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		
	Netherlands	Other countries	Total	Netherlands	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:

(EUR x 1,000)	2022 Obligation	2022 Plan assets	2022 Net liability (asset)	2021 Obligation	2021 Plan assets	2021 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-employ-ment 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-employ-ment 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

Company	%	Office, Country
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