 610
Fugro Netherlands BV	-10 518	-6 176
Fugro GB (North) Ltd	0	0
Total	**-28 786**	**-21 786**

SPECIFICATION OF INTERCOMPANY POSITIONS

(NOK 1.000)

	2022	2021
Accounts receivable	4 712	7 503
Accounts payable	-890	-817
Dividends	-120 000	-130 000
Total	**-116 178**	**-123 314**

Deposits in Group Cash Pool Accounts	2022	2021
Fugro N.V.	144 596	206 906
Total	**144 596**	**206 906**

Note 5

TAXATION

(NOK 1.000)

	2022	2021
Payable tax calculation:		
Net result before tax	216 515	145 274
Permanent differences	535	273
Changes in temporary differences	4 399	4 501
Tax base	221 449	150 048
Payable tax net income statement, 22%	**48 719**	**33 011**
Group contribution to subsidiary	0	0
Payable tax in Balance sheet 31.12.	**48 719**	**33 011**
Calculated tax expense:		
Payable tax net income statement	48 719	33 011
Changes in deferred tax	- 968	- 990
Total tax expense	**47 751**	**32 021**

Specification of temporary differences	**2022**	**2021**	**Change over PL 2022**
Fixed assets	34 140	32 052	2 089
Gain-/loss account	-4 137	-5 172	1 034
Customer receivables	2 166	890	1 276
Product liability provision	511	511	0
Total	**32 680**	**28 281**	**4 399**
Deferred tax asset 22%	**-7 190**	**-6 222**	**968**

Note 6

SHARES IN WHOLLY OWNED SUBSIDIARIES

(NOK 1.000)

	Business office in Norway	No. of shares	Par value	Share capital	Owner and entitled to vote share	Book value 31.12.22	Profit after tax for 2022	Recorded equity por 31.12.2022
Fugro RUE AS	Oslo	1.287.534	0.0025	3.219	100 %	3 013	36	3 049
OSAE Norway AS	Oslo	1 400	100	140	100 %	50	25	42
Total						**3 063**	**61**	**3 091**

There are no temporary differences related to the shares that would generate deferred tax.
Recorded value of shares in Fugro Rue AS and OSAE Norway AS is higher than recorded equity in the companies, but not materially.

Note 7

INVENTORIES

The Inventories partly consist of finished goods/parts/spare parts which represents 16% of inventory value (37% in 2021), and partly goods for construction of assets and finished good which represent 82% of inventory value by year end 2022 (63% in 2021)

Note 8

GOVERNMENT GRANTS

(NOK 1.000)

The company has applied for Government Grants and other public research and development funding externally.
This is shown as short term receivables in the balance sheet at year end.

	2022	2021
Skattefunn	3 225	3 510
Other	456	722
Total	**3 681**	**4 232**

Note 9

LIQUID CAPITAL

(NOK 1.000)

Of the total liquid capital, NOK 7.610 are held in a tax withholding account.
Amounts deposited in Group Cash Pool accounts held by Fugro N.V. in the Netherlands are shown as group receivables.

Note 10

EQUITY

(NOK 1.000)

	Share Capital*	Fund	Other equity	Total
Total Equity 01.01.2022	165 000	70 000	28 428	**263 428**
Net result for the year			168 765	**168 765**
Accrued dividend			-120 000	**-120 000**
Total Equity 31.12.2022	**165 000**	**70 000**	**77 193**	**312 193**

Share capital consist of 330 shares á NOK 500
All shares are owned by Fugro Consultants International N.V. All available shares are voting shares

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Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Fugro Norway AS

Opinion

We have audited the financial statements of Fugro Norway AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Country Manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to 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. 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Oslo, 12 June 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Erik Søreng
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Skattedirektoratet

Saksbehandler
Torstein Kinden Helleland

Telefon
22078139

Deres dato
02.08.2012

Deres referanse
Hans Meyer

Vår dato
24.08.2012

Vår referanse
2012/554619

FUGRO NORWAY AS
Postboks 490 Skøyen
0213 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Fugro Norway AS m.fl.

Det vises til deres brev av 2. august 2012 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Fugro Norway AS	**org. nr. 969 059 789**
Fugro-Geoteam AS	**org. nr. 979 905 483**
Fugro Seabed Seismic Systems AS	**org. nr. 978 59 5510**
Fugro Seismic Imaging AS	**org. nr. 990 391 564**
Fugro Multi Client Services AS	**org. nr. 953 115 700**
Fugro Geolab Nor AS	**org. nr. 970 990 976**
Fugro Geo Vessels	**org. nr. 995 354 829**
Fugro Rue AS	**org. nr. 990 699 607**
Fugro Norway Shared Services AS	**org. nr. 977 235 804**
Fugro Survey AS	**org. nr. 937 107 978**
Fugro Seastar AS	**org. nr. 985 174 148**
Fugro Geotechnics AS	**org. nr. 985 148 627**
Fugro Oceanor AS	**org. nr. 983 298 702**
ProFocus Systems AS	**org. nr. 983 250 475**
Fugro Coastal Response Services	**org. nr. 992 100 192**
Fugro Electro Magnetic Norway AS	**org. nr. 887 082 502**

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn
Fugro Norway AS er morselskap i et norsk underkonsern og eier de overnevnte datterselskapene 100 %. Selskapene inngår i det nederlandske Fugro konsernet. Konsernspissen er Fugro NV som er børsnotert i Nederland. Fugro Norway AS er et holdingselskap og alle datterselskapene rapporterer direkte til Fugro i Nederland. Selskapene opererer blant annet innen seismikk bransjen

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både offshore og onshore. I den bransjen er engelsk det klart dominerende språket. Virksomheten er internasjonal. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Det interne arbeidsspråket i konsernet er også engelsk og all intern rapportering skjer på dette språket. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal "*årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.*"

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at morselskapet er utenlandsk og at selskapene inngår i et internasjonalt konsern. Eierkretsen er således begrenset. Konsernets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland