Annual Report 2023

Unlocking insights from Geo-data, for a safe and liveable world

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Contents

European single electronic reporting format and PDF version

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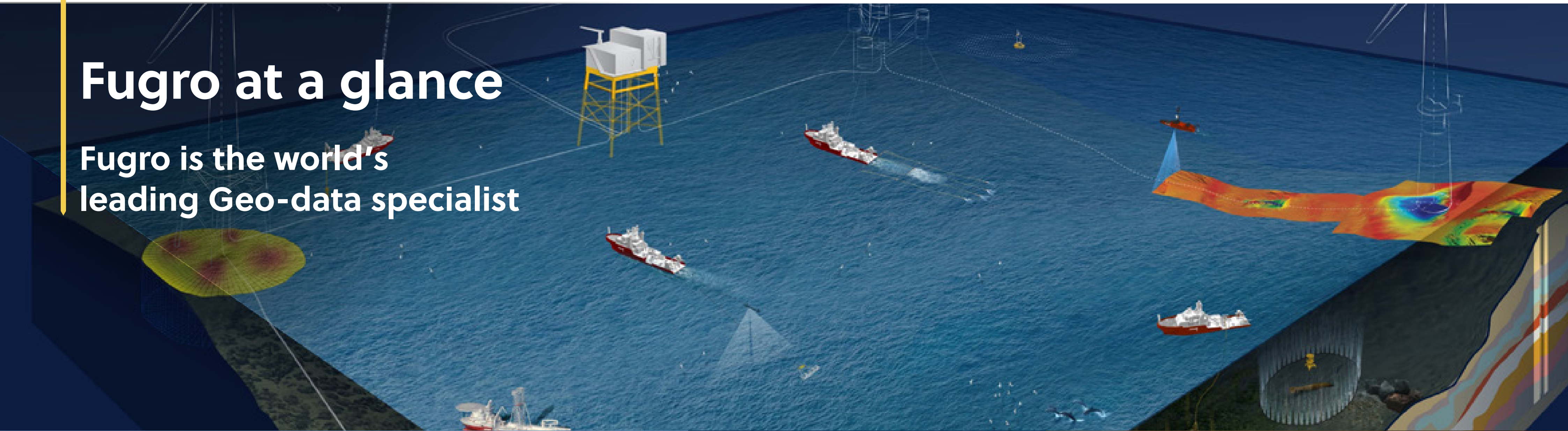
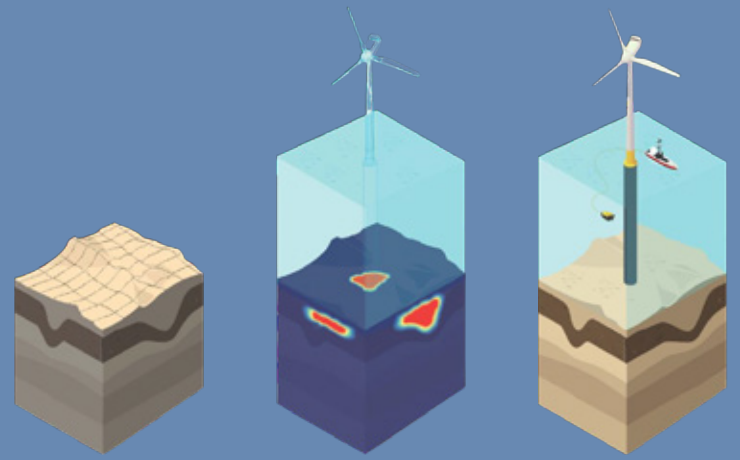
Fugro at a glance

Fugro is the world's leading Geo-data specialist



We map, model and monitor the built and natural environment



Map
Conduct technical studies and geographical surveys to map the (sub)surface

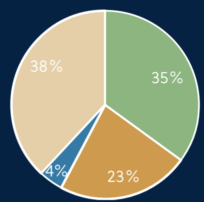
Model
Model Support construction with visualisation services and pinpoint positioning

Monitor
Scan, monitor and analyse structural integrity of assets and environments

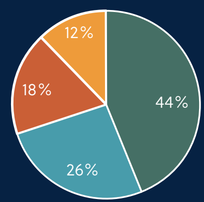
Fugro's solutions are key to the energy transition, large-scale infrastructure development and climate change adaptation

Revenue 2023: EUR 2.2 billion

Key market
- Renewables
- Infrastructure
- Water
- Oil & Gas



Region
- Europe-Africa
- Americas
- Asia Pacific
- Middle-East & India



Employing 11000 talented people in 55 countries, Fugro serves clients around the globe, predominantly in the energy, infrastructure and water markets, both on land and at sea

Performance highlights

■ 2023
■ 2022

People

Lost time injury frequency (per mln hours)
- 2023: 0.57
- 2022: 0.73

Target	
2023-2024	<0.5
2027	Annual improvement

Voluntary employee turnover rate (in %)
- 2023: 10
- 2022: 14

Target	
2027	<8

Employee net promoter score (eNPS)
- 2023: 27
- 2022: 12

Target	
2027	>30

Female employees (in %)
- 2023: 23
- 2022: 22

Women in senior management (in %)
- 2023: 22
- 2022: 19

Target	
2025	25
2027	25-30

Planet

Renewables, infra and water (as % of revenue)
- 2023: 62
- 2022: 63

Target	
2023-2024	65

Revenue from renewables (in EUR million)
- 2023: 773
- 2022: 521

Target	
2023-2024	>50% vs 2021
2027	1,000

Absolute GHG emissions scope 1&2 (ktCO_2e)
- 2023: 219
- 2022: 218

Vessel CO_2 intensity reduction (vs 2020) (in %)
- 2023: 16
- 2022: 13

Target	
2025	20

Vessel CO_2 intensity reduction owned vessels (vs 2020) (in %)
- 2023: 10
- 2022: 12

Target	
2027	25

Profit

EBIT margin (in %)
- 2023: 11.5
- 2022: 6.1

Target	
2023-2024	8-12
2027	11-15

Free cash flow (in % of sales)
After leases / Before leases
- 2023: *6.0* / 9.8
- 2022: *-0.7* / 1.4

Target	
2023-2024[1]	4-7
2027[2]	6-9

1 After leases
2 Before leases

Return on capital employed (ROCE) (in %)
- 2023: 17.8
- 2022: 8.5

Target	
2023-2024	10-15
2027	>15

Net promoter score (NPS)
- 2023: 51
- 2022: 54

Target	
2023-2024	>50
2027	>50

R&D spend (in % of revenue)
- 2023: 2.0
- 2022: 2.2

Target 2023-2024 refers to Fugro's previous strategy *Path to Profitable Growth*

Target 2025 refers to Fugro's sustainability-linked financing framework

Target 2027 refers to Fugro's new strategy *Towards Full Potential*

CEO message

In 2023, we made great progress in delivering on our Path to Profitable Growth strategy and related mid-term targets. By capturing high client demand in the energy markets, we realised a major step-up in our results.

Over the past years, we have created a solid foundation that puts us in a prime position to seize the compelling opportunities in our markets, resulting from an ever-increasing need for Geo-data insights. We are ready for the next chapter of our journey, as reflected in our new strategy Towards Full Potential, which we launched in November.

Mark Heine
Chief Executive Officer

Delivering on Path to Profitable Growth

We are capitalising on significant investments in energy systems, which resulted in a top-line growth of 28%. By now, more than one third of group revenue is generated in renewables, in particular driven by our site characterisation solutions for offshore wind farms across the globe. Better contracting conditions, substantially higher activity levels and good project execution resulted in a step change in profitability, supported by an improvement in all regions. We delivered on our Path to Profitable Growth targets, and we have also made good progress with our non-financial targets by improving employee engagement and reducing our vessels' carbon emissions. Our enhanced ESG performance and transparency are reflected in an ongoing improvement in our ESG ratings.

I am also pleased that our clean balance sheet and robust cash flow generation enable us to resume dividend payments.

Increasing demand for Geo-data

We are living in a rapidly changing and volatile world with big societal challenges, resulting in an increasing need for Geo-data. Whether it is extreme weather hitting urban areas, rising sea levels threatening coastlines, biodiversity decline or the development of renewable and reliable energy, with the insights we deliver we are well-positioned to make a positive contribution. For over six decades, we have been supporting clients across the globe by turning data on (sub)surface conditions into practical insights for the safe and efficient design, construction and maintenance of assets. With our unique map, model and monitor solutions we offer project critical insights into the built and natural environment, in line with our purpose to help create a safe and liveable world and pledge to support the United Nations' Sustainable Development Goals.

In the past year, we have been engaged in offshore wind projects in amongst others the Netherlands, Germany, the UK, the US, South Korea and Taiwan. We are building long-term client relationships, for example by supporting the development of entire infrastructure systems. A prime example is our complete suite of environmental services, site investigations and cable route surveys for Energinet in Denmark. At the UN Climate Summit COP28, 118 governments pledged to triple the world's renewable energy capacity by 2030. At the same time, this transition requires huge investments and resources. Fortunately, many governments have responded swiftly to recent delays in the development of a number of wind farms in several geographies, due to increasing cost levels and resource constraints, and 2024 is set to be an important year, with around 40 gigawatt of capacity expected to be awarded in Europe alone.

The complexity of the transition also means that fossil fuels will remain an important part of the mix for years to come. Geopolitical developments during the last two years have brought the importance of energy security into sharp focus, and the uncertain macro-economic environment and in particular high inflation rates have put pressure on affordability. In 2023, after very low investment levels during the last couple of years, we have seen the start of a new growth cycle, in particular for gas as a transition fuel. The largest part of our services in this market is related to inspections, enabling clients to keep their existing facilities operating safely and reliably. Of our current backlog, only around 2% is related to greenfield oil developments.

"We are well positioned as the global Geo-data leader to benefit from the energy transition, massive infrastructure investments and urgently needed climate change adaptation

Even if global efforts to reduce emissions prove to be effective, already today the effects of climate change are affecting ecosystems, infrastructure and human health and well-being. In 2023, we witnessed the devastating floods in Libya and massive bushfires in Canada and Australia. For low-lying island nations, sea-level rise is already an existential reality. With over 40% of the world's population living within 100 kilometres of the coast, there is an increasing need for coastal zone management and flood protection measures. In the past year, we have amongst others been awarded multi-year mapping programmes in Florida and Norway, and hydrography projects in Australia and the Seychelles.

At COP28, we joined a consortium of prominent organisations as partner of the Ocean Pavilion. Over 50% of the world's oxygen originates from our oceans, while 75% of the sea floor and 95% of marine ecosystems is still unexplored. We are a strong advocate of the 'blue economy' by assisting in the building of a digital ecosystem, encompassing all types of ocean science data and we are very committed to several initiatives and partnerships, such as United Nations Decade of Ocean Science for Sustainable Development.

With our capabilities and experience, we also contribute to urban resilience. The infrastructure market is subdued in some of our key geographies, but the underlying trends remain solid, driven by a growing world population, ongoing urbanisation and the ageing of a lot of existing infrastructure, requiring repairs, upgrades and more frequent monitoring to secure safety. In the past year, we have for example been involved in the assessment of the foundations and ground conditions at Hammersmith Bridge in London, and we were awarded several multi-year contracts for road condition assessment services in the US. For TES's green energy hub in Germany, we have been deploying innovative non-invasive, scalable geophysical site screening technologies with a lower environmental footprint.

Our new strategy Towards Full Potential

With our unique client solutions, highly skilled people, market-agnostic assets and innovative scalable technology, we are ready to capture the compelling opportunities in our markets. Our key strategic priority is to grow and transform our current business, which will continue to be the most important driver of our revenue and value creation in the mid term.
In addition, to further strengthen our resilience and margin profile, we have defined two other strategic priorities that offer significant potential for the long term, by supplementing our current largely traditional projects business: expanding into developing segments with a large requirement for Geo-data such as coastal resilience, ocean health, and carbon capture, utilisation & storage, and building recurring revenues with Geo-data as a service.

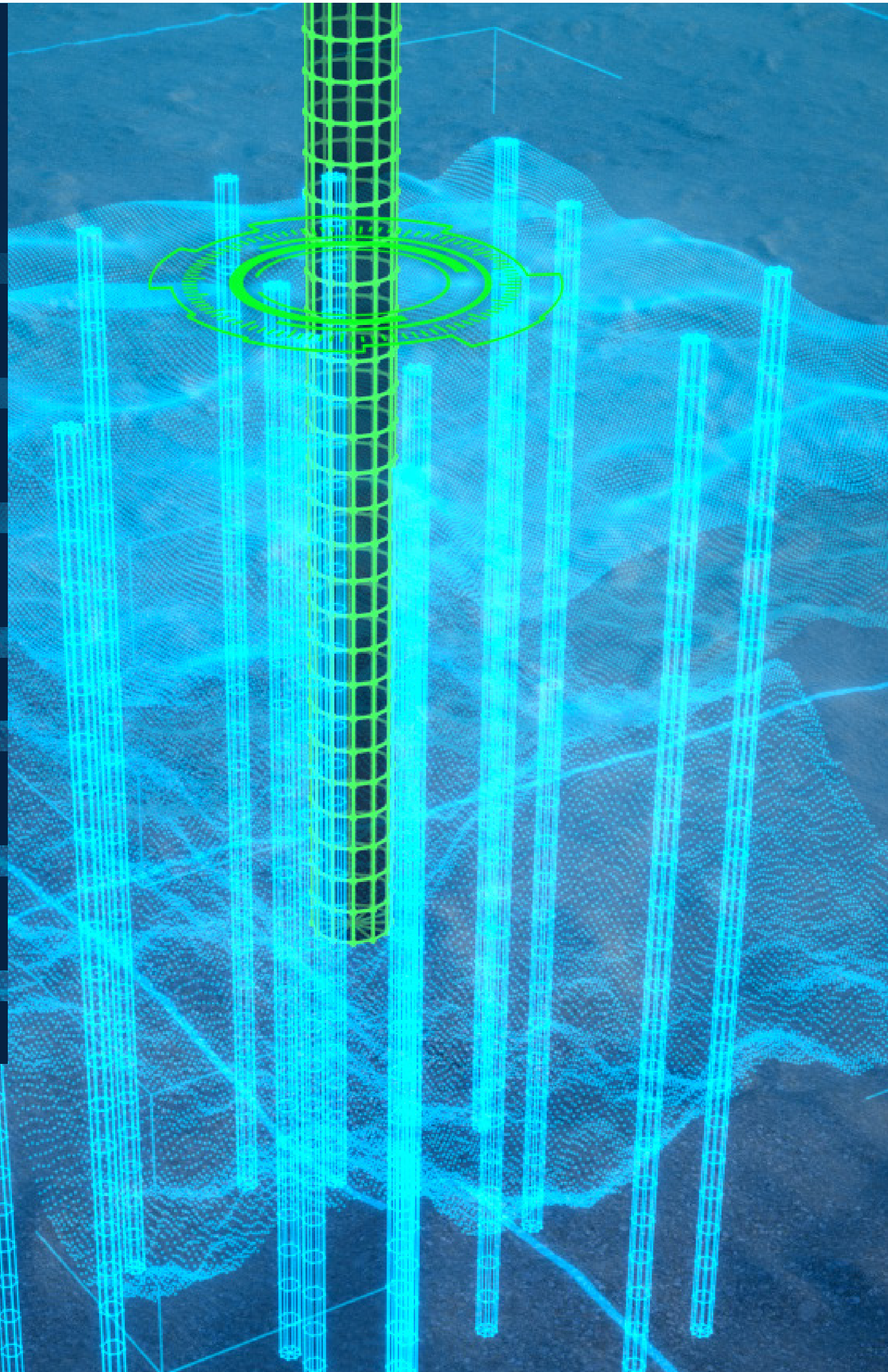
The macro-economic and geopolitical environment remains uncertain and we continue to navigate this carefully. We have formulated targets for 2027 for our financial, social and environmental performance. To deliver on our ambitions while securing sustainable growth, we continue to invest in our people, technology and execution excellence. Apart from driving positive impact through our solutions, we are implementing our ambitious net zero 2035 roadmap, amongst others by growing our fleet of uncrewed vessels, and by converting our first vessel, Fugro Pioneer, to run on green methanol.

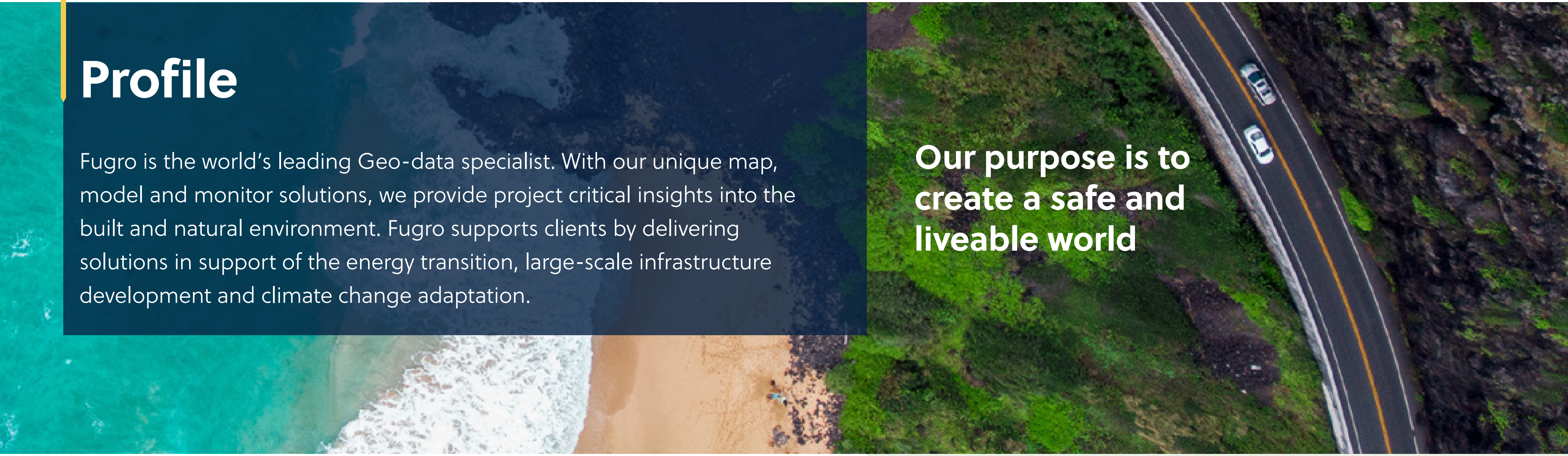
To conclude, I would like to thank all my Fugro colleagues. We are successfully capturing the great demand for our services, which put a lot of pressure on everyone to deliver. Despite very tight labour markets, we continue to be successful in attracting the people we need to support our clients. With the hard work of the past few years and the know-how we've built up over decades, we have transformed into a client- centric, resilient, highly diversified company, with an exciting future ahead of us. Fugro's solutions are key to the energy transition, large-scale infrastructure development and climate change adaptation, making our purpose of creating a safe and liveable world more relevant than ever.

Mark Heine
Chief Executive Officer

Key investment highlights

1. Global Geo-data leader taking advantage of the energy transition, massive infrastructure investments and urgently needed climate change adaptation
2. Unique value proposition for clients: offering project critical Geo-data insights from digital twins of Earth with map, model and monitor solutions
3. Highly skilled people and market-agnostic assets are key competitive differentiators
4. Resilient company with highly diversified markets and client base
5. Innovative, scalable technology and digitalisation drive advanced, best-in-class operations
6. Efficient asset management model with disciplined capital allocation and clear strategy towards low carbon solutions
7. Value creation strategy focused on growth and shareholder returns





Profile

Fugro is the world's leading Geo-data specialist. With our unique map, model and monitor solutions, we provide project critical insights into the built and natural environment. Fugro supports clients by delivering solutions in support of the energy transition, large-scale infrastructure development and climate change adaptation.

Our purpose is to create a safe and liveable world

Our values

We are determined to deliver

We prepare for tomorrow

We do what's right

We build trust

Our planet is a complex and dynamic system which continuously moves and evolves. Understanding this complexity requires a comprehensive understanding of Geo-data: information related to the Earth's surface, subsurface and built environment. Accurate collection and interpretation of Geo-data is essential for designing, building and maintaining assets in a responsible manner, and for understanding and managing the impacts of climate change and biodiversity decline.

The world is going through accelerated change, propelled by major developments such as population growth, urbanisation, climate change and declining biodiversity. The energy mix and built environment have to evolve if these challenges are to be tackled successfully. Therefore, Fugro's services are more essential than ever.

Our Vision 2030

In line with our purpose, we are extending our know-how and solutions to the understanding and preservation of ecosystems. By combining real-time insights into ground, water and environmental conditions with predictive digital twin ground models, we look beyond individual projects. In doing so we help our clients from energy and engineering companies to governments, in their efforts to build safe energy systems, infrastructure and future-proof urban environments, as well as adapt to climate change and preserve natural environments.

To further improve the impact of our technologies and data, we look for new ways of bringing them to the market. Next to our existing site characterisation and asset integrity business, we will introduce new business models such as subscription-based access to Geo-data. We aim for our digital ground models and subscription-based portals to become the backbone of our clients' Geo-data decisions throughout the life cycle of their assets, with the goal of reducing cost of development and long-term operation.

Our Geo-data are increasingly gathered with remote, autonomous and digital technologies, delivering insights to our clients in real-time, safer, and with a lower asset intensity and carbon footprint.

Our Vision 2030

Business lines

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

Site characterisation

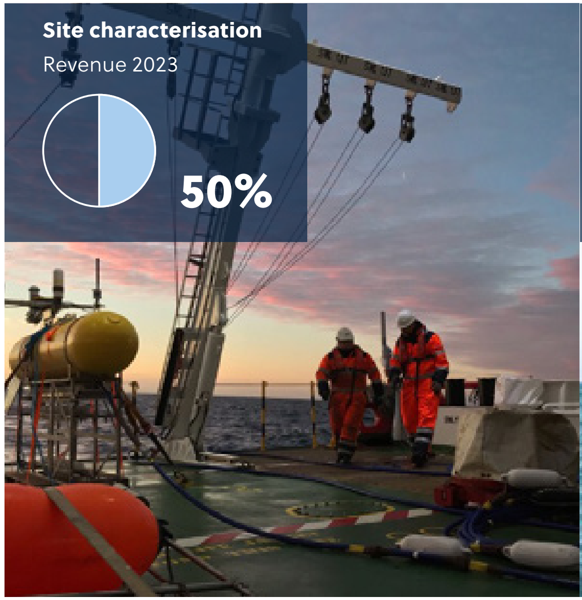
With geophysical surveys we **map** the Earth's surface and subsurface. We measure wind resource and weather patterns, water currents, environmental conditions and biodiversity. With geotechnical investigations we determine the composition, characteristics and properties of the soil. Using our expertise, technology, equipment and world-class laboratory facilities, we transform the acquired data into ground **models** and related advice on the best way (site assessments, selection, and design of foundations, etc.) to use a site for safe, sustainable and cost-effective design and construction. This enables the client to make informed decisions, reducing construction costs and installation and operational risks.

Asset integrity

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

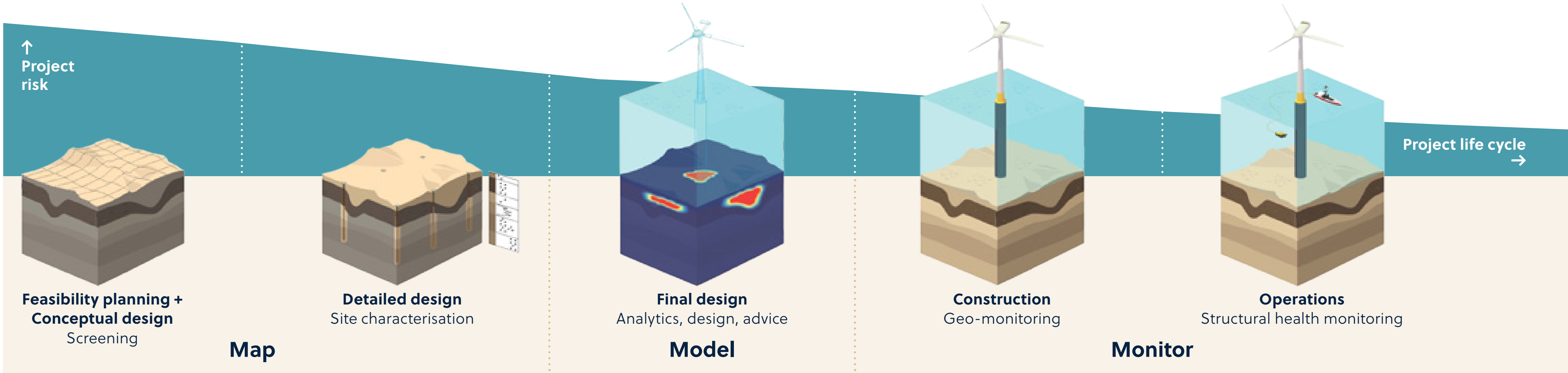
In 2024, in order to drive efficiency and service delivery to clients by sharing technology, best practices and achieve greater scale, land site characterisation and land asset integrity will be merged into a single global land business line.

Marine



Land

Fugro’s mapping, modelling and monitoring solutions reduce geo-risk for clients throughout their asset life cycle



MARINE SITE CHARACTERISATION SOLUTIONS

- **Geophysical survey** mapping of seabed’s (sub)surface
- **Geotechnical investigation** determining soil composition via extraction of samples and laboratory/in-situ testing
- **Hydrography** sea-bottom mapping/charting
- **Geoconsulting** including ground modelling and geohazard risk assessment

MARINE ASSET INTEGRITY SOLUTIONS

- **Metocean** real-time monitoring & forecasting of weather, currents and environmental conditions
- **Positioning** providing subscription-based signals as well as positioning services
- **Construction support** providing survey systems and related expertise
- **Inspection & monitoring** of the condition of marine assets by acquiring and analysing inspection data

LAND SITE CHARACTERISATION

- **Geotechnical investigation** determining soil composition via extraction of samples or cone penetration testing
- **Geophysical surveys** mapping of subterranean soil characteristics
- **Monitoring** of (sub)surface, new and existing assets during the construction phase and operational phase
- **Testing** of rock and soil samples, foundation and construction materials testing
- **Geoconsulting** including geohazard risk assessments, foundation advice, water resource management and flood control

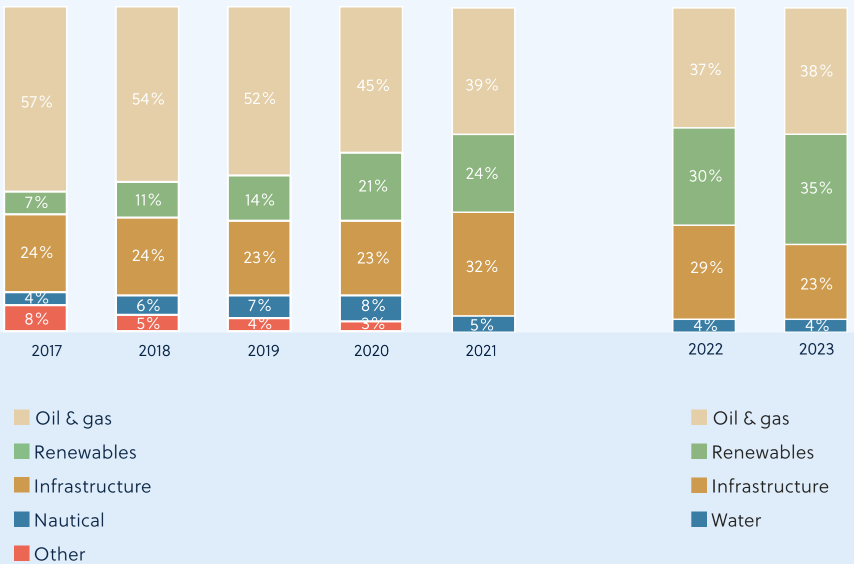
LAND ASSET INTEGRITY

- **Acquisition of geospatial data** to map, inspect and advice on the integrity of rail, roads and power lines

Key markets

We deploy our resources across different market segments; with our market-agnostic resources we offer our client-led solutions across industries and geographies. It allows us to optimise utilisation, pricing and costs across multiple projects, share knowledge, and further diversify towards long-term growth markets.

Ongoing diversification: revenue by market segment (in %)



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

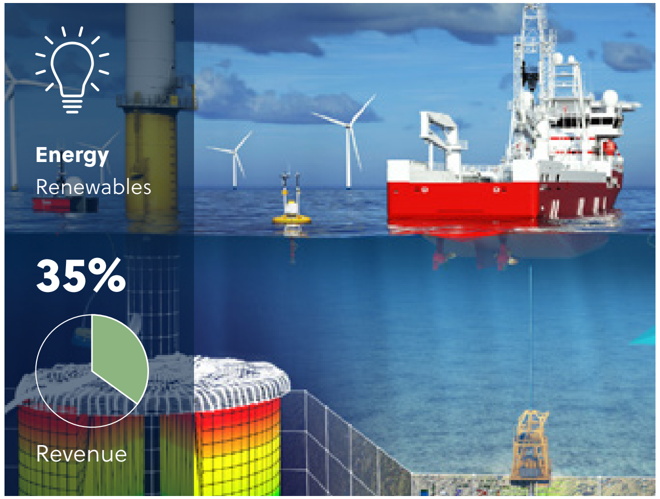
2017 figures include discontinued operations.

Energy

Renewables

For over 25 years, Fugro has been providing site characterisation services for the development of wind energy, in particular at sea. We support both renewable and traditional energy companies, leveraging our long-standing relationships as they grow their renewables business.
We offer a wide range of site characterisation services on land and at sea, to determine the revenue potential of a site, the optimal design of foundations and cable routes, and the assessment of geo-hazards. Our services include the mapping of wind resource and weather patterns, water currents and biodiversity, and soil investigations for wind turbine foundations and cable routing. In addition, during the building phase we provide construction support, positioning services and visual inspections.

Fugro will further expand into inspection and monitoring solutions during the operational phase, which is still a relatively new, but growing, market. In addition, the nascent market of carbon capture utilisation and storage, which can contribute to the urgently needed reduction of carbon in the atmosphere, offers opportunities for our site condition assessments and Geo-risk monitoring solutions.



Energy

Oil and gas

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

Infrastructure

Driven by a growing world population and ongoing urbanisation, there is a growing need for future proof and climate resilient infrastructure, including the upgrade and expansion of electricity networks to support the energy transition. Geo-data is an essential part of data-driven decision making, which is required to effectively and efficiently manage infrastructure systems and understand the impacts of climate change. We work together with our clients for investigations of construction sites to facilitate the safe, cost effective and sustainable design and construction of buildings, industrial facilities, bridges, airports, roads, rail, and electricity networks.

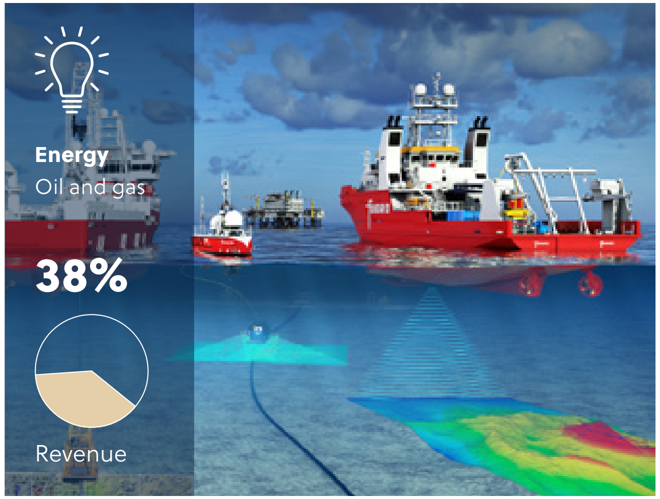
We also provide condition monitoring during the lifetime of the asset to optimise maintenance, reliability, utilisation and longevity, which is increasingly relevant in light of the fact that a lot of infrastructure was built decades ago and has gone past its original lifespan.

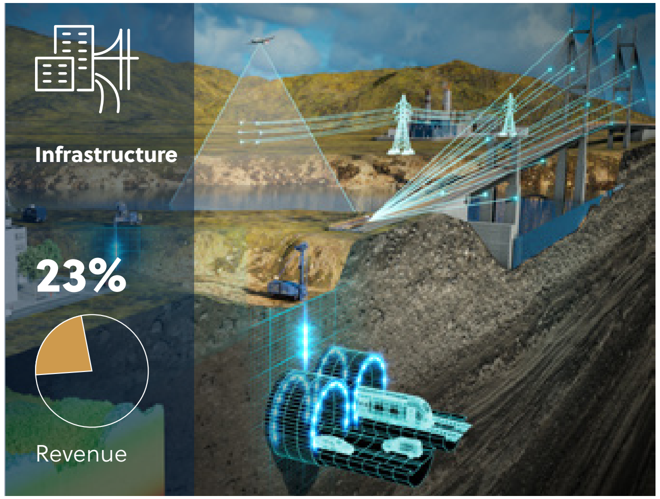
Water

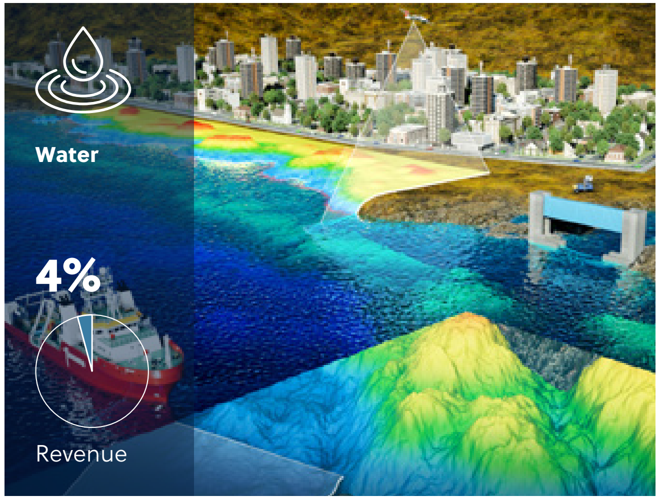
Rising sea levels and extreme weather events such as floodings and droughts by now are a real and increasing threat, necessitating significant investments in coastal and inland infrastructure.

We support coastal communities with flood-risk assessments and advice for the design of protection structures such as sea walls. In addition, we provide solutions aimed at mitigating flooding with risk assessments and related advice for the design for inland waterways, providing the client with rapid access to accurate and reliable visualisations, with actionable insights on related risks.

Today, 75% of the world's ocean floor remains unexplored, while this ecosystem produces 50% of our oxygen, and absorbs 30% of our CO_2. In order to improve ocean health, we map the seabed, its habitats and ocean conditions, amongst others for (non)governmental organisations and research institutes.







CASE

Mapping Norway's coastal waters

Since 2006, we have been a vital contributor to the Mareano programme, focused on comprehensive marine and coastal mapping in Norway. Fugro's survey progress, including interim and final deliverables, is accessible to the client via VirGeo®, Fugro's web-based Geo-data engagement platform, providing near real-time deliverables to the client and related third parties, connected to analytics applications.

Mareano programme

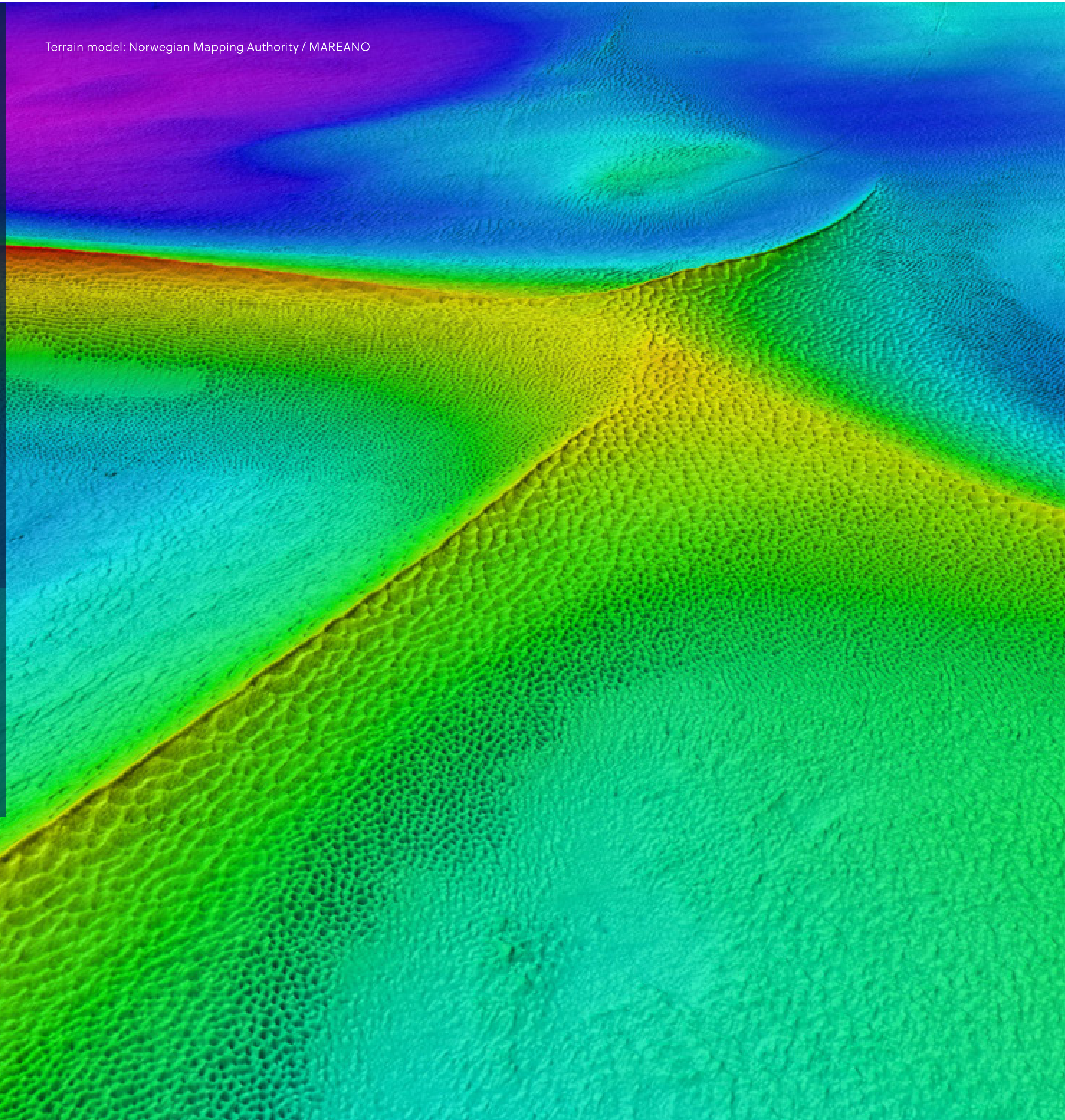
Norway

SERVICES

Bathymetry

PROJECT SCOPE

142,000 km²	area mapped
2,000+	vessel days
100+	staff involved
+700TB	data acquired
7	Fugro vessels



Terrain model: Norwegian Mapping Authority / MAREANO

Key competitive differentiators

Fugro is the world's leading Geo-data specialist. With our unparalleled portfolio of global solutions we are often the number 1 or 2 player in our key markets. Our deep understanding of our clients' and nature's challenges, reflected in our map, model and monitor solutions, differentiates us from competition of global and local participants who are fragmented both across services and geographically.

The marine market is a global market with large, internationally active clients, several of which we serve in all regions. With our unrivalled breadth and depth of expertise we are leading in site characterisation services, which are increasingly related to offshore wind and natural gas developments.

In the fragmented onshore environment, we are one of a limited number of companies to offer integrated services globally. In markets with mostly local competition, our client-led site characterisation services achieve solid market share on complex and large projects such as high-rise buildings, tunnels, bridges and pipeline routes. Supported by our strong presence in the marine environment, we have a strong position in the nearshore environment, for example for the connection of offshore to onshore infrastructure. In asset integrity, we have leadership positions in specific market segments in selected countries.

Diversified and long-standing client base

We have a very large well distributed and deep client base across the globe. We provide services to a wide range of clients - from energy companies to construction & installation contractors, government agencies and design & engineering companies. We have long-standing, strategic partnership relationships with many of our clients, of which many go back decades. Early and ongoing engagement by committed client-facing employees across the company enables us to understand their needs and most significant challenges.

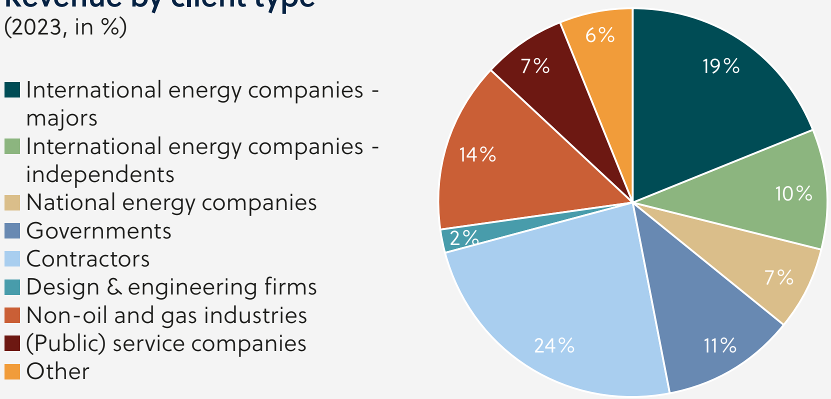
1 Company estimates

Fugro's competitive position[1]

	Marine	Land
#1	▪ Geotechnical investigation ▪ Geophysical survey ▪ Hydrography ▪ Metocean ▪ Positioning and construction support	▪ Rail inspection & advice (EU) ▪ Road inspection & advice (US) ▪ Power line inspection & advice (Australia)
#2	▪ Inspection and monitoring	▪ Geotechnical investigation

Revenue by client type

(2023, in %)



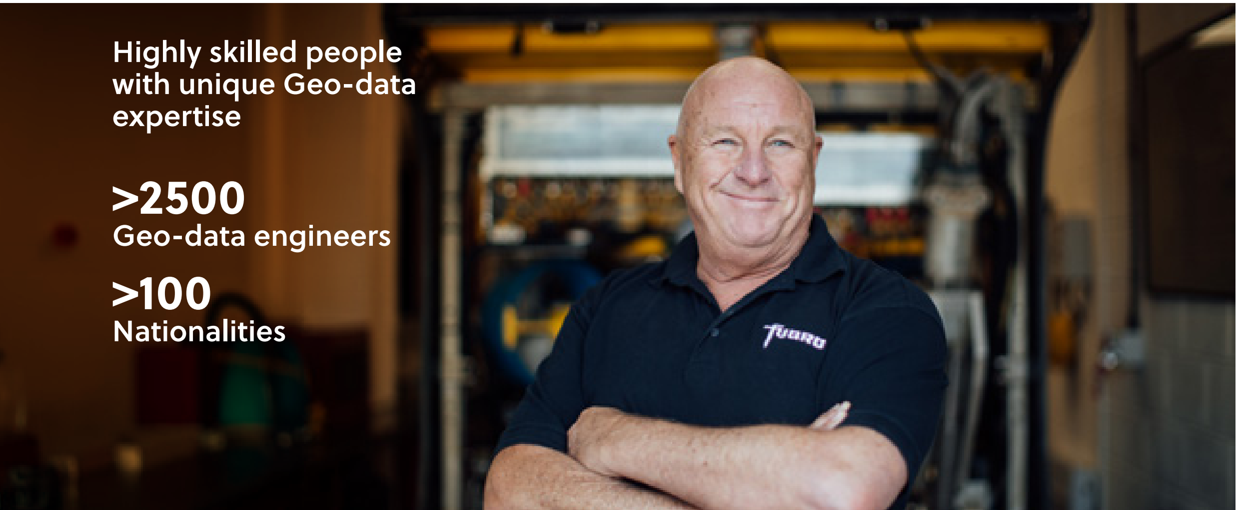
We are successfully cross selling our services, often working for clients in multiple markets. In particular, for wind developments at sea, where we work for energy companies that we have already for decades supported in their traditional oil and gas projects, leveraging our long-standing relationships as they grow their renewables business. Similarly, we serve several clients in both the energy and infrastructure markets.

This diversified client base results in the absence of significant client concentration, with only around 15 clients representing 1% or more of total revenues each and typically no client representing more than 5% of total revenues in a single year.

Highly skilled people with unique Geo-data expertise

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

We have around 11000 employees from over 100 nationalities. Their skills, experience and specialist knowledge, combined with effective teamwork and passion for solving our clients' and nature's challenges, are key for our ability to offer the best quality of work and services to clients today, while developing the best solutions for tomorrow. Fugro is the largest employer of Geo-data specialists in the world, employing the best in specific expert disciplines, including over 2500 Geo-data engineers.



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

Market agnostic resources

We can deploy our vessels, equipment and people seamlessly across multiple markets and geographies, providing flexibility to further diversify, optimise utilisation, pricing and costs.

Differentiating through innovation

We are leveraging technology developments in the field of robotics, remote operations, analytics and digital delivery in order to offer safer, faster, more efficient and higher quality services to our clients.

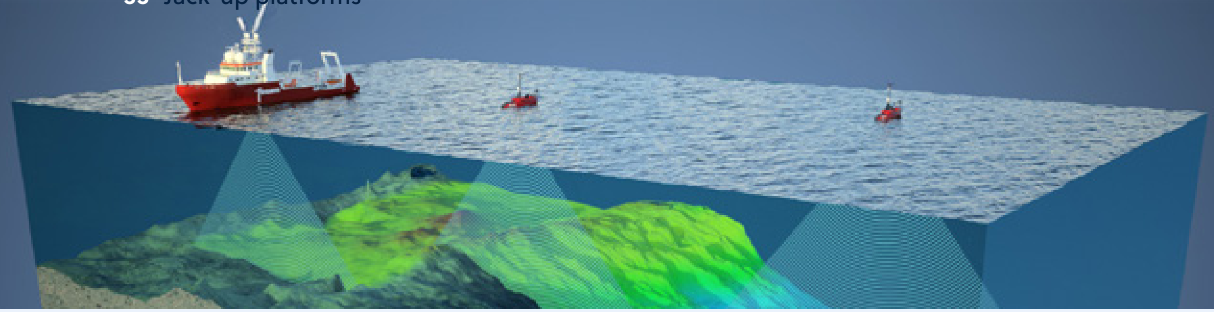
The combination of robotics and remote technology drives the evolution towards an agile and more sustainable operating model. With lightly crewed and uncrewed vessels for geophysical and inspection & monitoring activities and more modular assets & sensors, we support our customers in their own digitalisation evolution; a strategic priority for nearly everyone. Fugro is at the forefront of the industry and a first mover in the field of uncrewed operations, which remove personnel from a high-risk environment to an onshore remote operations centre and reduce carbon footprint by over 90% compared to traditional survey methods. Cloud-based data processing allows near real-time data delivery, leading to faster and more informed decision making.

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

Market-agnostic assets

- **26** **Vessels** (plus 8 long-term charters)
- **4** **Autonomous underwater vehicles** (AUVs)
- **64** **Remotely operated vehicles** (ROVs)
- **110** **Cone penetration testing systems** (CPTs)
- **232** **Onshore geotechnical drilling rigs**
- **15** **Offshore geotechnical drilling rigs**
- **33** **Jack-up platforms**
- **8** **Uncrewed surface vessels** (USVs)
- **30** **Laboratories**

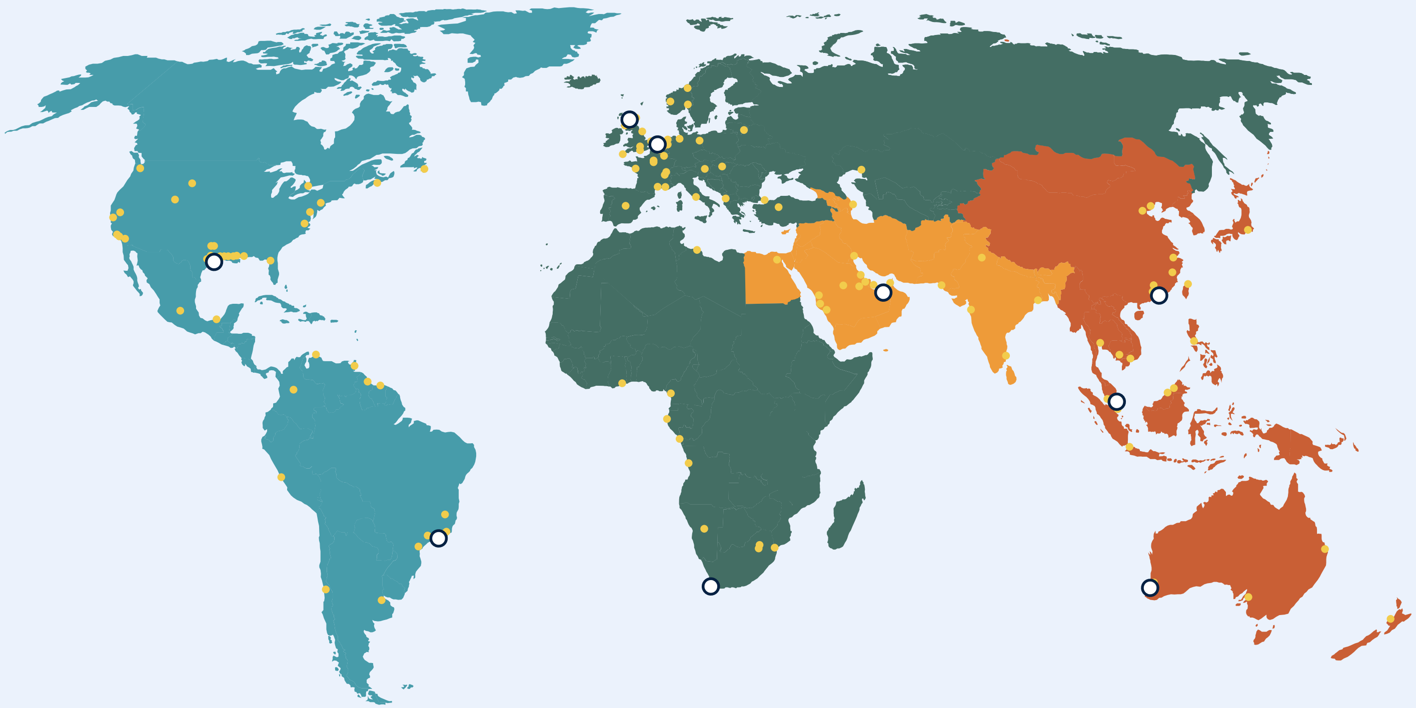
Global network of remote operations centers



> **Our success is determined by our unique client solutions, highly skilled people, market-agnostic assets and innovative scalable technology**

Global player with local presence

We have a global reach, with major hubs in each region and a local presence in 55 countries. Fugro's offices are predominantly staffed and managed by local employees, which ensures that we understand local business procedures, culture and traditions. At the same time, we are able to deliver the same quality of integrated solutions to clients all over the world.



- ○ Major office locations
- Europe - Africa
- Americas
- Asia Pacific
- Middle East & India

Stakeholder engagement

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

Materiality assessment

To help us understand which topics are most important to our stakeholders in a rapidly changing world, we regularly carry out a materiality assessment. This is an internal and external stakeholder engagement process aimed at identifying and prioritising environmental, social and governance (ESG) topics which our stakeholders consider key for our strategy, performance, policies and communication. In 2023, to prepare for the European Corporate Sustainability Reporting Directive (CSRD) and identify the relevant reporting standards, Fugro performed a double materiality assessment encompassing the impact of the company on people and the planet ('impact materiality') as well as risks and opportunities arising from sustainability matters ('financial materiality'). The double materiality assessment was informed by draft ESRS 1 General requirements as available at the start of the process in May 2023.

	How we engaged in 2023	Discussed topics	Impact on Fugro's strategy and policies
Customers	Client facing personnel engages with clients at all levels. For example through key account management with senior leadership involvement, client surveys, innovation co-development, business development, ESG alignment, technical advice, proposal reviews and project management.	Project performance and client satisfaction; energy transition; technology and innovation value workshops; QHSSE; Fugro's ESG performance, targets in relation to clients' objectives regarding ESG.	Client feedback is continuously addressed to improve Fugro's services and solutions. Client strategies and innovation direction are relevant to Fugro's strategy development including new biodiversity net positive impact targets for their projects. Fugro's emission reduction roadmap helps clients to achieve their scope 3 emission reduction targets.
Employees	We conduct regular engagement surveys. Local management organises town hall meetings to share information and invite employees to share their thoughts. In various countries, management regularly meets with works councils.	Work environment, safety and wellbeing; strategy; culture and company values; diversity, equity & inclusion; training and development; sustainability agenda and roadmaps.	Engagement enables management to prioritise the topics that impact employees' well-being and their personal and professional development. Fugro strives to be a responsible employer, in alignment with employees' personal values.
Suppliers	Fugro's global procurement team has regular meetings with global suppliers; local procurement teams maintain contact with other suppliers.	Innovation; cost optimisation opportunities; terms and conditions, Fugro's supplier and partner code of business principles; legal compliance and compliance with Fugro's procedures.	Engagement is vital in managing supply chain risk as well as recognising opportunities such as joint development of innovations. With selected suppliers, Fugro has initiated discussions regarding their carbon reduction roadmaps, and is developing supplier ESG due diligence processes, also focused on labour conditions and human rights.
Investors	CEO, CFO, Director Investor Relations and occasionally Director Sustainability regularly engage with investors and other financial market participants, via results meetings /webcasts, one-on-ones and calls.	Operational and financial performance; outlook for Fugro's markets; strategy and related mid-term targets; Fugro's increasing diversification towards renewables; ESG performance, roadmaps, targets and ratings; capital allocation.	Investor feedback is regularly discussed with the Executive Leadership Team and Supervisory Board. It is taken on board in the development of Fugro's strategy, ESG roadmap, capital allocation and (reporting) policies.
Society	Fugro undertakes joint R&D activities with universities and institutes; is an active supporter of the UN Ocean Decade and Seabed 2030; engages with various industry organisations, NGOs, cities and municipalities, targeting positive contributions to the communities in which we live and operate.	ESG due diligence and requirements in the value chain; ocean science and conservation; climate change mitigation and adaptation challenges and solutions; mobilisation of the private sector for societal challenges.	Fugro is committed to the further development of its sustainability targets and roadmaps, its contribution to various ocean science initiatives, partnerships to set and roll out industry standards, sponsoring and other support of local community events.

The assessment was supported by a sustainability consultant and the outcome of each step was validated by Fugro's ESG working group consisting of representatives from the sustainability, finance and investor relations departments and by Director Internal Audit. The assessment started with desk research of potentially relevant ESG topics based on Fugro's strategy, international standards and frameworks, sector trends, topics reported by peers and partners, and a media analysis. From the resulting longlist of topics, a shortlist was created and mapped to Fugro's value chain to identify where (potential) impacts could occur: Fugro's own operations, upstream (suppliers) and/or downstream (clients and projects).

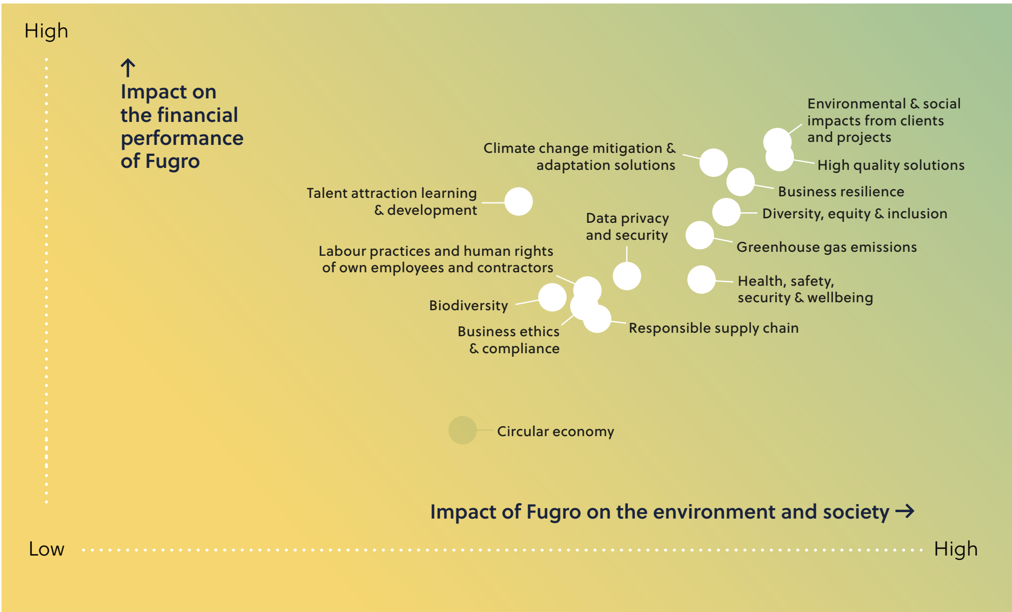
The following stakeholder groups were identified: customers, employees, suppliers, shareholders, investor associations, financial institutions, governments, NGOs and other international organisations, knowledge institutes and society. In addition, Fugro management and members of the Supervisory Board were recognised as internal stakeholder groups.

For each potentially material topic, one or two internal subject matter experts were interviewed following a prescribed format in order to understand the related impacts, risks and opportunities. All interviewees were asked to score the severity and likelihood of potential impacts (inside-out perspective). Severity incorporates three dimensions: scale, scope and irremediability. For the identified risks and opportunities (outside-in perspective), interviewees were asked to score the size of potential financial effects and likelihood of impact. In addition, stakeholders were asked to complete an online survey to gain insight in their perception of the relevance of the topics. The following stakeholder groups were invited to the survey: customers, employees, suppliers, shareholders, investor associations, banks, analysts, international organisations including NGOs and knowledge institutes, Fugro management and members of Fugro's Supervisory Board. The survey included questions on impact materiality, and additional questions on financial materiality for management, members of the Supervisory Board and external financial stakeholders. With a response rate of close to 30% and a good distribution among most stakeholder groups, the survey can be considered as representative.

Some stakeholder groups, in particular shareholders and international organisations, were underrepresented.

The scores from the interviews and the survey were combined in the double materiality matrix. All shortlisted topics were found to be material, except for circular economy, as Fugro is a service company without industrial production facilities. For the same reason, Fugro does not generate significant waste, nor does it utilise significant water resources.
New material topics compared to 2022 are: Environmental & social impacts from clients and projects, Responsible supply chain, and Labour practices and human rights of own employees and contractors. The double materiality perspective did not result in great differences in the outcome from an impact or financial materiality perspective.
The outcome was validated in separate sessions with the CEO, CFO and the Executive Leadership Team, and thereafter presented to the audit committee and the full Supervisory Board. Overall, it is well aligned with previous materiality assessments and has provided input for Fugro's new strategy Towards Full Potential.

Double materiality matrix



Material topic	More information
Environmental & social impacts from clients and projects	Page 50
High quality solutions	Page 32
Climate change mitigation & adaptation solutions	Page 34-35
Business resilience	Page 28-32
Diversity, equity & inclusion	Page 45-46
Greenhouse gas emissions	Page 35-39
Health, safety, security & wellbeing	Page 42-44
Data privacy and security	Page 50
Talent attraction learning & development	Page 44-45
Labour practices and human rights of own employees and contractors	Page 46
Business ethics & compliance	Page 48-52
Responsible supply chain	Page 50
Biodiversity	Page 39-40

Value creation

Sustainability is not only a key responsibility; it is also a key business driver that is fully engrained in our purpose, strategy, business, and operations. We create value for our stakeholders and society at large through the services we provide ('what we do') and by being a good employer and responsible company ('how we do it'). We aim to maximise our positive impacts and avoid or minimise negative impacts on people and the planet, both through our own operations and through our suppliers and our clients' projects.

Input per capital

Manufactured
- Market-agnostic asset base of vessels, vehicles, rigs, jack-ups and other equipment

Human
- Talented and diverse employees

Intellectual
- Advanced methods and technologies
- R&D
- Knowledge partnerships

Stakeholder relationships
- Key relationships
- Licence to operate

Financial
- Funding from shareholders, banks and bondholders

Natural
- Energy use

Value creation process

Fugro, the world's leading Geo-data specialist

Activities
Mapping, modelling and monitoring the built and natural environment

Business model
We unlock insights from Geo-data for our customers in the energy, infrastructure and water markets

Energy
Infrastructure
Water

Mapping
Modelling
Monitoring

Outcomes per capital

Services delivered to customers
- Insights from Geo-data
- Safe and reliable delivery

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

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

Stakeholder relationships
- Ethical business conduct
- Solutions advancing a safe and liveable world

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

Natural
- Greenhouse gas emissions impacting climate and ecosystems

Value created for stakeholders

Customers
- Innovative customer solutions
- Safely built and operated assets
- Sustainable management of natural environment

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

Suppliers
- Long term relationships
- Fair payment terms

Investors
- Attractive return on investment

Society
- Solutions contributing to the energy transition, sustainable infrastructure, climate adaptation and nature conservation
- Reduced carbon footprint
- Protection of ecosystems
- Participation in ocean science and mapping programmes
- Knowledge development through academic partnerships

Impact on SDGs

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

14 LIFE BELOW WATER

15 LIFE ON LAND

Fugro's contribution to United Nations Sustainable Development Goals

SDG	Relevant sub-targets	Fugro impact	
7 AFFORDABLE AND CLEAN ENERGY	*7.1, 7.2*	**SDG 7 Affordable and Clean Energy** **Ensure access to affordable, reliable, sustainable and modern energy for all**	Fugro's provides innovative solutions for the development and operation of clean renewable energy resources, most notably for offshore wind farms. In Europe, to date we have been involved in projects generating around 110 GW generation capacity. In addition, Fugro provides asset integrity services, and to a lesser extent site characterisation solutions, for oil & gas developments. This enables clients to develop, and operate fossil resources, in particular natural gas as a transition fuel, in a safe and responsible way.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	*9.1, 9.4*	**SDG 9 Industry, Innovation and Infrastructure** **Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**	Fugro's site characterisation and asset integrity solutions ensure the safe and sustainable development and management of a variety of infrastructure assets. Fugro's expertise regarding the mapping of coastlines and subsurface conditions supports the protection of cities, communities and ecosystems from impacts of extreme weather and rising sea levels. Fugro's specialist resources and digital solutions also support the safety of people in areas of seismic activity, environmental sensitivity or urban or industrial complexity, and deliver the data, analysis and advice needed to improve sustainable asset design, operation and performance.
11 SUSTAINABLE CITIES AND COMMUNITIES	*11.3, 11.5*	**SDG 11 Sustainable cities and communities** **Make cities and human settlements inclusive, safe, resilient and sustainable**	Fugro partners with governments, industry, academia and R&D institutes globally and participates in standard setting organisations. Fugro contributes to the development and adoption of clean technology for low carbon vessel operations, for example by leading a consortium of Dutch maritime industry aimed at developing technology for green methanol-fuelled vessels.
14 LIFE BELOW WATER	*14.a*	**SDG 14 Life below Water** **Conserve and sustainably use the oceans, seas and marine resources for sustainable development**	Fugro maps coastal areas, especially in vulnerable geographies. Fugro's environmental baseline studies help understand, manage and monitor the environmental impacts of clients' marine projects. Through a partnership with the Oceanographic Commission of the UNESCO, Fugro actively supports the United Nations Decade of Ocean Science for Sustainable Development 2021-2030. This programme is aimed at improving the coordination of and access to global ocean science data needed to reverse the cycle of decline in ocean health. Fugro also contributes to Seabed2030, targeting a complete map of the world's ocean floor for scientific, environmental, and economic benefits.
15 LIFE ON LAND	*15.9*	**SDG 15 Life on Land** **Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**	Fugro is involved in minimising the impact of drought and flooding on terrestrial ecosystems through advice around sustainable levee designs and our water management. Fugro's digital asset management solutions help electricity grid maintenance, modernisation and resilience, and help prevent bushfires. Fugro helps to prevent biodiversity loss using our extensive know-how in areal imagery.

CASE

Development of renewable energy infrastructure

Since 2021, we have been supporting the Danish transmission system operator Energinet with site investigation activities for a complete new energy infrastructure, including a revolutionary Energy Island, which will serve as a green power hub. We are delivering services across the project cycle, and this long-term engagement will run until 2026.

Energy Island Energinet
Denmark

SERVICES

Metocean

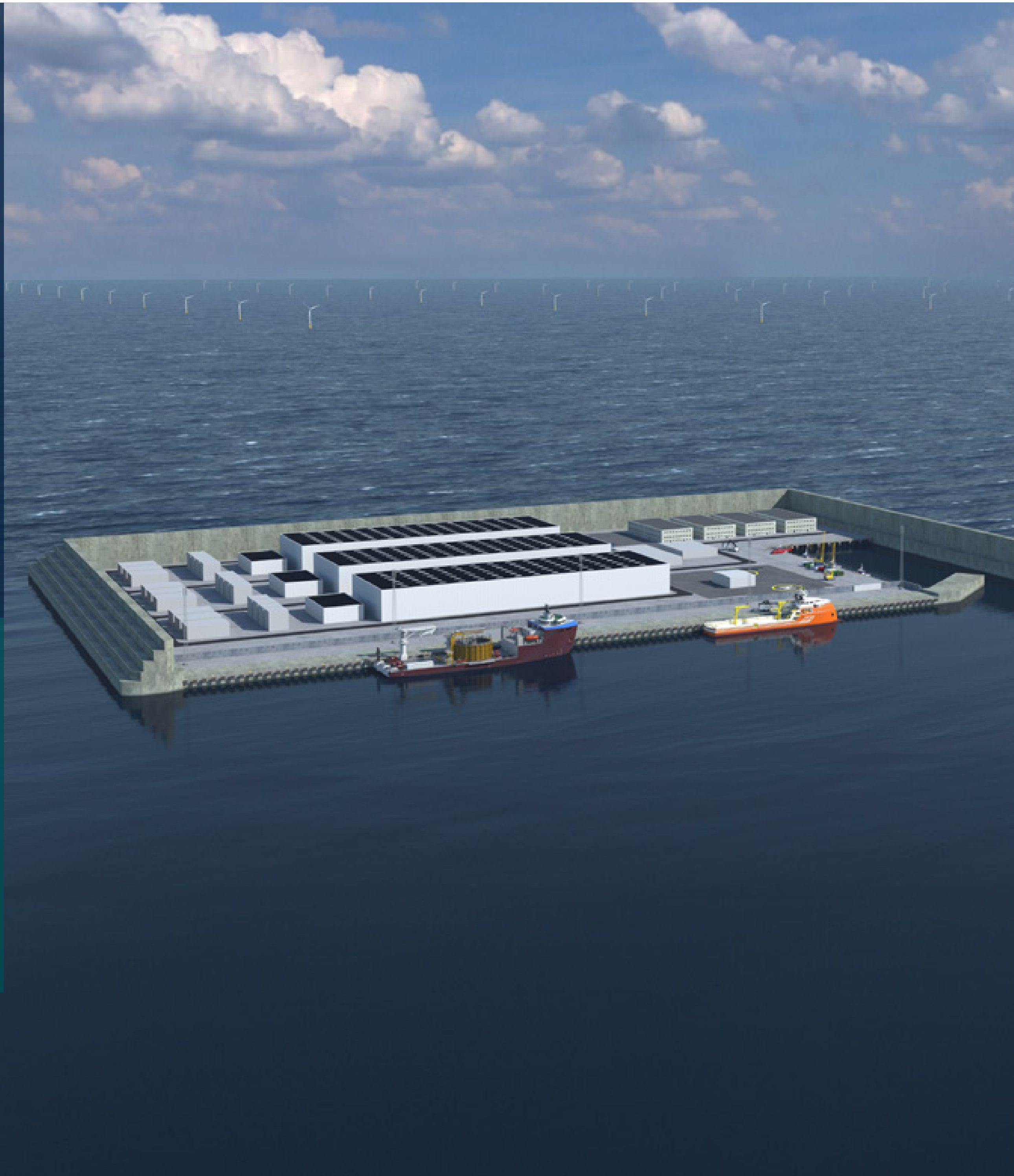
Environmental

Site investigation

Cable route surveys

PROJECT SCOPE

+270K	staff hours
12	vessels (incl. USV)
35,000 km	survey lines
2,500 km	covered by USV
677	cone penetration tests
0	lost time incidents
178	boreholes



Management report

Weather forecasting
United Kingdom

Strategy

We are living in rapidly evolving times with big societal challenges, resulting in an ever-increasing need for Geo-data. We are well positioned to capitalise on this positive market outlook thanks to the solid foundation created by delivering on our Path to Profitable Growth strategy. With our unique client solutions, highly skilled people, market-agnostic assets and innovative scalable technology, we are ready to capture the exciting opportunities in our markets. This is reflected in our updated strategy Towards Full Potential, with new mid-term targets for our financial, social and environmental performance.

The energy mix and built environment must evolve if tomorrow's problems are to be tackled successfully, making Fugro's services are more essential than ever.

The world around us

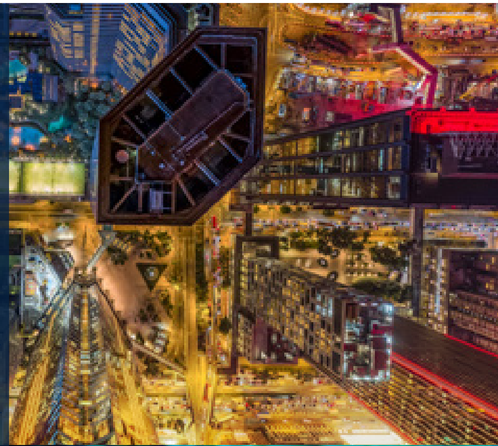
The world is going through accelerated change, propelled by major global developments such as population growth, urbanisation, growing inequality, climate change and biodiversity decline, putting our planet and the way we live under immense pressure. According to the United Nations, the population will grow from 8 billion today to around 10 billion by 2050, and during the same period, every week on average 1.6 million people will move to urban areas. At the same time, global warming has by now become an increasing threat. These developments are driving key challenges such as extreme weather events, rising sea levels, and declining biodiversity.

These challenges need to be addressed, against a backdrop of a volatile macro-economic and geopolitical environment, and resulting inflationary and supply chain pressures. Fugro's Geo-data services are more essential than ever to support the energy transition, massive infrastructure investments and the urgently needed climate change adaptation. In the energy market in particular, our solutions contribute to access to dependable, clean and affordable energy (the so-called energy trilemma).

Global developments are driving key challenges...

Population growth

Urbanisation



Global warming

Biodiversity under threat

...which Fugro can address in its markets...

Energy	Infrastructure	Water
Energy transition	Infrastructure investments	Climate change adaptation

...contributing to 5 UN SDGs

7 Affordable and clean energy | 9 Industry, innovation and infrastructure | 11 Sustainable cities and communities | 14 Life below water | 15 Life on land

Blue Essence®
Fugro carried out the world's first remote inspection of offshore wind assets, at the Aberdeen offshore wind farm, using its Blue Essence® uncrewed surface vessel with Blue Volta®, an electrical remotely operated vehicle. Blue Essence® is the first USV to receive approval from the Maritime and Coastguard Agency to operate fully remotely with an eROV in UK waters.

Outlook for Fugro's markets

Energy

Supported by ambitious energy transition roadmaps worldwide, by now the share of renewables in the global power mix has surpassed 30%. Apart from hydropower and solar, wind at sea is of strategic importance. Initially a mostly European market, offshore wind parks are now being developed all over the world. In addition, projects are becoming more 'Geo-data heavy' due to the increasing size of turbines, greater distance to shore and water depth, and a growing number of floating wind projects. These developments drive an increasing need for high quality Geo-data, in order to reduce the risks and improve financial opportunity assessments.

This transition is a complex process, requiring huge investments and resources in times of scarcity. Despite recent news flow around delays in several offshore wind projects, most notably related to increasing cost levels and shortage of resources, we anticipate ongoing strong growth, driven by a sharp acceleration in many governments' energy transition roadmaps. This is supported by the recent launch of the 'Wind Power Package' in the EU and the decision of the UN Climate Summit COP28 to triple the world's renewable energy capacity by 2030, a large portion of which is expected to come from offshore wind.

The complexity of the transition, combined with growing global energy needs, also means that fossil fuels will remain an important part of the energy mix for years to come, in particular gas. Geopolitical developments during the last two years have brought the importance of energy security into sharp focus, and the uncertain geopolitical and macro-economic environment and in particular high inflation rates have put pressure on affordability. Following a decade of low investment levels in oil & gas, these developments are anticipated to drive a new multi-year investment cycle, as oil & gas still account for over 50% of worldwide energy consumption today.

Overall, offshore wind related expenditure in 2023-2027 is projected to grow by around 30% annually, and offshore oil & gas related expenditure by around 9% (source: 4C Offshore and Rystad respectively, October 2023).

Infrastructure

Infrastructure systems play a vital role in economic and social development. The world population is growing and in combination with urbanisation and urgently needed climate change adaptation, there is an increasing need for investments. At the same time, many parts of infrastructure systems, especially in OECD countries, were developed during the economic growth decades of the mid-20th century and are ageing rapidly. The required spend on maintenance and rejuvenation is immense, against a backdrop of uncertain macro-economic times.

Sustainability in infrastructure is about life-time extension, targeted maintenance, repair and replacement of existing aging infrastructure, and building in a smarter, cleaner and safer way. Understanding the current state of infrastructure assets and the interaction with its surroundings and subsurface environment, for example through structural monitoring, is essential to improve safety, extend the lifetime and reduce operating risk and total cost of ownership. Governments are therefore committing more budgets to preserve and improve critical utility and transport infrastructure.

Related expenditure in 2023-2027 is projected to grow by around 6% annually (source: Global Data, October 2023).

Water

Most countries are falling short of the pledges made as part of the 2015 Paris agreement, and climate change is by now a real and increasing threat with rising sea-levels and an increasing number of extreme weather events. In 2023, for example, we witnessed the devastation caused by extreme flooding in Libya. Even if global efforts and renewed ambitions to reduce emissions prove to be effective, these developments lead to adverse impacts on ecosystems, economic sectors, infrastructure and human health and well-being, especially as around 40% of the world's population lives at or near the coast.

This is resulting in a rapidly growing need to increase coastal resilience, by better understanding climate related risks and the design solutions to mitigate them, increasingly supported by international agreements, such as the landmark UN biodiversity conference COP15 agreement to guide global action on nature through to 2030, and governmental funding in multiple countries.

Climate change is also negatively impacting biodiversity and the oceans. With over 50% of the world's oxygen being produced by our oceans, it is the planet's largest ecosystem, regulating the climate, and providing livelihoods for billions. A better understanding and preservation as well as sustainable use of ocean resources of our oceans ('blue economy') is of crucial importance.

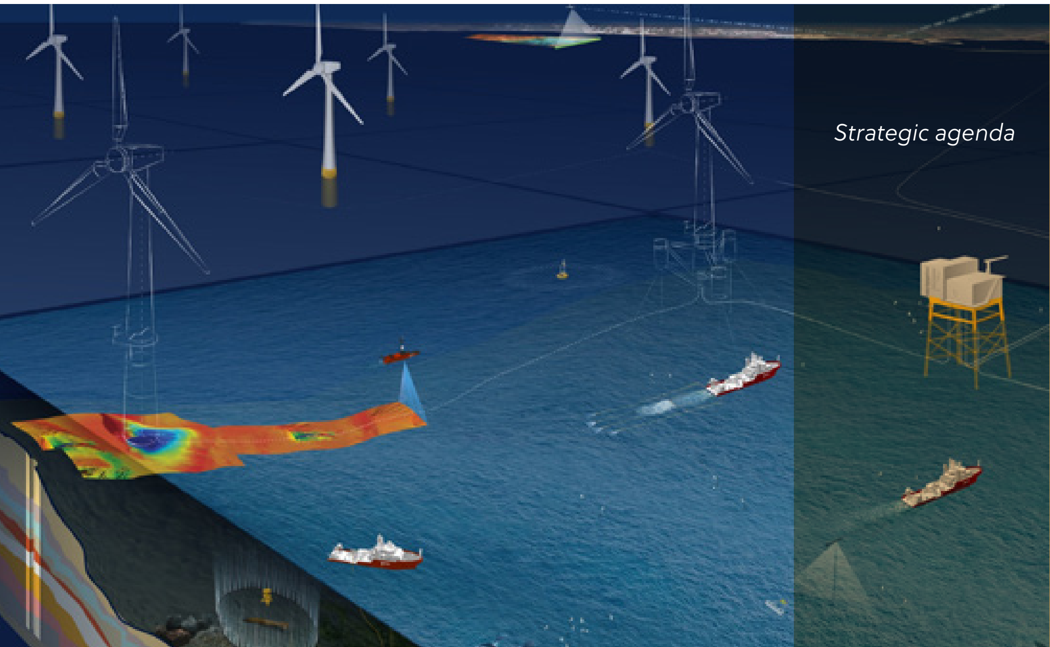
Towards Full Potential strategy

With our key strengths, decades of experience and focus on client challenges, we are uniquely positioned to support our clients with the energy transition, massive infrastructure investments and urgently needed climate change adaptation by providing project critical Geo-data insights into the built and natural environment. Our new strategy is based on three priorities.

1. Grow and transform current business

Our key strategic initiative is to grow and transform our current business. Also in the mid term, most of our revenues and value creation will come from our existing business in energy, infrastructure and water, which continue to offer a lot of growth opportunities. Renewable build out plans from governments all over the world ensure that the offshore wind market continues to provide a robust backdrop for Fugro for years to come, even when over time the oil & gas market will taper off. The same holds true for the infrastructure market, due to aging assets.

Offshore wind farm foundation design
Our foundation consultancy and Geo-data expertise reduces installation risk and enables reliable and efficient offshore wind turbine and substation foundation designs for offshore wind farm development.



Strategic priority 1 – Grow and transform current business

Grow with the market
- Invest in people and assets
- Expand offshore wind propositions with biodiversity and inspection & monitoring solutions
- Focused geographical expansion of Power business and Remote Sensing & Mapping

Transform capabilities
- Further development and roll-out of uncrewed vessels and remote operations centres, supporting emission reductions
- Speed up data delivery with standard digital workflows
- Transform land site investigation using scalable geophysical site screening

Optimise business performance
- Ongoing focus on value-based pricing and risk reduction with improved terms & conditions
- Early client engagement and increase client intimacy
- Next-level standardisation of group-wide quality systems

Coastal resilience
With over 40% of the world's population living within 100 kilometres of the coast, there is an increasing need for coastal zone management and flood protection measures.

In addition, we have defined two strategic priorities that offer significant potential for the long term in order to further strengthen Fugro's resilience and margin profile:

2. Expand into developing segments

Fugro is leveraging its expertise by expanding into developing segments in existing markets with a large requirement for Geo-data insights. Fugro is uniquely positioned to provide solutions for global climate change threats:

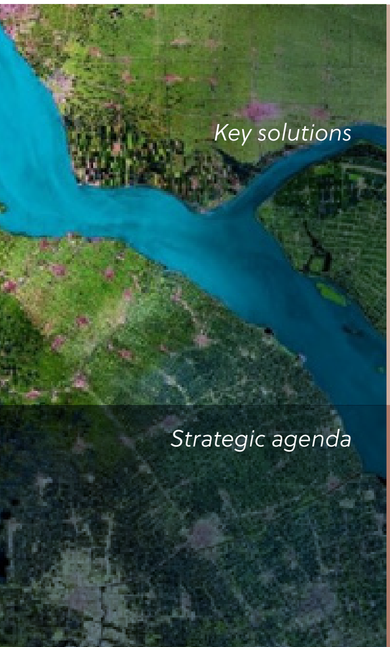
- Coastal resilience: Fugro offers flood risk management, flood protection, environmental impact assessments, preservation of coastal ecosystems
- Ocean health: Fugro's services include environmental impact assessments, ocean science and biodiversity monitoring
- Carbon capture, utilisation and storage (CCUS): whilst the energy transition is underway, carbon capture can contribute to the urgently needed reduction of carbon in the atmosphere. Fugro offers site condition assessments and Geo-risk monitoring for the infrastructure required for the transport and storage of captured carbon, typically deep underground.

We will further enhance our modelling and monitoring capabilities, whilst drawing on existing services and our market agnostic resources, by investing in additional services and technology, such as satellite imagery and environmental DNA mapping, either through partnerships or selective acquisitions.

3. Build recurring revenue with Geo-data as a service

We target to supplement our largely project driven business with more recurring revenues. Building on our decades-long experience with subscription-based revenue from our ultra-precise satellite positioning solutions, and with our Seawatch® wind lidar buoys, we are expanding on our existing solutions through scalable technology:

- Geo-data client portals (eg, VirGeo®) which facilitate Geo-data management and collaboration, contributing to shorter decision timelines for their asset development and maintenance. By combining all Geo-data acquired throughout the lifetime of the asset, and by expanding it with analytics, we aim for our portals to become the backbone of Geo-data based decisions throughout the life cycle of the asset.
- Hardware sales (eg, for continuous asset or environmental monitoring) with a data subscription.



Strategic priority 2 – Expand into developing segments

Key solutions

Coastal resilience
Protect coastal areas with large scale mapping, monitoring and Geo-data consultancy

Ocean health
Map ocean conditions and biodiversity in ocean ecosystem and enable blue economy

Carbon capture, utilisation & storage
Comprehensive site characterisation, baseline assessment, monitoring, measurement, and verification

Strategic agenda

Expand existing propositions
Map, model and monitor

Enhanced by
- Technology development
- Strategic partnerships
- Selective M&A

Strategic priority 3 – Build recurring revenue with Geo-data as a service

Key solutions

Geo-data platforms
VirGeo®

Hardware with data subscription
E.g., SeaWatch® Wind Lidar buoys and Totalite®

Strategic agenda

- Sell unique technologies outside our traditional projects business
- Geo-data as a service business models
- Building on experience with satellite positioning and SeaWatch®

Group performance

Financial

Fugro realised 27.5% revenue growth on a currency comparable basis by successfully capturing high client demand in the energy markets. Marine revenue increased by 37.9% while the utilisation of Fugro's owned and long-term chartered fleet amounted to 75% compared to 72% last year.

In Land, growth was limited to 3.2% as a result of subdued revenues in the infrastructure market in some key geographies and business rationalisations in 2022 (France, Russia).

The group's EBIT margin improved to 11.5%; all regions reported higher results as a result of top-line growth in combination with operational efficiencies. In marine, both site characteration and asset integrity business lines reported strongly improved margins; in particular site characterisation performance in Europe-Africa was exceptional. Land reported a lower margin due to limited revenue growth and downtime on a jack-up platform in the Middle East in the first half year.

Performance highlights

2023
2022

Target 2023-2024 refers to Fugro's previous strategy *Path to Profitable Growth*

Target 2025 refers to Fugro's sustainability-linked financing framework

Target 2027 refers to Fugro's new strategy *Towards Full Potential*

Business resilience

Ensure healthy financial performance, resilience and relevance of Fugro's business model.

EBIT margin
(in %)

	EBIT margin
2023	11.5
2022	6.1

	Target
2023-2024	8-12
2027	11-15

Free cash flow
(in % of sales)

	After leases	Before leases
2023	*6.0*	9.8
2022	*-0.7*	1.4

	Target
2023-2024[1]	4-7
2027[2]	6-9

Return on capital employed (ROCE)
(in %)

	ROCE
2023	17.8
2022	8.5

	Target
2023-2024	10-15
2027	>15

1 After leases
2 Before leases

Related risks
Market exposure; Innovative capability; Project execution.

High quality solutions

Deliver innovative, digital and sustainable solutions to clients.

Net promoter score (NPS)

	NPS
2023	51
2022	54

	Target
2023-2024	>50
2027	>50

Related risks
Innovative capability.

Key figures

(x EUR million)	2023	2022
Revenue	2,187.4	1,766.0
comparable growth[1]	27.5%	14.8%
EBITDA[2]	397.3	230.4
EBIT[2]	252.1	107.6
EBIT margin[2]	11.5%	6.1%
Net result	254.8	74.1
Earnings per share[3]	2.27	0.70
Cash flow from operating activities after investing (free cash flow)[4]	213.3	23.9
Backlog next 12 months	1,483.2	1,424.8
comparable growth[1]	6.3%	37.5%

1 Corrected for currency effect.
2 Adjusted for specific items with a total impact of +EUR 0.2 million on EBIT in 2023.
3 Basic earnings per share.
4 Including discontinued operations.
Refer for definitions of non-IFRS measures, and for a reconciliation of non-IFRS performance measures, to the additional information section in this report.

Operating cash flow before changes in working capital increased by EUR 167.9 million to EUR 347.3 million. Working capital decreased to 8.9% of revenue; an exceptionally low number of days of revenue outstanding of 75 at year-end resulted in a significant unwind of working capital in the fourth quarter. Capital expenditure amounted to EUR 182.0 million, below our guidance of EUR 200 million, excluding the impact of the unwind of the sale and lease back arrangement of the Fugro Scout and Fugro Voyager vessels.

Net debt declined to EUR 110.5 million from EUR 207.4 million in December 2022. At year-end, net leverage amounted to 0.3x.

Review by region

Key figures excluding specific items

Europe-Africa

(x EUR million)	2023	2022
Revenue	953.7	788.3
comparable growth[1]	23.4%	19.8%
EBIT	147.4	78.0
EBIT margin	15.5%	9.9%
Backlog next 12 months	629.3	569.8
comparable growth[1]	11.0%	32.9%

1 Corrected for currency effect.

- Revenue increased by 23.4% corrected for currency effect, most notably in Marine thanks to strong demand in both the offshore wind and oil & gas markets. Both marine business lines reported strong growth with higher vessel capacity and utilisation. Revenue in Land increased slightly as higher nearshore activity in the UK was largely offset by subdued infrastructure markets in certain geographies, including the Netherlands, and the divestment of the French site characterisation activities and closure of Russian business in 2022.
- The region's margin expanded to 15.5%. In Marine, EBIT improved significantly as a result of improved contract terms and conditions coupled with good operational execution; site characterisation performed particularly well. Land reported an EBIT decline as a result of the limited revenue growth.
- The backlog increased by 11.0%, mainly supported by ongoing growth in Marine.

Americas

(x EUR million)	2023	2022
Revenue	567.6	454.1
comparable growth[1]	28.3%	14.2%
EBIT	57.2	5.3
EBIT margin	10.1%	1.2%
Backlog next 12 months	370.7	386.2
comparable growth[1]	(1.9%)	38.4%

1 Corrected for currency effect.

- Revenue increased by 28.3% corrected for currency effect, with most growth in marine site characterisation, driven by strong demand in the energy market. Land showed modest growth as increased activities in South America were partly offset by lower nearshore activity from LNG projects compared to last year.
- The margin expanded to 10.1% on the back of improved operational execution, compared to a challenging 2022 in marine, operating leverage and better terms & conditions.
- The 12-month backlog is slightly lower, as increases in marine and land asset integrity were offset by the timing of renewable offshore wind projects and reduced LNG activity in the nearshore environment.

Key figures excluding specific items

Asia Pacific

(x EUR million)	2023	2022
Revenue	404.8	310.5
comparable growth[1]	37.3%	(5.9%)
EBIT	31.9	22.9
EBIT margin	7.9%	7.4%
Backlog next 12 months	293.9	264.4
comparable growth[1]	16.1%	40.6%

1 Corrected for currency effect.

- Revenue increased by 37.3% corrected for currency effect, most notably in the marine business lines thanks to strong demand in the energy and renewables markets in both South and North-East Asia.
- The region's margin expanded to 7.9%. In Marine, EBIT improved with increased geotechnical and geophysical activity levels and better pricing.
- The backlog remained strong with 16.1% growth in all business lines.

Middle East & India

(x EUR million)	2023	2022
Revenue	261.3	213.1
comparable growth[1]	26.6%	38.3%
EBIT	15.5	1.4
EBIT margin	5.9%	0.7%
Backlog next 12 months	189.4	204.5
comparable growth[1]	(3.9%)	46.6%

1 Corrected for currency effect.

- Revenue increased by 26.6% corrected for currency effect due to increased energy market activity for the marine business, particularly in the second half of the year.
- The EBIT margin increased to 5.9% due to increased activity including strong operational performance on the Lower Zakum project for ADNOC in UAE. The margin of the land activities saw only modest improvement on last year due to the impact of downtime on a jack-up platform.
- Backlog is marginally lower, attributable to the execution of the Lower Zakum project, for which new projects for 2024 are yet to be awarded.

Highlights income statement

Result

(x EUR million)	2023	2022
EBIT	**252.3**	**93.0**
Net finance income/ (costs)	(54.4)	(20.0)
Share of profit/ (loss) in equity accounted investees	20.6	13.5
Income tax gain/ (expense)	38.8	(7.2)
(Gain)/ loss attributable to non-controlling interests from continuing operations	(5.4)	(5.2)
Net result from continuing operations	**252.0**	**74.1**
Result from discontinued operations	2.8	-
Net result including discontinued operations	**254.8**	**74.1**

Net finance income/ (costs)

(x EUR million)	2023	2022
Interest income	9.8	3.6
Net foreign exchange gain	-	11.7
Finance income	**9.8**	**15.3**
Net foreign exchange loss	(30.3)	-
Finance expenses	(33.9)	(35.3)
Finance expense	**(64.2)**	**(35.3)**
Net finance costs	**(54.4)**	**(20.0)**

Net finance costs increased as a result of foreign exchange losses, primarily related to the impact of the devaluation of the US dollar on intercompany loans, and the devaluation of the Nigerian Naira and Angolan Kwanza. Finance expenses reduced marginally, with EUR 1.4 million, resulting from lower interest charges secured from the refinancing in 2022 and lower interest on the convertible bond due to the partial buy-back in 2022, largely offset by higher variable interest rates (EURIBOR) and an increase in interest on lease liabilities, mainly resulting from new vessel leases.

Share of profit/ (loss) of equity accounted investees
The share of profit of equity-accounted investees of EUR 20.6 million mainly comprises the result of joint ventures, including China Offshore Fugro Geosolutions, and a EUR 9.7 million gain on the disposal of Fugro's remaining interest in Global Marine Holdings.

Income tax gain/ (expense)
The income tax gain of EUR 38.8 million comprises a current expense of EUR 30.7 million, offset by a deferred income gain of EUR 69.5 million, driven by the recognition and utilisation of previously unrecognised tax losses and recognition of liquidation losses.

(Gain)/loss attributable to non-controlling interests from continuing operations
The EUR 5.4 million gain was attributable to non-controlling interests, mainly in a subsidiary in the Middle East.

Highlights balance sheet and cash flow

Working capital

(x EUR million)	2023	2022
Working capital from continuing operations	194.1	222.4
Working capital as % of last 12 months revenue	8.9%	12.9%
▪ Inventories	36.0	35.1
▪ Trade and other receivables	643.9	598.1
▪ Trade and other payables	485.8	410.8
Days revenue outstanding (DRO)	75	85

Despite the strong growth in activity levels, working capital decreased to 8.9% of revenue. A significant unwind of working capital in the fourth quarter was the result of an exceptionally low number of days of revenue outstanding of 75 due to strict working capital management.

Capital expenditure

(x EUR million)	2023	2022
Maintenance capex	65.3	56.2
Transformation and expansion capex	195.0	66.9
Capex	**260.3**	**123.1**

Capital expenditure amounted to EUR 184.4 million; the increase compared to last year was largely related to the acquisition of two platform supply vessels, which are currently being repurposed to geotechnical platforms to cater for further growth. In addition, the unwind of the sale and lease back of the Fugro Scout and Fugro Voyager resulted in a EUR 75.9 million reclassification from right-of-use assets to property, plant and equipment.

Return on capital employed

(x EUR million)	2023	2022
Capital employed[1]	1,227.5	1,098.0
Return on capital employed, ROCE (%)[2]	17.8%	8.5%

1 Total equity plus loans and borrowings and bank overdrafts, minus cash and cash equivalents.
2 Refer for definitions of ROCE and NOPAT to glossary.

Cash flow from continuing operations

(x EUR million)	2023	2022
Cash flow from operating activities before changes in working capital	347.3	179.4
Changes in working capital	27.8	(52.0)
Cash flow from operating activities	**375.1**	**127.4**
Cash flow from investing activities	(155.7)	(102.5)
Cash flow from operating activities after investing	**219.4**	**24.9**
Cash flow from financing activities	(98.8)	32.9
Net provided by (used for) continuing operations	**120.6**	**57.8**

Cash flow from operating activities increased as a result of an increase in EBITDA and strict working capital management. The decrease in cash flow from investing activities was primarily driven by higher capital expenditure for the year, partly offset by a higher amount of dividend received due to the distribution of cash receipts from the Global Marine divestment. Cash flow from financing activities declined due to higher lease payments, as a result of the unwind of the sale and lease back of the Fugro Scout and Fugro Voyager, and a higher number of vessel charters. In addition, the cash flow in prior year reflects the refinancing including a EUR 116.1 million equity raise.

Cash flow from discontinued operations

(x EUR million)	2023	2022
Cash flow from operating activities after investing	(6.1)	(1.0)
Cash flow from financing activities	16.9	-
Net cash movement	**10.8**	**(1.0)**

Cash from operating activities from discontinued operations include a EUR 4.1 million settlement of 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. Cash flow from financing activities relate to a debt restructuring of Seabed Geosolutions with an offsetting impact in cash flow from financing activities in continuing operations.

Outlook 2024

In line with the new strategy Towards Full Potential and related mid-term guidance, Fugro expects:

- Continued revenue growth, primarily driven by the energy markets
- EBIT margin within mid-term target range of 11-15%
- Ongoing investments in assets, technology, people and execution excellence
- Capex of around EUR 250 million.

2027 guidance and targets

Fugro expects to generate revenue of EUR 3.0-3.5 billion in 2027, and targets an EBIT margin of 11-15%, for which the main drivers are:

- operational leverage through better utilisation of assets and remote operations
- value-based pricing and improved terms and conditions to offset inflationary pressures
- improvement in business mix towards higher margin and recurring revenue
- ongoing investments in key strategy enablers: people, technology and commercial, operational and financial excellence.

Asset strategy and capital allocation

Fugro will continue to invest in a gradual shift of its asset base towards asset lighter and low carbon solutions, while at the same time ensuring capacity to cater for future demand. This results in annual capital expenditure of on average EUR 200 - 250 million till 2027. This comprises EUR 100 - 125 million to sustain the business (mainly maintenance) and EUR 100 - 150 million discretionary capex to grow with the market, transform capabilities, optimise business performance and drive carbon reduction. Fugro has an efficient asset management model with a clear strategy towards gradual reduction in asset intensity and carbon emissions. At the same time, there is a requirement to further invest in the geotechnical fleet to secure long-term vessel capacity, especially for the offshore global wind market, which has a particularly large need for mapping of soil composition via the extraction and testing of soil samples. For the foreseeable future, these activities cannot be executed with smaller and/or uncrewed platforms.

All discretionary investments are subject to strict return requirements, enabling Fugro to invest in growing the current business as well as invest in the future, driving value creation.

Fugro's capital allocation framework supports value creation by attractive returns on new investments, while maintaining a strong balance sheet, with a net leverage of below 1.5 times, and providing attractive returns to shareholders (for information regarding the dividend policy, see Fugro on the capital markets).

High quality solutions

Fugro pursues operational excellence through 'first time right' delivery of results that meet client requirements by adopting a 'lessons-learned' philosophy, facilitated by easy-to-use and high-quality event reporting. Fugro highly values client feedback through both direct interaction as well as via client questionnaires. In 2023, Fugro achieved a NPS score of 51 (2022: 54) with a much-improved number of questionnaires both sent and received. Although an even higher number of responses is required to reach our target of 1200 responses per year, client feedback was received from each region, country and business line.

In 2023, Fugro spent 2.0% (2022: 2.2%) of its revenue on R&D and technology innovation, ensuring that clients receive the most up to date technologies and reliable solutions. Fugro is continuously driving excellence in modern product and technology development, and a transformation towards a professional product organisation employing the industry best practice in product discovery and design thinking. As a part of strategic relationships with cloud environment providers Fugro is also rolling out the state-of the-art software development tools which apply the latest advancements in artificial intelligence to accelerate product development. All of this will help to map and model relevant Geo-data with more speed and accuracy.

Geo-data portals are instrumental to achieving Fugro's strategic priority of building recurring revenue with Geo-data as a service. VirGeo® is Fugro's web-based Geo-data engagement platform with capabilities ranging from data management, visualisation and interpretation, to advanced tooling based on consulting expertise. Project insights are delivered to clients faster and with higher quality, spanning the entire asset life cycle in land, marine, and coastal environments. In 2023, Fugro extended the coverage of fully automatic digital workflows to close to 30% of collected data. In 2024, Fugro targets an accelerated roll-out of the platform.

Current digital technologies and AI enable Fugro to redefine what is possible in the domain of spatial data processing, interpretation and Geo-data insight delivery. Fugro is leading the industry transformation towards spatial data interpretation using AI. Fugro's data scientists have successfully applied the technology advancement in AI for automatic interpretation and modelling of roads, rail, power & pipeline infrastructure data, subsurface geophysical information, airborne bathymetry and more.

Fugro is a frontrunner in the development and operation of remotely operated uncrewed surface vehicles (USVs), which remove personnel from potentially high-risk offshore environment, and have a significantly lower carbon footprint than traditional vessels. Currently, Fugro operates 8 USVs for medium- to large-scale hydrographic survey and asset inspection applications. In 2023, Fugro gained full ownership of SEA-KIT International, strengthening its leadership in marine robotics solutions and allowing a further growth in the size, capabilities and utilisation of its uncrewed fleet.

Other examples of Fugro's innovation pipeline are:

- Field trials of Blue Dragon®, a fully automated geotechnical seafloor drill, are planned for 2024, followed by its first commercial work. Blue Dragon® targets a significantly enhanced operational efficiency, while reducing safety risks and carbon emissions.
- Prototypes of the heat flow cone for thermal conductivity testing and the next generation digital seismic cone are in advanced stages of development.
- The Blue Sky CPT unit, a fully automated and electrically powered onshore low emissions cone penetrometer testing machine, is planned for market introduction and extensive field operation tests by the second half of 2024.
- TotaLite® is Fugro's advanced asset monitoring system providing continuous insights on the behaviour of assets. The data for the insights is collected by patented leading-edge technology and algorithms, is easy to install and has a low carbon footprint. It will be offered to the market as data-as-a-service. With aging infrastructure across the world, it is increasingly important to monitor key assets like tunnels, bridges, and quay walls, enabling fact-based decisions about replacement, lifetime extensions and preventative maintenance.

Fugro's technologies and expertise translate into a variety of intellectual property (IP) rights. In 2023, Fugro filed 39 new priority patents relating to various sustainable methodologies and assets. The company's IP strategy prioritises business-driven innovation as a key competitive differentiator, based on proprietary technologies and solutions that support clients around the world.

Patent filings

	2023	2022	2021	2020
Priority filings	39	29	2	7
National/ regional filings	60	44	62	62
Granted patents	50	35	29	35

A significant part of Fugro's technology is developed in close cooperation with amongst others the following universities and institutes throughout the countries in which it operates:

- Europe – Africa region: University of Oxford, Cambridge University, Imperial College in London, Edinburgh University, Sorbonne University, University of Southampton, University of Montpellier (France), Delft University of Technology (Netherlands), Brussels Engineering School, Université catholique de Louvain (Belgium), Eidgenoessische Technische Hochschule Zurich (Switzerland), Geomar Kiel, University of Bremen, HafenCity University (Hamburg), Politecnico di Torino (Italy), Genoa University, CNR Italian National Council of Research, Italian Hydrographic Office Heriot-Watt University Edinburgh/ OrcaHub (Scotland), University of Twente (Netherlands), TIAS Business School Tilburg and Universiteit Leiden, Wageningen University, Rijks Universiteit Groningen, Utrecht University, TU Eindhoven, Royal Naval College Den Helder, Budapest University of Technology and Economics Budapest University of Technology and Economics
- Americas region: University of California at Berkeley, Davis, Los Angeles and San Diego, Massachusetts Institute of Technology, University of Texas Austin and Texas A&M University, Louisiana State University, Catholic University of Chile
- APAC region: University of Western Australia, Queensland University of Technology, Griffith University (Australia), National University of Singapore including the Centre for Offshore Research and Engineering
- MEI region: King Abdullah University of Science and Technology and Imam Abdulrahman bin Faisal University (Saudi Arabia), Bahrein University, various Indian Institutes of Technology (IITs) such as the Mumbai ITT, Dhanbad IIT and Kharagpur IIT (India).

Since 2014, Fugro is funding the Chair in Geotechnics at the Centre for Offshore Foundation Systems (COFS) at the University of Western Australia, supporting world leading research in offshore geotechnical engineering. This close collaboration places Fugro at the centre of world leading research into foundation solutions for the offshore environment, which is currently focused on foundations for fixed and floating wind projects, as well as advanced site characterisation and power cables. PhD students are supported, both financially and technically, by Fugro colleagues and several graduates have joined Fugro in the last year. Numerous joint UWA/Fugro publications raise the profile of Fugro's capabilities and provide technical advancement to the industry.

Environment

Climate change mitigation & adaptation solutions

Fugro actively manages the opportunities and risks resulting from climate change for its business operations, taking both aspects of mitigation and adaptation into account. Fugro has used the Task Force on Climate-related Financial Disclosures (TCFD) framework to increase its insight into the potential impacts on the organisation by conducting a qualitative assessment. Fugro has not performed a detailed analysis for different climate change scenarios, as these are not anticipated to result in a material change to its strategic approach to climate change.

Fugro is uniquely positioned to leverage its Geo-data services in order to contribute to the energy transition and to climate change adaptation. Growth markets such as offshore wind and other renewable energy sources, coastal protection, ocean science and hydrography, flood control and urban infrastructure development provide significant opportunities for further diversification and expansion of Fugro's services and solutions. In 2023, Fugro generated 62% of its revenue from renewables, sustainable infrastructure and water markets (2022: 63%). As part of its updated strategy Towards Full Potential, Fugro has defined a 2027 target for revenue from renewables of EUR 1 billion. Under Fugro's sustainability-linked financing framework,

Performance highlights

- 2023
- 2022

Target 2023-2024 refers to Fugro's previous strategy *Path to Profitable Growth*

Target 2025 refers to Fugro's sustainability-linked financing framework

Target 2027 refers to Fugro's new strategy *Towards Full Potential*

1 Refer to the limited assurance report of the independent auditor

Climate change mitigation & adaptation solutions

Deliver solutions for energy transition, sustainable infrastructure, and climate change adaptation.

Indicator	2023	2022	Target
Renewables, infra and water (as % of revenue)	62	63	2023-2024: 65
Revenue from renewables[1] (in EUR million)	773	521	2023-2024: >50% vs 2021; 2027: 1,000

Related risks
Market exposure; Innovative capability.

Greenhouse gas emissions

Minimise environmental footprint of Fugro's operations.

Indicator	2023	2022	Target
Absolute GHG emissions scope 1&2 ($ktCO_2e$)[1]	219	218	
Vessel CO_2 intensity reduction (vs 2020) (in %)	16	13	2025: 20
Vessel CO_2 intensity reduction owned vessels (vs 2020) (in %)	10	12	2027: 25
Energy from renewable sources in offices[1] (in %)	48	47	2025: 80

Related risks
Climate change; Innovative capability; Project execution.

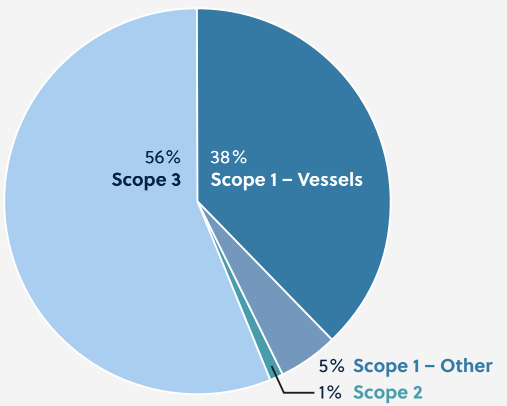
an intermediate target was set of EUR 527 million in 2024 (growing related revenue by 50% compared to 2021; see note 28.7 of the financial statements). In 2023, revenue from renewables amounted to EUR 773 million.

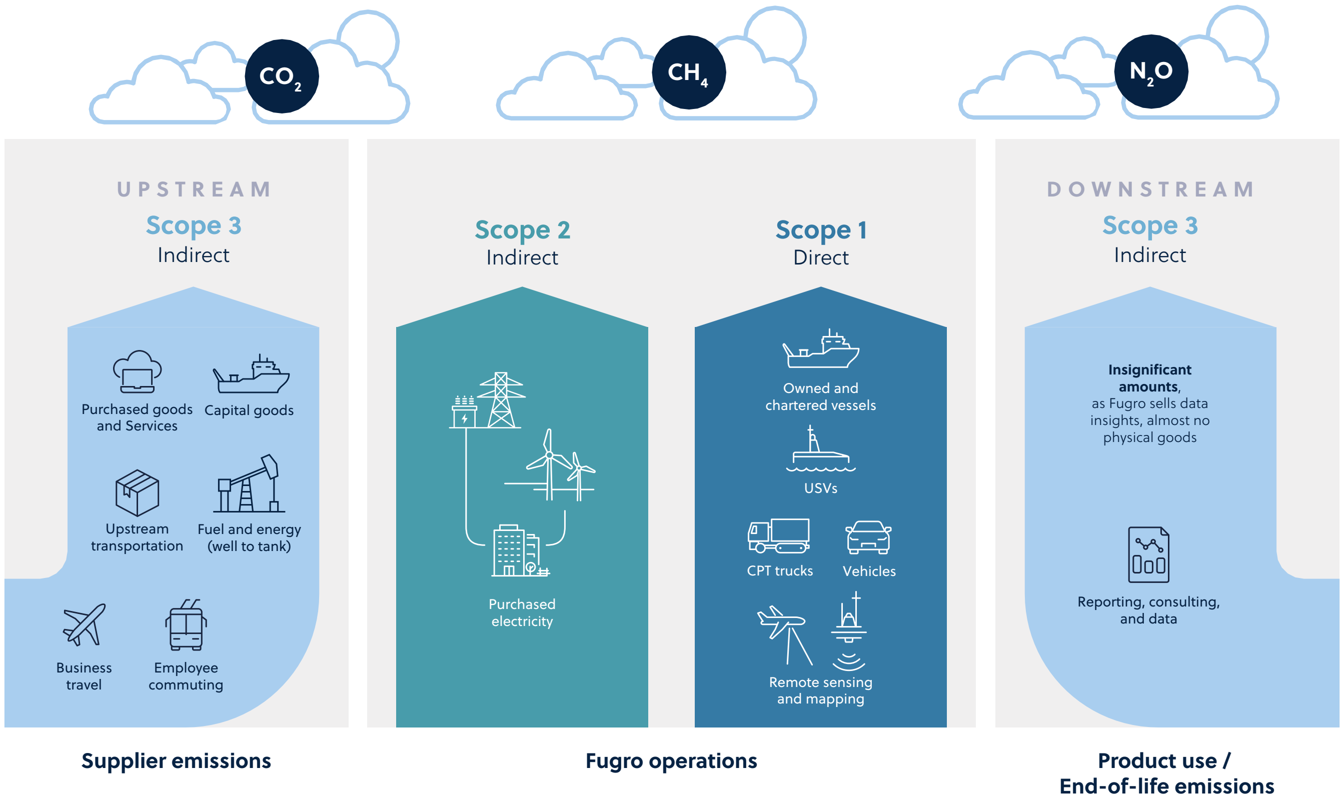
The physical risk of climate change is considered limited for Fugro; its high value assets are vessels which can be adapted to the physical effects of climate change. The transition risk of climate change mainly relates to the success of Fugro's business model in the transition to a lower carbon economy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

Greenhouse gas emissions

Fugro recognises that companies play an important role in the required reduction of global greenhouse gas emissions to avoid further global warming, and targets to become net-zero by 2035 covering all direct and indirect emissions from its operations (scope 1 and scope 2). To support this goal, Fugro is in the final stages of validating its science-based targets for its absolute greenhouse gas emission reduction in line with the Science Based Targets initiative, covering scope 1, 2 and 3. Fugro's intermediate target, which is included in Fugro's sustainability-linked financing framework, is to lower emission intensity of owned and chartered vessels by 20% in 2025 compared to 2020. For 2027, Fugro has set an intermediate target of 25% reduction of CO_2 emission intensity of its owned vessels compared to 2020. Moreover, Fugro aims to source 80% of its electricity consumption from renewable energy by 2025, which is also part of the science-based targets currently under validation.

Greenhouse gas emissions 2023 by scope



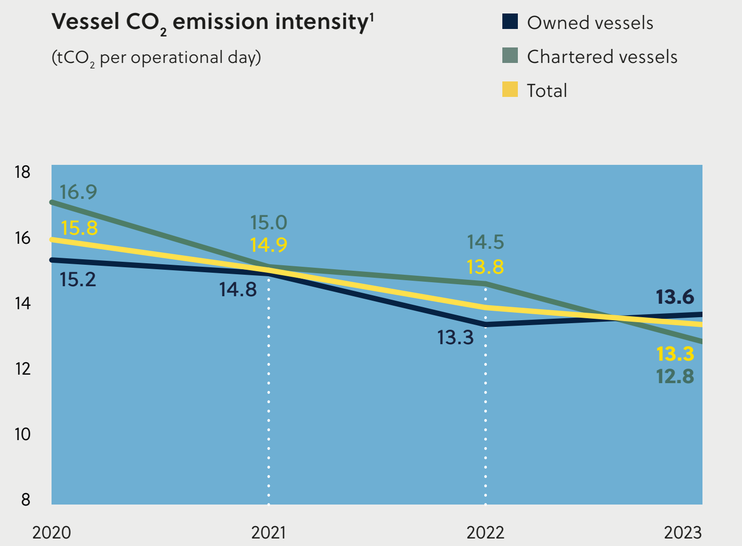


The total scope 1 and 2 emissions in 2023 were in line with 2022, despite a significant growth in Fugro's activity levels and an overall (currency comparable) revenue growth of 28%. This demonstrates the ongoing success of Fugro's tangible actions to reduce emissions and enhance efficiency of both owned and chartered vessels. This resulted in 16% lower vessel emissions per operational day (2022: 13%) compared to the base year 2020.

The increase in scope 3 relates to Capital goods: emissions related to the acquisition of two vessels, which are currently being repurposed to geotechnical platforms, and the unwind of the sale and lease back of the Fugro Scout and Fugro Voyager. In addition, there was a post-pandemic increase in business travel combined with higher activity levels.

Vessel CO_2 emission intensity[1]

(tCO_2 per operational day)



1 Refer to the assurance report of the independent auditor.

Absolute greenhouse gas emissions

Absolute GHG emissions in kilotonnes CO_2 equivalent ($ktCO_2e$) by source	2023[1]	2022	2021	2020
Scope 1: Owned vessels	108	102	116	113
Scope 1: Chartered vessels	80	82	71	70
Scope 1: Other assets (vehicles, CPT trucks, geotechnical drill rigs, barges, small aircrafts)	23	26	29	25
Scope 1 emissions	**211**	**210**	**216**	**208**
Scope 2 Market based: Electricity consumption	8	8[2]	8	12
Scope 2 Location based: Electricity consumption	12	12	11	12
Scope 2 emissions	**8**	**8**	**8**	**12**
Scope 1 and 2 emissions	**219**	**218**	**224**	**220**
1 Purchased goods and services	119	114	85	94
2 Capital goods	36	12	11	12
3 Fuel and energy-related activities (not included in Scope 1 or 2)	50	54	56	54
4 Upstream transportation and distribution	10	12	9	9
5 Waste generated in operations	1	1	-	-
6 Business travel	45	28	16	6
7 Employee commuting	11	10	10	10
8 Upstream leased assets	-	-	-	-
9 Downstream transportation	-	-	-	-
10 Processing of sold products	-	-	-	-
11 Use of sold products	-	-	-	-
12 End-of-life treatment of sold products	-	-	-	-
13 Downstream leased assets	-	-	-	-
14 Franchises	-	-	-	-
15 Investments	4	5	5	5
Scope 3 emissions	**276**	**236**	**192**	**190**
Total Scope 1, 2 and 3 emissions market based	**495**	**454**	**416**	**410**
Total Scope 1, 2 and 3 emissions location based	**499**	**458**	**419**	**410**

1 Refer to the limited assurance report of the independent auditor on absolute greenhouse gas emissions in 2023.
2 Market based Scope 2 emissions 2022 were restated from 7 to 8 $ktCO_2e$.

Greenhouse gas emission profile

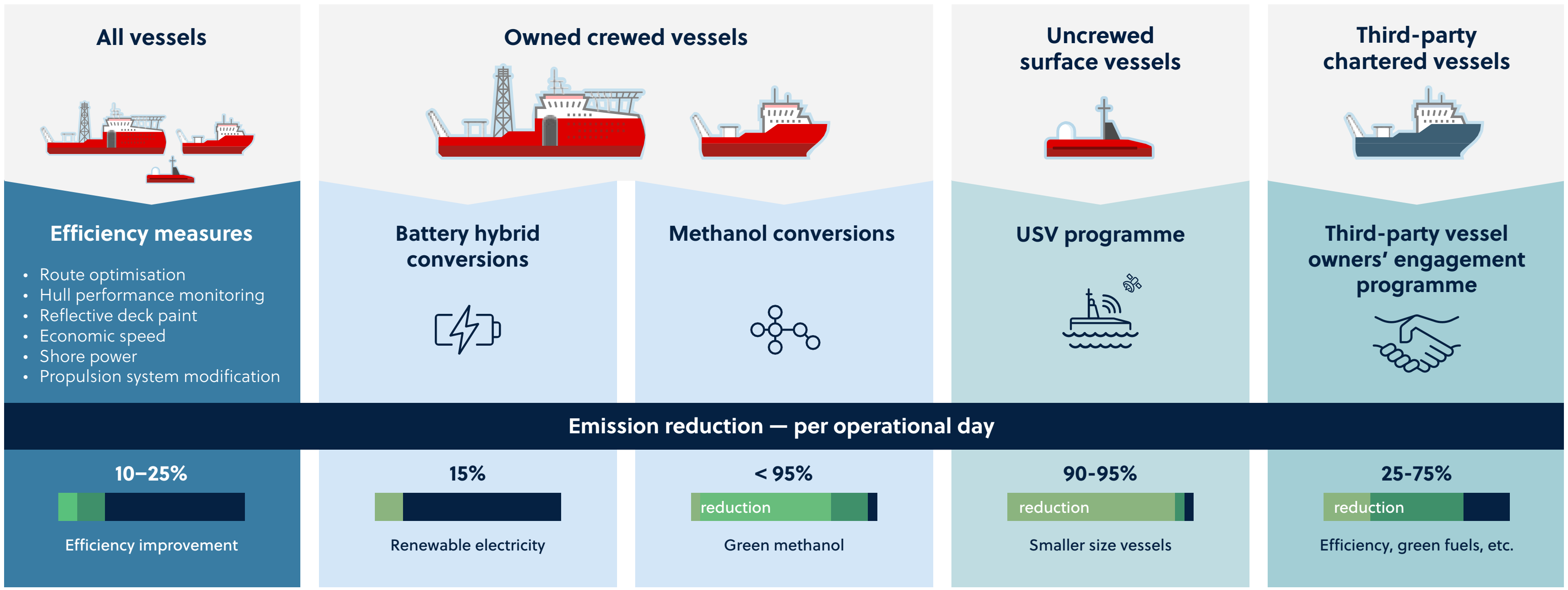
Fugro follows the Greenhouse Gas Protocol (GHG) reporting standard and applies the operational control approach to set organisational boundaries for GHG accounting purposes. The majority of Fugro's scope 1 emissions comes from its vessels, including third party-charters under the operational control of Fugro. Other scope 1 emissions are caused by fuel consumption of cone penetration testing and other trucks, vehicles, geotechnical drilling rigs, and other assets such as nearshore jack-up platforms. Scope 2 emissions largely come from electricity consumption of Fugro's offices, laboratories and other facilities. Scope 3 emissions relate to upstream emissions only; since Fugro sells data insights, and almost no physical goods, its downstream scope 3 emissions are considered to be insignificant.

Scope 1 emission reduction: Net zero marine operations

Absolute greenhouse gas emissions from vessels, both owned and chartered, account for 86% of Fugro's combined scope 1 and 2 emissions. Therefore, Fugro's carbon reduction plan is a key component of its multi-year fleet capacity, composition and transition plan, requiring significant multi-year investments. Fugro's net zero marine operations programme is headed by a steering committee which reports directly to the Board of Management, consisting of senior management of the business, fleet management and sustainability. The programme consists of three pillars:

1. Decarbonising Fugro's own traditional fleet
2. Decarbonising operations with uncrewed surface vessels and remote operations
3. Reducing emissions from third-party chartered vessels.

Net zero marine operations programme



Remote subsea inspection
Fugro and Petrobras have achieved a major milestone in Brazil's offshore energy sector by successfully completing the country's first remote subsea inspection, piloted from an operations centre in Scotland.

1. Own fleet

The implementation of efficiency measures such as route optimisation, economic speed modelling, enhanced hull performance monitoring, led lighting, different deck paintings and shore power, all contribute to reducing the energy needs of Fugro's traditional vessels and thus lower emissions. Fugro's long-term investments entail the conversion of vessels to run on the low carbon emission fuel methanol, the replacement of older vessels, and the application of hybrid propulsion systems.

Only a few low-carbon alternatives to marine diesel are available, of which green methanol is largely considered the most viable option for large-scale introduction on Fugro's vessels. A successful transition depends on the further development of technology and infrastructure in the entire shipping industry, as well as the future worldwide availability of green methanol. Fugro is an outspoken advocate and is leading a consortium of the Dutch maritime sector aimed at developing engine technology, ship design and safety procedures for methanol as a low-carbon shipping fuel. The consortium, MENENS (Methanol as Energy Step Towards Emission-free Dutch shipping), has been awarded a grant from the Netherlands Enterprise Agency. In 2023, after an extensive engineering and design process, Fugro Pioneer went into drydock for the first phase of the transition, with the actual delivery and installation of the methanol capable engines expected in the second half of 2024. The preparations of the adaptation of propulsion systems and drive train of Fugro Scout and Fugro Voyager are underway, to be executed in 2025.

2. Uncrewed surface vessels

Fugro is a frontrunner and thought leader in the development and utilisation of uncrewed surface vessels (USVs), operated from remote operations centres. Data-acquisition via USVs, operated from remote operations centres, are up to 90% less carbon-intensive than traditional vessel operations. Currently, Fugro operates 8 USVs for medium- to large-scale hydrographic survey and asset inspection applications. Significant progress was made in 2023 to address technological challenges and immature or absent maritime regulations for uncrewed operations in many jurisdictions. In 2023, Fugro's latest 12-metre Blue Essence® USV received Category 0 certification from the UK Maritime Coastguard Authority, allowing remote operations at unlimited distance from a safe haven. By year-end 2023, Fugro managed 446,000 hours in its remote operation centres compared to around 290,000 in 2022; this significant increase is clear evidence of the growing success of this way of working.

Fugro continues to invest in a further expansion of its USV fleet through the development of larger and more capable USVs with longer endurance and with a larger electronic remotely operated vehicle (eROV) with deep water capability and multiple sensors for seabed mapping. To this end, Fugro is planning to launch its new 18m Blue Eclipse™ USV in the first half of 2024, which will equipped with the new Blue Amp® eROV and will be used for asset inspections in relatively harsh sea conditions.

3. Chartered vessels

Fugro is actively engaging with key vessel suppliers in its supply chain to seek long-term engagement and collaboration in order to align their longer-term investment decisions with Fugro's ambitious decarbonisation roadmap.

In 2022, Fugro included a CO_2 index as an integral part of its vessel vetting process. To enable better alignment with upcoming industry standards, a new system of allowable carbon footprints for different types of work has been developed. In 2023, Fugro enrolled in DNV's Emission Reduction Joint Industry Project (EMRED JIP), a collaborative industry effort aimed at setting a clear industry standard for an emission reporting framework for offshore vessels.

Scope 2: Renewable energy target

For 2025, Fugro targets at least 80% renewable energy consumption for its offices and other facilities worldwide. This will be achieved though the transition to renewable energy suppliers and by seeking alternatives in those countries where green energy is not yet readily available. In 2023, 48% of Fugro's electricity consumption was from renewable sources (2022: 47%, restated from 49%). In the region Europe-Africa, 87% of all electricity consumed was renewable, in the Americas this was 63%. Asia Pacific and Middle East still prove to be more challenging due to a low share of renewable energy in the electricity mix. One of the solutions is to use more rooftop solar panels, which Fugro has installed on its Mumbai and Singapore offices. Many of Fugro's offices are rented, which complicates the achievement of renewable energy ambitions.

Mapping scope 3 emissions

Fugro is a service company and only rarely sells physical products. Consequently, Fugro's downstream scope 3 emissions are considered to be insignificant, and the scope 3 calculation focuses on upstream emissions from its supply chain. Fugro has submitted its science-based emission reduction targets including an absolute reduction target for scope 3 emissions from energy consumption and a supplier engagement target for other scope 3 categories.

Other air emissions

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

Since Fugro has no production facilities and only uses air conditioning and refrigerators in its offices, other workspaces, and vessels for normal household use, Fugro does not monitor fugitive emissions as these are expected to be not material.

Environmental management

Fugro has strict group-wide guidelines for risk management, and incident prevention, reporting and investigation. Fugro operates according to local legislation and environmental standards; the requirements of ISO 14001 or similar have been integrated into Fugro's operational activities, providing objectives and practical tools to manage the company's environmental responsibilities and impacts. Compliance audits are carried out, both internally and by external certification bodies and clients.
The risks that Fugro's operational activities pose to the environment are largely related to land data collection equipment, such as geotechnical drill rigs and cone penetration trucks, which are hydraulically powered and could pose a risk of spillage or equipment lost and left in the ground. Fugro's equipment is managed under appropriate proactive maintenance programmes and is subject to rigorous periodic inspections, including daily pre-start checks. Operational teams are provided with environmental spill kits and have been trained to capture, contain and clean any potential spillage during operations.

Biodiversity and ocean science initiatives

Biodiversity

Worldwide, biodiversity is threatened by an unprecedented loss caused by human activity. Biodiversity decline is widely recognised as a crisis threatening human survival, requiring urgent action. Climate change and biodiversity loss are impacted by common drivers and reinforce one another. During the year Fugro further implemented its biodiversity policy aimed at guiding its efforts to minimise impacts of its operations and maximise positive contributions through the solutions for clients.

The main impacts of Fugro's operations are threefold: the emission of greenhouse gasses, underwater noise pollution from geotechnical drilling and survey operations, and the risk of transporting species between different habitats, most prevalent in marine operations. Greenhouse gas emissions are considered a material impact (see paragraph: greenhouse gas emissions). Noise pollution is generally local and of short duration. Nevertheless, Fugro has mitigating measures in place and is also developing more remote operations with the use of digital imagery for marine mammal observations, and passive acoustic monitoring. Fugro follows the International Maritime Organization (IMO) guidelines to control the risk of the transfer of invasive species at sea by ensuring compliance with the D-2 standard outlined in

IMO's Ballast Water Management Convention. Fugro further minimises the spread of potential invasive species through the ship's hull by trialling new technologies such as ultrasound transmitters to prevent growth. In addition, Fugro's ships energy efficiency management plans (incorporate various actions and practices designed to optimise hull conditions via continued monitoring and regular cleaning, which also enhances fuel efficiency.

Fugro's data collection capabilities and know-how play an important role in understanding biodiversity and the related impacts of clients' projects. Increasingly, clients such as offshore wind developers compile environmental impact assessments, often regulated under national legislation. By now, many are now going a step further with the aim of creating biodiversity net positive projects. Fugro is investing to support them in this ambition, as data acquisition can support the implementation of the mitigation hierarchy to minimise potential environmental impacts and support the implementation of biodiversity enhancement measures.

During 2023, Fugro, together with project partners, started the development of innovative methodologies and technologies for remotely collecting environmental DNA (eDNA) samples and automate the analysis of seabed video data, to indicate the variety of species living in the area and on the seabed. By also integrating the eDNA sampling into its uncrewed surface vessels (USVs) and remotely operated vehicles (ROVs), Fugro aims to inspect not only subsea assets but also the broader marine environment.
The combination of these data, acquired over time as part of regular asset inspection surveys, is intended to show how the natural environment is changing around the base of wind turbines.

Ocean science initiatives

Fugro continues its strong support of several partnerships and initiatives dedicated to advancing ocean sciences, which has resulted in expanded leadership and participation in key events and programmes. Inspired by Fugro's membership in the Ocean Decade Alliance and as part of its partnership with the Intergovernmental Oceanographic Commission (IOC) of UNESCO, the Corporate Data Group was formally established in February. This group, comprising ten private industry members is co-chaired by Fugro's CEO Mark Heine, and supported by a full-time Fugro data expert who has been seconded to the IOC-UNESCO Secretariat. The group is committed to establishing strategies, equitable frameworks and best practices for industrial and private-sector companies to provide public access to their privately held ocean data in support of the Ocean Decade.

In addition, Fugro's senior management participated in several key events in 2023, such as Our Ocean Conference in Panama City, the International Hydrographic Organization's (IHO) 3rd Session of the Assembly in Monaco, and the United Nations Climate Change Conference (COP 28) in Dubai.
As a partner to the Ocean Pavilion, Fugro led two events at COP28 and participated in numerous other events. Fugro also was a signatory to the COP28 Dubai Ocean Declaration.

Furthermore, Fugro continues its in-kind support of The Nippon Foundation-GEBCO Seabed 2030 mapping project. In 2023, we collected an additional 216.000 km^2 of in-transit bathymetry data to the initiative, bringing our total collected data since the start to over 2.6 million km^2.

CASE

Providing vital solutions for land reclamation

To sustain population and economic growth in Hong Kong, the government is developing the Kau Yi Chau artificial islands providing about 1,000 hectares of additional land, strategically located within the expanded harbour metropolis. The government commissioned Fugro to carry out a site investigation in 2021 for the reclamation study. Since then, we have been providing various site investigation solutions and related laboratory testing, and the engagement will run until early 2024.

Hong Kong

SERVICES

- Site investigation
- Geophysical surveys
- Laboratory testing

PROJECT SCOPE

282	Vibrocore boreholes
84	drilled boreholes
224	cone penetration tests
17,890 m	meterage of investigation
6,111 km	survey lines

Social

Health, safety, security & wellbeing

Doing what is right and caring for each other is part of who we are and the way we work. Nothing is more important than the health, safety and wellbeing of employees and contractors. Fugro is committed to the best possible safety performance and considers safety to be a key risk-management matter to be driven from the highest levels of the organisation.

Fugro is subject to a variety of health and safety risks, given the operational diversity, technical complexity and geographic spread of its operations. The effective management of these HSSE risks is integral to good management practice and central to living up to Fugro's company values. This requires a methodical approach to the way we identify, assess and address the safety risks associated with our marine, coastal and land operational activities and implement standards and practices that eliminate risk exposure or control it to an acceptable level.

Fugro's health, safety, security and environmental (HSSE) policies and standards are aligned with international best practice. All Fugro's operations are performed in accordance with ISO certified management systems: ISO 9001 (Quality Management), ISO 45001 (Occupational Health and Safety),

Performance highlights

- 2023
- 2022

Target 2023-2024 refers to Fugro's previous strategy *Path to Profitable Growth*

Target 2025 refers to Fugro's sustainability-linked financing framework

Target 2027 refers to Fugro's new strategy *Towards Full Potential*

1 Refer to the limited assurance report of the independent auditor

Health, safety, security & wellbeing

Maintain highest health & safety standards.

Lost time injury frequency (per mln hours)

	2023	2022	Target
Lost time injury frequency (per mln hours)	0.57	0.73	**2023-2024** <0.5; **2027** Annual improvement

Related risks
Health, safety & security.

Talent attraction, learning & development

Attract and retain talented employees; invest in Fugro's highly skilled and engaged workforce.

	2023	2022	Target
Voluntary employee turnover rate (in %)	10	14	**2027** <8
Employee net promoter score (eNPS)	27	12	**2027** >30

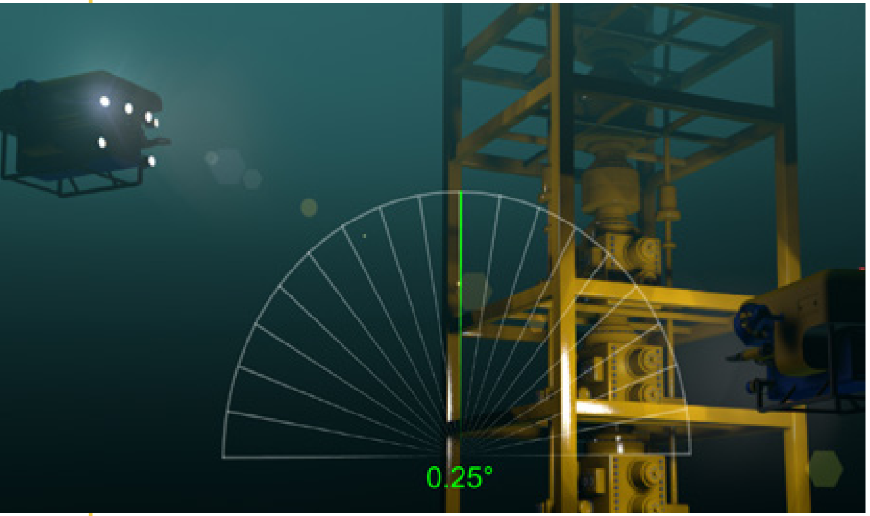
Related risks
Employees & capacity.

Diversity, equity and inclusion

Promote equal opportunities & rewards to all staff.

	2023	2022	Target
Female employees (in %)	23	22	
Women in senior management[1] (in %)	22	19	**2025** 25; **2027** 25-30

Related risks
Employees & capacity.



Safety performance (covering employees and contractors)

	2023	2022	2021	2020
Lost time injury frequency (x million hours)	0.57	0.73	0.70	0.67
Total recordable case frequency (x million hours)	1.48	1.50	1.71	1.62
Serious vehicle incident frequency (x million km)	0.19	0.44	0.85	-
Number of fatalities - Employees	0	0	3	1
Number of fatalities - Contractors	0	0	0	0
Site visits and training				
Senior management project and site visits	1,087	1,056	1,015	675
Completed 'Managing Safely in Fugro' courses	433	580	165	[1]
Completed mandatory annual Life Saving Rules e-learning	91%	95%	92%	NA

1 2020 tutor led courses were delayed to 2021 due to Covid-19 pandemic restrictions.

QuickVision®
Fugro has supported Heerema Marine Contractors with the installation of wind turbines for Parkwind's Arcadis Ost 1 in the Baltic Sea. Fugro's QuickVision® technology allowed Heerema to position the turbines remotely with an accuracy of less than 2 cm, whilst reducing personnel risks associated with offshore installation operations.

ISO 14001 (Environmental Management) and the International Management Code for the Safe Operation of Ships, or equivalent certifications. Policies and standards ensure a common and consistent approach is taken to address inherent risks throughout the company's global operations.

Fugro expects and encourages its business partners to adhere to comparable HSSE management standards and to be aware of Fugro's principles, policies, and standards. Potential contractors are screened to ensure that only those with the necessary competence, experience, HSSE management systems and performance records are invited to tender for work.

The Global Director Safety, who directly reports to the CEO, coordinates the groupwide development and implementation of Fugro's approach to safety, which is incorporated in the HSSE policy and associated management system standard, and endorsed by the Executive Leadership Team. The standard supports and directs all levels of the business to focus on critical HSSE needs, determine key objectives and allocate resources to keep delivering improved HSSE performance. All employees are expected to take responsibility, not only for themselves, but also for colleagues and others who may be affected by their actions, and are authorised and encouraged to speak up and stop the job if they feel a situation is unsafe.

Management, employees and contractors participate in regular training programmes equipping them with the knowledge and skills to implement Fugro's safety policies and procedures. The induction programme for line managers and supervisors includes the IOSH accredited Managing Safely training. The annual Life-Saving Rules training is mandatory for all Fugro employees and contractors.

In order to further improve Fugro's safety culture, the 3S Together Safety programme was further extended throughout 2023, stimulating conversations in the workplace and reinforcing personal responsibility for safety. Over 55% of employees have now completed the training sessions. The multi-lingual programme is supported by regular, topic specific, updates and manager self-assessments, and is also available to clients and contractors. In addition, a series of interactive one-day workshops were organised to help senior leaders better understand their role in improving Fugro's safety culture by equipping them with the knowledge and understanding of key health and safety leadership responsibilities and values, enabling them to work towards achieving health and safety cultural excellence.

In 2023, Fugro's lost time injury incident frequency rate reduced from 0.73 in 2022 to 0.57, an indication that the company's HSSE strategy, related training programmes and implementation of the Life Saving Rules are having a positive impact on HSSE performance. While recognising the commitment made by all employees and contractors to make Fugro a safer company, maximum effort remains focused on identifying, managing and, where possible, eliminating risks. This is embedded in the belief that all incidents and injuries are preventable.

Managing serious risks is essential to preventing fatal incidents. To address risks related to vehicles and driving, in the past two years the installation of in-vehicle monitoring systems was reinforced and the online driver training and in-vehicle driver coaching was extended to all regions. This has resulted in a 59% reduction in serious vehicle incidents. Innovation and advancements in modern technology such as robotics, remotely operated uncrewed surface vessels and geotechnical equipment reduces many of the safety risks associated with traditional crewed operations.

A fit and healthy workforce translates into an engaged, motivated, and productive one. Activities which optimise the health and wellbeing of employees and contractors were promoted throughout the company. An independent employee assistance programme (EAP) is in place to promote mental health through professional advice and support to employees and direct family members.

Workplace security is critical to the business; therefore, various measures have been put in place to protect Fugro's people, assets and information. An actively managed risk-based approach is adopted to ensure that threat levels in areas of operation/ project locations are understood, and travel and work activities are properly controlled.

Active and reactive monitoring are critical elements of the HSSE management control loop. Fugro continuously reviews potential areas of improvement and ensures thorough root cause analysis of every incident. All lost time incidents and high potential incidents undergo a review process with a member of the Executive Leadership Team participating and key lessons learned are actively shared within the group.

Talent attraction, learning and development

Fugro aspires to attract, develop and retain people from a host of different backgrounds. Adding new talent to the team, from many different places and with distinctive perspectives, strengthens Fugro's purpose of creating a safe and liveable world, together. Ongoing collaboration with universities and targeted recruitment marketing campaigns serve to ensure a pipeline of graduates. In 2023, a global talent acquisition policy was implemented in order to provide a structured approach to talent attraction, resulting amongst others in a masterclass interview guidelines to help hiring managers. In addition, as integral part of its new corporate website, Fugro launched updated, inspiring and user-friendly career pages in 2023.

Learning and development is an area of strong focus for Fugro in order to support business growth, retain critical knowledge, expertise and talent, and engage employees in development and continuous learning. Re-skilling the workforce is essential for delivering on Fugro's strategy. To prepare Fugro's people for today and tomorrow, Fugro Academy supports a wide range of development opportunities in technical, business, generic and leadership skills by providing an extensive offering of programmes that were established and further developed in 2023. In 2023, 103,343 training courses were completed through Fugro Academy (2022: 95,036).

Technical training

As the world's leading Geo-data specialist, technical expertise remains at the heart of Fugro's success. In 2023, a wide range of technical programmes and bootcamps supported the technical workforce in their current roles and employability for future roles. A dedicated pool of internal technical trainers delivers a variety of programmes, ranging from virtual classroom to in-person courses at Fugro's specialist training centre in Plymouth. The curriculum is supported by digital learning solutions ranging from 2D/3D modelling, 360 degrees videos, tech talks, and adaptive e-learnings developed in partnership with subject matter experts. Fugro was awarded IMCA accreditation for its ROV induction course and the internal geotechnical training portfolio was expanded further.

Generic & business skills training

Fugro Academy delivers training courses balancing theory, practical, and guided peer discussions, covering a full range of skills and facilitated by both internal and external trainers who are experts in their field. In 2023, over 1,000 business training enrolments were supported via live facilitated sessions, with a further 1,200 enrolled on self-directed digital courses.

Leadership development

Fugro is committed to developing the skills of its leaders. The U.Series suite of programmes is designed to build on Fugro's core leadership skills: courage, resilience and agility. Fugro's leadership vision and philosophy is committed to offering development to all leaders, supporting the entire leader community from those within early leader career stage, to the most experienced executives, with each programme offering deeply personal experiences, whilst also capturing external trends in leadership development. In 2023, 580 leaders participated in a formal leadership programme, and 1,307 participants attended manager masterclasses supporting the development of key leadership attributes. Eligible graduates have enrolled into U.Gro, the programme aimed at supporting the onboarding and personal development of all new employees with a bachelor's degree or higher and less than two years work.

Culture and engagement

Fugro's company values guide employees in fulfilling its purpose. In 2023, Fugro continued to embed its company values by further instilling them into our company culture and processes. The annual values awards ceremony, hosted after a global nomination process were again a great opportunity to celebrate individuals and teams who demonstrated Fugro's values in exemplary ways. Additionally, the online values game, where participants discuss and learn about Fugro company values, has now been played by over 4,300 employees around the world.

Fugro closely monitors employee engagement and targets an employee net promoter score (eNPS) of more than 30 in 2027. In 2023, Fugro conducted two company-wide surveys to understand employees' views and enable management to drive meaningful improvements. The results show continued overall improvement compared to previous years. Training and insight sessions were held with managers across Fugro to support them with an effective follow-up. Following these sessions, managers created action plans and held team sessions to discuss results and initiate conversations with team members about areas for improvement.

eNPS

2023		2022		2021	
Q4	Q2	Q3	Q1	Q3	Q1
27	19	12	3	-7	4

In 2023, voluntary staff turnover decreased to 10% from 14% in 2022. This positive downward trend resulted from a series of focused efforts across the company and is visible in all regions and across all functions. For 2027, Fugro targets a voluntary turnover rate below 8%.

Voluntary staff turnover

2023	2022	2021	2020
10%	14%	14%	8%

Diversity, equity and inclusion

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

Fugro aims to increase employees' sense of belonging encompassing a broad range of diversity aspects, including gender, age and cultural differences. In 2023, Fugro has undertaken numerous initiatives and activities to promote diversity, equity and inclusion within the workplace, prioritising specific initiatives for female employees, young talent and employees for whom language barriers may be of concern. Inclusivity is supported by delivering key programmes in multiple languages.

This includes Fugro's ongoing focus on attracting, promoting and retaining women for key senior management positions, both at corporate and regional level. In 2023, 22% (2022: 19%) of senior management positions were held by women. As part of its Towards Full Potential strategy, Fugro has formulated an ambition of 25 to 30% in 2027. Fugro has introduced Women@Fugro, a global employee-led network group, to increase awareness and encourage new initiatives on gender-related topics. Fugro's female leadership programme U.WiL (Women in Leadership) has been made available to a wide number of employees, and by now, 200 women have successfully completed the programme, providing them with improved skills and tools, as well as a larger network.

Gender diversity and number of employees

	2023	2022	2021	2020
Overall				
Female	23%	22%	22%	21%
Male	77%	78%	78%	79%
Total number of employees (full-time equivalents)	10,220	9,401	8,976	9,025
Total number of employees (headcount)	10,854	9,851	9,317	9,471
In senior management				
Female	22%[1]	19%[1]	15%	NA
Male	78%	81%	85%	NA

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

A local employee-led diversity network focused on LGBTQ+ awareness and equity was initiated. In addition, a survey was held to get a better understanding of diversity, equity and inclusion-related topics within the organisation with 1,426 respondents, which has led to new relevant policies and plans. Several plans and guides have been written, shared and discussed internally, such as an allyship guide, a gender equality plan, and an extensive report on how to make our current and future buildings more inclusive and accessible.

The roadmap for 2024 includes setting up a cultural ambassador's network, expanding employee-led networks and increasing relevant data collection and usage.

Labour practices and human rights of own employees and contractors

Fugro's human rights policy addresses the principles of diversity and non-discrimination, freedom of association, fair working hours, fair wages, protection of health and safety, no child labour and adequate grievance procedures. Collective or individual labour relations are ruled by local applicable law, collective agreements, Fugro's Code of Conduct and its underlying policies. Various collective bargaining agreements are in place within several of Fugro's entities. These agreements cover topics such as remuneration, working conditions, health and safety, equal opportunity and training. As per local labour laws, Fugro's entities in the Netherlands, Belgium, France, Germany, Norway, Brazil, and Australia have works councils, union or employee representatives and/or formal health and safety committees. Fugro provides job security by hiring most of its employees on a permanent employment contract. Per year-end 2023, 92% of female employees and 88% of male employees had a permanent employment contract.

Equal pay

Fugro promotes fair and equal pay for equal jobs and ensures compliance with local pay equity laws. Annual compensations reviews are conducted in the Fair Pay analysis, twice per year, to identify and correct any wage gaps.

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

An equal pay gap analysis was conducted for countries with more than 250 employees, covering 82% of employees in total, to ensure a statistically meaningful analysis. The employees were categorised by the functions and compensation grades of the global career framework. Limited gaps were found in a few categories. The outcomes of the equal pay gap analysis are used to instigate further evaluation at local level. Meanwhile, recruitment, hiring and salary procedures remain focused at equal pay for equal jobs.

Living wage

In addition to equal pay for men and women, Fugro is committed to living wages for all its employees and subcontractors. Fugro respects national statutory minimum wages, and the living wage in case this is higher. Living wage is a wage that provides employees with the necessary income to maintain a decent standard of living for themselves and their dependents, based on the cost of living in the local context. Since 2018, Fugro performs an annual living wage assessment, and has since increased wages in a few individual situations that surfaced in these assessments as being below the living wage standard. The 2023 assessment compared the data in Fugro's global human resource system with benchmark data provided by 'WageIndicator', a well-known labour market data base. The living wage analysis is part of the fair pay analysis and has been conducted in April and November. Overall, living wage minimums were respected. A few exceptions were found and will be corrected to the level of at least living wage.

CASE

Green energy hub on the German coast

We successfully delivered a ground model for TES' green energy hub in Wilhelmshaven. For this combined nearshore-onshore-consulting project, we deployed our innovative 3D subsurface scanning technology SWANS ™. This new approach to site investigations is non-invasive, quicker than traditional technologies and scaleable. Combined with machine learning, it was used to maximise accuracy and meet strict deadlines, constrained by the nesting period of migrating birds.

TES green energy hub

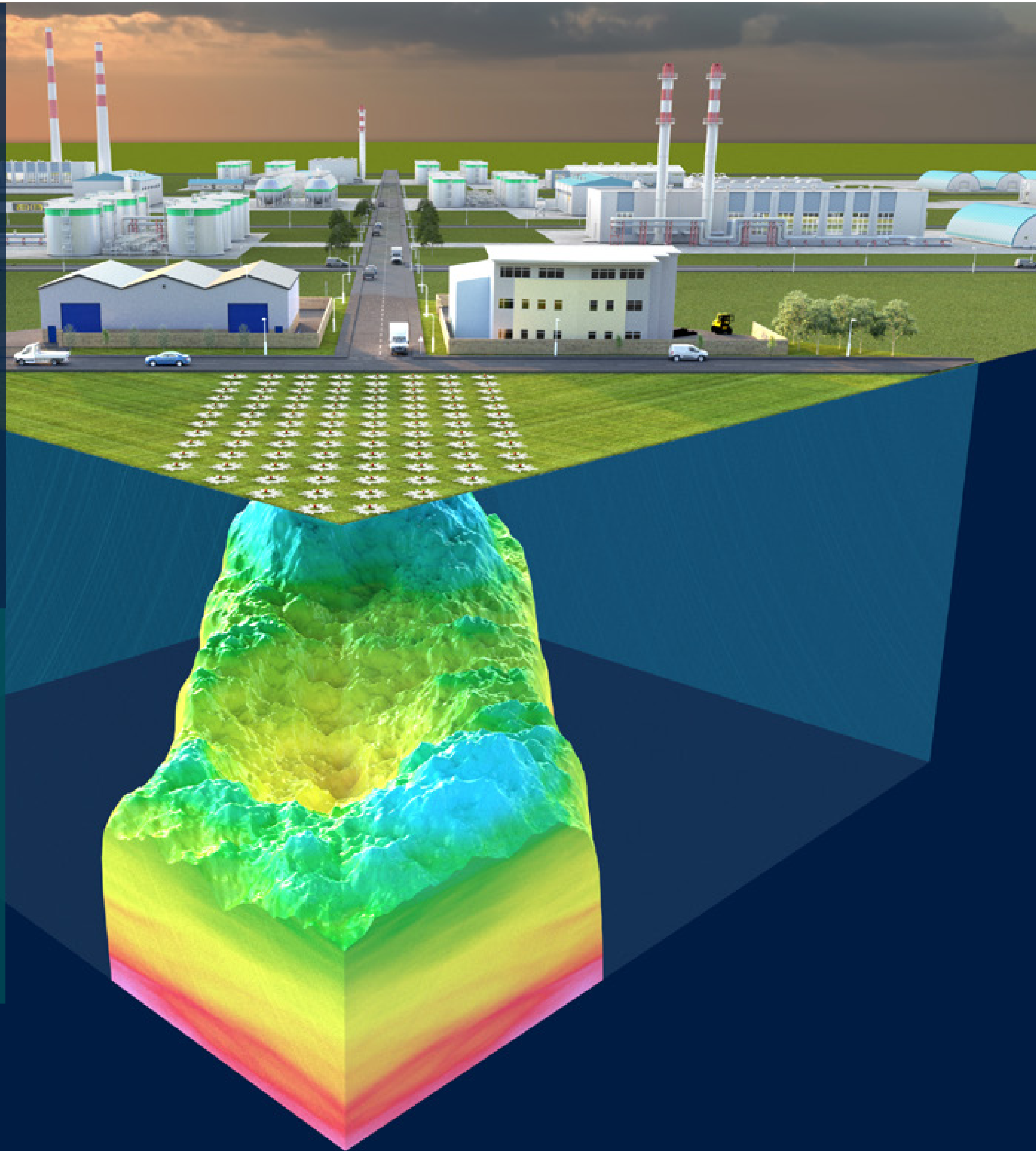
Germany

SERVICES

- Geo-consultancy
- Onshore site screening
- Onshore site investigation
- Nearshore site investigation

PROJECT SCOPE

24h	operations
1	CPT truck
169	nodes
1	jack-up platform
2	geotechnical drill rigs
100 m	investigation depth



Compliance

Business ethics & compliance

Fugro's global presence exposes the company to regional and local laws, regulations, customs and practices in challenging political and economic environments. Fugro is committed to adhering to its values, applicable laws and regulations, and to conducting business in a responsible manner.

The Code of Conduct, together with its underlying policies, helps employees to put Fugro's values into practice by providing practical guidance on how to conduct Fugro's business ethically, comply with legal requirements, and maintain Fugro's good reputation.

Code of Conduct and related policies

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

Continuous efforts are made to convey the importance of adherence to the Code of Conduct and its underlying policies. To ensure that these documents are easily accessible to all employees, they are available in the company's most relevant working languages and accessible via intranet and the Fugro website. Dilemma workshops have proven to be an effective way to discuss how the Code of Conduct should be brought into practice in difficult situations, as well as a valuable tool to identify where the organisation might need more guidance. In 2023, 22 compliance dilemma workshops were held in various regions and for varying audiences. These workshops will continue in 2024.

Compliance trainings are mandatory for all employees to ensure that the entire workforce knows and understands Fugro's expectations and commitment to compliance and what this means for them in their day-to-day operations. The Code of Conduct training consists of three interactive e-learning modules of 15-20 minutes each. The modules are tailor-made for Fugro and contain real life examples, questions and exercises. They cover key topics of the Code of Conduct:

- health and safety, respect, non-discrimination and equal opportunity, and conflict of interest
- anti-corruption, gifts and entertainment, and confidential information
- accurate business records and fair competition.

In addition, each module explains how to speak up in case of suspected irregularities and why speaking up is important. The completion rate for the mandatory Code of Conduct e-learning modules was more than 95% in 2023.

Anti-bribery and corruption

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

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

Fugro has identified global vessel activities to be one of the risk areas regarding exposure to potential facilitating payment requests. During the past two years, a series of face-to-face dedicated dilemma workshops were facilitated for senior vessel officers, dealing with possible scenarios and ways to respond when confronted with requests for facilitating payments, as well as other potential situations not in line with the Code of Conduct. As of December 2023, more than 50% of Fugro's senior vessel officers had attended the workshops.

The Chief Compliance Officer is a member of the Executive Leadership Team. Thus, the topic of anti-corruption is a regular topic in the ELT meetings. The same applies for meetings of the audit committee of the Supervisory Board, which are attended routinely by the Chief Compliance Officer.

Speak-up procedure

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

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

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

In 2023, through its corporate speak-up procedure, Fugro received 14 reports of a potential violation of Fugro's Code of Conduct or its underlying policies. Two reports pertained to (perceived) discrimination or harassment. The remaining 12 reports pertained to instances of (perceived) accounting misrepresentation, (perceived) conflict of interest, (perceived) unusual or suspicious activities, (perceived) financial or safety concerns, (perceived) antitrust, and/or employee relations in general. All reports received were properly investigated by the committee and, where necessary, appropriate organisational and/or disciplinary measures were effected. For three reports the investigation is still ongoing. No fines, monetary penalties, or compensation for damages resulted from the reported (perceived) irregularities.

Speak-up reports

	2023	2022	2021	2020
Total number of reports	14	21	9	3
(Partially) substantiated	4	7	1	11
Unsubstantiated	5	8	8	16
Undetermined[1]	2	5	0	7
In review	3	1	0	0

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

Screening of business partners

Over the years, Fugro has entered into various joint ventures and other partnership agreements. To reduce possible compliance and operational risks, due diligence and monitoring procedures include ongoing screening of the parties involved in an appropriate database; this can be expanded to include background investigation by an independent expert agency. Partnership agreements include compliance provisions relating to anti-corruption laws and audit rights.

In certain limited instances Fugro works with commercial agents. All commercial agents are screened by an independent expert agency at least every two years, or more often as appropriate. The standard Fugro agency agreement includes clear compliance obligations, guidelines regarding fee arrangements, regular reporting requirements as well as audit rights. Any agent relationship is closely monitored, and each agent must sign a compliance declaration once a year. At year-end 2023, Fugro had further reduced the number of commercial agents to two (from five in 2022).

International sanctions

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

To further ensure compliance with international sanctions programmes all agreements with third parties are expected to include an appropriate sanctions clause.

In March 2022, after the start of the war in Ukraine Fugro ceased its limited operations in Russia. Sale of the Russian business took place at the end of 2022, with completion in May 2023, once the regulatory approvals were obtained. Work outside of Russia, but with a link to Russia and/or Russian companies, continues to be monitored closely for potentially applicable restrictions.

Compliance monitoring

Annually, an extended group of senior management worldwide must fill out a declaration regarding compliance with the Code of Conduct and related policies and procedures. For the year 2032, 100% of these senior managers have submitted the completed form. Adherence to the Code of Conduct and its related policies and procedures, as well as the supplier and partner code of business principles, is also monitored by Fugro's internal audit department. The Director Internal Audit plays an integral part in investigations led by Fugro's corporate integrity committee.

Human rights

Fugro recognises its responsibility under the Universal Declaration of Human Rights to respect the rights of those affected by its activities, and to ensure that its business operations do not cause or contribute to human rights abuses. The company is committed to the Core Conventions of the International Labour Organization, outlining, among others, freedom of association and collective bargaining, fair working hours and fair wages. The company has embedded these commitments in its policy on human rights and the supplier and partner code of business principles. To date, human rights due diligence has been mainly focused on Fugro's own operations. Fugro is in the process of formalising ESG due diligence of suppliers, clients and projects.

Fugro endorses the OECD Guidelines for Multinational Enterprises and in 2021 joined United Nations Global

Compact, the world's largest corporate sustainability initiative. Executive responsibility for the implementation of the human rights policy lies with the General Counsel/Chief Compliance Officer and with the Global Director Human Resources.

Responsible supply chain

Fugro's responsibility towards respecting human rights, the environment and ethical business practices extends to selecting, engaging, and collaborating with suppliers, with specific attention to labour practices, health and safety, greenhouse gas emissions, anti-bribery, and anti-corruption. Fugro requires its suppliers and other business partners to adhere to sound legal and ethical business practices. Fugro's supplier and partner code of business principles is an integral part of the company's purchasing terms and conditions, and explicitly refers to Fugro's human rights policy, which includes fair working hours and wages.

Recognising the importance of responsible sourcing, in 2023, Fugro started the development of enhanced supplier due diligence and tooling. With the complexity of many suppliers across the large number of countries in which Fugro operates, this entails a risk and impact-based engagement approach. These due diligence endeavours are targeted at ensuring that suppliers adhere to ethical, environmental, and social standards in line with Fugro's policies and Code of Conduct. By integrating due diligence into its procurement practices, Fugro aims not only to mitigate risks associated with unethical practices but also to cultivate a sustainable and resilient global supply network.

In 2023, efforts were focused on engagement with key third party vessel suppliers, as well as vessel crewing agencies. Engagement with individual vessel owners is focussed on important ESG topics, especially their decarbonisation roadmaps. For crewing agencies, Fugro's selection and compliance process places a strong emphasis on partnering with providers who possess recognised certifications and demonstrate adherence to international standards, particularly the Maritime Labour Convention (MLC). Fugro actively engages with crewing agencies to safeguard the rights of seafarers and ensure their fair remuneration.

Environmental and social impacts from projects and clients

Fugro's business responsibility extends towards understanding the potential impact of clients and clients' projects on the environment and the respect of human rights of workers and local communities, as reasonably known at the time of Fugro's service delivery.

In addition to screening business partners and compliance with international sanctions, Fugro considers the potential environmental and social impact of its clients and projects. As example, Fugro considers the negative impact of continued investment in new oil and gas projects carefully. Fugro is fully committed to supporting the energy transition from fossil-based to zero-carbon and develops its business accordingly by continuously investing in resources and solutions for the renewables market. At the same time, fossil fuels are expected to remain an important part of the world's energy mix, with a particular focus on natural gas as a transition fuel. The large majority of Fugro's revenue in the traditional oil and gas markets is related to asset integrity work, enabling clients to keep their existing infrastructure at sea safe and reliable by inspection and corrosion detection work, to protect the oceans and keep coastlines free from exposure to pollution.

Understanding the possible impacts of projects on people and the environment can be complex to assess. Not only are Fugro's activities often in the very early phases of projects, when many details are still unknown, leverage to engage with clients on sensitive issues can be limited. Current assessment largely relies on the know-how and experience of local staff and publicly available information. Fugro's managers are generally close to the client and project locations, and have a long-standing local knowledge about client reputation, and the possible impacts of projects on people and the environment.

Aligned with Fugro's purpose, values, and the outcome of the double materiality assessment, Fugro is in the process of formalising the due diligence of projects and clients, by embedding the ESG risk assessment in client and project bid/no-bid risk evaluations.

Data privacy

Building on its commitment to maintaining a high level of privacy standards around the globe, Fugro has a global privacy compliance programme in place, including global privacy and data protection principles. These set the global standard for Fugro with respect to the processing of personal data. The awareness of data privacy matters has increased over time, which is evidenced through the increasing number of requests for data protection impact assessments, consultation on possible data and/or security breaches, requests for specific data protection training and by advice being regularly requested on other data protection topics. In 2023, no personal data breaches were reported to the Dutch Data Protection Authorities (2022: 1).

Information security

Fugro's strategic ambitions rely on a set of suitable security measures to protect the company's interests from attacks by malicious outside forces. In view of the evolving landscape and the exponential increase of cyber security threats, Fugro is continuously working towards proactively strengthening its security resilience. We are fortifying our security posture by embracing a system of multi-layered security measures and continuously evaluating and polishing the effectiveness of these controls.

Fugro has an information security policy, also known as global information security management system. It is based on the ISO27001 and ISO27002 standards, and comprises the relevant information security related policies, processes, controls, and procedures. Fugro's largest entities have an ISO 27001 or similar certification. Our strong commitment to information security will result in expansion of the certification scope in the upcoming years.

Ransomware has become one of the biggest global security threats, with potential material impact to any organisation. Fugro uses leading systems aligned with industry best practices and responsive controls, procedures, and measures to prevent, detect and mitigate these threats. Fugro's proactive approach extends to comprehensive information security awareness and training initiatives for all staff, aimed at mitigating risks related to confidentiality, integrity, and availability of information.

Taxation

General approach to tax

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

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

Accountability, tax governance and risks

Fugro's tax governance and management of related risks follows the overall risk management framework, as described in the risk management chapter. Fugro's tax function is embedded in both the first and second line. The global tax department is equipped to support Fugro's global activities in an effective and compliant manner. By partnering with the business, the tax function identifies risks based on undertaken business activities. The correct treatment is applied through training, analysis and review by qualified staff, complemented by an extended tax function, represented by professionals across finance, business, procurement and human resources. External support is provided by a reputable global network of external advisers that follow professional standards. Where possible, pre-transaction clearances or rulings from the tax authorities will be obtained to mitigate risks or assure the tax outcome of transactions. Such rulings will not be in contradiction with Fugro's global tax principles.

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

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

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

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

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

Compliance

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

Business structure

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

Relationships with tax authorities and other stakeholders

Fugro maintains cooperative relationships with tax authorities in various jurisdictions, mitigating future disputes and uncertainty with potential financial, business and reputational effects. In The Netherlands, for example, Fugro cooperates with the Dutch tax office in an open and transparent matter, although this is not formalised under an agreement. Another example is the United Kingdom, where Fugro cooperates with the tax office under the applicable business risk review process, with a variety of information exchanges between tax authorities and taxpayer; a process which resulted in a low-risk classification.

Other interactions take place with external stakeholders, where Fugro's views are provided on interpretation or development of relevant legislative matters. This particularly applies to tax developments that have a close connection with Fugro's business specifics. In 2022 and 2023, such interaction took place for instance on the implementation of Pillar 2 (global minimum tax initiative) and its impact on Fugro's maritime activities. The concept of the Dutch Tax Governance Code, which Fugro committed to, was discussed with VNO-NCW.

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

Reporting

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

Fugro's role in the public debate

Fugro has an active role in several industry associations, professional organisations, groups, and forums related to our industry to support its business goals and strategy on issues such as the energy transition, offshore wind development, ocean health, coastal resilience, sustainable shipping and data sharing solutions. Moreover, Fugro's CEO Mark Heine was present at various high level ministerial meetings on the energy transition, critical raw materials and climate change adaption, among other topics. Fugro was a partner of the Ocean Pavilion during COP28 in Dubai recognising the importance of the ocean in climate and support efforts to expand and improve ocean mapping worldwide. Through its partnership in the IOC – UNESCO Ocean Decade programme, Fugro provides ongoing and tangible support to these goals.

In accordance with Fugro's Code of Conduct, no political donations were made. Fugro's limited lobbying activities are in the US only, where Fugro monitors and engages on federal legislative, regulatory and policy matters related to Fugro's core business activities. In general, these activities are in support of policies, regulations and appropriations that support the United States' climate mitigation goals. In 2023, US$ 84,000 was spent on advocacy, primarily focused on legislation and policies related to the acceleration of offshore wind development and funding of coastal infrastructure and resilience. These efforts are aligned with Fugro's purpose and support energy transition and climate change adaptation strategies.

Memberships of associations

Fugro is a member of a wide variety of associations on a global, regional and national level supporting its strategy and business goals such as sustainable development, the energy transition, ocean health, coastal resilience, sustainable shipping and data sharing solutions. Fugro has board positions in a number of these associations, including the Association of Dutch Suppliers in the Offshore Energy Industry IRO (Mark Heine, Fugro's CEO, serves as chairman), National Offshore Industries Association USA and International Marine Contractors Association (IMCA).

Fugro engages in a range of activities and interactions with different other associations through its memberships. These memberships of associations include Netherlands Business Council (VNO NCW), Royal Dutch Shipowners Association (KVNR), CIO Platform, Wind Europe, Global Wind Energy Council, Renewable UK, Energeo, American Society of Civil Engineers (ASCE), Association of International Energy Negotiators (AIPN), Marine Technology Society (MTS), The Royal Institute of Navigation, The Hydrographic Society of America (THSOA), Asia Wind Energy, Australasian Hydrographic Society, Institute for Marine Engineering, Science and Technology (IMAREST), Institute of Navigation (ION), International Cable Protection Committee, SubOptic, and Society of Underwater Technology.

EU Taxonomy

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

A distinction is made between Taxonomy-eligibility and Taxonomy-alignment. An activity can be considered eligible when it is described in the Delegated Regulations of (EU) 2020/852. To assess whether the activity can also be considered aligned or 'environmentally sustainable', an additional evaluation must be executed to identify whether the specified technical screening criteria in the Delegated Regulations are met. The three alignment criteria encompass 'substantial contribution' to one of the environmental objectives, 'do-no-significant-harm' to the other environmental objectives, and compliance with 'minimum social safeguards' in the value chain of the activity.

This year's reporting requirement covers eligibility and alignment for the environmental objectives climate change mitigation and climate change adaptation. It also covers the eligibility for the remaining four environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restauration of biodiversity and ecosystems.

Fugro had completed both the eligibility and alignment assessment for climate change mitigation and climate change adaptation last year. Fugro's Geo-data services are a key enabler in climate change mitigation and climate change adaptation activities. Moreover, Fugro enables clients to qualify their economic activities (for example in the energy transition) as 'environmentally sustainable', for example by providing ecological monitoring services for offshore wind farms.

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

For Fugro's own operations, policies and procedures are in place to prevent or minimise any significant harm to the environment and safeguard minimum social safeguards in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. To date, human rights due diligence has been mainly focused on Fugro's own operations.
More information on Fugro's ESG due diligence approach can be found in 'Group performance – Compliance'. In 2024, Fugro will further develop its ESG due diligence process in relation to suppliers and clients' projects.

EU Taxonomy eligibility

	Turnover		CAPEX		OPEX	
	2023	2022	**2023**	2022	**2023**	2022
Taxonomy-eligible activities (%)	35%	30%	69.9%	38.2%	0%	0%
Taxonomy-non-eligible activities (%)	65%	70%	30.1%	61.8%	100%	100%
Total (x EUR million)	2,187.4	1,766.0	339.7	186.3	205.3	171.9

EU Taxonomy alignment

(x EUR million)	Aligned			Eligible (not-aligned)			Total denominators		
Activity	Turnover	CAPEX	OPEX	Turnover	CAPEX	OPEX	Turnover	CAPEX	OPEX
4.3 Electricity generation from wind power	-	-	-	1,414.1	-	-	2,187.4	339.7	205.3
6.12 Retrofitting of sea and coastal freight and passenger water transport	-	-	-	-	237.4	-	2,187.4	339.7	205.3
Total	**-**	**-**	**-**	**1,414.1**	**237.4**	**-**	**2,187.4**	**339.7**	**205.3**

During 2023, the eligibility for the remaining four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restauration of biodiversity and ecosystems) was assessed. It was concluded that although the company enables its clients to make a substantial contribution to these objectives, Fugro does not meet the eligibility criteria for these four objectives.

Application

Revenue

The turnover KPI is calculated by the proportion of revenue derived from products or services that are Taxonomy-eligible. The denominator for the turnover KPI corresponds to the total revenue in the consolidated statement of comprehensive income for the year ended 31 December 2023 (EUR 2,187.4 million).

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

EU Taxonomy alignment – Turnover

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	**Code(s) (2)**	**Absolute turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safe-guards (17)**	**Taxonomy aligned turnover, year N-1 (18)**	**Taxonomy aligned turnover, year N-1 (19)**	**Category (enabling activity or) (20)**	**Category (transitional activity) (21)**
		(x EUR million)	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
A Taxonomy-eligible activities																				
A.1 Turnover of environmental sustainable activities (Taxonomy-aligned)																				
Turnover of environmental sustainable activities (Taxonomy-aligned)		-	0%														0%	0%		
A.2 Taxonomy-eligible but not environmental sustainable activities (not Taxonomy aligned activities)																				
Electricity generation from wind power	4,3	773.3	35%	100%	0%	0%	0%	0%	0%	*	*	*	*	N/A	*	N				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		773.3	35%																	
Total (A.1 + A.2)		**773.3**	**35%**														**0%**	**0%**		
B Taxonomy-non-eligible activities																				
Turnover of Taxonomy-non-eligible activities (B)		1,414.1	65%																	
Total (A+B)		**2,187.4**	**100%**																	

* Alignment could not be established due to Fugro's place in the value chain.

Fugro also considers activities related to coastal protection and flood control as eligible in the taxonomy category '9.1 Engineering activities and related technical consultancy dedicated to adaptation to climate change'. These activities are primarily reported in the water market segment. However, reliable actual revenue data on this lower level is not available on a consolidated level, partly because economic activities in this market segment may be multi-purpose and thus not exclusively related to climate change adaptation. Hence, these economic activities are excluded from eligible activities in the above table. The impact is considered not material.

In 2023, 4% (2022: 4%) of Fugro's revenues related to the water segment. In 2024, Fugro continues to work on its reporting processes, as part of more extensive preparation for CSRD reporting requirements.

Capex

Capital expenditures considered for Taxonomy purposes (Taxonomy-Capex) comprise additions to property, plant and equipment, additions to intangible assets and additions to right-of-use assets (see notes 17, 18 and 19 of the consolidated financial statements. Additions to goodwill, if any, are not considered. Capital expenditures are reported as eligible when these are related to assets or processes associated with the EU Taxonomy eligible activities.

EU Taxonomy alignment – Capex

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safe-guards (17)	Taxonomy aligned Capex, year N-1 (18)	Taxonomy aligned Capex, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		(x EUR million)	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
A Taxonomy-eligible activities																				
A.1 Capex of environmental sustainable activities (Taxonomy-aligned)																				
Capex of environmental sustainable activities (Taxonomy-aligned)		-	0%														0%	0%		
A.2 Taxonomy-eligible but not environmental sustainable activities (not Taxonomy aligned activities)																				
Retrofitting of sea and coastal freight and passenger water transport	6.12	237.4	69.9%							N	N	N	N	N	N	N				
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		237.4	69.9%																	
Total (A.1 + A.2)		237.4	**69.9%**														**0%**	**0%**		
B Taxonomy-non-eligible activities																				
Capex of Taxonomy-non-eligible activities (B)		102.3	30.1%																	
Total (A+B)		**339.7**	**100%**																	

Capital expenditures are reported as aligned, when these are related to assets or processes associated with the EU Taxonomy aligned activities, part of the Capex-plan, or related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that such measures are implemented and operational within 18 months.

For 2023, 69.9% out of total Taxonomy-Capex (non-IFRS performance measure; reference is made to the reconciliation of non-IFRS performance measures and glossary) of EUR 339.7 million (2022: 38.2% out of EUR 186.3 million) is considered eligible. Capital expenditures that are classified as eligible predominately relate to climate change mitigation and the Taxonomy category '6.12. Retrofitting of sea and coastal freight and passenger water transport' and include investments in vessels such as dry-docking and investments in uncrewed surface vessels (USVs). USV operations increase safety by removing personnel from high-risk offshore environments and reduce carbon footprint by over 90 % compared to traditional survey methods.

For 2023, zero percent of capital expenditures is reported as taxonomy aligned, as for example regular maintenance capex does not meet the specified technical screening criteria. To reach net zero carbon emissions from its own operations, Fugro will continue to invest in decarbonisation of its vessels and equipment, and the procurement of renewable energy. It is noted however that Fugro's asset base, including its vessels and USVs, is generally sector-agnostic and while increasingly serving the renewables market segment, these assets can also be directed to serve customers in traditional energy markets, which might limit the percentage of investments that may qualify as aligned.

Opex

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

Total Taxonomy-Opex amounts to EUR 205.3 million, or 11% of total operating expenditures (2022: EUR 171.9 million and 11%), comprising of costs of suppliers, personnel expenses and other expenses as specified in notes 8, 10 and 14 of the 2023 consolidated financial statements. Since the costs included in the Taxonomy-Opex are not separately disclosed in the consolidated financial statements, no reconciliation is provided. No opex is reported as Taxonomy eligible or aligned. The % of Taxonomy eligible or aligned opex is not expected to be material at this stage. Operating expenditures that are expected to qualify as eligible include innovation expenditures related to solutions for climate change mitigation and adaption.

EU Taxonomy alignment – Opex

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities (1)	Code(s) (2)	Absolute Opex (3)	Proportion of Opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safe-guards (17)	Taxonomy aligned Opex, year N-1 (18)	Taxonomy aligned Opex, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		(x EUR million)	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N					
A Taxonomy-eligible activities																				
A.1 Opex of environmental sustainable activities (Taxonomy-aligned)																				
Opex of environmental sustainable activities (Taxonomy-aligned)		-	0%														0%	0%		
A.2 Taxonomy-eligible but not environmental sustainable activities (not Taxonomy aligned activities)																				
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		-	0%																	
Total (A.1 + A.2)		**-**	**0%**														**0%**	**0%**		
B Taxonomy-non-eligible activities																				
Opex of Taxonomy-non-eligible activities (B)		205.3	100%																	
Total (A+B)		**205.3**	**100%**																	

CASE

Keeping Florida's coastal communities and infrastructure safe and resilient

Fugro has been selected by the Florida Department of Environmental Protection to map its Atlantic coastal waters as part of a multi-year programme to bolster coastal resilience. Fugro's Geo-data will help inform critical climate adaptation strategies, including infrastructure development and maintenance, habitat mapping, environmental restoration, emergency response and coastal hazard studies.

Coastal resilience

USA

SERVICES

Hydrography

AI processing

PROJECT SCOPE

+50,000 km²	survey area
1	RAMMS system
50%	crew reduction
>1,000%	reduction in hours
2	uncrewed aircrafts
-80%	emission reduction

ESG General Disclosures

Reporting framework

This board report has been prepared according to the legal requirements of section 2:391 of the Dutch civil code, including the Decree on the content of the board report, the Dutch Corporate Governance Code and the Decree on disclosure of non-financial and diversity information. The information in this report on Fugro's approach to managing climate risk follows the recommendations provided by the Task Force on Climate-Related Financial Disclosures (TCFD) and the EC Guidelines on reporting climate-related information.

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

Scope & consolidation

This report covers the activities of Fugro N.V. and its subsidiaries for the period from 1 January to 31 December 2023. The scope for human resources (HR) data and health, safety, security and environmental (HSSE) data including GHG emissions is based on the principle of operational control. For entities under operational control, 100% of HR, HSSE and GHG emission data is included irrespective of percentage ownership. The scope for the number of people in full-time equivalents (FTE) is the financial consolidation scope. The difference between the operational control scope and the financial control scope concerns three joint ventures where Fugro has operational control but no financial control.

Reporting process and controls

The Board of Management is responsible for the contents of the integrated annual report. The Director Investor Relations coordinates the preparation of the board report supported by group sustainability for the ESG chapters. Information is collected from group strategy, global communication, HSSE, sustainability, human resources, IT, fleet services, procurement and compliance.

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

The group sustainability team verifies the consistency of non-financial data from different source systems with the relevant definitions.

Assurance

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

KPI definitions

Greenhouse gas emissions

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

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

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

Vessel CO_2 emission intensity
CO_2 emissions from fuel combustion of the vessels, both owned and chartered, in tonnes of CO_2 per operational day. An operational day is when the vessel is being used for actual business-related project work, including project related transit, preparation and testing. Non-operational days relate to downtime, planned maintenance or idle time. For each vessel, the fuel consumption (on both operational and non-operational days) is multiplied with the density factor (source: Bunker Delivery Note) and the CO_2 emission factor (source: latest edition of the International Maritime Organisation (IMO) GHG studies). The outcome is total CO_2 emissions in the period per vessel. The sum of total CO_2 emissions for all vessels is divided by the sum of operational days for all vessels.

Share of energy consumption in Fugro offices from renewable sources
Part of the electricity consumption in Fugro offices from renewable sources such as solar, wind, hydro, thermal and tidal energy. This includes renewable energy generated on Fugro sites and renewable energy purchased via contractual instruments.

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

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

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

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

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

Percentage of women in senior management
Number of women in defined senior management positions as share of total number of defined senior management positions, based on headcount per the end of the reporting period. Senior management positions include the Board of Management, the Executive Leadership Team and key management positions. Per 31 December 2023 close of business, this comprises 166 senior management positions (31 December 2022: 162 positions).

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

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

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

eNPS
The employee net promoter score is a globally recognised measurement of employee engagement, loyalty and satisfaction. eNPS is a representation of the percentage of promoters minus the percentage of detractors, and is expressed as a figure from -100 to +100. During the survey, employees answer the question how likely they are to recommend Fugro as an employer to someone else. Employees answering the above question with a 6 or lower are known as detractors and those with a score of 9 or 10 are promoters. Scorers of 7 or 8 are passives and not included in the calculation.

Number of alleged violations of Code of Conduct
All suspected violations of the Code of Conduct and/or of its underlying policies reported through one of the channels of the speak-up procedure during the reporting year.

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

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

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

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

Limited assurance report of the independent auditor on Fugro N.V.'s selected information

To: the shareholders and Supervisory Board of Fugro N.V.

Our conclusion

We have performed a limited assurance engagement on selected indicators and selected disclosures relating to the materiality analysis in the annual report for the year 2023 (hereinafter: the selected information) of Fugro N.V. at Leidschendam.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the selected information is not prepared, in all material respects, in accordance with the applicable criteria as included in the section "Criteria".

The selected information comprises:

Selected indicators

- Greenhouse gas emissions (scope 1, 2 and 3) – as presented on page 36 in the annual report
- Vessel emission intensity owned and chartered vessels – as presented on page 36 in the annual report
- Revenue in renewable energy market – as presented on page 34 in the annual report
- Share of women in senior management positions – as presented on page 46 in the annual report
- Share of electricity consumption from renewable sources – as presented on page 34 in the annual report

Selected disclosures

The selected disclosures relating to the double materiality analysis consist of the section 'Materiality assessment' in the management report on page 18-19 of the annual report.

Basis for our conclusion

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

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

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

Criteria

The criteria applied for the preparation of the selected information are the criteria developed by Fugro N.V. and are disclosed in section 'ESG General Disclosures' of the annual report.

The comparability of selected information between entities and over time may be affected by the absence of an uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques. Consequently, the selected information needs to be read and understood together with the criteria applied.

Unassured corresponding information

The following information have not been part of an assurance engagement:

- Greenhouse gas emissions (scope 1, 2 and 3) for the periods prior to 2022
- Vessel emission intensity owned and chartered vessels for the periods prior to 2020
- Revenue in renewable energy market for the periods prior to 2021
- Share of electricity consumption from renewable sources prior to 2023

Consequently, the corresponding selected information for those periods are not assured. Our conclusion is not modified in respect of this matter.

Limitations to the scope of our assurance engagement

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

The selected information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the assumptions and achievability of this prospective information in the selected information.

In the sustainability information the calculations to determine Scope 3 emissions (hereinafter: the impact data) are mostly based on assumptions and sources from third parties. The assumptions and sources used are disclosed on page 59-60 in the annual report. We have assessed that these assumptions and external sources are plausible and appropriate, but we have not performed procedures on the content of these assumptions and external sources.

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

Our conclusion is not modified in respect of these matters.

Responsibilities of the Board of Management and the Supervisory Board for the selected information

The Board of Management is responsible for the preparation of the selected information in accordance with the criteria as included in the section 'Criteria'. The Board of Management is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of the intended users, considering applicable law and regulations related to reporting. The choices made by the Board of Management regarding the scope of the selected information and the reporting policy are summarized in section 'ESG General Disclosures' of the annual report.

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

The Supervisory Board is responsible for overseeing the reporting process of the selected information of Fugro N.V.

Our responsibilities for the assurance engagement on the selected information

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

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

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

Our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues and the characteristics of the company as far as relevant to the selected information
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures on the selected information. This includes the evaluation of the reasonableness of estimates made by the Board of Management
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the selected information, without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Identifying areas of the selected information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise
- Designing and performing further assurance procedures aimed at determining the plausibility of the selected information responsive to this risk analysis. These procedures consisted amongst others of:
  - Making inquiries of management and/or relevant staff at corporate level responsible for the sustainability strategy, policy and results relating to the selected information
  - Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the selected information
  - Assessing the suitability and plausibility of assumptions and sources from third parties used for the calculation underlying the impact data as included on page 59-61 of the annual report

  - Obtaining assurance evidence that the selected information reconcile with underlying records of the company
  - Reviewing, on a limited sample basis, relevant internal and external documentation
  - Considering the data and trends
- Reading the information in the annual report that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the selected information
- Considering whether the selected information are presented and disclosed free from material misstatement in accordance with the criteria applied.

Amsterdam, 7 March 2024

Ernst & Young Accountants LLP
Signed by R.T.H. Wortelboer

CASE

Real-time access to Geo-data with Fugro's VirGeo® platform

We're working with Invenergy to expedite the delivery of an integrated site characterisation programme for their Leading Light Wind offshore wind project development in the New York Bight, through on-demand access to our offshore wind consultants, along with real-time access to Geo-data through the VirGeo® platform.

Leading Light Wind

USA

SERVICES

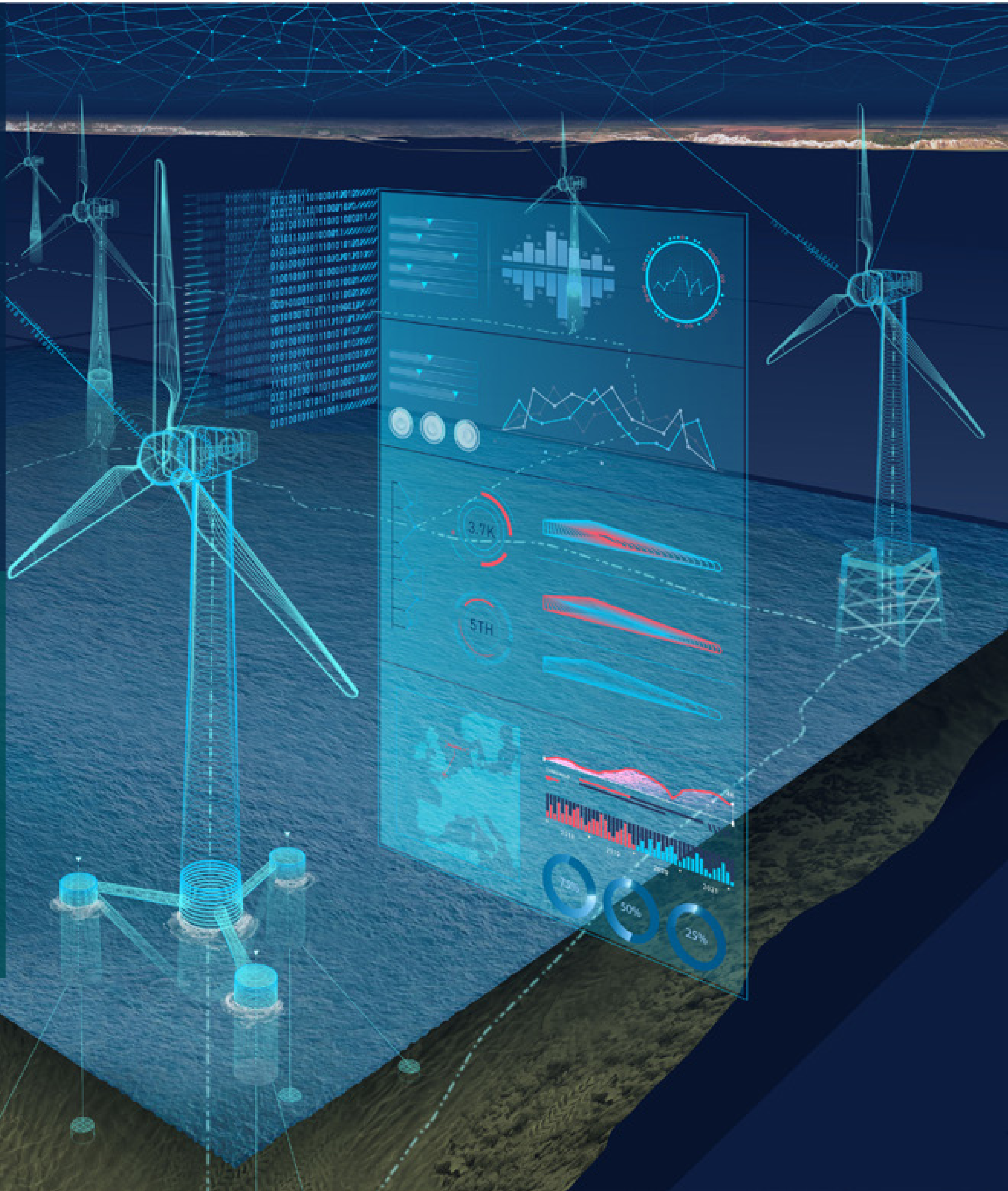
Geo-consultancy

Environmental

Site investigation

PROJECT SCOPE

340 km²	lease areas
2,400 MW	of clean, renewable energy
8 TB	total Geo-data volumes and growing
50%	estimated time saved on key permitting milestone



Governance

Board of Management

Mark R.F. Heine
(1973)

Chief Executive Officer

Nationality
Dutch

Employed by Fugro
Since 2000

Joined Fugro's former Executive Committee in 2013 and was appointed to the Board of Management in April 2015. Appointed CEO in October 2018, reappointed for a consecutive term of 4 years at the AGM 2023.

Current term
Until AGM 2027

Background
Mark Heine joined Fugro in 2000 and served in various positions, including geodesist on various onshore and offshore survey projects, managing director Africa, regional manager Europe-Africa, Director of the Survey division, Executive Committee member and division director. He holds a master's degree in Geodetic Engineering from Delft University of Technology. Mark is member of the board of directors and chair of Dutch marine contractor association IRO.

Barbara P.E. Geelen
(1974)

Chief Financial Officer

Nationality
Dutch

Employed by Fugro
Since 2021

Appointed to Board of Management as Chief Financial Officer per May 2021.

Current term
Until AGM 2025

Background
From 2014 until 2021, Barbara was CFO at HES International, one of Europe's largest independent bulk handling companies. Prior to that, she held various leading roles at ABN AMRO and has extensive experience in equity and high yield capital markets transactions, restructuring of companies and managing client teams, among others in the energy sector. She has extensive international experience. She holds a master's degree in Business from the University of Nijmegen.

Nikita Gommeren (1986), Company secretary

Executive Leadership Team

Erik-Jan Bijvank
(1969)

Group Director Europe-Africa

Nationality
Dutch

Employed by Fugro
Since 2020

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

Céline Gerson
(1972)

Group Director Americas

Nationality
French/American

Employed by Fugro
Since 2021

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

Amar Umap
(1972)

Group Director Asia Pacific

Nationality
Indian

Employed by Fugro
Since 2017

Amar has over 30 years of international experience with several multinational organisations in diverse geographies of Asia Pacific, India, Middle East, Europe and the US. He graduated from the Indian Institute of Technology, Kharagpur with a bachelor's degree of Technology in Civil Engineering and holds a Global Executive MBA from INSEAD.

Tim Lyle
(1977)

Group Director Middle East & India

Nationality
British

Employed by Fugro
Since 2006

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

Erwin Hoogeveen
(1968)

Group Director Human Resources

Nationality
Dutch

Employed by Fugro
Since 2016

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

Annabelle Vos
(1978)

General Counsel/ Chief Compliance Officer

Nationality
Dutch

Employed by Fugro
Since 2016

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

Annabelle is a member of the Contracts and Insurance Committee of the International Marine Contractors Association (IMCA) and a member of the Supervisory Board of Sif Group N.V.

Wim Herijgers
(1975)

Group Director Strategy & Transformation

Nationality
Dutch

Employed by Fugro
Since 2014

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

The Executive Leadership Team includes the CEO and CFO.

Risk management

Key risks at a glance

Category	Risk	Description	Trend	Risk appetite
Strategic	1 Market exposure	Market developments negatively impacting Fugro.	Stable	High
	2 Climate change	Climate change and the energy transition present both opportunities and risks for Fugro.	Increasing	Low
	3 Innovative capability	Not delivering new sustainable innovations meeting market demand or maximising returns.	Stable	Moderate
	4 Employees and capacity	Insufficient talent with the right capabilities available to deliver Fugro solutions, now and in the future.	Increasing	Low
Operational	5 Health, safety and security	Health and safety and security incidents or exposure adversely impacting Fugro's people or business.	Increasing	Low
	6 Project execution	Projects not delivered timely, within budget or with the required quality.	Increasing	Moderate
	7 Information security and technology	Confidentiality, integrity and availability of data is compromised due to an information security incident and/or restricted availability of critical IT systems.	Increasing	Moderate
Financial	8 Capital allocation	Insufficient cash generation to fund future opportunities or the misallocation of capital, potentially limiting future growth and opportunities.	Stable	Moderately-Low
Compliance	9 Legal and regulatory compliance	Non-compliance with international and statutory laws and regulations in the jurisdictions in which Fugro operates; and/or risk of behaviour not in line with Fugro's values.	Increasing	Low

Fugro's key risks

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

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

Financial
8. Capital allocation

Compliance
9. Legal and regulatory compliance

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

Fugro is willing to take certain risks associated with the execution of its core business, as it is sufficiently equipped to manage them. This occurs within the boundaries of the expertise set by the Board of Management, supported by the Executive Leadership Team and under supervision of the Supervisory Board. These boundaries ensure that individual events will not lead to disproportionate risks or missed opportunities for the entire company resulting in not achieving Fugro's strategic goals.

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

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

Risk appetite and sensitivity

Risk appetite refers to the level of risk that the Board of Management is prepared to be exposed to in pursuit of long-term value creation. Fugro's risk boundaries are driven by the company's culture, corporate governance and management systems, its expertise and strategic risk assessments. This is detailed in Fugro's values, Code of Conduct, policies and procedures and authorisation schedules. Fugro's risks are continually monitored as part of its risk management update and reporting process, in which risk levels are weighed in relation to the defined risk appetite. Fugro's risk levels and appetite change over time, reflecting the company's strategic objectives, external factors and internal organisational changes. Management throughout the company is bound by clear restrictions regarding representation and decision-making.

Fugro continuously monitors the external environment and possible impacts on its strategy implementation and operational and financial results. This proactive approach allows Fugro to adapt swiftly to changed circumstances by mitigating risks and capitalising on emerging opportunities. In addition to the key risks mentioned in the table on page 68, other risks potentially impacting Fugro's markets or financial position, as well as reputation, are closely monitored and periodically discussed by the Executive Leadership Team. Considered risks include macro-economic and geopolitical developments, and related potential supply chain disruptions due to limited or unavailable resources, and inflationary pressures; as well as environmental impacts, business ethics and human rights throughout Fugro's value chain.

On 25 January 2019, the Brumadinho dam in Brazil collapsed, leading to the loss of many lives, including four of our colleagues. Since then, Fugro has closely monitored the facts becoming available to the company through various investigations undertaken by or on behalf of, among others, the Brazilian state and federal public prosecutor's office. Early on, Fugro concluded that the company is not at fault for the collapse of the dam and did not record any provision in relation to the occurrence. The company's position has not changed since. While relatively quickly it became clear that a number of companies and individuals would likely be formally prosecuted in relation to the incident, which has happened since, Fugro has not been prosecuted or faced any legal actions in relation to the collapse of the dam. We continue to follow developments closely, and will update the market where appropriate.

In 2023, several improvements to the internal control environment and risk management process were implemented, contributing to a consistent execution of its regular processes. The Executive Leadership Team re-assessed the company's risks and associated appetite and responses. In 2024, Fugro will further align risk responses across regions, which will contribute to increased efficiency and robustness of its risk management process. Additionally, an external evaluation of Fugro's risk management processes and procedures will be initiated. Missed opportunities will be proactively monitored, enabling Fugro to adapt where needed and make better-informed decisions for sustained growth and resilience.

Risk management framework

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

Fugro's Three lines model

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

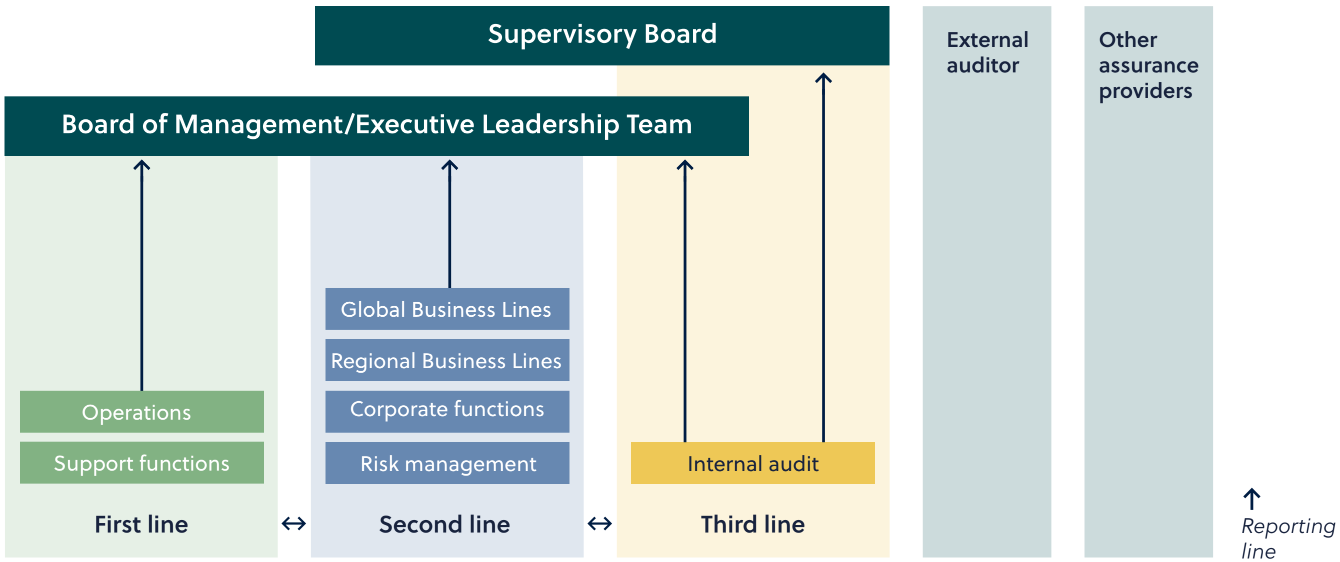
The second line functions carries out various risk management and compliance activities by issuing guidance, providing support and monitoring the effectiveness of first line controls.

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

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

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

Fugro's Three lines model



Strategic risk

Fugro's Towards Full Potential strategy has associated risks, for which the company has management measures in place.

Risk	Description	Main actions to manage risk
1 Market exposure Risk appetite ●●● Risk trend ▽△	Fugro operates in competitive markets exposed to market volatility and economic cycles.	▪ Continued focus on diversification with particular attention to long-term growth markets, such as renewables, infrastructure and water, and subscription-based recurring revenue, to further strengthen Fugro's resilience. ▪ Scenario planning and monitoring, contributing to forecasting and pro-active responses to market events. ▪ Monitoring of the geopolitical landscape and responding accordingly to manage areas of impact.
2 Climate change Risk appetite ●○○ Risk trend ▽▲	For Fugro, climate-related risks mainly relate to not acting fast enough upon the transition to a low carbon economy in line with EU and science-based targets, and the implementation of net zero roadmaps will lead to higher cost levels throughout the value chain. It also offers significant opportunities due to Fugro's solutions for climate change mitigation and adaptation, and opportunities to differentiate with low carbon data acquisition assets and digital solutions lowering Fugro's and its clients' footprint.	▪ Manage operations to maintain flexibility to shift assets to non-oil and gas related long-term growth markets, such as renewables, infrastructure and water. ▪ Client engagement about pricing impacts required for the implementation of Fugro's roadmap, in light of resulting reduction in client's scope 3 emissions. ▪ Active planning, action and multi-stakeholder engagement to drive technical solutions for decarbonisation, especially for Fugro's vessels. ▪ Ongoing monitoring of related risks and opportunities (according to TCFD framework). ▪ Increasing transparency in sustainability reporting, including on environmental performance.
3 Innovative capability Risk appetite ●●○ Risk trend ▽△	Innovation is a key enabler of Fugro's strategic priorities, and there is a risk that investments relating to research and development will not deliver timely, new, sustainable technologies and commercial solutions. In addition, irrespective of Fugro's efforts to protect its intellectual property, competitors might develop similar or better solutions.	▪ Further embedding of Fugro's innovation framework, translating its deep understanding of clients' needs, market trends and competition into differentiating innovation portfolio. ▪ Leverage third party technology and resources, resulting in increased effectiveness of innovations. ▪ Leverage technology in visualisation, robotics, connectivity and advanced analytics to offer safer, faster and higher quality services with a lower carbon footprint, reduced client delivery time and better client insights. ▪ Continued roll-out value-based pricing models and innovations through Fugro's key accounts. ▪ A dedicated team is in place to protect Fugro's intellectual property.
4 Employees and capacity Risk appetite ●○○ Risk trend ▽▲	Not being able attract, retain and engage qualified employees impacts effective delivery of Fugro services and leadership within the organisation. Labour markets are highly competitive, resulting in significant upward pressure on remuneration and challenges around training and development opportunities.	▪ Assess employees' satisfaction levels by performing regular engagement surveys resulting in clear actions. ▪ Dedication attention to the global career framework to provide technical and functional development opportunities for employees in their professional careers. ▪ Support and drive company values across the organisation. ▪ Provide opportunities to employees for further professional and personal advancement, amongst others via training, leadership and expertise development and career opportunities.

Operational risk

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

Risk	Description	Main actions to manage risk
5 Health, safety and security Risk appetite ●○○ Risk trend ▽▲	Fugro is subject to a variety of health and safety, risks, given the operational diversity, technical complexity and geographic spread of its operations.	▪ Continued global roll out of HSSE initiatives and processes such as '3S Together' programme, including groupwide policies, standards, incident registration and management, performance indicators and targets. ▪ Maintain certified management systems, such as ISO and ISM codes (or equivalent). ▪ Regular HSSE trainings and implementation of employee competence and development programme. ▪ Implementation of full life cycle approach, applied to incidents and significant events to ensure that lessons learned are implemented. ▪ Keep business partners informed about Fugro's HSSE management standards and the importance of adhering to these. ▪ Promotion of independent global employee assistance programme for employees and their families.
6 Project execution Risk appetite ●●○ Risk trend ▽▲	Risks are mainly related to service delivery, project management and the impact of external events on operations. Downtime related to adverse weather, vessel or equipment breakdown, availability of people or assets, or logistical complexities including those related to the volatile geopolitical environment can significantly impact performance. Inadequate project control due to time, knowledge or resource constraints can cause unnecessary delays and serious damage to projects.	▪ Strict adherence to Fugro's authorisation matrix for approval of projects and contracts above certain threshold, risk or complexity. ▪ Robust project delivery process, including risk assessments and monitoring of internal and external events. ▪ Strict observation of contracting rules and guidelines to structure projects with mandatory controls. ▪ Roll out of technical trainings for relevant staff. Dedicated focus on execution excellence as key strategy enabler, amongst others by strengthening project management function in the regions. ▪ Implementation of digital tools to measure operational performance and strengthen reporting. ▪ Run global resource pools to manage allocation and utilisation of key assets. ▪ Drive standardisation and clear definition of roles and responsibilities within the organisation. ▪ Continuously enhancing the operational risk management mechanism, both at individual projects and group-wide level.
7 Information security and technology Risk appetite ●●○ Risk trend ▽▲	Fugro relies on a range of IT systems to manage its business, support operations and technological solutions. Information security incidents and the unavailability or restricted availability of critical IT systems present a risk, in particular related to a cyber-attack (e.g. phishing, malware), non-delivery by suppliers or an internal system failure. This could lead to loss of operational functionality and business disruptions.	▪ Maintaining a solid security infrastructure including advanced spam and internet filters, firewalls, policy-based access internet and tooling to monitor network and cloud usage. ▪ Continuous monitoring of IT systems for viruses, malware or malicious content or behaviour. ▪ Real time incident detection and response process, including dry-runs. ▪ Active involvement in development and implementation of innovations and (digital) solutions, to support (remote) operations. ▪ Adherence to ISO 27001 standards in various key markets. ▪ Mapping and assessing of Fugro's current measures against set risk profile. ▪ Leverage third-party industry standard best practices. ▪ Harnessing situational awareness for cyber security. ▪ Comply with procedures demanded by insurers. ▪ Focus on further harmonisation and standardisation of IT landscape.

Financial risk

Fugro is funded with a mix of equity and external capital financing and manages its bank balances and receivables on different locations and in different currencies.

Risk	Description	Main actions to manage risk
8 Capital allocation Risk appetite ●◐○ Risk trend ▽△	Insufficient free operating cash flow generation and liquidity, or misallocation of capital could negatively impact Fugro's ability to fund its growth and opportunities. In addition, there is a risk that customers or counterparties fail to meet contractual obligations, resulting in inefficient working capital management and access to short term funding.	▪ Continuous focus on working capital across all regions. ▪ Value based pricing and liquidity assessments during tendering and various project phases to monitor any liquidity risks and act when needed. ▪ Ongoing focus on timely collection of outstanding trade receivables and regular customer creditworthiness checks. ▪ Implementation of financial scenario analyses to monitor liquidity. ▪ Policy setting and management focus on value creation and cash flow generation. ▪ Efficient asset management model with clear strategy towards gradual reduction in asset intensity and emissions. ▪ Disciplined capital allocation policy, including strict return requirements for capital expenditure. ▪ Centralised management of groupwide capital expenditure.

Compliance risk

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

Risk	Description	Main actions to manage risk
9 Legal & regulatory compliance Risk appetite ●○○ Risk trend ▽▲	Fugro's global presence exposes the company to regional and local laws, regulation and business cultures, and related changes or new laws and regulations, for example in relation international sanctions. Fugro is also exposed to changing and challenging political and economic environments and environmental laws and regulations. This can impact the realisation of business opportunities. Other risks may include non-compliance with Fugro's Code of Conduct.	▪ Ongoing attention for adherence to Fugro's Code of Conduct for all employees, subcontractors and business partners, to conduct business ethically and to comply with the law and regulations. ▪ Mandatory Code of Conduct training for all new employees. ▪ Active monitoring of agents and joint venture partners by the business with supervision from legal and compliance department. ▪ (Remote) trainings and workshops across organisation with regards to ethical behaviour. ▪ Monitoring of, and adhering to, laws and regulations in the areas of environmental and human rights related to Fugro's operations and the entire supply chain.

Financial reporting

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

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

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

Internal audit

The internal audit department assists the company with accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In 2023, the department launched a new initiative, 'Internal Audit New Era', aimed at optimising its role as a business partner while continuing to provide assurance services to the organisation. This initiative involves the incorporation of new data-driven audit technologies into the audit portfolio. Furthermore, it aims to develop the department's capacity to anticipate organisational developments, thereby adding value and providing better insights for stakeholders.

In 2023, the internal audit department performed a broad range of services, including (financial) project, organisational and process reviews. In total, 38 reviews took place during the year. Most of these reviews were performed onsite. The department is independently accountable to the audit committee of the Supervisory Board and participates and reports in each audit committee meeting (5 times per year). Additionally, the Director Internal Audit has direct access to the chair of the audit committee and CEO, and meets one a one-on-one basis with both of them at least quarterly.

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

External audit

The financial statements of Fugro are audited annually by external auditors. The audit is performed in accordance with Dutch law. As a matter of independence principles, the firm of the external auditor does not provide advisory services. The performance of the external auditor is evaluated annually by the audit committee, assisted by the Board of Management. The audit committee advises the Supervisory Board on their proposal to the annual general meeting regarding (re)appointment of the external auditor. During 2023 and 2024, Fugro conducted a RFP (Request for Proposal) process to select a new external auditor as of 2025, in compliance with the mandatory rotation of audit firms. The proposed audit firm will be recommended to the annual general meeting of shareholders in April 2024.

For specific information regarding the external audit, refer to the independent auditor's report starting on page 166.

Audit committee

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

Corporate governance

Fugro's legal structure

Fugro N.V., a public limited liability company incorporated in 1987 under Dutch law, is the parent company of the worldwide Fugro group and is listed on Euronext Amsterdam.

Fugro's governance structure

Fugro has a two-tier board governance structure, consisting of a Board of Management and independent Supervisory Board. The Board of Management consists of the CEO and CFO. The Supervisory Board consists of six members and has installed four specific committees to support and facilitate the oversight role of the Supervisory Board. To deliver on Fugro's strategy and Vision 2030, the Board of Management is supported by seven senior executives, with dedicated responsibility for specific regions or key areas of the business respectively, and jointly form Fugro's Executive Leadership Team (ELT).

The specific roles and responsibilities of the Board of Management and the Supervisory Board are regulated by applicable law, Fugro's articles of association and the Dutch Corporate Governance Code (the Code). The Board of Management, ELT and Supervisory Board rules contain further details on the respective roles and responsibilities and can be found on Fugro's website. Fugro has taken out liability insurance for the members of the Board of Management, Supervisory Board and ELT.

A disclosure committee supports the Board of Management with the accurate disclosure of financial results and other material matters in accordance with applicable laws and regulations, and oversees the compliance with the corresponding controls, procedures and policies.

Board of Management

Role and responsibilities

The Board of Management is entrusted with the day-to-day management of the business and execution of the strategy of the Group. Sustainable long-term value creation for its stakeholders is fully engrained in Fugro's purpose, strategy, and business operations, supported by appropriate financial and non-financial targets. Therefore, the Board of Management has a broad focus on all relevant aspects of Fugro's business and supports transparent and sustainable business practices.

The Board of Management has divided its responsibilities and tasks between the CEO (chair) and CFO, as approved by the Supervisory Board. The members of the Board of Management discharge certain specific managerial tasks to the respective specialised members of the ELT, whilst they remain ultimately responsible and accountable for the general affairs of the Group.

Remuneration and share ownership

The remuneration of the Board of Management is determined by the Supervisory Board, in accordance with the remuneration policy as adopted by the general meeting.

The members of the Board of Management are permitted to hold Fugro shares for long term investment purposes and are bound by Fugro's insider policy. Any transactions are reported to the Dutch Authority for the Financial Markets (AFM) in accordance with the EU Market Abuse Regulation.

Conflict of interest

The Board of Management has ensured effective procedures are in place to avoid and address potential conflicts of interest. During 2023, no member of the Board of Management was involved in transactions involving conflicts of interest. The company has not provided any loan or guarantee to any of the members of the board.

Self-evaluation

The board regularly, at least annually, evaluates its own and individual members' performance. During 2023, independent external advisors were engaged to contribute to the evaluation process.

Regulatory framework

The members are appointed by the general meeting of shareholders for a period of four years and can be reappointed for consecutive terms. The Supervisory Board determines the number of members and appoints one of the members as chair (CEO).

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

The general meeting can dismiss or suspend members board. Such a decision, other than proposed by the Supervisory Board, requires at least two-third of the votes, representing at least half of the issued share capital.

Deep Drive®
Deep Drive® is Fugro's latest land-based cone penetration testing system. It is operated remotely, enhancing safety of operations. In addition, Deep Drive® uses a continuous coil of steel being pushed steadily into the ground, which is far more efficient than the 'stop-start' rods-based alternative.

Convening a second meeting pursuant to section 2:120, subsection 3, Dutch Civil Code is not permitted with regard to a proposed resolution to overrule the binding nature of decisions to suspend or dismiss members of the board. The Supervisory Board may, at any time, suspend a member of the board.

Executive Leadership Team

Role and responsibilities

The Board of Management is supported by, and part of, an Executive Leadership Team (ELT). The ELT supports the Board of Management with the day-to-day management, ensuring transparent and sustainable business conduct. The size and composition of the ELT, as well as the appointment, suspension and dismissal of individual members are decided by the Board of Management, subject to Supervisory Board approval. The remuneration of ELT members (excluding members of the Board of Management), including short- and long-term incentives, is determined annually by the Board of Management, subject to Supervisory Board approval.

ELT members are accountable to the Board of Management for the fulfilment of his/her duties and report to the Board of Management on a regular basis and in such manner as to give a proper insight in the performance of his/her tasks. The ELT members are selected based on their specific expertise and experience, taking into account Fugro's diversity and inclusion policy.

Each ELT member has a clear role and responsibilities to deliver on Fugro's Towards Full Potential strategy and Vision 2030. The four regional Group Directors are responsible for the business and general affairs in the respective regions. Key functional focus areas are covered by three other members: strategy and transformation, human resources, and legal and compliance. CEO Mark Heine is chairman of the ELT. More information about the individual members of the ELT is provided on pages 66-67 of this report.

Focus areas and expertise

To foster Fugro's culture and company values the ELT aims to lead by example, supporting a purposeful, inclusive, and high-performance environment. The ELT focuses on continuously improving financial and business performance and overseeing compliance with Fugro's Code of Conduct throughout the Group.

The ELT encompasses a broad spectrum of knowledge, skills and experience. The members of ELT, as well as specialised teams, support the CEO and/or CFO in specific areas of the business related to their specific background and expertise, e.g.:

- Strategy: the ELT members collectively contribute to sustainable growth and value creation, whereby the Director Strategy & Transformation is responsible for leading Fugro's corporate strategy team.
- Sustainability: a specialised global team, reporting to the CFO, supports the ELT. Sustainability targets, KPI's, regulatory and other developments, related reporting requirements, and ESG policies and procedures fall within the scope of this team. The team regularly provides

information and presentations intended for knowledge sharing, education and dialogue. Each member of the ELT contributes and implements the relevant initiatives, policies and procedures within their own region or functional team.

- HSSE: a specialised global team, reporting to the CEO, supports the ELT in the areas of health, safety, security and provides global standards, policies, training and guidelines, with a specific attention to continuous learning and improvement. Global and regional specialised teams drive the implementation within the Group.
- People, culture and compliance: the General Counsel and Chief Compliance Officer and the Chief Human Resources Officer are responsible for the people, legal and compliance aspects of Fugro's business and set the relevant policies and procedures, each supported by global and/or regional specialised teams driving implementation within the Group.
- Innovation: Fugro's innovation team, led by Director Strategy & Transformation contribute to Fugro's sustainability goals.
- Procurement and supply chain management: a specialised global team, reporting to the CFO, supports the ELT. Four regional Group Directors are collectively responsible for the regional implementation with the support of the global and/or regional specialised teams.
- Execution excellence: specialised global and regional teams are focussed on driving Fugro's commercial, operational and financial excellence programs. Fugro's global finance team and the regional finance teams, reporting to the CFO, support the ELT specifically with the financial affairs, including cash flow management and payment practices.

ELT meetings in 2023

During 2023, the ELT held 21 meetings, of which 4 were held in person during multiple days and 17 via video conference. Three in-person meetings were held in the Netherlands and, one in Singapore.

The ELT spent ample time, including 3 full day meetings, on the development of Fugro's new strategy Towards Full Potential and financial performance. In addition, amongst others various HSSE and ESG related topics have been discussed, at least quarterly, including Fugro's biodiversity policy, net zero and Science Based Targets and the double materiality assessment. Other important topics were Fugro's culture, employee engagement, compensation and talent development, half-yearly compliance updates and risk management and internal controls.

Self-evaluation

At least annually, the ELT evaluates its own performance. The Board of Management regularly, at least annually, evaluates the performance of each ELT member, other than the members of the board. During 2023, the Board of Management engaged independent external advisors to contribute to the evaluation process of the Board of Management and ELT. The CEO informs the Supervisory Board on the outcome.

Supervisory Board

Role and responsibilities

The Supervisory Board supervises and advises the Board of Management and the ELT on the strategy and implementation thereof, internal policies and risk management processes, quality of financial and sustainability reporting and general affairs of Fugro, including relations with shareholders. In fulfilling its responsibilities, the board is guided by the interests of Fugro and its stakeholders. The sustainable long-term value creation and the corresponding environmental, social and governance aspects of Fugro's business conduct, performance and policies and processes are an integral part of its supervisory duties. The board has established four committees from amongst its members: an audit committee, a nomination committee, a remuneration committee and a technology committee. The function of the committees is to assist the Supervisory Board and to prepare decision-making. The Supervisory Board has appointed one of its members as chair and one member as vice-chair. The chair and vice chair are assisted by the company secretary. The chair and the vice-chair are both independent within the meaning of best practice provision 2.1.8 of the Code.

Further details on the role of the Supervisory Board and its committees during 2023 are included in the Supervisory Board report starting on page 87.

Remuneration and shares

The remuneration policy for the Supervisory Board is adopted by the general meeting of shareholders, most recently in 2023. The members of the Supervisory Board are permitted to hold Fugro shares for long term investment purposes and are bound by Fugro's insider policy. Any transactions are reported to the Dutch Authority for the Financial Markets (AFM) in accordance with the EU Market Abuse Regulation.

Conflict of interest

The Supervisory Board has ensured that effective procedures are in place to avoid and address potential conflicts of interest. During 2023, no member of the board was involved in transactions involving conflicts of interest. The company has not provided any loan or guarantee to any of the members of the Supervisory Board.

Evaluation

The Supervisory Board regularly, at least annually, evaluates the performance of the Board of Management, ELT and of all its members individually, also in relation to the succession planning. The evaluation takes place without the Board of Management being present.

The Supervisory Board regularly, at least annually, evaluates its own and the individual members' performance.
The performance of the various committees is evaluated as well. In 2023, the board has engaged an external advisor to contribute to the self-evaluation process.

Training and induction

An induction programme is offered to newly appointed members, which provides deeper insight in Fugro's business, the corporate governance and regulatory framework, as well as introductory meetings with key staff and site visits.
The Supervisory Board ensures that regular in-depth sessions by specialist staff or external specialists dedicated to matters that are of significance to Fugro, are provided to its members.

Regulatory framework

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

For every appointment to the Supervisory Board, the Supervisory Board is entitled to make a (binding) nomination. The general meeting can overrule such binding nomination by a resolution adopted by an absolute majority of the votes cast, provided such majority represents more than one-third of the issued share capital. If this part of the share capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of the resolution to cancel the binding nature of the nomination, a new meeting may be convened at which the resolution may be passed by an absolute majority of votes, irrespective of the part of the capital represented at such meeting.
On a non-binding nomination, the general meeting decides on the appointment with an absolute majority of votes. Convening a second meeting pursuant to section 2:120, subsection 3, Dutch Civil Code is not permitted with regard to a proposed resolution to overrule the binding nature of decisions to suspend or dismiss members of the Supervisory Board.

Diversity

Fugro acknowledges the benefits of increased diversity throughout its workforce, as this will lead to better performance, oversight and governance. Fugro has identified the diversity aspects of gender, nationality, location of residence, cultural background and qualifications (education and experience) as most relevant to Fugro, based on the nature and complexity of the business, the markets in which Fugro operates, and the diversity of its client base and employees. For the various boards, these aspects are always considered when filling vacancies. The profile for the Supervisory Board is determined in accordance with Fugro's diversity & inclusion policy. Reference is made to the diversity policy for the Board of Management (which also applies to the ELT) and the Supervisory Board.

The Supervisory Board has set a gender diversity target for the boards of at least one-third female and at least one-third male members. This target is in line with the Dutch gender diversity act (Wet ingroeiquotum en streefcijfers) for gradual entry quota and target figures which came into force on 1 January 2022. In 2023, the Supervisory Board comprised of four male (66.66%) and two female members (33.33%).
The Board of Management comprised of two members, one male (50%) and one female (50%), and the ELT of six male (66.66%) and three female (33.33%) members.
The Board of Management has set a target of 25% to 30% for senior management positions to be held by women by 2027.

For information about Fugro's groupwide diversity, equity and inclusion policy and roadmap, see pages 45-46 of the Group performance chapter.

General meeting of shareholders

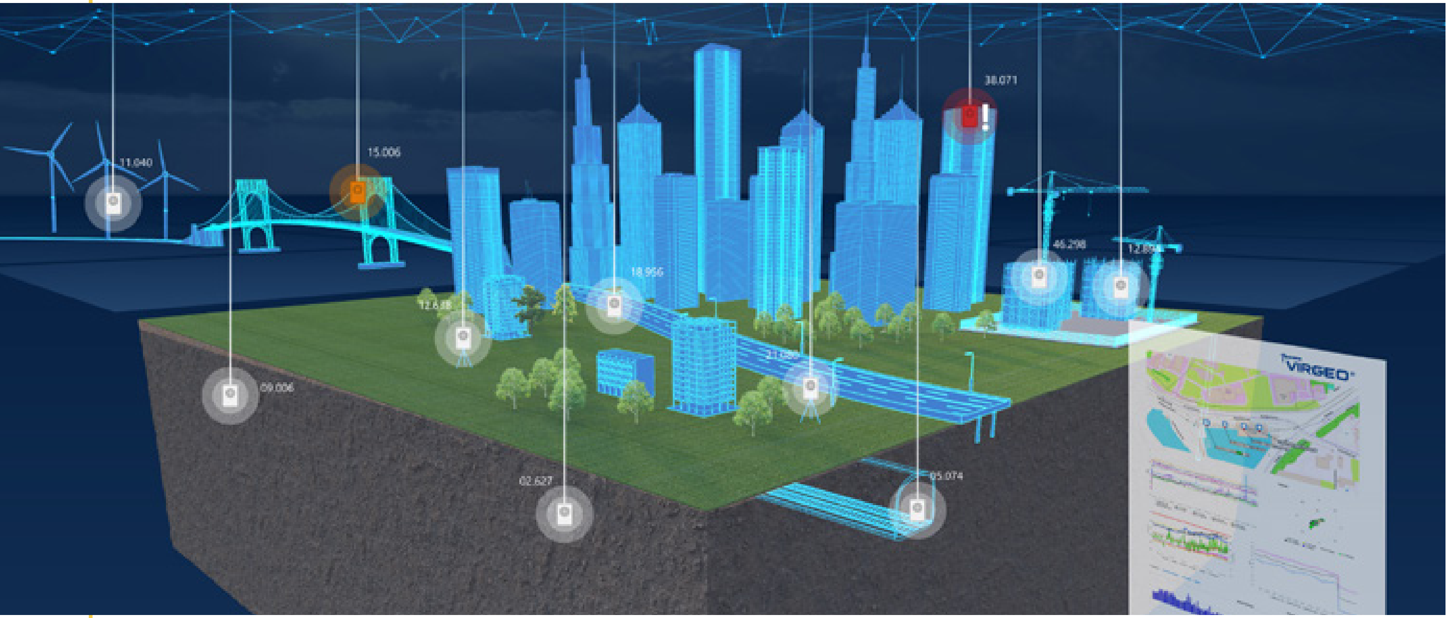
AGM 2023

Fugro's AGM 2023 was held on 26 April 2023 in The Hague, the Netherlands and was chaired by the chair of the Supervisory Board. Fugro's external auditors addressed shareholders in respect of the topics as prescribed by the Code and the NBA guidelines. Fugro's shareholders approved all resolutions.

Regulatory framework

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

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



VirGeo®
VirGeo® is Fugro's cloud-hosted, web-based Geo-data engagement platform giving multiple teams working on a project the benefit from secure access and robust version control of real-time, integrated data. Recent functionalities added to the system include automated ground modelling and engineering.

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

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

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

General meetings of Fugro are convened by public notice at least 42 days prior to the day of the meeting, with simultaneous provision of all required information including the place and time of the meeting, the agenda and any accompanying notes and proposals. The record date for attending and voting at such general meeting is set on the 28th day before the day of the meeting. The record date is communicated jointly with the notice for the respective general meeting. Fugro provides proxy voting for its shareholders.

Foundation Protective Preference Shares Fugro

The Foundation Protective Preference Shares Fugro (Stichting Beschermingspreferente aandelen Fugro) is a foundation incorporated in accordance with Dutch law on 21 September 2021, with its corporate seat in Leidschendam - Voorburg.

The foundation has been incorporated on the initiative of Fugro to safeguard its position as independent service provider. The available protective measure for Fugro is the right of the foundation to acquire cumulative preference shares. This measure is especially aimed at takeover situations, in which it is in the interest of Fugro to protect its independent service delivery and to defend Fugro's position in relation to that of the bidder and the bidder's plans. In addition, it may create the possibility for Fugro, when necessary, to look for alternatives. It is specifically not aimed at protecting the position of the members of the Board of Management's. Due to the uncertainty regarding the situations in which Fugro could be confronted with a hostile takeover bid, the use of this protective measure in circumstances other than those described above cannot be discounted.

Role and responsibility

The board operates independently from the Group. It is currently composed of chairman Drs. J.J. Nooitgedagt, Prof. mr. S.C.J.J. Kortmann, Prof. dr. C.P. Veerman, J.M.A. van der Lof MBA, mr. A.C. Metzelaar. Each member meets the requirements for independency as included in clause 3.2 of the articles of association of the Foundation Protective Preference Shares. The foundation held two meetings in 2023.

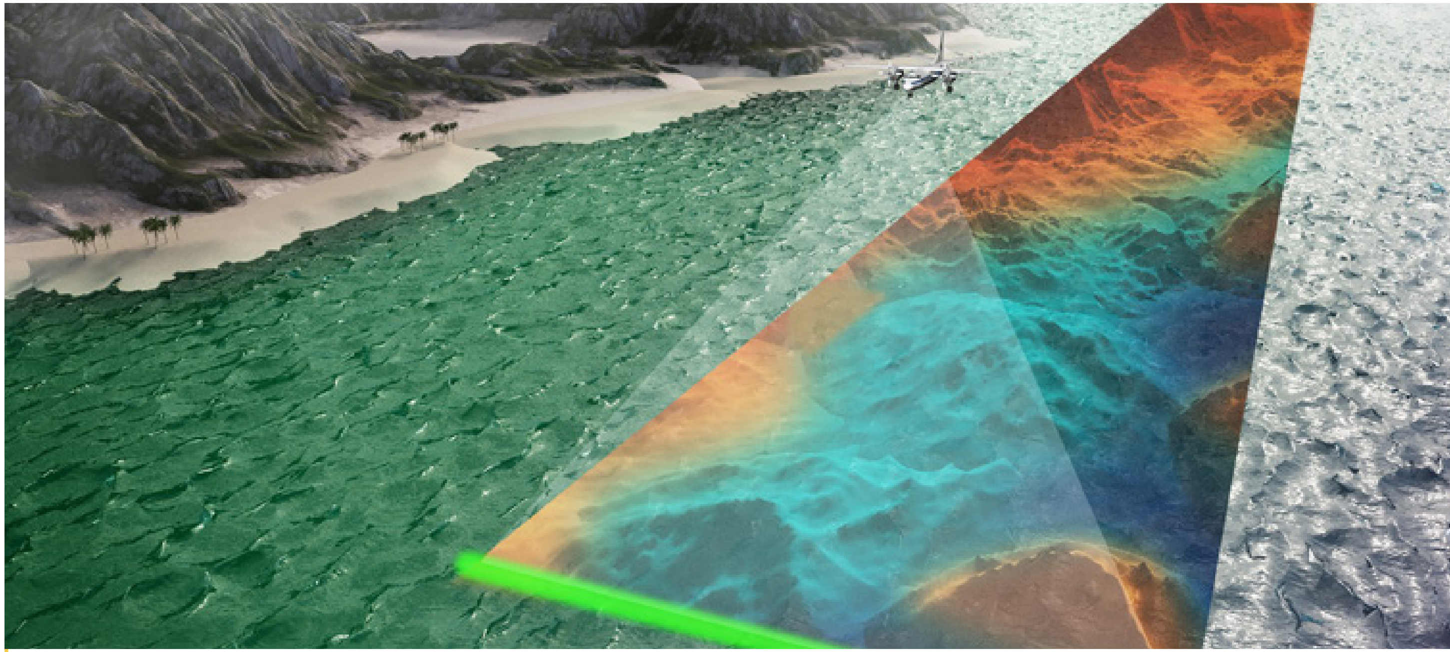
The objective of the foundation is to, independently, attend to the interests and the business of the Group, in such way that Fugro's interests as well as those of all parties involved, are safeguarded to the extent possible, and that Group can be defended, to the extent possible, against factors that

could negatively affect its independence and/or continuity and/or identity, such as a unsolicited takeover bid.
In achieving her objective, the foundation has the right to acquire cumulative protective preference shares in the capital of Fugro N.V. in accordance with the option right granted to her by Fugro N.V.

To enable the foundation to obtain its objective, the articles of association of Fugro N.V. grant the foundation the option to subscribe for the respective amount of cumulative protective preference shares as included in Fugro's authorised capital from time to time. The number of protective preference shares may, immediately following the issue, not exceed half of the total number of shares issued and outstanding for Fugro N.V.

Financial capabilities
The Board of the Foundation has ensured, by means of a credit facility, that it is able to exercise its option right and obtain its objective set out above, should the occasion occur. The option right will not be put up to solely protect the position of the Board of Management.

Corporate information
Capital structure
At 31 December 2023, the authorised capital of Fugro amounted to EUR 20,000,000 and was divided into:
- 180,000,000 ordinary shares, with a nominal value of EUR 0.05
- 200,000,000 cumulative protective preference shares, with a nominal value of EUR 0.05
- 10,000,000 cumulative financing preference shares, with a nominal value of EUR 0.05 each, which can be sub-divided into two series of 5,000,000 cumulative financing preference shares
- 10,000,000 cumulative convertible financing preference shares, with a nominal value of EUR 0.05 each, which can be sub-divided into two series of 5,000,000 cumulative convertible financing preference shares.



Survey Saudi Arabia
The General Authority for Survey and Geospatial Information has awarded Fugro a comprehensive survey of its eastern coastline with the primary objective of improving the safety and efficiency of shipping navigation, covering an area of over 11,000 km².

On 31 December 2023, the issued capital amounted to EUR 5,675,740,10 divided into 113,509,402 ordinary shares. No preference shares have been issued. All ordinary shares have equal voting rights (one share, one vote). There are no restrictions on the voting rights of the company's ordinary shares and preference shares (if issued).

Authorisation Board of Management regarding shares
Fugro regularly proposes to its shareholders to authorise the Board of Management to grant or issue (rights to acquire) shares and to repurchase own shares. On 26 April 2023, the AGM authorised the Board of Management for a period of 18 months as from 26 April 2023 until 26 October 2024 (inclusive), subject to the approval of the Supervisory Board, to:
- cause Fugro to repurchase its shares in its own capital, up to a maximum of 10% of the issued capital at the date of acquisition, provided that Fugro will hold no more shares in stock than at maximum 10% of the issued capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the shares and not higher than 10% above the average of the closing price of the shares on Euronext Amsterdam for the five business days preceding the date on which the repurchase is made.
- resolve on the issue of – and/or on the granting of rights to acquire up to 10% of the issued capital on 26 April 2023 of ordinary shares and/or all sorts of financing preference shares in which the authorised capital of Fugro is divided.
- limit or exclude pre-emption rights in relation to any issue or grant of (rights to acquire) ordinary shares and all sorts of financing preference shares in which the authorised capital of Fugro is divided as referred to under the second bullet.

The Board of Management may resolve, with the approval of the Supervisory Board, to dispose of shares acquired by Fugro in its own capital.

Restrictions to the transfer of shares

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

Articles of association

In 2023, no amendment of the articles of association of Fugro N.V. has taken place. A resolution to amend the articles of association may be passed only on a proposal thereto of the Board of Management with the prior approval of the Supervisory Board. Insofar as a resolution to amend the articles of association brings about a change in the rights vested in the holders of protective preference shares or the holders of financing preference shares or the holders of convertible financing preference shares (currently no such preference shares are issued), such a resolution shall require the approval of the meeting of holders of protective preference shares or the meeting of holders of financing preference shares or the meeting of the holders of convertible financing preference shares, as the case may be.

Key agreements containing change of control provisions

Fugro differentiates the following categories of agreements as referred to in the Decree on Article 10 of the EU Takeover Directive:

- Fugro, directly and indirectly, has a syndicate revolving credit facility (RCF) in place, as well as a term loan. See for further details note 28 of the financial statements. The RCF and term loan agreements stipulate that in the event of a change of control of Fugro, the loans/amounts outstanding under these arrangements may become immediately due.
- In October 2017 Fugro N.V. issued EUR 100 million in subordinated convertible bonds. For further details see note 28 of the financial statements. Both agreements contain a change of control clause which gives the holder of each bond the right to require Fugro to redeem that bond.
- Certain joint venture agreements Fugro and Fugro subsidiaries have entered into, contain change of control clauses, which agreements are in itself not considered key agreements within the meaning of the Decree on Article 10 of the EU Takeover Directive, but jointly they are considered significant.
- Fugro and Fugro subsidiaries have entered into various important agreements that contain clauses that in the event of a change of control the other party has the right to terminate the agreement. These agreements are in itself not considered key agreements within the meaning of the Decree on Article 10 of the Takeover Directive, but jointly they are considered significant.
- Long-term incentive plans with respect to unconditional options and conditional performance options and shares. The terms and conditions of the unconditional options stipulate that in the event of a restructuring of the share capital of Fugro or a merger of Fugro with any other legal entity, the option holder is entitled for every option to such securities, cash or other property as to which a shareholder of Fugro is entitled per share immediately prior to the restructuring or merger, unless the option period is shortened by Fugro. In the event of a restructuring of its share capital or merger with another company, Fugro may shorten the option period so as to terminate immediately prior to the time at which the restructuring or merger is effectuated. In the event that a public offer is considered hostile and such offer is declared unconditional, all options become immediately exercisable. The terms and conditions of the conditional performance options and shares contain comparable change of control clauses.

Termination of management service agreements resulting from public bid

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

Fugro's corporate governance statement

Fugro corporate governance standards and updated Code

Fugro has incorporated corporate governance standard in accordance with the principles and best practices of the Dutch corporate governance code (the Code).

On 20 December 2022, the Code 2016 has been updated to the Code 2022, which entered into force on 1 January 2023. The update of the Code is based on three main themes: ensuring the Code remains relevant; aligning the Code changed legislation and incorporating the outcome of the public consultation on strengthening the quality of corporate reporting and its enforcement ('rapport versterking verantwoordingsketen'). The principal changes in relation to the relevance of the Code revolve around sustainable long-term value creation, stakeholder engagement, digitalisation and cybersecurity and diversity and inclusion. In addition, updates have been made in respect of the reports of the Board of Management and Supervisory Board, response time, remuneration, company culture and the role of the internal audit function.

Following the update of the Code, Fugro has updated the Board of Management and ELT rules, the Supervisory Board rules, as well as other relevant policies such as the diversity and inclusion policy for the Board of Management, ELT and Supervisory Board and the stakeholder policy. Fugro is fully compliant with the Code; a full overview ('comply or explain'-report) is available on Fugro's website. In line with the Dutch Corporate Governance Monitoring Committee's recommendation, the key aspects of the corporate governance structure and compliance with the Code will be discussed at the AGM 2024.

Corporate governance statement

This is a statement concerning corporate governance as referred to in section 2a of the decree on additional requirements for board reports (Besluit inhoud bestuursverslag) effective as of 1 July 2022 (the Decree). The information required to be included in this corporate governance statement as described in sections 3, 3a and 3b of the Decree and in best practice provision 2.1.6 of the Code can be found in the following chapters, sections and pages of this annual report 2023 and are deemed to be included and repeated in this statement:

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

Fugro on the capital markets

Investor relations policy

Fugro's investor relations policy is aimed at providing timely, complete and consistent information to existing and potential shareholders, other capital providers and its intermediaries. Fugro wants to enable them to develop a clear understanding of the company's strategy, activities, historical performance and outlook for the future.

Fugro offers comprehensive information on its website and through presentations to and meetings with analysts, investors and media. All analyst presentations are accessible for all via webcasts, including the capital markets day of 14 November, which was organised to present Fugro's strategy update Towards Full Potential.

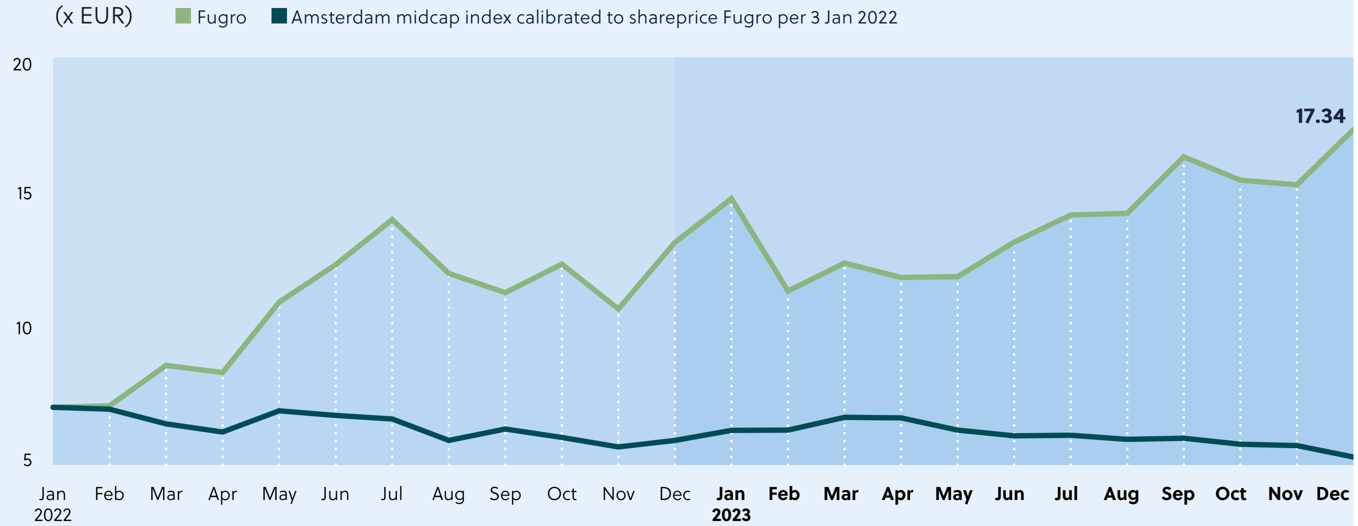
After the publication of the full year and half-year results, Fugro hosts meetings and/or calls with shareholders and other investors, in particular in the Netherlands, the UK, other European and North American capital markets. In addition, Fugro participates in investor conferences. Fugro is currently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

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

Trading information*	2023	2022	2021	2020	2019
Shares outstanding (at year-end)	113,509,402	113,509,402	103,190,366	103,190,366	84,572,525
Year-end closing share price on Euronext	17.34	11.20	6.89	7.60	9.98
Market capitalisation (x EUR 1 million, year-end)	1,968	1,271	710	784	844
Average daily trading on Euronext (shares)	330,087	525,395	849,048	1,374,116	941,676

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

Development share price 2022-2023



Listing on the stock exchange

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

On 31 December 2023, Fugro had 113,509,402 shares outstanding. All shares have equal voting rights: one share gives one vote. No preference shares have been issued.

Shareholders

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

Holdings of 3% or more per 31 December 2023

	Position	Date notification
NN Group N.V.	14.67%	2 November 2023
ASR Nederland N.V.	7.63%	30 November 2020
DWS Investment GmbH	3.06%	13 November 2023
Norges Bank	3.02%	4 December 2023

On 31 December 2023, Fugro owned 1,117,685 'treasury shares' which can be (partly) used to cover the employee share plans and/or conversion of the outstanding convertible bonds. Treasury shares are not entitled to dividend and there are no voting rights attached to these shares.

During 2023, Fugro has not been involved in any transaction with holders of at least 10% of its shares; therefore best practice provision 2.7.5 of the Dutch Corporate Governance Code has been observed.

Dividend

For full-year 2023, Fugro intends to resume dividend payments with a pay-out EUR 0.40 per share subject to approval of the general meeting of shareholders on 25 April 2024.

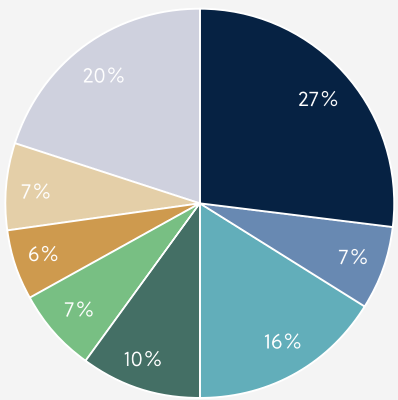
Fugro's dividend policy is a pay-out ratio of 25% to 45% of net result. It has been decided to pay dividend all in cash. ABN AMRO is responsible for executing the dividend payment on behalf of Fugro and offers shareholders the option to participate in a dividend reinvestment plan (DRIP).

Loans

Fugro has a EUR 200 million senior secured sustainability-linked revolving credit facility (currently fully undrawn) and a EUR 200 million senior secured sustainability-linked term loan in place with six relationship banks. The interest rate on both facilities is dependent on Fugro's net leverage, with a discount or penalty of between 5 and 10 basis points will be applied on the margin payable based on the performance of Fugro against specified targets for three key performance indicators as outlined in the sustainability-linked financing framework (for more details, see note 28.7 of the financial statements). The interest currently amounts to EURIBOR +1.65% and EURIBOR +3.15% respectively.

The convertible bonds, with a maturity of 30 October 2024, carry a coupon of 4.5% and a conversion price of EUR 19.6490. They are trading on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange (symbol: ISIN: XS1711989928).

Geographical distribution of shares (in %)

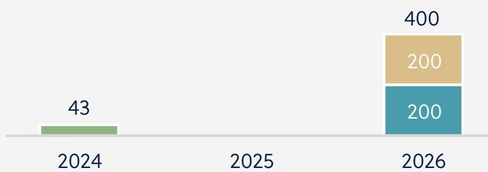


- Netherlands*
- Retail investors**
- United States
- United Kingdom
- Germany
- France
- Other
- Unidentified

* Including treasury shares
** Primarily Dutch shareholders

Source: cmi2i shareholder identification report, January 2024

Debt maturity profile per 31 December 2023



- 2024 convertible
- Term loan
- Revolving credit facility (fully undrawn)

Scorings in various ESG benchmarks

	2023	2022	2021	Rating scale (from good to bad)	Brief description
CDP	B	B	B-	A-D	A global disclosure system for mainly investors and companies to manage and understand their environmental impacts.
Sustainalytics	17.9 (low risk)	23.3 (medium risk)	23.3 (medium risk)	0-40+	Sustainalytics, a Morningstar company, has rated Fugro with an ESG Risk Rating of 17.9. With this score, Fugro ranks 5th of 356 companies in the construction and engineering industry.
MSCI	A 6.7	A 5.8	AA	AAA-CCC (10-0)	MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material ESG risks. In 2022, Fugro was re-classified by MSCI to the Construction & Engineering industry, having expanded beyond oil and gas services.
Moody's	54	48	48	100-0	Moody's Analytics sustainability ratings combine ESG data points to assess how companies are responding to the various sustainability challenges. In 2023, Fugro scored 54 points, up from 48.
Transparency benchmark	75%, #24 of 250 companies	NA	64%, #57 of 235 companies		Bi-annually, the Dutch Ministry of Economic Affairs and Climate Policy ranks companies according to the level of transparency regarding their ESG strategy, policies and performance.

ESG ratings

Various organisations are including Fugro in their ESG rating systems and benchmarks. Investors and clients use these ratings as part of their investment or commercial decision-making processes. Fugro actively engages with the benchmarks that are most relevant to our stakeholders and uses the learnings from their assessments to further enhance transparency and to continue to achieve continuous improvement in these scores going forward. In 2023, Fugro's enhanced ESG performance and transparency are reflected in its improving ESG ratings.

Financial calendar

25 April 2024	Publication trading update first quarter 2024
25 April 2024	Annual general meeting (14.00 CET)
1 August 2024	Publication half-year results 2024
1 November 2024	Publication trading update third quarter 2024

Contact

For further information, contact:

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

Management statements

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

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

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

The Board of Management considered the external auditor's reporting provided at half-year and full year 2023. The reports gave an update on areas for further improvement, such as the internal controls over the revenue and purchase-to-pay process, information technology and implementation of a single ERP system throughout the group. The Board of Management monitored ongoing action plans.

The establishment of the internal risk management and control systems is based on the identification of external and internal risk factors that could influence Fugro's operational and financial objectives and contains a system of monitoring, reporting and operational reviews. All material risk management activities have been discussed with the audit committee of the Supervisory Board. For more information on Fugro's risk management activities and internal control and risk management systems, see pages 68 to 74. For a summary of risk factors, see pages 68.

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

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

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

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

- the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Fugro and of group companies included jointly in the consolidation;
- the board report (pages 23 to 85) provides a true and fair view of the position at the balance sheet date, the development and performance of the business during the financial year of Fugro and group companies included in the consolidation taken as a whole;
- the board report describes the principal risks and uncertainties that the Group faces.

Leidschendam, 7 March 2024

M.R.F. Heine, Chief Executive Officer

Supervisory Board report

Assembly and testing of electronics component

Singapore

Supervisory Board

Sjoerd S. Vollebregt
(1954)

Chairman Supervisory Board

Committee
Chairman nomination committee, member remuneration committee

Nationality
Dutch

First appointed 2020

Current term Until AGM 2024

Previous positions
CEO Stork N.V., CEO Fokker Technologies B.V., various senior position at logistics companies, non-executive board positions at TNT Express B.V. and Mylan N.V.

Other functions
Chairman Supervisory Board Heijmans N.V.

Ron Mobed
(1959)

Vice Chair Supervisory Board

Committee
Member audit committee, member technology committee

Nationality
British

First appointed 2020

Current term Until AGM 2024

Previous positions
CEO of Elsevier (part of RELX Group), president of Energy division of IHS Markit Ltd, various senior management positions at Schlumberger, non-executive director and chair of Robert Walters Plc., non-executive director at AVEVA Plc

Other functions
Board member of Ordnance Survey Limited

Essimari Kairisto
(1966)

Committee
Chair audit committee

Nationality
Finnish/German

First appointed 2023

Current term Until AGM 2027

Previous positions
Member of the Board/CFO of HOCHTIEF Solutions AG, General Manager Finance/CFO Sasol O&S Group International, CCO/CFO Lahmeyer International GmbH., various managerial positions at Schlumberger

Other functions
Member Supervisory Board and chair audit committee IVECO Group N.V., member and vice chair Supervisory Board and chair of audit committee TenneT Holding B.V. and Fortum Oyj, and member Supervisory Board Applus+ S.A. and Freudenberg SE.

Antonio J. Campo
(1957)

Committee
Member remuneration committee, member nomination committee

Nationality
Colombian

First appointed 2014

Current term Until AGM 2024

Previous positions
Multitude of senior management positions at Schlumberger, President and CEO of the Integra group of companies

Other functions
Vice-chairman Board Basin Holdings, lead director of National Energy Services Reunited Corporation

Marc J.C. de Jong
(1961)

Committee
Chair technology committee, member audit committee

Nationality
Dutch

First appointed 2021

Current term Until AGM 2025

Previous positions
CEO LM Wind Power, various executive positions and part of Group Management Committee at Royal Philips, executive position at NXP Semiconductors

Other functions
Owner and CEO of Innomarket Consultancy B.V., member Supervisory Board ASM International N.V., chairman Supervisory Board BDR Thermea, board member Nissens AS in Denmark and FiberSail S.A. in Portugal, chair advisory board Sioux BV, member advisory board Sentech BV, CryoSol-World BV and SevenGen Investment Partners, venture partner at Forward.one

Anja H. Montijn
(1962)

Committee
Chair remuneration committee, member nomination committee

Nationality
Dutch

First appointed 2015

Current term Until AGM 2025

Previous positions
Various national and international leadership positions at Accenture, amongst others managing partner Resources practice in France and Benelux, Country Managing Director Accenture the Netherlands, Global Managing Director Management Consulting Resources, member Supervisory Board Royal VolkerWessels N.V.

Other functions
Non-executive director at OCI N.V.

Nikita Gommeren (1986), Company secretary

Supervisory Board report

2023 was a delivery year for Fugro on its Path to Profitable Growth, and at the same time it was the year the company announced its new strategy Towards Full Potential. The Supervisory Board looks back on a strong development in 2023, and forward to supporting the continuation of Fugro's transformation to its full potential.

We are very pleased with Fugro's strong performance in 2023. Achieving the targets set as part of its Path to Profitable Growth strategy has been an important milestone and confirmed to the Supervisory Board that the company is progressing on the right trajectory. Although regions and/or business lines have been impacted by certain global or regional market developments, such as inflation and changing market demands, overall performance has been a significant step up compared to the previous year. Fugro's diversification across regions, markets and business lines in Fugro's core Geo-data business, provides a solid foundation for further progress in the years to come. We are also pleased that by now, Fugro's strong financial position enables the company to resume dividend payments.

Our main focus in 2023, was the update of Fugro's strategy. The new strategy Towards Full Potential encompasses a continued focus on Fugro's core business as well as the further expansion in adjacent markets and sophisticated business models. With sustainability firmly embedded in Fugro's purpose and strategy, throughout the year the Supervisory Board and its committees have been engaged in multiple elements of the company's environmental, social and governance (ESG) related policies, performance, targets and reporting. In addition, the Supervisory Board monitored the financial performance of the group, with a specific focus on margin expansion and cash conversion. Against the backdrop of the growing demand for Geo-data services, the Supervisory Board supported executive management with key investment decisions, focused on long-term value creation, including investment in additional vessels, in order to benefit from the significant opportunities in its existing markets. The Supervisory Board continues to closely monitor geopolitical and other relevant market developments.

Continuous engagement with the Board of Management and the other members of the Executive Leadership Team is helping us to understand the current state of the business, challenges, and opportunities. Site visits and presentations by subject matter experts provided us with further insight into Fugro's operations. The chair and vice-chair joining Fugro's capital markets day, where management presented the updated strategy, related mid-term targets and capital allocation framework, provided a unique opportunity to engage with shareholders and analysts.

In 2023, a few changes took place in respect of the composition of our board. After having served two successive four-year terms, Petri Hofsté, vice-chair of the Supervisory Board and chair of the audit committee, stepped down at the AGM in April. Following her departure, Essimari Kairisto was appointed as our new board member and chair of the audit committee as per the same AGM. This ensures a continued strong focus on financial performance, risk management, internal control and internal audit. Ron Mobed was appointed as the new vice-chair of the Supervisory Board.

2023 Financial statements and dividend

This annual report includes the 2023 financial statements, which are accompanied by an unqualified independent auditor's report of Ernst & Young Accountants LLP (see the independent auditor's report starting on page 166). These financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and section 9 of Book 2 of the Dutch Civil Code.

The audit committee discussed the draft 2023 financial statements with the CEO, the CFO and the auditors. The committee also discussed the long form auditor's report, the quality of internal risk management and control systems and had a discussion with the auditor without Fugro's management being present. Subsequently, we discussed the annual report, including the financial statements, with the Board of Management in presence of the auditor. Furthermore, we took note of the reporting from the audit committee and reviewed the independent auditor's report and the quality of internal risk management and control systems.

We recommend that the AGM, to be held on 25 April 2024, adopts the 2023 financial statements. In addition, we request that the AGM grants discharge to the members of the Board of Management for their management of the company and its affairs during 2023 and to the members of the Supervisory Board for their supervision over said management.

Pursuant to Fugro's new dividend policy, as approved by the Supervisory Board, we concur with the proposal of the Board of Management to the AGM on 25 April 2024 to resume dividend payments over the full-year 2023, with a pay-out EUR 0.40 per share.

Strategy Towards Full Potential

At its capital markets day on 14 November 2023, Fugro's new strategy Towards Full Potential was launched, including new mid-term targets. The Board of Management has engaged the Supervisory Board at an early stage in the development of the new strategy and we have provided support throughout the process. During four of our regular meetings, we extensively discussed the proposed strategy in relation to Fugro's current performance and Fugro's Vision 2030. Towards the second half of the year, we specifically focused on the new mid-term targets and acting as a sounding board for the Board of Management during the preparations for the capital markets day.

Fugro is uniquely positioned to benefit from the important global developments such as the energy transition, massive infrastructure investments and urgently needed climate change adaptation, and we believe that the new strategy will enable Fugro to capture these opportunities and further diversify around Fugro's core Geo-data business. We fully support the three strategic priorities as formulated by executive management:

- grow and transform current business;
- expand into developing segments;
- build recurring revenues with Geo-data as a service.

The three strategy enablers people, technology and execution excellence have been, and will continue to be, key focus areas for the Supervisory Board. Fugro's highly skilled people, market-agnostic assets and innovative and scalable technology are building blocks for successfully growing and transforming the company towards its full potential.

As part of the new strategy, new mid-term targets have been defined; not only for financial performance, but also in relation to people and the environment. The Supervisory Board constructively challenged management in setting these new targets, considering current performance and market opportunities. We believe that these ambitious mid-term targets underpin the objective of long-term sustainable value creation for all the stakeholders.
The Supervisory Board is and shall continue to oversee the implementation of the strategy based on regular updates by the Board of Management and the Director Strategy and Transformation.

Sustainability

The company's environmental, social and governance (ESG) related policies, performance and targets were regularly discussed during 2023, including related current and future reporting requirements. The Supervisory Board will be kept regularly up to date of ESG, related topics in both the audit committee and the full board meetings.

During 2023, the Supervisory Board focused, amongst others, on the following topics: non-financial mid-term targets, ESG reporting requirements, and the recent double materiality assessment. In addition, we discussed the company's net zero roadmap aimed at reducing the environmental impact of Fugro's own operations.
The Supervisory Board has considered Fugro's carbon footprint in respect to the expansion of its fleet, envisaged conversions of its traditional vessels and supports the ongoing investments in assets with a sustainably lower carbon footprint, such as uncrewed vessels. In addition, Fugro's solutions and innovations to assist clients in achieving their carbon reduction targets, and within their supply chain, have been discussed in the Supervisory Board and its technology committee.

Risk management

Risk awareness, mitigation and management is an integral part of Fugro's business. Integrating management controls into daily operations, ensuring compliance with legal requirements and safeguarding the integrity of the company's financial reporting and disclosures are key factors for effective risk management. Fugro's risk management and internal control framework is aimed at supporting long-term sustainable value creation and robustness of processes related to the preparation and processing of accounting and financial information.

Consistent with previous years, the audit committee reviewed the reporting of Fugro's risk management and control systems. This was reported to and discussed in the full Supervisory Board throughout 2023. Building on the risk management procedures already firmly embedded within the organisation, an ongoing dialogue is held with executive management to further enhance the effectiveness of these procedures. Risks are assessed each year and actions to mitigate these risks are continuously evaluated. The internal audit function, reports periodically on the progress to the audit committee. Risks identified are linked to specific internal control procedures embedded in the internal control framework.

The full Supervisory Board discussed specific areas in which further enhancement of the risk management and control systems is required as well as the measures proposed by executive management. Based upon the advice of the audit committee, the audit plans of the internal audit department and the external auditor were approved. We took note of the reports from the internal audit department, emphasising the importance of timely addressing their observations. Furthermore, we discussed the reports of the external auditor provided in relation to the (interim) financial statements at half year and full year.

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

Investor relations and shareholder meetings

An open and regular dialogue with shareholders and other investors is important to provide a sound understanding of the company's strategy and performance, but also to receive feedback, which often provides us with valuable insights. On a regular basis we received feedback from investor meetings and analyst reports, and the composition of the shareholder base. We took notice of the fact that the presentation of Fugro's new strategy, related mid-term targets and capital allocation framework on the capital markets day in November was very well received.

Following a number of virtual annual general meetings of shareholders due to the Covid-19 pandemic, the Supervisory Board was pleased to again meet with shareholders in person. All proposals on the agenda were adopted by the AGM.

Meetings and other activities

Meeting schedule and attendance

In the year 2023, we had 6 regular meetings, including one off-site meeting of three days. All regular meetings were in person meetings. All board members were present at the regular scheduled meetings. If members were not able to attend the full meeting, they provided their input beforehand and received an update afterwards.
When members were unable to attend a meeting in person, they joined virtually.

During an additional virtual meeting, in February 2024, the proposed new remuneration policy for the Board of Management was discussed, following engagement with relevant stakeholders.

The chairman of the Supervisory Board, the vice-chair and chair of the audit committee have been in frequent contact with colleagues, the CEO, the CFO, the company secretary and external advisors. By way of preparation, many subjects were discussed in advance in one of the four permanent committees. All Supervisory Board members receive the meeting documents and the minutes of these committees.

Supervisory Board attendance record	SB[1]	AC[2]	RC[3]	NC[4]	TC[5]
Sjoerd Vollebregt	6/6	–	6/6	6/6	–
Petri Hofsté*	2/6	2/5	–	–	–
Ron Mobed	6/6	5/5	–	–	5/5
Essimari Kairisto**	4/6	3/5	–	–	–
Antonio Campo***	6/6	–	6/6	6/6	–
Marc de Jong	6/6	5/5	–	–	5/5
Anja Montijn	6/6	–	6/6	6/6	–

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

* Petri Hofsté stepped down as per the AGM on 25 April 2023.
** Essimari Kairisto was appointed as per the AGM on 25 April 2023 and was not able to attend the second half of the meeting on 25 October 2023.
*** Antonio Campo was not able to attend the 2-hour strategy session on 25 April 2023.

Discussed topics

In the regular meetings, recurring items on the agenda included HSSE, financial performance and forecasts, quarterly results announcements, market developments, human capital development, operational and commercial excellence, developments and performance per region and business line, innovation and technology, material organisational changes, ESG, and updates on key projects. Every meeting, the CEO presented an update on the Board of Management's priorities, new key hires and other highlights. The reports of the meetings of the four permanent committees were also discussed.

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

- In our regular February meeting, we discussed the annual results 2022 and related topics in the presence of the external auditor (EY). The annual report 2022, including the remuneration report, were approved. In addition, the acquisition of two supply vessels, to be repurposed to geotechnical platforms, was approved and the first phase of the strategy review was discussed.
- In our regular April meeting, we discussed the first quarter results. In addition, Fugro's net zero roadmap was discussed, whereby potential scenarios and technical challenges were addressed. Operational excellence, HSSE, and the strategy review were also on the agenda.
- In our regular July meeting, we discussed and approved the half-yearly report 2023. In addition, we discussed internal control processes and Fugro's new strategy.
- In October 2023, we had a three-day 'off-site' meeting in Dubai, UAE, in combination with visits to Fugro's local offices. During the meetings we received an update on the regional performance and outlook, the regional ERP system implementation and Fugro's remote solutions. Furthermore, presentations were given in respect of a regional project and a regional initiative on Geo-data intelligence. In addition to the regional presentations, we focussed on Fugro's new strategy, mid-term targets, the upcoming capital markets day, and the planned resumption of dividend payments as part of a comprehensive capital allocation framework.
- In our regular October meeting, we discussed the third quarter trading update. We discussed and approved the unwinding of the sale and leaseback for two geotechnical vessels Fugro Scout and Fugro Voyager, as well as the updated dividend policy and proposed dividend over the full year 2023. We continued our discussion on the new strategy, mid-term targets and capital markets day 2023. We approved the audit plan for 2024, as recommended by the audit committee.
- In a video-conference call in November, we discussed the preliminary budget for 2024 and the proposed new remuneration policy for the Board of Management as prepared by the remuneration committee.
- In our regular meeting in December, we approved the annual budget for 2024 and received an update on the group's HSSE roadmap and the employee engagement survey. Furthermore, we discussed Fugro's current ESG ratings and were provided with an update on the

upcoming CSRD/ESRS reporting requirements and Fugro's double materiality assessment. We approved the acquisition of an additional two platform supply vessels, which will be used as geotechnical vessels.
The Supervisory Board also approved a targeted engagement with relevant stakeholders for the proposed new remuneration policy for the Board of Management.

Diversity and inclusion

In accordance with the Dutch gender diversity act (Wet ingroeiquotum en streefcijfers), the Supervisory Board supervises the target setting for a balanced gender diversity, not only for the Board of Management and the Supervisory Board, but also for senior management throughout the company. Similar to past years, in 2023, the Supervisory Board and the nomination committee have engaged regularly with executive management in respect of Fugro's relevant policies and roadmaps.

Permanent education and knowledge sharing

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

From a perspective of continued knowledge sharing and education, during 2023, the Supervisory Board and its committees were provided with a variety on in-depth sessions focussed on – amongst others – operational excellence, human capital development, ESG, corporate governance, and specific Fugro technologies. These in-depth sessions by Fugro's senior management, subject matter experts and, where relevant, external advisors were scheduled as part of the agenda of regular meetings or as dedicated separate sessions.

Supervisory Board committees

The Supervisory Board has four permanent committees: an audit committee, a nomination committee a remuneration committee and a technology committee. The function of these committees is to assist the board and to prepare the decision-making. The chairman of each committee reports the main considerations, findings and recommendations to the full board.

Audit committee

The members of the audit committee are Essimari Kairisto (chair), Marc de Jong and Ron Mobed. After having served two successive four-year terms, Petri Hofsté stepped down at the AGM on 25 April 2023. Before then, she chaired two meetings of the audit committee in 2023. Essimari Kairisto was appointed as chair of the committee as per that same date. As former CFO and board member, she has ample experience with the management of financial affairs and has specific expertise in financial reporting, risk management and internal control and audit. Collectively, the members of the audit committee possess the required experience and financial expertise.

In 2023, the committee met five times. All meetings were attended by the Board of Management, the Group Controller, the General Counsel and the external auditor; the Director Internal Audit attended four times. The chair of the committee had regular contact with the CFO to discuss financial performance, risks and other relevant matters, and with the internal and external auditors.

Recurring items on the agenda were the quarterly results and the half-year report, risk management and internal control, the internal audit plan and internal audit reports, audit plan and reports of the external auditor, ERP system implementation and claims/disputes and compliance aspects. More specific items on the agenda included procurement, IT, insurance, tax, impairment testing, treasury, legal entity management, the request for proposal in relation to the upcoming auditor rotation and key points of the management letter. Where relevant, senior managers of the respective specialised teams within Fugro were invited to present these topics to the audit committee.

In its February 2023 meeting, the audit committee reviewed, amongst others, the 2022 financial statements and the annual report. The committee discussed the use of the going concern assumption, and the compliance with covenants. The quality of the financial closing process was also reviewed.

In the course of 2023, the audit committee spent ample time discussing the functioning of the internal control and risk management processes. The committee discussed the effectiveness of the measures in place including the organisation's three-lines model (refer to page 70 of risk management) and, jointly with executive management, assessed areas of improvement. The audit committee deliberated upon the structure, interaction and alignment among the diverse lines within the company. In addition, the committee discussed various ESG related topics during the year, in particular CSRD reporting requirements and the double materiality assessment.

The budget 2024 was discussed in the December 2023 meeting, in particular the assumptions underpinning the budget, including the backlog and cash conversion, on the basis of impairment tests and sensitivity analysis performed.

The committee was briefed by the external auditor on relevant (regulatory) developments in the audit profession. The committee met with the external auditor without the Board of Management being present and reported to the full board on the performance of and the relationship with the auditor. The chair of the committee also regularly communicated with the auditor during closed meetings.

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

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

At the AGM on 22 April 2023, Ernst & Young Accountants LLP (EY) was reappointed as auditor to audit the financial statements for 2024. In its February 2023 meeting, the committee evaluated the performance of EY, based on a questionnaire and interviews with relevant stakeholders. During 2023 and 2024, Fugro conducted a request for proposal process to select a new external auditor as of 2025, in compliance with the mandatory rotation of audit firms. Based on the outcome of this process, the audit committee advised the Supervisory Board to propose to the upcoming AGM on 26 April 2024 the appointment of Deloitte as statutory auditor to audit the financial statements for 2025.

Nomination committee

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

In 2023, the committee had five regular meetings and had one virtual meeting, in most cases in presence of the CEO and the Group Director Human Resources. The topics that were discussed included, among others, the profile of the chair of the audit committee, major organisational developments, human capital management, employee net promoter score, talent development and succession planning, attrition and retention, diversity and inclusion throughout the group and the annual assessment of the Board of Management.

The committee also discussed the composition of the Board of Management and the Supervisory Board, reviewed its profiles, and discussed the proposed (re)-appointments to the Supervisory Board at the AGM 2024 In the course of 2023, a comprehensive process has been initiated to identify a candidate within the Supervisory Board profile as replacement for Antonio Campo, who is due to step down at the AGM on 25 April 2024. The process has not yet been completed. We are happy that Antonio Campo, a well-respected board member for many years, is willing to continue until the AGM 2025. This will allow Fugro to continue the search for the best candidate and ensure that there is sufficient time for a thorough induction programme.

Remuneration committee

The members of the remuneration committee are Anja Montijn (chair), Antonio Campo and Sjoerd Vollebregt. Both the remuneration and the nomination committee prepare the Supervisory Board's duties in its role as the employer of the Board of Management.

In 2023, the committee had five regular and one virtual meeting, generally with the CEO, the Group Director Human Resources and the Global Head of Rewards being present. Discussed were, amongst others, the annual short- and long-term incentives for 2023 for the members of the Board of Management and the ELT, the bonus targets for 2024 including the non-financial targets, the vesting of the performance shares granted in 2021 and the granting of performance shares to the members of the Board of Management and the ELT for the period 2024 – 2026. The committee also discussed and advised on the granting of restricted shares under the long-term incentive programme for key employees and discussed and agreed on the remuneration report to be included in the annual report 2023.

The committee prepared a new remuneration policy for the Board of Management, which will be on the agenda of the annual general meeting on 25 April 2024. In preparation of this policy, the committee held two additional meetings and engaged with several stakeholders regarding the proposed policy. The committee held one additional call in February 2024, to discuss the outcome of the stakeholder engagement and thereafter, two virtual meetings were held, in November 2023 and February 2024 with the Supervisory Board, to discuss the proposal and outcome. The new remuneration policy for the Board of Management has been approved by the Supervisory Board in the regular meeting in February 2024.

Technology committee

The members of the technology committee are Marc de Jong (chair) and Ron Mobed. The committee prepares the Supervisory Board's decision-making and assists and advises the Supervisory Board in respect of any matters relating to Fugro's technology and transformation strategy. The main focus of the committee is on technology, digitalisation, commercialisation activities and the overall alignment of these key topics with Fugro's overall strategy.

In 2023, the committee met four times and held one virtual meeting, always with the CEO and the Group Director Strategy and Transformation present. The Global Director Innovation and the Global Director Corporate Strategy regularly joined the meetings. Discussed were, among others, innovation portfolio management, the expansion of Fugro's remote operations to expand the capabilities of Fugro's remote operations centres, and Fugro's new strategy, with a specific focus on one of Fugro's three strategic priorities, building recurring revenue with Geo-data as a service. As part of its October meeting, the committee visited the ADIPEC Exhibition & Conference in Abu Dhabi.

Composition and functioning of the Supervisory Board

Composition and expertise

The Supervisory Board has formulated a profile defining its size and composition, taking into account the nature of the company and its activities. The Supervisory Board has set the number of members that it aims for at six. The mix of knowledge, skills, experience and expertise of its members is such that it fits the profile and strategy of the company and its diversity policy (see page 88 of this annual report for more information on the composition of the Supervisory Board and the profiles of its members). The composition of the Supervisory Board is balanced and in compliance with the requirement of at least one-third of each gender in accordance with the Dutch gender diversity act.

The Supervisory Board attaches great importance to the independence of its members. All members qualify as independent in the meaning of best practice provisions 2.1.7 – 2.1.9 of the Dutch corporate governance code. None of the criteria as referred to in best practice provision 2.1.8 is applicable to any of the members and they do not carry out any other functions that could jeopardise their independence. The board members also comply with the requirement under section 2:142a of the Dutch civil code that they do not hold more than five Supervisory Board positions (including non-executive directorships at one tier boards) at certain 'large' (listed) companies or entities.

Evaluation

In the course of 2023, the Supervisory Board worked together with the Board of Management to implement the recommendations from the 2022 board development programme, notably increasing focus on the long-term success of the company and improvement of the preparation and quality of Supervisory Board and committee meetings.

The questionnaire from the 2022 board development programme was revised in line with the progress made and in the fourth quarter of 2023 all members of the Supervisory Board and Board of Management were requested to complete the questionnaire. Results were collated and analysed by an independent consultant and discussed by the Supervisory Board and jointly with the Board of Management. The results of the evaluation process showed improvement in all identified key areas. Commentary and subsequent discussions showed a common interest between the Supervisory Board and Board of Management in retaining focus in the same areas as identified in 2022, with the intent to capture further improvement.

The Supervisory Board concluded that the full board and its committees had properly discharged their responsibilities during 2023.

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

Composition and functioning of the Board of Management

With input from all Supervisory Board members, the nomination committee evaluated the performance of the Board of Management, including in respect of their personal targets for 2023 and the functioning of the Board of Management as a team.

The size and composition, as well as the combined experience and expertise of the Board of Management and the ELT fit the profile and strategy of the company. The composition is balanced from an age, nationality, gender and background perspective. For the current composition of the Board of Management and the ELT and information about its members, please refer to pages 66 and 67 of this report. The Supervisory Board, more specifically the nomination committee, continue to focus on succession planning for the Board of Management and the ELT.

Final comments

In 2023, Fugro has realised a very strong growth and improved performance in all regions. We want to thank all Fugro employees for their dedication, enthusiasm and commitment to deliver on Fugro's purpose of creating a safe and liveable world. The world is going through accelerated change, and Fugro's services are more essential than ever. The Supervisory Board is excited about the next step on Fugro's path of growth and transformation to its full potential.

Leidschendam, 7 March 2024

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

CASE

Leadership in ocean science initiatives

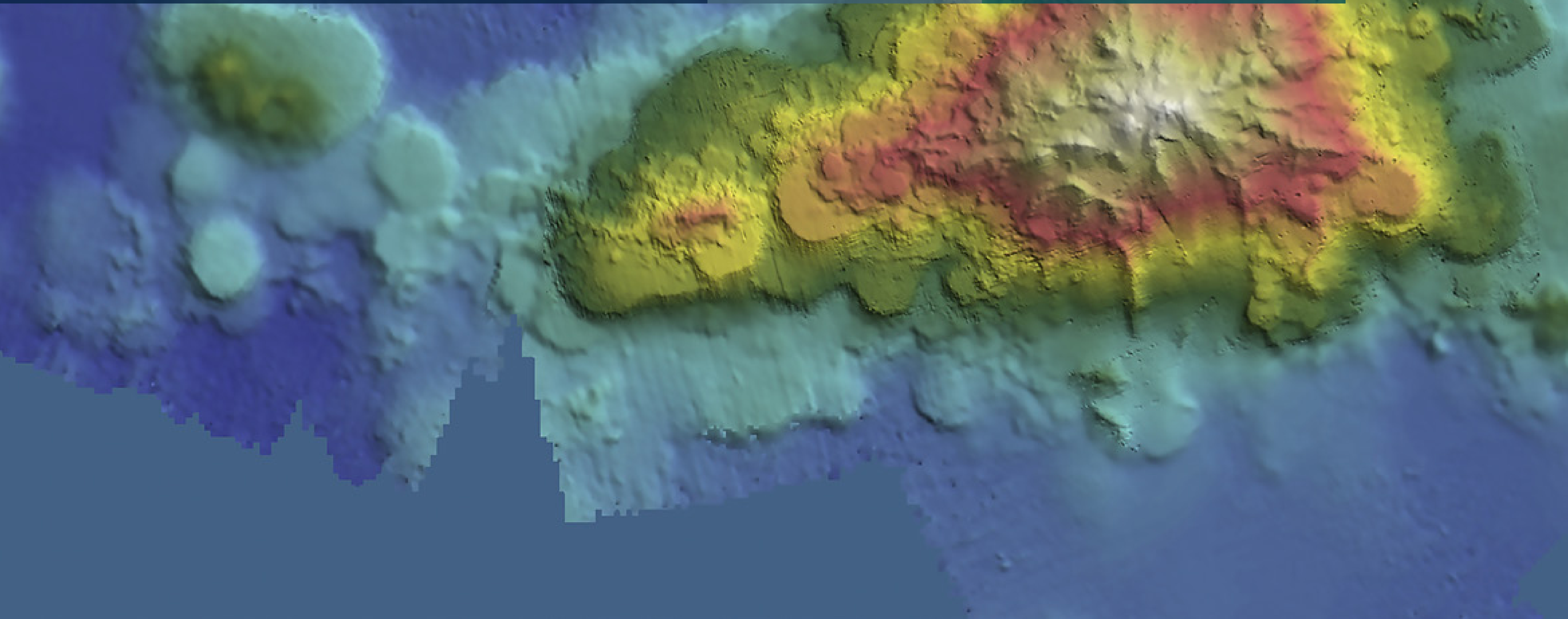
Fugro strongly supports partnerships and initiatives dedicated to advancing ocean sciences. In 2023, Fugro continued its in-kind support of The Nippon Foundation-GEBCO Seabed 2030 mapping project. In February, the Corporate Data Group was formally established inspired by Fugro's membership in the Ocean Decade Alliance and as part of our partnership with the Intergovernmental Oceanographic Commission of UNESCO.

SERVICES

- Bathymetry
- Bio-diversity
- Thought leadership
- Public-private partnership

PROJECT SCOPE

2.6 million km²	of in-transit seabed data collected to date
12	Ocean Decade endorsed projects
8	CEO led meetings of the Ocean Decade's Corporate Data Group
3	Fugro employees dedicated to supporting ocean science initiatives



Remuneration report 2023

This report has been prepared by the remuneration committee of the Supervisory Board. The responsibility of this committee is to prepare decision-making of the Supervisory Board regarding the remuneration policy and the determination of the remuneration of individual members of the Board of Management within the framework of the remuneration policy.

This report contains:

- Current remuneration policy for the Board of Management
- Remuneration of the Board of Management in 2023
- Internal pay ratio and 5-year analysis
- Terms of appointment members of the Board of Management
- Remuneration Board of Management per 2024
- Remuneration of the Supervisory Board.

Further information on the remuneration and on share ownership of members of the Board of Management and members of the Supervisory Board is available in note 35 of the financial statements.

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

At the AGM in April 2023, the remuneration report 2022 was on the agenda. The advisory vote on the remuneration report had 93.16% of the votes in favour. No comments were raised during the AGM on the report and based on the voting results no changes to the remuneration report have been made. In addition, Fugro presented a new remuneration policy for the Supervisory Board at this AGM. This policy was approved without any comments and with 99.9% of the votes in favour.

In line with the Shareholders' Rights Directive, the remuneration policy will be submitted for adoption to the AGM at least every four years. At the AGM 2024, Fugro will submit an adjusted remuneration policy for the Board of Management (see Remuneration Board of Management per 2024 for more details).

Current remuneration policy for the Board of Management

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

Labour market reference group

In preparing the remuneration policy and to determine the remuneration of the members of the Board of Management, the remuneration committee uses external benchmark information to assess market comparability.

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

The labour market reference group consists of 14 Dutch listed companies of comparable scope with international / global business activities. The Supervisory Board reviewed the total shareholder return and labour market refence groups and other companies considered to be added for the future or when a replacement is needed. Since Boskalis and Accell needed to be replaced due to delisting of those companies, Sweco and John Wood Group have been selected as replacement. The 2023 labour market reference group consists of: Aalberts Industries, AMG, Aperam, Arcadis, ASM International, BAM Group, Brunel, Corbion, John Wood Group, SBM Offshore, Sweco, TKH Group, TomTom and Vopak. In addition, an international group has been used to assess market competitiveness within the sector, especially regarding short- and long-term incentive levels.

Analyses

In the design of the remuneration policy and in determining the remuneration of the members of the Board of Management, the Supervisory Board takes into consideration:

- Fugro's purpose, vision and strategy.
- Related strategy enablers and Fugro's values.
- Internal pay differentials.
- Scenario analyses, indicating possible outcomes of the variable remuneration elements and how these may affect the remuneration.
- Performance indicators relevant to the long-term objectives of the company.

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

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

Remuneration elements

The remuneration of the Board of Management consists of the following four elements:

- Fixed base salary.
- Short-term incentive (STI), consisting of an annual cash bonus opportunity.
- Long-term incentive (LTI), consisting of conditional performance shares.
- Pension and other benefits.

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

Fixed base salary

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

Short-term incentive

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

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

The Supervisory Board will also determine the relative weight for the selected performance metrics and the applicable performance zones for each metric (financial and non-financial). These zones determine:

- Threshold performance below which no pay-out is made.
- Target performance at which target pay-out is made.
- Excellent performance at which the maximum pay-out is made.

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

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

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

Long-term incentive

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

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

- CEO: 100%.
- CFO: 90%.

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

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

- Total shareholder return (TSR): 37.5%.
- Return on capital employed (ROCE): 37.5%.
- Strategic target: 25%.

TSR is defined as the share price increase, including reinvested dividends. TSR is measured over a three-year (calendar year) period based on a three-month average of the last three months of the year before grant and before vesting date. The relative position within the peer group determines the award level. The composition of the peer group is evaluated on a yearly basis, amongst others, considering corporate events, and comprises Arcadis, Core Laboratories, Fluor, John Wood Group, Oceaneering International, Schlumberger, Subsea 7, Sweco (as per 2023, see reference above) TechnipFMC, Transocean and WorleyParsons.

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

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

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

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

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

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

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

Achievement of the performance targets is determined by the Supervisory Board in the first quarter of the year following the three-year performance period. The vesting period starts at the first day following the grant date. Vested shares have a holding (lock-up) period of 2 years and may be partly sold only to meet tax requirements at vesting. The holders of performance shares are not entitled to shareholders' rights, including the right to dividends, during the period between granting and vesting.

Pension and other benefits

The pension contribution for the members of the Board of Management is in line with market practice. In accordance with Dutch law, tax deductible pension accruals are only possible for the part of salary up to EUR 128,810 (2023). Members of the Board of Management are compensated by a non-tax deductible, age dependent pension contribution, which allows building up pension out of net salary, resulting in pension costs for Fugro at a similar level as before the legislative changes per 1 January 2015.

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

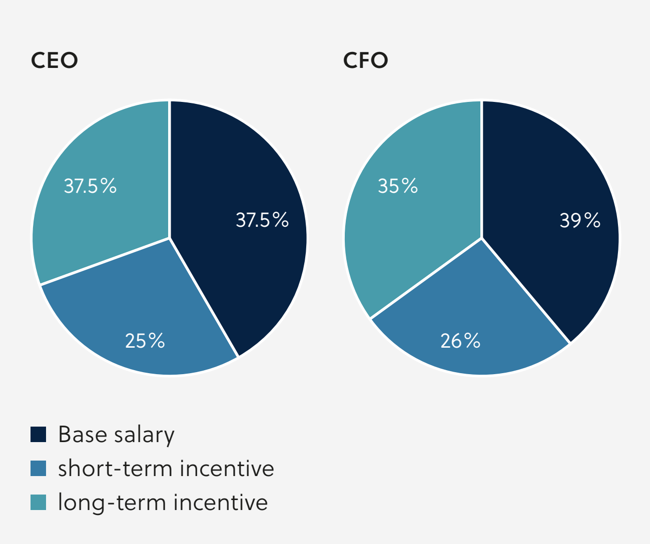
The fringe benefits of the members of the Board of Management are commensurate with the position held and include expense and relocation allowances, a company car and health and accident insurance. Fugro does not grant loans, advance payments or guarantees to members of the Board of Management.

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

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

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

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



Remuneration Board of Management in 2023
Fixed base salary
In 2023, the fixed base salary of the CEO and CFO was adjusted in line with policy. The benchmark study indicated that an increase was needed to continue to align to median market level.

Short-term incentive
The remuneration committee evaluated the performance of the Board of Management in relation to the targets that had been set for the year. The financial metrics for the STI in 2023 were: adjusted EBIT margin, working capital and free cash flow.

The actual 2023 performance in relation to the performance zones that had been set for each of the financial metrics, would result in a bonus of 83.33% of fixed base salary.

During the capital markets day in November 2023, Fugro presented its new strategy Towards Full Potential marking a significant milestone for the company. The remuneration committee identified formulating Fugro's new strategy as one of the key personal targets. The new strategy underscores the company's commitment to growth and transformation. Additionally, the CEO and CFO were tasked with implementing a supporting organisational structure and achieving various people related targets, including talent, succession, and diversity initiatives. These efforts aim to fortify the company's human capital and bolster its ability to deliver on the new strategy.

In evaluating performance on these personal metrics in personal meetings with CEO and CFO, and based on reporting received during the year, the remuneration committee concluded that both members fully delivered on their personal targets. This leads to a pay-out on the personal metrics of 16.67% of fixed base salary. The total performance regarding the financial and personal targets results in a bonus of 100% of fixed base salary.

The bonus for the members of the Board of Management is 66.7% of their base salary at target level. At maximum score, the bonus can result in 100% of base salary. For 2023, the bonus results were such that the maximum pay-out was achieved which resulted in a 100% of base salary pay-out. On 28 February 2024, the Supervisory Board discussed this proposal and agreed with it.

Long-term incentive

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

Long term incentives

Performance shares	M.R.F. Heine	B.P.E. Geelen
Outstanding on 31 December 2022	194,000	112,500
Partly vested on 26 February 2023, locked for 2 years	(29,000)	-
Granted on 25 February 2022	82,500	56,250
Outstanding on 31 December 2023	247,500	168,750

Shares held by Board of Management

	M.R.F. Heine	B.P.E. Geelen
31 December 2022	77,087	20,000
31 December 2023	95,038	27,500

Performance Board of Management on short-term incentive targets 2023

	Weight	Performance zones: Threshold	At target	Excellent	Result 2023	Bonus as % of base salary
Adjusted EBIT margin	35%	7.0%	8.5%	10%	11.5%	38.89%
Working capital % of 4 times Q4 revenue	20%	12.0%	11.0%	9.5%	8.9%	22.22%
Free cash flow* proxy in EUR million	20%	100	130	160	225	22.22%
Personal targets	25%		On individual basis			16.67%
Total						100%

* Free cash flow proxy = Adjusted EBITDA – capital expenditure – leases. Capital expenditure excludes exceptionally large capex.

Vesting of 2021 performance shares

On 1 March 2024, the performance shares which were granted on 1 March 2021 to the Board of Management and other senior management will vest.

On TSR, Fugro ended at the 6th position in the ranking of the peer group, resulting in 50% vesting.

ROCE came out above the 'excellent' level, which resulted in 175% vesting.

Fugro has made significant strides in advancing sustainability across various fronts, with great progress in 2023 specifically. Notably, we have witnessed positive outcomes resulting from initiatives such as the increased utilisation of renewable energy in our offices, significant reduction of CO_2 footprint in vessel operations, and the active participation of Fugro's survey fleet in the Nippon Foundation-GEBCO Seabed2030 project. Furthermore, Fugro has consistently improved its scores with various ESG rating agencies including CDP, Sustainalytics, MSCI, Moody's and the Transparancy Benchmark of the Dutch Ministry of Economic Affairs and Climate Policy. The remuneration committee recognises the significant progress made on the ESG agenda, and has determined that the maximum result of 175% was achieved.

In total, this resulted in a vesting percentage of 128.13.

Vesting of 2021 performance shares

Calculation of vesting percentage	Weight	Result	Vesting
TSR	37.5%	50%	18.75%
ROCE	37.5%	175%	65.63%
Strategic ESG target	25%	175%	43.75%
Total	100%		128.13%

Result	M.R.F. Heine	B.P.E. Geelen
Grant 1 March 2021	82,500	56,500
Vested per 1 March 2024	105,703	64,063[1]

1 Pro rated due to start of service per 1 May 2021.

Total remuneration Board of Management in 2022–2023

The table below gives an overview of the remuneration of the Board of Management in 2022 and 2023. In this table the LTI incentive refers to the IFRS 2 expense as included in the financial statements.

Other benefits

The additional benefits, i.e. company car and health and accident insurance, remained unchanged in 2023.

Total remuneration Board of Management in 2022–2023

	% of total in 2023	M.R.F. Heine 2023	M.R.F. Heine 2022	% of total in 2023	B.P.E. Geelen 2023	B.P.E. Geelen 2022
Fixed base salary[1]	25.0%	715,000	686,250	25.5%	513,333	500,000
Short-term incentive[2]	25.4%	725,000	437,696	25.9%	520,000	314,889
Pension costs including disability insurance and related costs	1.5%	43,630	36,217	2.1%	41,936	36,217
Pension compensation	2.4%	68,549	66,654	3.4%	68,549	66,654
Long-term incentive[3]	45.7%	1,304,259	629,169	43.1%	865,480	322,208
Total	100%	2,856,438	1,855,986	100%	2,009,298	1,239,968

1 Base salary adjusted per 1 May 2023 for CEO with 4.3% to EUR 725,000 and for CFO with 4% to EUR 520,000.
2 STI 2023 is related to 2023 performance, paid in 2024; STI 2022 is related to 2022 performance, paid in 2023.
3 LTI incentive refers to the IFRS 2 expense as included in the financial statements. The vesting value of the LTI (16,191 shares) in 2023 for Mark Heine amounted to EUR 192,835.

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

		2023	2022	2021	2020	2019
M.R.F. Heine[2]	Remuneration	1,552,179	1,226,817	1,203,979	962,144	1,076,280
	Remuneration including LTI (IFRS)	2,856,438	1,855,986	2,061,144	1,343,737	1,458,821
	% change	54%	(10%)	53%	(8%)	43%
	Remuneration including LTI (actual vesting) value	1,745,013	1,471,497	1,302,315	997,710	1,076,280
	% change	19%	13%	31%	(7%)	42%
B.P.E. Geelen[3]	Remuneration	1,143,818	917,760	624,693		
	Remuneration including LTI (IFRS)	2,009,298	1,239,968	725,507		
	% change	62%	47%			
P.A.H. Verhagen	Remuneration			206,575	771,514	857,345
	Remuneration including LTI (IFRS)			466,779	1,057,655	1,224,144
Adjusted EBITDA	Actual	397	230	176	162	184.9
Personnel expenses per FTE[4]	Actual	75,313	70,801	64,383	64,820	66,342
	% change	6%	10%	(1%)	(2%)	9%

1 Remuneration includes base salary, short term incentive, long term incentive, pension and pension contribution.
2 Reappointed CEO in AGM 2023.
3 Appointed CFO at AGM 2021.
4 Personnel expenses include all salary costs, bonus, LTI plans, social security and retirement contributions.

Internal pay ratio and 5-year analysis

Pay ratios

In designing the remuneration policy, the pay ratios within Fugro are taken into consideration. An external consultant assisted in developing an approach to review pay ratios and, more specifically, the pay ratio between the CEO and the average of the employees for the relevant year. Based on the value of the actual long-term incentive awarded to the CEO in 2023 and the STI pay-out for 2023, the ratio amounted to 38 (2022: 26), implying that the CEO pay was 38 times the average pay within the organisation. The average pay takes into account all employee costs, i.e. salaries, variable pay, pensions and other benefits. Based on the expected value of the CEO's long-term incentive at target vesting, the pay ratio would have been 30 (2022: 27). The remuneration committee notices the increase on the pay ratios due to the LTI program but still considers these pay ratios acceptable, also in view of market practices for companies comparable to Fugro.

5-year analysis

From 2019 through 2021, Fugro implemented limited salary adjustments due to the performance of the company at that time. In 2022 and 2023, Fugro had market salary reviews for all employees. In 2022, next to the regular salary review in April, Fugro implemented an additional increase of 4% per November for all employees excluding the Board of Management. The CEO base salary was adjusted in May 2022 and 2023.

Terms of appointment members of the Board of Management

When members of the Board of Management are nominated for (re)appointment, the nomination is for a maximum period of four years. Members of the Board of Management deliver their services under a management services contract. For termination of contract, a three months' notice period is applicable for both Fugro and the members of the Board of Management.

Severance pay

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

In 2023, no severance payments were committed to (former) members of the Board of Management.

Remuneration Board of Management per 2024

Early 2023, the remuneration policy underwent a thorough evaluation by the remuneration committee. Following this evaluation, it was determined that the policy is still aligned with Fugro's strategic goals and targets. However, considering the new strategy Towards Full Potential and Vision 2030, the Supervisory Board opted to refine certain elements of the remuneration policy for the Board of Management. This adjustment aims to bolster the company's strategic direction and ensure alignment with the competitive landscape.

The revised policy has undergone comprehensive scrutiny, including engagement with the company's largest shareholders and various proxy advisors. Fugro actively sought their input regarding the proposed changes, and their feedback was instrumental in shaping the final adjustments. They expressed support for the proposed modifications, underscoring Fugro's commitment to transparency and responsiveness. The adjusted remuneration policy will be presented for approval at the AGM 2024, reflecting the company's dedication to robust governance practices and accountability to shareholders.

The following changes will be proposed:

Short-term incentive

Fugro is committed to a dual mandate of performance and transformation, as reflected in its strategic direction. While maintaining its focus on financial performance, the adjusted policy is elevating the importance of non-financial targets. To this end, personal targets are adjusted to non-financial targets related to amongst others key ESG aspects of Fugro's business, which will constitute 30% of overall targets, with financial targets comprising the remaining 70%. Furthermore, the possibility of exceeding these non-financial targets is introduced. At the same time, the maximum bonus for the Board of Management remains unchanged.

The non-financial targets for all board members in 2024 include reducing CO_2 emissions and achieving milestones in the further roll-out of the group's ERP programme as part of the key strategy enabler operational excellence. Additionally, targets are established to enhance diversity in leadership, aiming for a higher representation of female leaders. The extent to which these targets are realised will be fully disclosed in the 2024 remuneration report. Health, safety, security, and environment (HSSE) also remain paramount to Fugro. Therefore, any shortcomings in overall HSSE performance may lead to adjustments in management bonuses across the organisation, including the Board of Management.

The metrics that will be used for the 2024 short-term incentive and their relative weight are as follows:

- Adjusted EBIT margin, weight 35%.
- Working capital, weight 15%.
- Free cash flow proxy, weight 20%.
- Non-financial targets, weight 30%.

Long-term incentive

To remain competitive in the market, the target long-term incentive for the CEO will be raised by 10% of base salary, with a corresponding adjustment for the CFO. The number of shares allocated are calculated at the average share price of the last 3 months of the preceding year of the new grant period. The grant is set for a fixed period of 3 years. Additionally, for exceptional performance, the LTI multiplier will increase from 1.75 to maximum 2. In addition, members of the Board of Management will also be required to hold their performance shares during the 2-year holding period after their management agreement with the company ends; this is a change to the current rules.

To better reflect Fugro's evolving business landscape and strategic transformation towards sustainable solutions, the weight of non-financial targets within the long-term incentive programme will be increased to 30%.
This realignment allocates 35% each to total shareholder return and return on capital employed. Additionally, to reflect a true median the total shareholder return peer group is expanded to 13 companies. The metrics will have an adjusted weighting supporting that there will be no vesting below the midpoint of the metrics.

The metrics will be adjusted as follows:

Total shareholder return ranking (weight: 35%) and applicable vesting (% of conditional award)

Ranking	13	12	11	10	9	8	7	6	5	4	3	2	1
Vesting	0%	0%	0%	0%	0%	0%	50%	75%	100%	125%	150%	175%	200%

In the coming year, the company will review further adjustments to the TSR peer group reflecting Fugro's business environment. The ESG targets for the vesting period 2024 – 2026 include improving Fugro's employee net promoter score, and reducing employee turnover and Fugro's carbon footprint.

Fixed base salary

In light of the performance evaluation of the Board of Management, Fugro's strategic progress and improved performance, the remuneration committee has resolved to increase the salaries of our CEO and CFO to EUR 750,000 and EUR 540,000 respectively, effective 1 May 2024, to ensure that executive compensation remains in line with company objectives, market trends, and broader organisational adjustments.

New Board of Management members

Newly appointed members of the Board of Management will be subject to revised terms regarding mid-term termination severance and sign-on packages. For these individuals, mid-term termination severance will amount to 12 months of fixed base salary, including the notice period months, and will cease to apply after two full terms. Additionally, Fugro will introduce a new hire clause allowing for a sign-on package in shares, balanced to incentivise short and long-term performance.

Remuneration Supervisory Board

Remuneration policy

The Supervisory Board draws up the remuneration policy based on advice from its remuneration committee.
The remuneration policy will be evaluated regularly and will be put forward for adoption by the AGM at least every four years. To align with market data and updating the policy also reflecting current practises in our committees the policy was updated and received AGM approval in 2023.

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

The remuneration consists of the following elements:

- a fixed remuneration and a committee fee, which varies for the chair, vice-chair, audit-chair and members, to reflect the time spent and the responsibilities of the role;
- a travel allowance for international travel to attend meetings, to compensate for additional time spent to attend meetings;
- a reimbursement for actual costs in the performance of the duties for Fugro.

Committee impact and responsibility is deemed to be comparable, hence there is no difference in committee fees, except for the chair of the audit committee.

The remuneration committee uses external benchmarks to assess market comparability of the remuneration.
Remuneration levels are aimed at the median of Dutch listed companies with a two-tier board structure comparable in size and scope.

Remuneration Supervisory Board

	Fixed board remuneration per year		Fixed committee fee per year
Chair	EUR 80,000	Chair audit committee	EUR 12,000
Vice-chair	EUR 62,000	Chair	EUR 10,000
Member	EUR 55,000	Member	EUR 8,000

Travel allowance & business expenses

The travel allowance is only applicable for international travel outside the Benelux.

	International travel type	Travel allowance
Regular Board meeting	Continental & Intercontinental	EUR 5,000
Non - Regular Board meeting	Continental	EUR 2,500
Non - Regular Board meeting	Intercontinental	EUR 5,000

Members of the Supervisory Board will be reimbursed upon declaration for the actual incurred business expenses they make as part of their role.

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

Remuneration Supervisory Board 2023

(x EUR)	Fixed fee	Number of committees	Membership committee	Attendance allowance	Fee change versus 2022[1]	Total
Sj.S. Vollebregt (chairman per AGM 2021)	80,000	2	18,000	5,000	23%	103,000
P.H.M. Hofsté (retired per AGM 2023)	18,333	1	3,333		(67%)	21,667
A.J. Campo	55,000	2	16,000	25,000	22%	96,000
R. Mobed (vice Chair per 26 July)	58,005	2	16,000	42,500	19%	116,505
A.H. Montijn	55,000	2	18,000	5,000	22%	78,000
M.J.C. de Jong	55,000	2	18,000	5,000	16%	78,000
E. Kairisto (appointed per AGM 2023)	37,473	1	8,176	5,000	n.a.	50,649

1 Fugro changed the remuneration policy, after 10 years being unchanged, which was approved by the AGM in May 2023. The changes led to an overall increase of 20% of the membership fees.

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

Ownership Fugro shares (per December 2023)

Sj.S. Vollebregt	26,250
R. Mobed	6,245
M.J.C. de Jong	56,000

Members of the Supervisory Board can only retain shares in Fugro that are exclusively kept as long-term investment.

Leidschendam, 7 March 2024

On behalf of the remuneration committee
Anja Montijn, Chair

Financial Statements 2023

Sediment testing
Namibia

Consolidated statement of comprehensive income

Fugro Group

For the year ended 31 December

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

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

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

Consolidated statement of financial position

Fugro Group

As at 31 December

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

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

1 Reference is made to note 2.6.

Consolidated statement of changes in equity
Fugro Group

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

Consolidated statement of cash flows

Fugro Group

For the year ended 31 December

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

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

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

Consolidated statement of cash flows (continued)

Fugro Group

For the year ended 31 December

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

Notes to the consolidated financial statements

1. General information

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

2. Accounting policies

2.1 Basis of preparation

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

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

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

2.2 Estimates, judgements and uncertainties

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

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

2.3 Basis of consolidation

Accounting for business combinations

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

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

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

Subsidiaries

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

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

Transactions eliminated on consolidation

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

2.4 Foreign currency

Foreign currency transactions and translation

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

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

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

Foreign operations

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

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

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

2.5 Summary of accounting policies

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

Change in accounting policy - international tax reform

Amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules. These include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules.
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation before its effective date.

Reference is made to note 16 Income taxes.

2.6 Correction of prior period errors

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

3. Climate-related matters

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

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

4. Macro-economic and geopolitical uncertainty

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

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

5. Segment reporting

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

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

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

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

Operating segments/reportable segments

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

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

6. Assets held for sale

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

6.1 Discontinued operations

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

6.2 Assets held for sale

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

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

7. Revenue

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

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

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

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

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

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

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

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

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

Contract balances

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

7.1 Disaggregation of revenue from contracts with customers

Revenue by businesses and market segment

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

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

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

7.2 Unsatisfied performance obligations

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

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

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

7.3 Contract balances

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

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

8. Third party costs

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

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

9. Other income

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

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

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

Government grants includes tax credits received on research and developments.

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

10. Personnel expenses

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

11. Employees

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

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

12. Share-based payments

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

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

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

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

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

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

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

12.1 Performance shares

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

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

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

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

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

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

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

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

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

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

12.2 Restricted Share Unit plan

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

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

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

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

12.3 Restricted shares

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

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

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

12.4 Options

Share options

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

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

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

13. Impairments of non-financial assets

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

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

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

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

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

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

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

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

14. Other expenses

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

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

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

15. Net finance (income)/expenses

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

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

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

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

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

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

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

16. Income tax

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

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

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

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

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

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

16.1 Income tax expense/(gain)

Recognised in profit or loss

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

Reconciliation of effective tax rate

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

Income tax using the weighted domestic average tax rates

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

Recognition of previously unrecognised tax losses

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

Recognition of liquidation losses

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

Adjustments for prior years (deferred)

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

16.2 Current tax assets and liabilities

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

Restatement of prior period errors

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

16.3 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

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

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

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

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

Movement in temporary differences during the year

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

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

Tax loss carry-forward

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

Liquidation losses

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

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

16.4 Unrecognised deferred tax assets and liabilities

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

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

Unrecognised deferred tax assets

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

Tax loss carry-forward

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

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

Temporary differences relating to investments in subsidiaries

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

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

17. Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

18. Leases

Accounting policies Fugro as lessee

Definition of a lease

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

Recognition and measurement

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

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

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

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

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

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

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

Accounting policies Fugro as lessor

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

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

Vessels

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

Property

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

Equipment

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

Right-of-use assets

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

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

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

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

Amounts recognised in profit and loss

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

Amounts recognised in the statement of cash flows

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

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

19. Intangible assets including goodwill

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

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

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

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

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

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

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

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

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

Goodwill

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

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

Impairment testing for cash-generating units containing goodwill

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

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

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

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

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

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

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

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

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

20. Investments in equity-accounted investees

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

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

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

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

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

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

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

21. Other investments

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

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

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

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

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

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

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

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

22. Inventories

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

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

23. Trade and other receivables

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

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

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

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

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

Impairment losses

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

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

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

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

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

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

24. Cash and cash equivalents

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

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

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

25. Total equity

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

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

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

25.1 Share capital and share premium

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

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

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

Ordinary shares

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

Preference shares

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

25.2 Translation reserve

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

25.3 Reserve for own shares

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

25.4 Unappropriated result

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

26. Basic and diluted earnings per share

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

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

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

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

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

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

27. Non-controlling interest

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

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

Summarised financial information on subsidiaries with material non-controlling interests

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

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

Summarised balance sheet

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

Summarised income statement

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

Summarised cash flows

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

The amounts above are before intercompany eliminations.

28. Financial liabilities

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

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

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

28.1 Loans and borrowings

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

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

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

Senior Facility Agreement

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

Pledged assets (collateral)

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

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

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

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

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

28.2 Senior RCF

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

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

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

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

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

28.3 Term loan

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

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

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

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

28.4 Subordinated unsecured convertible bonds

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

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

28.5 Changes in liabilities arising from financing activities

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

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

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

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

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

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

28.6 Covenant requirements

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

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

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

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

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

28.7 Sustainability-linked KPIs

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

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

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

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

29. Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

Other long-term employee benefits

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

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

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

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

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

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

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

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

The following remeasurements were recognised directly in other comprehensive income:

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

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

Actuarial assumptions

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

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

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

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

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

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

Risk exposure

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

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

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

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

Major categories of plan assets

Plan assets are comprised as follows:

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

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

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

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

30. Provisions

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

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

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

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

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

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

31. Trade and other payables

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

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

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

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

32. Financial risk management

Derivative financial instruments and hedge accounting

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

32.1 Overview

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

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

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

32.2 Credit risk

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

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

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

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

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

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

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

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

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

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

Credit risk exposure

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

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

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

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

32.3 Liquidity risk

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

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

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

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

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

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

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

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

32.4 Market risk

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

32.4.1 Currency risk

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

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

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

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

Sensitivity analysis

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

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

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

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

2022

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

32.4.2 Interest rate risk

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

Profile

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

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

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

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

32.5 Capital management

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

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

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

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

33. Fair values

Determination of fair values

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

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

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

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

Financial assets and liabilities

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

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

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

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

Interest rates used for determining fair value

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

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

Fair value hierarchy

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

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

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

Fugro's valuation processes

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

34. Commitments not included in the statement of financial position

Bank guarantees

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

Capital commitments

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

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

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

Climate commitments

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

Contingencies

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

Parent company guarantees

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

35. Related parties

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

Transactions with key management personnel

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

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

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

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

Other transactions with key management personnel

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

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

The individual shareholdings are less than 5%.

Other related parties

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

36. Subsequent events

There were no subsequent events.

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

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

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

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

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

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

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

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

Company balance sheet

Fugro N.V.

As at 31 December, before result appropriation

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

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

1 Reference is made to note 2.6.

Company income statement

Fugro N.V.

For the year ended 31 December

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

Notes to the company financial statements

38. Basis of preparation

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

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

39. Financial fixed assets

Subsidiaries

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

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

40. Deferred tax assets

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

41. Trade and other receivables

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

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

42. Equity

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

43. Provisions

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

44. Deferred tax liabilities

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

45. Loans and borrowings

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

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

46. Trade and other payables

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

47. Revenue

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

48. Other income

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

49. Personnel expenses

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

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

50. Other expenses

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

Audit fees

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

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

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

51. Net finance (income)/expenses

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

52. Income tax

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

53. Contingencies

Fiscal unity

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

Bank guarantees

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

Other guarantees

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

Other contingencies

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

54. Related parties

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

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

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

Leidschendam, 7 March 2024

Board of Management

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

Supervisory Board

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

Other information

Geotechnical testing

United Kingdom

Other information

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

Independent auditor's report

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

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

Our opinion

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

In our opinion:

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

The consolidated financial statements comprise:

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

The company financial statements comprise:

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

Basis for our opinion

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

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

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

Information in support of our opinion

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

Our understanding of the business

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

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

Materiality

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

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

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

Scope of the group audit

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

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

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

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

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

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

Teaming and use of specialists

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

Our focus on climate-related risks and the energy transition

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

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

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

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

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

Our responsibility

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

Our audit response related to fraud risks

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

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

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

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

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

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

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

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

Presumed risks of fraud in revenue recognition

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

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

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

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

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

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

Our audit response related to going concern

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

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

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

Our key audit matters

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

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

Estimates with respect to the valuation of goodwill and vessels

Risk

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

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

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

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

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

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

Estimates with respect to the valuation of goodwill and vessels

Our audit approach

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

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

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

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

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

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

Key observations

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

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

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

Report on other information included in the annual report

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

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

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

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

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

Report on other legal and regulatory requirements and ESEF

Engagement

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

No prohibited non-audit services

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

European Single Electronic Reporting Format (ESEF)

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

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

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

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

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

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

Description of responsibilities regarding the financial statements

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

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

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

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

Communication

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

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

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

The Hague, 7 March 2024

Ernst & Young Accountants LLP

Signed by R.H. de Boer

Statutory provisions regarding the appropriation of net result

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

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

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

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

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

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

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

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

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

Five-year historical review

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

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

1 Continuing operations only, unless otherwise stated.

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

3 Total of current and non-current balances.

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

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

1 Continuing operations only, unless stated otherwise.

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

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

NA = not available

Reconciliation of non-IFRS performance measures

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

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

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

Revenue – comparable growth

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

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

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

EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA

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

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

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

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

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

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

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

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

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

Working capital and DRO

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

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

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

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

Net debt and capital employed

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

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

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

Return on capital employed and NOPAT

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

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

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

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

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

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

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

Taxonomy-Capex

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

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

Glossary

Business/technical terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LNG Liquefied natural gas.

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

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

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

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

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

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

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

Non-IFRS financial measures

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

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

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

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

Capital expenditure capital expenditures on property, plant and equipment.

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

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

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

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

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

Adjusted EBIT reported result from operating activities before net financial expenses and taxation, adjusted for the following items
- Impairment losses
- Onerous contract charges
- Restructuring costs
- Certain adviser and other costs or gains

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

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

Adjusted EBITDA reported result from operating activities before net financial expenses, taxation, depreciation, amortisation, and impairment losses, adjusted for the following items
- Onerous contract charges
- Restructuring costs
- Certain adviser and other costs or gains

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

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

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

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

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

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

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

Net profit margin profit as a percentage of revenue.

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

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

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

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

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

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

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

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

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

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

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

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

Colophon

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

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