WE CHANGE LIVES

2020 House Results
Governance, Risk and
Financial Statements

HOUSE OF HR

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CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE

1 PREAMBULUM

'House of HR' is a public limited liability company (in Belgium called 'naamloze vennootschap' or 'société anonyme'), organized under the Belgian law. It has its registered office at Beversesteenweg 576, 8800 Roeselare. At the Crossroads Bank for Enterprises ('Kruispuntbank Ondernemingen') House of HR is registered under number 0643.887.978, RPR/RPM Gent, section Kortrijk.

House of HR consists of 8 powerhouses, representing 36 brands, all specialized and active in temporary and permanent staffing solutions and in engineering & consulting.

The powerhouses are:

Specialized Talent solutions	Engineering & Consulting
TIMEPARTNER	ABYSLEN
	CONTINU
	REDMORE
ACCENT	GRITT
COVEBO	VIALEGIS

House of HR has over 500 offices spread over Belgium, the Netherlands, France, Germany, Luxemburg, Poland, Portugal, Spain, Switzerland and Romania. House of HR is known for its entrepreneurial spirit, digital innovations and baldness and has been outperforming the market ever since being founded.

The French private equity firm Naxicap entered as a shareholder in 2012, and acquired a majority stake in 2014. The remaining shares are held by founding partner Conny Vandendriessche and a number of managers in the Group.

As a fast growing multinational, House of HR considers the implementation of governance standards a topic of utmost importance. These standards must facilitate effective entrepreneurship as well as careful management, delivering long-term success to the Group. Good governance is fundamental to establish transparency and accountability throughout the Group.

In what follows, we will zoom in on the different elements constituting our Corporate Governance structure.

2 BOARD OF DIRECTORS

2.1 Structure and composition

The Board of Directors consists of 10 members. Their roles and responsibilities, the composition of the Board, the structure and the organization are described in 14 – 17of the articles of association of the company.

Unless otherwise decided by the shareholders meeting, directors are appointed for a maximum term of six years. This term can be renewed.

Appointing and renewing directors is based on recommendations of the Remuneration and Nomination Committee. This committee takes into account several well balanced parameters, such as governance skills, professional skills, behavioral skills and gender diversity. Appointing and renewing directors is also subject to approval by the shareholders' meeting.

As per today, the Board of Directors consists of the following persons:

Name	Age	Position
Ms. Rika Coppens	48	Managing Director
Mr. Eric Aveillan Naxicap Partner SA, represented by its permanent representative	49	Chairman
Mr. Grégoire de Mazancourt	33	Director
Banque Populaire Développement SA, represented by its permanent representative **Mr. Valentin Eischen**	25	Director
Naxicap Rendement 2022 SAS, represented its permanent representative by **Ms. Agathe Baujard**	30	Director
Pro-Fund BV, represented by its permanent representative **Ms. Conny Vandendriessche**	56	Director
Mr. Aurélien Dorkel	36	Director
Pentacon BV, represented by its permanent representative **Mr. Paul Thiers**	67	Director
Mr. Philippe Marcel	67	Independent Director
FinFactory BV, represented by its permanent representative **Ms. Astrid Heiremans**	39	Independent Director

Mr. Daniel Masata is appointed as advisor to the Board.

Below, you can read the biographies of all the members of the Board of Directors and its advisor.

Eric Aveillan is chairman of the Board of House of HR. He is the CEO of Naxicap Partners and also represents Naxicap Partners in certain of their investment companies.. He has a degree in accounting and finance (diplôme d'études comptables et financières, diplôme d'études supérieures comptables et financières) from Sciences Po, Paris, 1996.

Conny Vandendriessche is Director of House of HR. Conny Vandendriessche also serves as a member of the Board at JBC, The Birdhouse, ORAC NV and Televic. She also founded and is the managing partner of 'We Are Jane' and Stella P. Conny Vandendriessche received her hostess tourism degree from Vormingsinstituut Toerisme Brugge in 1985. She also holds professional qualifications in 'Next Generation Leadership' from Antwerp Management School, the 'Women Entrepreneur Program' from Stanford University and IGMO Groeimanagement from Vlerick Business School.

Rika Coppens is the managing director of House of HR and serves as permanent representative of House of HR at the board of directors of certain of House of HR's (direct and indirect) operating companies. Rika Coppens also is a non-executive board member at Colruyt Group.

Before joining House of HR, she held senior positions at the EFR Group, where she was CEO from 2015 to 2017, after having been CFO from 2010 to 2014. She also served as an independent director and member of the Audit Committee at RealDolmen from 2017 to 2018. Rika Coppens holds a Master's degree in Commercial Engineering from KU Leuven (1996).

Grégoire de Mazancourt is Director at House of HR as a representative of Naxicap Partners. He represents Naxicap in the boards of Carbon Bee AgTech, OWI and MonBuilding. Grégoire de Mazancourt received his PhD in Physics from Université Paris Diderot in 2013 and his MBA from Collège des Ingénieurs in 2014.

Valentin Eischen is Director at House of HR as a representative of Naxicap Partners. Previously, he worked in M&A at Rothschild & Co and in Private Equity at PAI Partners. Valentin Eischen graduated from EM Lyon Business School in 2019.

Agathe Baujard is Director of House of HR as a representative of Naxicap Partners. She also represents Naxicap on the boards of Newparf, We are Jane and MYRE. Agathe Baujard graduated from HEC Paris in 2014. She has previous experience working in M&A in the French banking group BNP Paribas.

Aurélien Dorkel is Director of House of HR and investment director at Naxicap Partners. Aurélien Dorkel received his Bachelor's degree from ECAM Lyon in 2008 and a degree in financial engineering from EM Lyon Business School in 2009.

Paul Thiers is Director of House of HR and Pentacon BVBA, and a member of the board of directors at ORIGIS Energy. He is also a co-founder of the Friends of BRYO. Paul Thiers received his Master of Laws degree from KU Leuven in 1980, his notary's degree from KU Leuven in 1981 and his PUB degree from Vlerick Business School in 1983.

Philippe Marcel is independent Director of House of HR. Since 2007. He has served as a member of the board of directors for April SA. Philippe Marcel also serves as chairman of the board at PBM Consulting. He received his Master's degree from EM Lyon Business School in 1976.

Astrid Heiremans is independent Director of House of HR, as representative of FinFactory BV. She has more than 15 years of experience in various industries (production, consumer retail, business services) focusing both on compliance and on defining and implementing financing and operational strategies. Before joining House of HR as a Director in September 2019, Astrid Heiremans had a 10 year career at Deloitte serving as a Senior Audit Manager. She holds a Master's degree in Commercial Engineering from the University of Leuven (KU Leuven).

Daniel Masata is appointed as advisor to the Board of Directors since January 2021. He is founder and CEO at Volonte and Skill Principals. He holds a master's degree in international management (University of Mannheim and EDHEC Business School).

2.2 Functioning of the Board of Directors

The Board has met 11 times in 2020, of which 10 times virtually due to the Covid19 situation, with following attendance:

		20-Feb	21-Apr	28-Apr	30-Jun	26-Jun	01-Jul	15-Jul	16-Sep	01-Oct	23-Nov	11-Dec	15-Dec
Eric		1	1	1	1	1	1	1	1	1	1	1	Postponed to 8/01/2021
Aurélien		1	1	1	1	1	1	1	1	1	1	1	
Agathe		1	1	1	1	1	1	1	1	1	1	1	
Grégoire		1	1	1	1	1	1	1	1	1	1	1	
Valentin		1	1	1	1	1	1	1	1	1	1	1	
Conny		1	1	1	1	1	1	1	1	1	1	1	
Paul		1	1	1	1	1	1	1	1	1	1	1	
Rika		1	1	1	1	1	1	1	1	1	1	1	
Astrid		1	1	1	1	1	1	1	1	1	1	1	
Philippe M		1		1	1	1	1	1	1	1	1	1	

The Board of Directors has established several committees to assist in certain matters. Examples are audit and risk, remuneration and nomination of candidates for different positions within the Group. Also, the Board received assistance from an Innovation Committee. It has committed to establish a CSR Committee, dealing with corporate social responsibility matters.

Audit and Risk Committee

This Committee advises the Board on its responsibility to ensure that the financial reports are fair, balanced and understandable. It provides the information needed for shareholders to assess the Group's position, performance, business model and strategy. The Committee is also monitoring and reviewing all risk and control activities and reporting about this task to the Board. It does so because the Board has the ultimate responsibility for maintaining a strong set of internal controls and for overseeing, reviewing and ensuring the effectiveness of the risk management and internal control systems. House of HR has a governance and control charter ('GERMP') signed by all operating companies in the group. (*See Risk section page XXX for more details*)

The Audit and Risk Committee has met 3 times in 2020, with full attendance.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of Conny Vandendriessche, Aurélien Dorkel and Paul Thiers. The Committee meets at least two times per year.

The remuneration committee is responsible for considering and making recommendations to the Board on the general policy on executive and senior management remuneration, overall remuneration packages for executive directors, and design and operation of the Group's share incentive plans.

Next to that, this Committee makes recommendations to the Board on the appointment or succession of senior management.

The Remuneration and Nomination Committee has met 2 times in 2020, with full attendance.

Innovation Committee

The Innovation Committee consists of Rik Vera, Luc Burgelman, Wilbert Ingels, Daniel Masata and Wim Vanhaelemeesch, all of them possessing in-depth experience in strategic innovation.

This Committee is responsible for delivering strategic advice to the Board on innovation and (new) digital initiatives. Several applications resulted from this innovation advice, such as Nowjobs, Gighouse and SWOP.

The Innovation Committee has met 3 times in 2020, with full attendance.

CSR Committee

In the course of 2021, House of HR will establish a CSR Committee, to be fully in line with its commitment to roll out a corporate and social responsibility strategy.
This Committee will streamline all existing and new CSR initiatives in the Group as well as in the operating companies. (*See CSR summary section page XXX for more details*)

3 CEO AND EXECUTIVE COMMITTEE

The Board of Directors has entrusted to the Chief Executive Officer (CEO) the responsibility for the day-to-day management of House of HR. As such, the CEO has operational responsibility for the entire House of HR Group. She leads the Executive Committee (ExCom) which consists of the CEO, the Chief Financial Officer (CFO), the Head of Legal, the Chief Information Officer (CIO), the Chief Digital Officer and Public Affairs (CDO), the Chief Marketing Officer (CMO) and the Head of Risk and Internal Audit.

The ExCom reports to the CEO and works with the Board on topics such as corporate governance, general management and the implementation of the corporate strategy as defined by the Board. Also, the ExCom performs other duties as assigned by the CEO or the Board.

The ExCom advises on all operational and financial aspects of the business of House of HR. Normally, it meets every month. Due to the Covid-19 pandemic, the ExCom met almost every two weeks in the course of 2020.

The following table explains details about the members of the ExCom, as per date of publication of the Annual Report.

Name	Age	Position
Rika Coppens	48	Chief Executive Officer
Andres Cano	58	Chief Financial Officer
Thomas Martens	39	Head of Legal
Wilbert Ingels	51	Chief Information Officer
Abdel Bencheikh	57	Head of Risk and Internal Audit
Lieven Van Nieuwenhuyze	44	Chief Digital Officer and Public Affairs
Victoria Hemelaer	37	Chief Marketing Officer

Below, you can read the biographical information about the members of the Executive Committee.

Rika Coppens is the managing director of House of HR and serves as permanent representative of House of HR at the board of directors of certain of House of HR's (direct and indirect) operating companies. Rika Coppens also is a non-executive board member at Colruyt Group.

Before joining House of HR, she held senior positions at the EFR Group, where she was CEO from 2015 to 2017, after having been CFO from 2010 to 2014. She also served as an independent director and member of the Audit Committee at RealDolmen from 2017 to 2018. Rika Coppens holds a Master's degree in Commercial Engineering from KU Leuven (1996).

Andrés Cano is Chief Financial Officer (CFO) at House of HR and serves as a permanent representative of House of HR and Altares Participaciones SL on the Board of Directors of certain of the operating companies. He is member of the Board of Directors at You First Sports SA and Sacha SA. Andrés Cano received his Bachelor's degree in business administration from ICADE in 1986 and an MBA from MBS/University of Houston in 1996.

Thomas Martens is Head of Legal at House of HR and serves as the managing director of Intellex BV. Before, he was a lawyer at Laga Law firm from 2006 to 2014. He received his Master of Laws degree from the University of Gent in 2005, and holds a Master's degree in labor studies from University College in Dublin (2006).

Wilbert Ingels is Chief Information Officer (CIO) at House of HR. He is a board member at Macadam. Before joining House of HR, he was CIO at Isabel from 2014 to 2016. From 2008 to 2014, Wilbert Ingels founded and was CTO at Racktivity NV. He was CEO at Cloudfounders NV from 2008 to 2016. Wilbert Ingels holds a Master's degree in engineering and electronics from the University of Brussels (1991).

Abdel Bencheikh is the Head of Risk and Internal Audit at the House of HR. He also founded and serves as an associate at Prométhée Partners. Before joining the House of HR, he was the Head of Risk and Compliance at Natixis Asset Management between 1999 and 2015. Mr. Bencheikh received his PhD in physics from Blaise Pascal University in 1992.

Lieven Van Nieuwenhuyze is Chief Digital Officer and Public Affairs Director (CDO) at House of HR. From 2016 to 2019, he was marketing director at Accent Jobs and House of HR. He also served on the Board of Directors at Accent Group from 2016 to 2019. Before joining House of HR, Lieven Van Nieuwenhuyze was an e-marketing executive at USG People from 2010 to 2012. From 2012 to 2015 he was general manager at USG Professionals. He holds a Master's degree in labor and organizational psychology from KU Leuven (2000), and a post-academic degree in e-business from the university of Gent (2005). In 2008 he completed a post-academic course in 'User-centered design – usability' from KU Leuven.

Victoria Hemelaer is Chief Marketing Officer (CMO) at House of HR. Before joining House of HR in 2019, she worked as product and marketing director Europe at Deceuninck. From 2012 to 2018, she was active at Mohawk Industries in Europe and USA in the field of product, marketing and global business development. She holds a Master's degree in Law from the university of Gent (2006) and a Master's degree in general management at Vlerick Business School (2007).

4 LEADERSHIP TEAM

The Leadership Team consists of the CEO, the members of the Executive Committee and all CEO's of the operating companies in the Group. The Leadership Team reports to the CEO of House of HR. It is advising to the CEO and the ExCom. It reflects on the strategy as set out by the Board. By doing so, it pushes the Group to a higher level of strategic planning and long-term success, thanks to the combination of many different opinions and local views, experiences, market trends and long-term strategy in different European countries.

5 CORPORATE GOVERNANCE IN THE GROUP

5.1 Decentralized structure

House of HR is characterized by its entrepreneurial spirit and decentralized structure. This model is developing a double service offering of specialized staffing and engineering consulting in major European markets. Meanwhile, the founders and management keep the opportunity to have significant impact and share in the success and growth of the operating companies, thanks to the system of tracking shares.

To get a sound balance House of HR has established a detailed corporate governance strategy, defining key decisions to be taken or approved at Group level. Examples are overall strategy, focus areas, acquisition strategy, brand strategy, Group objectives, as well as all occurrences that might have a material impact on any of the operating companies or the Group as a whole.

5.2. Transactions and other important relations

It is part of the nature of the business House of HR to have transactions with related parties or affiliates, certain of its shareholders, senior managers and entities in which shareholders or managers have ownership interests. Examples of such interactions are financing agreements, lease agreements, shareholder arrangements and commercial arrangements. In the past, House of HR has also transacted with entities that may be deemed to be affiliates because the Group holds a minority stake in them. Sometimes, entities within the Group enter into financing and cash pooling agreements.

House of HR ensures that all these agreements are no more favorable to the related parties or its affiliates than what it would negotiate with disinterested third parties.

6 SHAREHOLDERS STRUCTURE AND VOTING RIGHTS

The issued share capital of House of HR consists of 487.597.749 shares including:

- 404.924.347 ordinary shares
- 39.006.469 tracking shares
- 43.666.933 preference shares

In 2018, the business completed a legal reorganization whereby a number of internal transfers of legal entities within the Group as well as a number of legal mergers, de-mergers and partial de-mergers of various entities were undertaken to simplify the legal structure of the House of HR Group.

The following table provides information on the ownership of the registered shares of House of HR as per today, without nominal value.

Percentage of shares of House of HR ordinary and tracking

Name	Shares
Naxicap	54.2%
Conny Vandendriessche	28.4%
Management	14.4%
Others	3.0%

Ordinary shares follow the value created by the Group. Tracking shares follow the value created by the operating companies in the Group for which the manager/shareholders are responsible. This differentiation ensures that both entrepreneurial behavior and collaboration as a group are incentivized.

In the course of 2020, House of HR has implemented the new Belgian code of companies and associations, and has introduced double voting rights for certain categories of ordinary shares (i.e. class A and class B shares). Class A shares are managed by Naxicap, class B shares by Conny Vandendriessche.

Percentage of voting right of

Name	Shares
Naxicap	62,37%
Conny Vandendriessche	32,66%
Management	4,23%
Others	0,75%

7 REMUNERATION

The total amount of remuneration paid in 2020 to the members of the Board of Directors in their capacity as board member or member of any of the advisory committees, was EUR 0,5 million£.

During 2020, EUR 2,7 million was the aggregate amount of remuneration in salary and bonuses paid to the members of the Executive Committee for the services they delivered in all their capacities.

Also, House of HR maintains a directors' and officers' insurance policy with respect to the members of the management board and senior officers.

In 2020, no share based payments were granted to Board members or members of the Executive Committee.

The aggregate number of shares held by the Board of Directors on December 31, 2020 was 127.626.681The total aggregated number of shares held by the Executive Committee on December 31 2020 was 3.732.034.

RISK MANAGEMENT

CONTENTS

HOW WE MANAGE RISK…

PREAMBULUM…

Mapping risks, preventing, controlling and managing risks: the way House of HR is dealing with risk is a pivotal element in the way our Group is creating long-term sustainable value. In this section, we are providing additional details (cf. page xxx) and zooming in on the four pillars of our risk management strategy as set out by our 'Governance and Enterprise Risk Management Program' (GERMP).

Environmental, social and governance (ESG) considerations are a key focus for the Group and our operating companies in order to guarantee the company's long-term and sustainable success. ESG risks and opportunities are integrated into the Group's overall risk management program. (cf. page xxx)

ON RISK AND HOW TO CONTROL IT…

House of HR is a highly entrepreneurial boutique holding: we foster the entrepreneurial spirit of our companies and our employees. Yet, being entrepreneurial and innovative does not exclude risks at different levels. Managing these risks is essential to help us achieve our long-term strategy. A strong risk framework aims at defining the risk boundaries and steering activities in such a way that House of HR can both achieve its long-term targets and meanwhile safeguard its continuity.

To this extent, House of HR has implemented a 'Governance and Enterprise Risk Management Program' (GERMP) in 2016. From the implementation on, the purpose of this GERMP was clear: to put in place a top notch risk management and control structure. We would ensure a strong, credible, effective and sustainable Enterprise Risk Management and Internal Audit framework within all the companies in our Group.

So how do we deal with the different aspects of our GERMP? Read on…

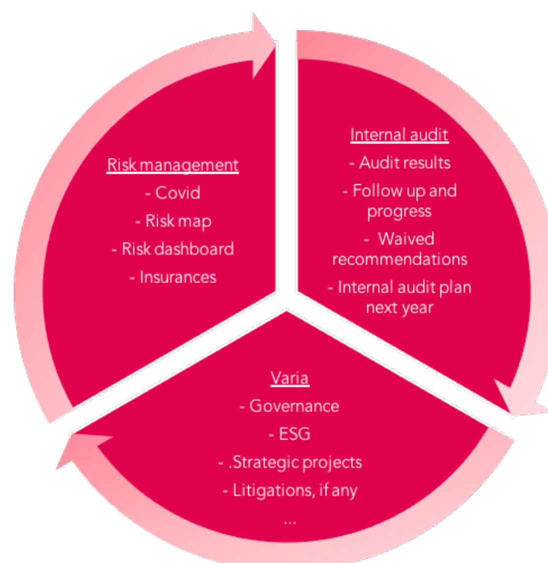
GERMP…

Dealing with risk is something that involves all persons in the company. Ownership starts at the top: executives are showing strong commitment and active support, both on Group and on operating companies' level. This top level support is key to the successful implementation of the 'Governance and Enterprise Risk Management Program'. All CEO's sign and abide by the GERMP, and behave as active sponsors of it by a.o.:

- allocating the resources needed to execute the program, both in terms of personnel and time.
- appointing a 'Risk Management Correspondent' (RMC) who serves as the facilitator and the first point of contact with the Group Head of Risk Management & Internal Audit.
- being involved In the Internal audit process and supporting the action plan implementations
- participating actively in yearly risk and control review meeting and ad hoc meetings

Strong buildings rest on four pillars, which consist of risk management, internal audit, audit committee and Insurances. We are convinced a strong GERMP is key to our success by optimizing systems, processes and efficiencies.

For the GERMP to be truly effective, a yearly Review Meeting is set up with every operating company. It is held before the last Audit Committee of the year. These meetings include the local CEO, CFO and RMC and the Head of Risk Management and Internal Audit. Following a standard agenda, several GERMP topics are discussed:



They discuss the quality and effectiveness of the internal control activities, risk management, governance system and procedures. Aim of these meetings is to accurately and comprehensively support and advice the Group Audit Committee on the company's current and future risks. As such, these review meetings help House of HR and its operating companies to further develop its risk management strategy.

PILLAR 1 – AUDIT COMMITTEE

The role of the Audit Committee is to assist the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and risk management, the audit process, and the company's process for monitoring compliance with laws and regulations.

Its charter is fully inspired by the rules applicable to listed companies in Europe (and especially in Belgium). Also, it is inspired by the model of the Institute of Internal Auditors and by best practices shown by listed companies.

The members of the Audit Committee are elected by the Board of Directors. The length of the mandate of the members of the Audit Committee corresponds to the length of their mandate as member of the Board of Directors. The members of the Audit Committee have competences in terms of accounting, audit, risk management and finance. A minimum of one member is independent.

The Audit Committee consists of Aurelien Dorkel, Pro-Fund BV represented by its permanent representative Conny Vandendriessche and Finfactory BV represented by Astrid Heiremans who Is appointed Chairman of the Audit Committeee, with Abdel Bencheikh acting as its secretary.

The Audit Committee intends to meet at least four times a year, with the authority to convene additional meetings, as circumstances require. In 2020, the Audit and Risk Committee has met four times.

The Audit Committee has to assist the Board of Directors in fulfilling its oversight responsibilities for several aspects:

- Financial statement and external audit: The Audit Committee reviews the annual financial statements and the consolidated financial statements before submission to the Board of Directors, and considers whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- System of internal control and risk management: The Audit Committee ensures the relevance, reliability and implementation of internal control procedures, including information technology security and compliance with laws and regulations, and the identification and management of risks throughout the Group.
- Internal Audit process: The Audit Committee receives internal audit reports and meets with the Group Head of Risk Management and Internal Audit and third party provider to discuss conclusions. It also approves the yearly Internal Audit Plan and budget on a proposal from the Group Head of Risk Management and Internal Audit.

PILLAR 2 – RISK MANAGEMENT

One of the four GERMP pillars is risk management. It is embedded in our overall governance structure, and consists of our specific methodology to identify, assess, mitigate, control and report on all existing and potential risks. (Cf. page xxx)

Below we are explaining the risk methodology used by the Group in more detail. It

Risk matrix/map

In order to successfully manage risk, all existing and potential risks are mapped. The primary responsible for identifying and controlling risks, are the management of the operating companies in our Group. They compile a yearly risk register, pointing at the local existing and potential business risks. Also, they formalize the mitigation controls or actions to address these risks.

Such local 'risk maps' are set up via risk assessments with scale ranging from 1 (very low) to 5 (very high) by the process owners. The assessment is performed on three impacts (Finance, Legal, Reputation) as well as on the likelihood of a risk occurring. The Combined impact is calculated by the arithmetic average of the 3 impact scales.

The operating companies get support from the Group Risk Department to have reliable and qualitative results and to benefit from best practices.

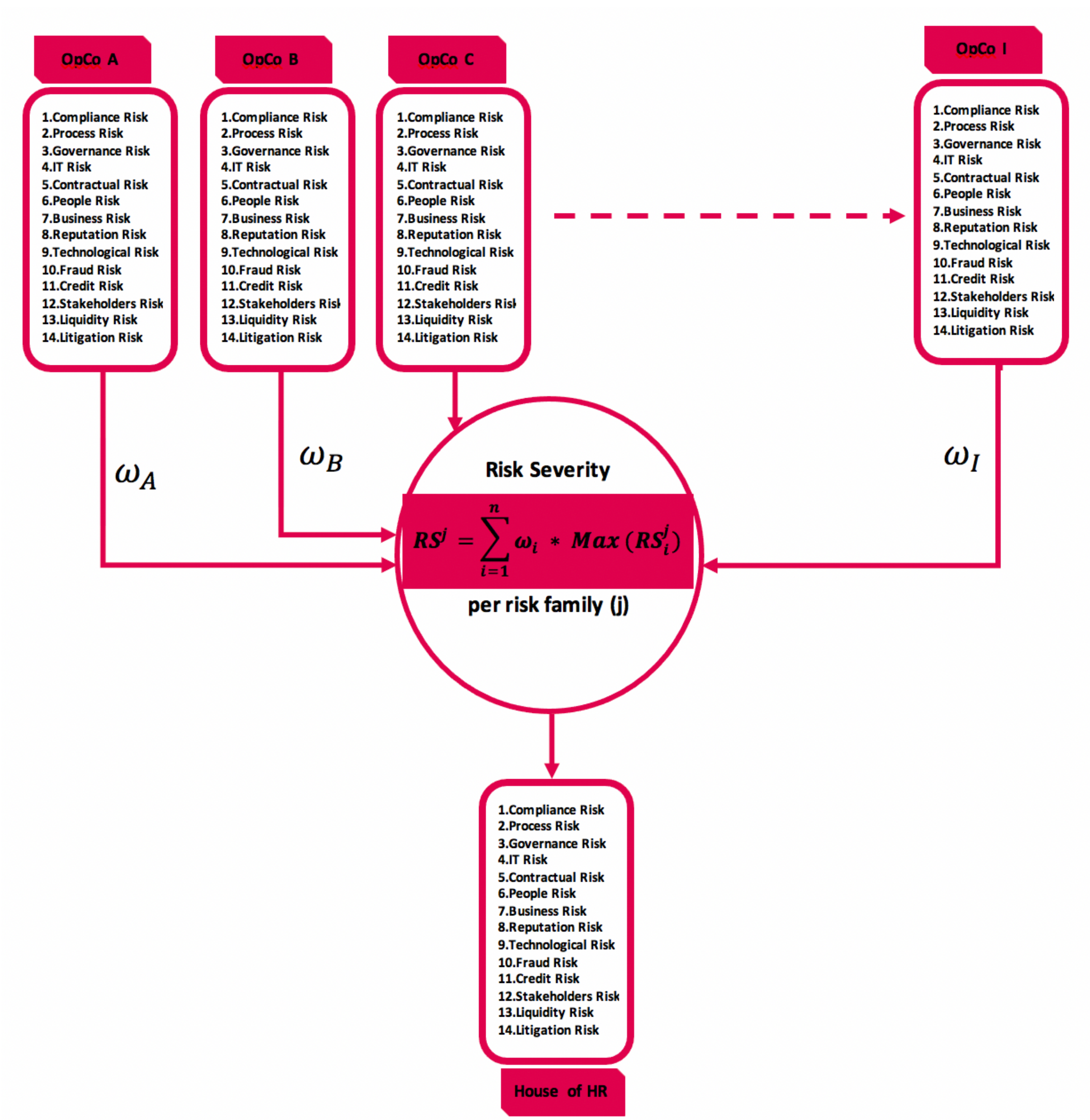
All local risk maps are consolidated on Group level. The data enable us to get a keen insight on the most important risks in all companies, and their likelihood to happen. At the consolidated risk map (cf. page xxx), 5 % of all risks in the operating companies are situated in the 'red zone': these are considered 'very high' risks for House of HR. 24 % of the risks are in the orange zone (high risks), the remaining ones in the low (yellow) and very low (grey) zone.

The overall consolidated risk map is discussed once a year in the Audit Committee.

Risk severity metric

The risk severity metric (*RS*) is obtained as the global risk impact time probability that a risk will happen. House of HR has set up a risk model introducing the 'maximum risk severity metric' by:

- For every operating company, grouping the risks in one of the 14 identified risk families;
- The maximum risk severity is selected and weighted by the turnover of the operating company
- The House of HR risk severity metric is the sum of all these weighted maximum severity metrics for all operating companies.



Risk families and their risk severity metrics

Following the methodology set out above, we have distinguished risk families within House of HR, all with their own severity metric score. Below is an overview of the risk families in 2019 and 2020, as well as their weighted maximum risk severity.

Risk Family	2020	2019
Compliance Risk	14,4	14,4
Process risk	14,3	13,9
Governance Risk	13,6	12,3
IT Risk	13,1	15,1
Contractual Risk	11,5	8,1
People Risk	10,8	10,4
Business Risk	9,2	10,0
Reputation Risk	8,1	6,9
Technology Risk	7,9	5,7
Fraud Risk	5,8	5,4
Credit Risk	5,4	5,2
Stakeholders Risk	5,3	4,0
Liquidity Risk	3,0	1,2
Litigation Risk	2,9	0,9

Below a closer look at the main risk families, having a severity score of 10 or higher in 2020. These families could include risks which may prevent House of HR and its operating companies from realizing its financial and non-financial targets.

Compliance risk

The compliance risk could consist for example of GDPR-issues, work accidents, labor agreement with independent workers, discrimination, psycho-social risks, tax, allowances and incentives, changes in labor law and Intra Group Service Level Agreement at House of HR. There is no significant change when you compare the 2020 severity score with the one of 2019.

- **Impact**
  We are active in an environment that becomes more and more regulated. Many of our activities are subject to legal and regulatory influences, such as new laws, changes in existing regulation, increased regulatory scrutiny: they all affect our daily operations and could impact the business model governing our activities.

- **Action plans**
  Our operating companies put into place appropriate procedures and controls to ensure compliance with all relevant legislation. Also, they provide regular trainings to their employees about changes in rules and regulations. In addition, internal audits are conducted by the internal audit team across the Group. These audits include, a.o, compliance audits on AUG, WAS, medical examinations and work accidents. Findings are then mitigated by implementing the agreed action plans.

  House of HR is devoted on health and safety by implementing all required measures to safeguard the wellbeing of the employees and external workforce. This is evidenced by several safety certifications obtained by the operating companies such as VCU, MASE and SCP. Next, House of HR has also a strong focus on data protection compliancy. A Group internal audit was conducted to check on the compliance with the GDPR legislation in all operating companies in 2020. Where needed, incompliances are being remediated, their progress been followed up closely by the Group Audit Committee.

- **In progress**
  We work on a stronger awareness and sharing good practices among all our operating companies. This will help us set the fulfill legal requirements and assist all employees in understanding their individual role in ensuring compliance.

Process risk

Daily operations include risks, evidently. Think of missing background checks when hiring, lacking internal evaluation processes, credit note management, payroll outsourcing, formal procurement procedure, etc. When we compare the figures for 2020 and 2019, no significant changes are noted on process risk.

- **Impact**
  Not respecting policies and procedures, inadequate or failed processes, systems and external events may lead to operational risk of loss, fraud or unintended gain. Other risks can rise through manual errors, business transformation and introducing new technologies and tools.

- **Action plans**
  We do update and formalize our processes with the latest industry and sector practices. As such, we get a better market proposition, distinguishing us from the competition. In this respect, most of our operating companies are investing in adequate software and tools. Working together with third party experts. Developing adapted training and learning to the employees. Obtaining quality certifications (such as ISO 9001 and NEN). Implementing robotic process automation (RPA), as the use of robotics reduces the risk of operational errors and mistakes. The aim is always to improve our process efficiency and the relationship with our clients, and their satisfaction.

  In addition processes are audited on regular basis, including payroll, invoicing and procurement.

- **In progress**
  We have to constantly re-invent ourselves to continuously improve our processes. This is why we heavily invest in our people, new technologies and approaches to our markets.

Governance risk

Most of our governance risks relate to corporate governance, internal control, segregation of duties and delegation of authority. In 2020, we noted an increase of governance risks at House of HR mainly due to internal audit recommendations.

- **Impact**
  If we fail to maintain the highest standards of governance, this may lead to an misfunctioning within the Group such as fraud. In addition, legal and reputational consequences with our customers and staff are possible.

- **Action plans**
  We maintain appropriate governance and oversight via Group policies and procedures (such as a Code of Coduct, Conflict of Interest, Whistle Blowing). A Group Audit Committee is taking place several times a year to assess governance issues. In addition, at local level some concrete action plans are rolled out, such as the setup of an internal audit team at Covebo, and an internal control team at Zaquensis.

- **In progress**
  All policies and governance procedures, ethics and professional standards will further be improved through the execution of the ESG-roadmap. Here again, this happens under the supervision of the Group Risk and Internal Audit department.

IT risk

IT-risks typically stand for a significant part of the Group's overall risk. These risks include elements such as multi factor authentication and password policy, external digital fraud, ransomware, cyber attacks, vulnerability management, security monitoring, insufficient incident management, data center access and quality, insufficient data protection practices and Service Level Agreements for IT-services. As we successfully realized our IT shared service center as well as implementing the internal audit action plans in these respect, we now notice a significant decrease on IT risks within House of HR in 2020.

- **Impact**
  IT-risks are abundant, and they keep increasing. Examples include cyber attacks, ransomware, phishing, data fraud, data theft, privacy and data breach. They all can lead to serious operational disruption, reputation damage and even legal penalties.

- **Action plans**
  We have implemented a global Information Security Strategy. The deployment of a Security Information and Event Management Solution (SIEM) and a Managed Detect and Respond (MDR) Platform have resulted in more visibility on all components of the IT-environment. Also, IT security internal audit findings are mitigated by the operating companies, and the agreed action plans are implemented, under the guidance of the Group.

- **In progress**
  We work on stronger security posture by further finetuning our detection capabilities, aligning our defense strategy with the best market practices, and we add additional structural resilience capabilities to the platform of our companies. All this will enable to guarantee information security, data protection and compliance for all core systems.

Contractual risk

2020 is marked by an increase in number of contractual risks. These originate from internal audit findings on missing contract or signature and unwanted liabilities.

- **Impact**
  By accepting a high contractual liability without having a robust delivery process or the correct insurance coverage, you can get a stakeholder having a claim that could strongly affect your results and reputation.

- **Action plans**
  We strongly recommend sticking to our standard contract forms. Non-standard contracts are reviewed by the local legal department, supported by the Group legal department, if needed. Also, the operating companies can rely on the Group Insurance master broker for support and advice about particular liability issues. Liability insurance is arranged at Group level.

- **In progress**
  We strive to improve awareness, visibility and control by improving the contract liability arrangements and contract creation in our operating companies.

People risk

People risk can involve several issues, such as sourcing, high turnover, sickness or understaffing at back-office departments or key functions. We did not notice any significant difference between 2019 and 2020.

- **Impact**
  In a competitive market, people are our most important asset. We could fail in realizing our goals if we do not take care about our people.

- **Action plans**
  We do take steps to actively manage our ability to attract, develop and retain employees. Examples of our talent management are 'Friends of Accent' and 'Voice of Continu'. Wellbeing of the employees is being monitored and improved on daily basis. Initiatives in the Group are a.o. Great Place to Work, periodic evaluation process or employee satisfaction surveys. Also, our employee share plans help to align employees' interests with the long-term growth plans of our organization.

- **In progress**
  As part of the social pillar of our ESG-strategy, people risk will stay a very important focus area for House of HR. Most of the material topics are included, such as retention and wellbeing. It also includes facilitating mobility between departments and even companies in different countries.

New risks on the radar

The ongoing Covid-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic have had a significant impact and adverse impact on demand for our staffing services, our revenue, operations and workforce.

House of HR has considered safety of its employees as the prime consideration during Covid-19. We implemented all required health measures and introduced homeworking whenever and wherever possible throughout the Group and the operating companies. The sickness rate and Covid-19 infections of internal employees remained low and stable through the year.

Apart from protecting our people and their health, our focus also was on ensuring our business remaining strong during the pandemic. The Group and its operating companies demonstrated strong resilience by monitoring closely the trade credit and group liquidity risk and being able to cut the operating costs.

The Group and our operating companies also organized periodic status meetings, increased internal communication and reporting on Covid-19 topics. The periodicity depended on the situation in every country involved. In heavy periods (such as during the first Covid-wave in March), a weekly meeting was conducted to closely monitor all parameters.

Throughout the Covid-19 pandemic, there have also been a number of government measures introduced, which have positively contributed to the Group's ability to manage cash flows during the period and manage the costs associated with our in-house employees and job candidates. However, a number of these measures have ended or are expected to end in 2021 which could lead to additional costs and liabilities for the Group.

The degree to which the Covid-19 pandemic continues to impact our business will depend on future developments, which are uncertain and cannot be predicted. We are preparing the Group as much as possible for further developments of the pandemic and its possible scenarios in 2021. It is vital to react fast so as to mitigate impact of these new risks.

Risk dashboard

In 2018 already, a quarterly Key Risk Indicator (KRI) reporting was introduced. The aim is to monitor the internal control activities and risk management in every operating company. Both qualitative and quantitative risk information are reported as essential elements. They track progress towards the stated goals and transparency about risk and controls. Main indicators include staff turnover, credit risk and work accidents.

Global indicators	2020	2019
Internal staff turnover	X,X%	26,2%
Credit insurance coverage	XX%	62.5%
Work accidents	X.XX	1.591

Other indicators are monitored as well, both on operating company level. Think of bench risk, care ratio, sickness employees, rework, …

PILLAR 3 – INSURANCES

The Group's Insurance Strategy has a clear aim: to provide adequate, fit-for-purpose coverage against the Group's strategic objectives, and all this at optimal cost and service. In this view, insurance is a key area of our strategy, taking into account the cost of insurable risk.

Back in 2018, an external service provider was selected and appointed as the Group Insurance Broker. They assist the Group in realizing its Risk Management & Insurance Strategy by advising and providing strategic solutions on our non-life insurance needs.

The Group Insurance Broker is committed to provide full transparency on its remuneration without any direct or indirect contingent or hidden costs from insurance or reinsurance firms or any other third party.

Our Group covers

Our current program consists of five covers that are negotiated on Group level:

- **General and professional liability**
  This coverage is provided for the compensation of the legal liability for accidental injuries and/or damages to third parties by our activities, including the sale or supply of products and services or resulting from events during the insurance period.

- **Credit**
  This coverage protects us against payment defaults of accounts receivable and insolvencies (such as due to bankruptcy). In other words, it protects us against the financial inability of our customers to pay within the terms agreed. In addition, it helps us optimizing the credit management process and follow-up of cash collection.

- **Cyber**
  This policy is designed to help us limit the consequences of cyber incidents. Such incidents can take several forms: data breaches, ransomware, hacking, viruses, employee sabotage, extortion, theft, loss of information. It also helps us to remedy them by collaborating with independent technical experts within the extensive coverage.

- **Director & officer liability**
  The potential personal liability is protected for Directors and Officers of House of HR in relation to their actions. It includes claims made against them for an alleged or actual Wrongful Act committed in their capacity as a director or officer.

- **Property**
  This coverage is insuring House of HR against financial losses due to an incident at the insured facilities (such as a fire accident).

Apart from the Group level coverage, a series of stand-alone policies are put in place at the level of the operating companies, mostly covering operational risks. Examples are local Motor and local Workers compensation.

PILLAR 4 – INTERNAL AUDIT

Another important element in our GERMP is internal audit. The role and responsibilities are described in the Internal Audit Charter, which is set up in accordance with the Standards of the Institute of Internal Auditors. Its first role is to help the Board and the Executive Management to protect assets, reputation and sustainability of the Group. It offers independent and objective assurance whether the quality and operational effectiveness of the Group's framework of risk management, control and governance processes are adequate, and whether it contributes to the protection of the interest and reputation of House of HR.

The execution of the internal audit is co-sourced to a third party service provider. The independence of an Internal Audit of course is fundamental so as to deliver objective coverage of all parts of the Group. The third party provider has an impartial, unbiased attitude and avoids any potential conflict of interest. The audit team remains free from interference by any element in the organization. This includes topics such as audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective attitude.

The audit team is committed to collectively possess the knowledge and skills needed to perform its responsibilities. These responsibilities are outlined as follows

Phase 1: Planning

Define audit scope (topic & entities)
Communicate announcement letter
Conduct kick-off meetings

Phase 2: Fieldwork

On site
Conduct interviews / document review
Perform testing when relevant

Phase 3: Reporting

Draft report
Conduct exit meetings
Collect management answers
Report to audit committee

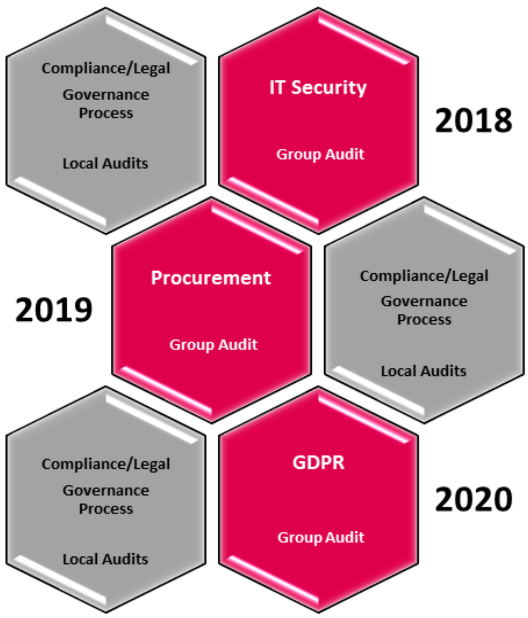
Phase 4: Follow up

Implementation of recommendations

Internal Audit Plan

The yearly Internal Audit Plan is worked out by the Head of Risk Management and Internal Audit, and is then approved by the Audit Committee. They originate from different aspects of the risk management framework, and include input from risk assessments, major incidents, legislation changes, strategic re-organizations or M&A activities on Group level.

This plan covers all process cycles, all operating companies and all the brands in our Group. On average, two internal audits are performed per year per operating company. One has a Group level scope, the other one is locally tailored per operating company. The following scheme gives an overview of all topics covered across the Group in the last 3 years.



Audit fieldwork

The fieldwork is performed in a systematic way by the audit team, generally on site. It can take several forms, from interviews to detailed testing or analysis of documents and transactions. Due to Covid-19, most fieldwork in 2020 was performed off-site and via online meetings.

The fieldwork consists of four elements:

1. Identify and analyze the key risks within the process or system
2. Confirm the process and any controls are in place to mitigate the risks
3. Evaluate the extent to which the controls do effectively mitigate these risks
4. Test the controls to confirm they are properly operating

Next, upon conclusion, an exit meeting is set up to discuss the work performed, including the audit findings and any outstanding issues. Note that the audit results are presented in a fair way. Recommendations must sound reasonable and free of errors or misrepresentations.

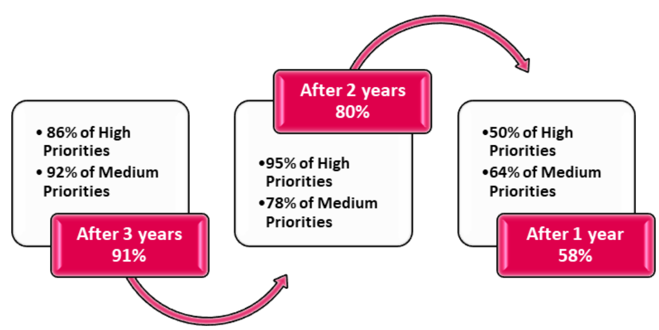
Report

In a next phase, the final report is formalized by the audit firm. The report includes the management's response and its corrective actions taken or to be taken as agreed during the exit meeting. Once approved, it is distributed to the CEO of the operating company. A summary of the conclusions is presented to the Audit Committee during an Audit Committee meeting. The Chairman of the audit committee in turn will report to the Board of Directors if she feels this to be appropriate.

Follow-up

The Audit Committee requires the action plans to be implemented correctly within the timescale provided by the local management. Also, controls are expected to effectively mitigate the risks to an acceptable level. The audit team is responsible for a quarterly follow-up and reviews every implementation. This is done to ensure that actions have been implemented, or that the local management has accepted the risk of not taking any action. In case the management accepts this risk, the waived recommendations are always validated by the Audit Committee.

Below graph illustrates the progress made for the internal audits conducted in recent years. Respectively 91%, 80% and 58% of 2017, 2018 and 2019 audit findings are closed and validated per end of 2020. The follow up of 2020 audit findings and agreed action plans will be started in Q1 2021.



ADD-ON

Compliance policies

Next, we have elaborated several Group compliance policies: procedures on corporate level, to be implemented by all operating companies within the Group.

1 Code of Conduct

This Code outlines the high level values and principles in both our professional and personal behavior, stipulating our commitment to fulfill our mission in an ethical way. The code sets out acceptable business practices and standards, providing guidance in recognizing and dealing with ethical risks. The code includes mechanisms to reports unethical conduct without the risk of retaliation.

2 Conflict of Interest policy

To manage possible conflicts of interest, a policy has been worked out for all House of HR's associates (i.e. shareholders, board members, executives, business unit managers). They are all requested to fill out a yearly questionnaire. Potential conflicts are then assessed by the Group Risk and Internal Audit and Group Legal department. The aim of this assessment is to check whether or not they could conflict with House of HR's Group business. If needed, mitigating actions are taken.

In 2020, all 123 associates filled out the questionnaire, resulting in 25 new potential conflicts of interest. 13 cases were investigated and presented to the Audit Committee. In 2 cases, concrete mitigation actions were taken.

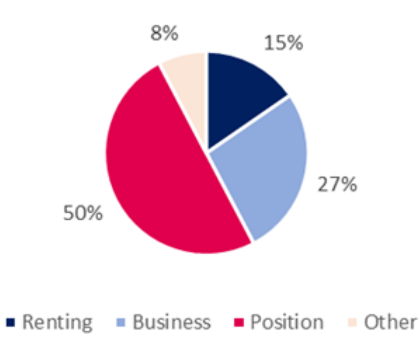
The potential conflicts detected, could be classified in 4 categories:

Renting: associates renting out assets to House of HR

Business: associates are linked to business (via a company or a related person) to House of HR

Position: associates (or a related person) hold a position linked with House of HR

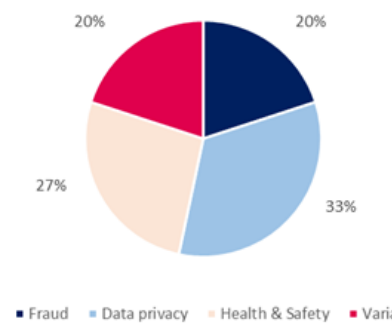
Other: other topics, such as legal case, benefits, etc.



3 Major Incident policy

This policy is describing the procedure to be followed in case of major incidents at Group level. 'Major incidents' are unexpected events causing (or potentially causing) operational disruption, significant legal impact, high reputation damage and/or high financial impact to the Group or any of the operating companies. Think of fraud attempts, negative media coverage, data privacy incidents,…

This policy is needed to ensure accurate actions can be taken in due time, following the correct procedures, fully in accordance with Governance standards. In 2020, 15 major incidents were reported to the Head of Risk and Internal Audit:



4 Whistle blowing policy

House of HR top management has the possibility to report on potential fraud, corruption or other serious misconduct and irregularities. To this respect, top management can contact the Head of Risk and Internal Audit and/or the Chairman of the Audit Committee, outside the operating company, and hence by-passing the local management. This by-passing can be needed in case the whistle blower feels the overall management or any other stakeholder should be involved in a particular misconduct. No cases were reported to the Head of Risk and Internal Audit and/or the Chairman of the Audit Committee in 2020.

On top of these policies, all operating companies are responsible to work out extra policies in line with their specific sector and local legislation. Such policies and procedures have indeed been elaborated on anti-corruption, anti-bribery, anti-discrimination, anti-money laundering, whistle blowing and environment.

Training

The setup and implementation of GERMP can only be successful if all people in the Group and the operating companies are fully aware of it. For that reason, all new risk management correspondents (RMC's) and top management of the different operating companies receive an onboarding training which provides a first introduction to our GERMP. With this presentation we explain the purpose and expectations of the framework and provide details on the Group compliance policies and procedures.

Additionally, to improve our maturity and to present the most recent evolutions on risk management, we organize a yearly risk workshop on Group level. This workshop discusses hot topics and introduces new elements of our risk management framework to all risk management correspondents and other employees involved at House of HR. In 2020, our physical workshop was replaced by a virtual meeting, discussing Covid-19 risks and GDPR, amongst other elements.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

In EUR Assets	note	31 December 2020	31 December 2019
Non-current assets			
Property, plant and equipment	9	107.701.297	94.894.343
Intangible assets	7	174.993.517	200.254.082
Goodwill	8	861.984.334	867.347.176
Deferred tax assets	13,3	3.087.128	3.613.035
Investments accounted for using the equity method	3,3	1.521.059	1.261.989
Other non-current assets	12	14.732.472	4.481.806
Derivative financial asets	11	1.750.000	7.570.000
Total non-current assets		**1.165.769.806**	**1.179.422.430**
Current assets			
Trade receivables	12	178.378.401	248.700.319
Inventory		0	802.577
Income tax receivables		4.990.906	3.509.572
Other receivables	12	39.816.504	30.249.237
Cash and cash equivalents	14	378.395.645	144.189.030
Total current assets		**601.581.456**	**427.450.736**
Total assets		**1.767.351.262**	**1.606.873.166**

In EUR Equity and liabilities	note	31 December 2020	31 December 2019
Equity			
Share capital and share premium	15.1	238.597.269	296.852.159
Other reserves	15.2	-129.210.873	-126.774.904
Retained earnings	15.3	130.948.111	114.027.604
Capital and reserves attributable to onwers of the company		**240.334.507**	**284.104.859**
Non-controlling interests	3.4	3.515.398	6.056.585
Total equity		**243.849.905**	**290.161.444**
Liabilities			
Non-current liabilities			
Borrowings	16	1.041.849.283	859.264.485
Deferred income tax liabilities	13.3	44.171.003	51.494.484
Employee benefit obligations	18	3.116.375	2.796.772
Provisions for other liabilities and charges	17	895.149	1.130.021
Other non-current liabilities	21	65.323.241	44.684.007
Total non-current liabilities		**1.155.355.050**	**959.369.769**
Current liabilities			
Trade and other payables	20	37.847.824	41.513.684
Income tax liabilities		24.388.056	48.274.968
Borrowings	16	47.538.149	33.570.659
Employee benefit obligations	18	142.804.344	130.874.968
Provisions for other liabilities and charges	17	1.969.136	84.000
Other current liabilities	21	113.598.798	103.023.674
Total current liabilities		**368.146.306**	**357.341.952**
Total liabilities		**1.523.501.357**	**1.316.711.721**
Total equity and liabilities		**1.767.351.262**	**1.606.873.165**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2020

In EUR	note	31 December 2020	31 December 2019
Revenue	22	1.596.349.465	1.738.405.928
Cost of services	25	-1.189.211.005	-1.288.302.536
Gross profit/(loss)		**407.138.460**	**450.103.392**
Selling expenses	26	-221.028.497	-215.820.472
Impairment of goodwill	8	0	0
Other general and administrative expenses	27	-117.116.186	-118.184.935
Total operating expenses		**-338.144.683**	**-334.005.407**
Other gains/(loss) - net	23	6.815.743	1.780.075
Operating profit/(loss)		**75.809.520**	**117.878.060**
Finance income	30	1.958.764	4.048.059
Finance expenses	30	-60.778.823	-42.196.610
Net finance income/(costs)		**-58.820.059**	**-38.148.551**
Share in profit/(loss) of equity accounted investments	3.3	8.999	-149.382
Profit/(loss) before taxes		**16.998.459**	**79.580.127**
Income tax expense	13.1	-12.991.341	-37.493.313
Net profit/(loss) of the period		**4.007.119**	**42.086.814**
Profit/(loss) from discontinued operation (attributable to equity holders of the company)	3.6	-20.581.694	-8.707.039
Net profit/(loss) of the period		**-16.574.576**	**33.379.775**
Profit/(loss) attributable to:			
Owners of the entity holding ordinary shares		**-17.435.410**	**31.862.777**
Non-controlling interests		**860.834**	**1.516.997**

The notes are an integral part of the consolidated financial statements.

The 2019 P&L statement and supporting notes have been restated to consider the impact of the disposal of GRITT Projects; cf. note 3.6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020

In EUR	31 December 2020	31 December 2019
Profit/(loss) of the period	**-16.574.576**	**33.379.775**
Other comprehensive income:		
Items that subsequently may be reclassed to profit or loss, net of deferred income taxes		
Exchange differences on translation of foreign operations	-196.542	0
Total other comprehensive income, net of taxes	**-196.542**	**0**
Total comprehensive income for the period	**-16.771.117**	**-33.379.775**
Total comprehensive income/(loss) for the period is attributable to:		
Owners of the entity holding ordinary shares	**-17.631.952**	**31.862.777**
Non-controlling interests	**860.834**	**1.516.997**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

Consolidated statement of changes in equity							
		Attributable to owners of the company					
In EUR	Notes	Share capital and share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2019		**543.727.164**	**-125.322.138**	**84.751.863**	**503.156.889**	**23.638.729**	**526.795.618**
Net profit/(loss) of the period				31.862.778	**31.862.778**	1.516.997	**33.379.775**
Other comprehensive income of the period					**0**		**0**
Total comprehensive income		**0**	**0**	**31.862.778**	**31.862.778**	**1.516.997**	**33.379.775**
					0		
Transactions with owners in their capacity as owners:					**0**		
Contributions of equity and capital decrease	14.1	-246.875.005			**-246.875.005**		**-246.875.005**
Non-controlling interests on acquisition of subsidiary	3.4				**0**	994.152	**994.152**
Transactions with non-controlling interests	14.1		-4.952.970		**-4.952.970**	-20.136.017	**-25.088.987**
Dividends provided for or paid				-2.587.037	**-2.587.037**		**-2.587.037**
Employee share schemes – value of employee services	18		4.649.383		**4.649.383**		**4.649.383**
Other movements			-1.149.178		**-1.149.178**	42.724	**-1.106.454**
Total transactions with owners		**-246.875.005**	**-1.452.766**	**-2.587.037**	**-250.914.808**	**-19.099.141**	**-270.013.949**
Balance at 31 December 2019		**296.852.159**	**-126.774.904**	**114.027.604**	**284.104.859**	**6.056.585**	**290.161.444**

Consolidated statement of changes in equity						
	Attributable to owners of the company					
In EUR	Share capital and share premium	Other reserves	Retained earnings	Total	Non- controlling interests	Total equity
Balance at 1 January 2020	**296.852.159**	**-126.774.904**	**114.027.604**	**284.104.859**	**6.056.585**	**290.161.444**
Net profit/(loss) of the period			2.140.030	**2.140.030**	860.834	**3.000.864**
Post tax gain/loss from remeasurement of discontinued operations to fair value less costs to sell			-19.575.440	**-19.575.440**	0	**-19.575.440**
Other comprehensive income of the period			-196.542	**-196.542**	0	**-196.542**
Total comprehensive income	**0**	**0**	**-17.631.952**	**-17.631.952**	**860.834**	**-16.771.118**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	-58.254.890	-1.003.889	34.552.459	**-24.706.320**		**-24.706.320**
Non-controlling interests on acquisition of subsidiary				**0**	83.115	**83.115**
Transactions with non-controlling interests		-5.749.044		**-5.749.044**	-3.159.491	**-8.908.535**
Dividends provided for or paid				**0**	-340.653	**-340.653**
Employee share schemes – value of employee services		4.649.383		**4.649.383**		**4.649.383**
Other movements		-332.419		**-332.419**	15.008	**-317.411**
Total transactions with owners	**-58.254.890**	**-2.435.969**	**34.552.459**	**-26.138.400**	**-3.402.021**	**-29.540.421**
Balance at 31 December 2020	**238.597.269**	**-129.210.873**	**130.948.111**	**240.334.507**	**3.515.398**	**243.849.905**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020

Consolidated statement of cash flows in EUR	31 December 2020	31 December 2019
Profit/(loss) of the period	**-16.574.576**	**33.379.775**
Profit from continued operations	4.007.118	42.086.814
Profit from discontinued operations	-20.581.694	-8.707.039
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	46.714.073	44.183.649
Amortisation and impairment on intangible assets	36.058.773	28.660.243
Finance income/cost	58.961.379	38.551.636
Increase/decrease in employee benefit provisions (share-based payment)	4.649.383	4.649.383
Extraordinary income/cost	-55.288	1.665.279
Income tax expenses	12.989.012	37.446.780
Other gains/losses: earn-out and adjustments purchase price of subsidiaries	-4.324.744	
Gain/loss from remeasurement of discontinued operations to fair value less cost to sell	19.575.440	
Other	-8.999	-22.246
Cash flow from operations before working capital and income taxes	**157.984.454**	**188.514.499**
Change in Accounts Receivable	57.010.522	-3.934.596
Change in Accounts Payable	-7.504.461	-11.700.302
Change in Other Assets	-11.843	-8.222.764
Change in Prepaid Expenses	0	-644.054
Change in Other Provision	0	70.403
Change in Payroll & Social Debt	2.265.188	5.616.647
Change in Fiscal Debt & Receivables	7.776.672	1.388.403
Change in Other Debt	7.974.001	-1.711.384
Change in Deferred Expenses	-3.999.916	303.582
Change in Working Capital	**63.510.164**	**-18.834.064**
CIT	-32.496.225	-53.812.060
Net cash flow from operating activities	**188.998.393**	**115.868.375**
Purchaes of PPE	-8.395.523	-10.854.456
Proceeds from PPE	1.699.627	767.209
Purchases of intangible assets	-8.203.558	-9.416.061
Proceeds from intangible assets		-17.866
Acquisition of subsidiaries, net of cash acquired	-6.207.449	-38.705.254
Adjustment purchase price	-1.056.773	
Buy-out minorities	-1.687.749	
Earn-out	-6.536.109	
Acquisition of equity investments, JV and associates, net of cash acquired	-235.691	-738.300
Net cash flow from investing activities	**-30.623.225**	**-58.964.729**
Contributions in equity and capital decrease		-287.413.765
Interests paid/received (external; including refinancing fees)	-48.852.425	-41.309.212
Proceeds from borrowings received	295.135.674	920.000.000
Proceeds from borrowings granted	833.333	
Repayment of borrowings	-95.000.000	-600.000.000
Loans granted	-198.606	-625.000
Issuance of new shares	2.358.000	16.238.726
Leaver conversion	-37.566.163	
Dividend	-417.755	-901.612
FX	-122.294	
Principal elements of lease payments	-39.423.772	-33.826.096
Net cash flow from financing activities	**76.745.992**	**-27.836.959**
Net cash flow from continuing operations	**235.121.160**	**29.106.191**
Net cash flow from discontinuing operations	**-914.546**	**-39.504**
Cash and cash equivalents at the start of the period	**144.189.030**	**115.122.343**
Cash and cash equivalents at the end of the period	**378.395.645**	**144.189.030**

The notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

House of HR NV ("HOHR" or "The Group") – formally known as The House of His Royal majesty the customer II NV – is a limited liability company incorporated and domiciled in Belgium. The registered office of the entity is Beversesteenweg 576, 8800 Roeselare.

HOHR, together with its subsidiaries, has its roots in the Belgian Accent Group, founded in 1995 by Ms. Conny Vandendriessche and Mr. Philip Cracco. Naxicap Partners Limited made its initial investment in 2012 and became the majority shareholder in 2014 following the acquisition of Mr. Philip Cracco's shares.

HOHR is a leading HR service provider focusing on three specific types of staffing:

- **General staffing**: General temporary agencies delivering candidates to clients in a fast and flexible way, whenever they are shorthanded.
- **specialized staffing:** Specialized staffing companies in certain sectors including construction, retail, finance and many other sectors.
- **Engineering & consulting:** Highly skilled professionals are recruited to work in fast evolving sectors like energy, pharmaceuticals, technology etc. The Group also assists clients with the search and selection of the right candidate, interim management or secondment.

The external growth strategy as developed by management of HOHR resulted in several important acquisitions that were successfully completed by the Group over the last years (Refer to the Note 3 for more information). These acquisitions increased the Group's foothold in its core sector of delivering general staffing on a temporary basis to customers as well as in companies active in niche sectors such as legal and financial services delivering highly ranged professionals to customers. Clients are both SMEs and large corporations, occupying leading positions in all kinds of industries.

The consolidated financial statements of HOHR include the Company and its subsidiaries (all together "the Group").

The Group currently has a network of over 600 offices in Europe, and is active in Belgium, Germany, the Netherlands, France and Switzerland, but also present in Spain, Portugal, Romania, Luxembourg and Poland.

It now employs almost 3.400 people and is providing jobs to over 43.000 people each day via its brands:

- **General staffing:** TimePartner and ZAQUENSIS;
- **Specialized staffing:** Accent, Covebo;
- **Engineering & consulting:** Abylsen, Continu, Redmore, TEC, Vialegis, AERO and IBB.

All recent acquisitions substantially contribute to the overall performance of the Group.

The Group structure as in place as per 31 December 2020 is filed in Note 3.

All subsidiaries held directly or indirectly by the Group maintain their accounting records and prepare statutory financial statements in accordance with local accounting regulations.

The financial statements are issued for authorization to the Annual Shareholders Meeting that will be held on 20 May 2020. The Board of Directors approved the financial statements per 30 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with IFRS

These audited consolidated non-statutory financial statements are comprised of the consolidated statement of financial position, the consolidated statement of financial performance, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period ended 31 December 2020 and the related notes.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted within the European Union.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.
- Derivative financial instruments, debt and equity financial assets and contingent consideration that have been measured at fair value;
- Cash-settled option plans for which the liability is measured at fair value;
- Other long-term employee benefits, for which the liability is measured in accordance with the projected unit-credit method.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The consolidated financial statements are presented in euro (EUR) and all values are presented in EUR, except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Group

Below an overview is filed of the impact on the Group of IFRS standards that became applicable for the first time as from 1 January 2020. The nature and effect of adopting these new accounting standards is described below.

- **Amendments to IFRS 16: Lease accounting**
  On 28 May 2020, the IASB published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

The Group only received a very limited amount of Covid-19 related rent concessions.

- **Other new standards, amendments and interpretations:**
  Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group:
  - Amendments to IFRS 3: Business Combinations
  - Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors
  - Amendments to References to the Conceptual Framework in IFRS Standards
  - Amendments to IAS 1: Definition of material
  - Interest Rate Benchmark Reform Phase 1 amendments (Amendments to IFRS 9, IAS 39 and IFRS 7)

(ii) New and amended standards not yet adopted by the Group

Group's management preliminary assessment revealed that the following standards and amendments to standards that have been endorsed within the European Union and that are not yet applicable as per the first time for the financial year beginning 1 January 2020 should not have a material impact for the Group:

- Amendment to IFRS 4: Insurance Contracts – deferral of IFRS 9
- Interest rate benchmark reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Standards and amendments to standards that have not yet been endorsed within the European Union and that are not yet applicable as per the first time for the financial year beginning 1 January 2020:

- Amendment to IFRS 3: Business Combinations
- Amendment to IAS 16: Property, Plant and Equipment
- Amendment to IAS 37: Provisions, Contingent Liabilities and Contingent Assets
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IAS1: Presentation of Financial Statements Classification of Liabilities as Current or Non-current + disclosure of accounting policies
- IFRS 17: Insurance Contracts

2.3 Principles of consolidation and equity accounting

(i) Subsidiaries

The consolidated non-statutory financial information includes the financial statements of entities over which the Group exercises control. The Group controls an entity (including structured entities) 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 to decide over relevant activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations. Refer to Note 3.1 for more information.

Inter-company transactions, balances, income and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, statement of financial performance and statement of other comprehensive income as well as the statement of changes in equity.

(ii) Joint arrangements

A joint arrangement operates in the same way as other entities, except that a contractual arrangement between the Group and other ventures establishes joint control over the economic activity of the entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

The Group recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. The Group does not have any joint operations as per 31 December 2020.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognized at cost in the consolidated statement of financial position.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize 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 recognized as a reduction in the carrying amount of the investment.

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, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized 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. Unrealized 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.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated non-statutory financial statements are presented in euro (EUR), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'Finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other gains/(losses), net'.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognized as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in the fair value reserve in other comprehensive income. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and all resulting exchange differences are recognized in other comprehensive income).

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

- The consideration transferred for the acquisition of a subsidiary comprises the:
- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

In case of a combination of entities which are ultimately controlled by the Group before and after the combination, management has chosen to apply predecessor accounting instead of the acquisition method of accounting. The assets or liabilities of these entities are not restated to their fair value, instead the Group incorporates the predecessor carrying values. These are generally the carrying amounts of assets and liabilities of the acquired entities. As the combining entities are looked at from the perspective of a transfer made by the controlling party, no new goodwill arises from the combination, and any difference between price paid and the carrying amount of net assets exchanged is recorded as a separate reserve in equity.

2.6 Goodwill

Goodwill is measured as described in Note 3 on the business combinations and in Note 8 after initial recognition. Goodwill on acquisitions of subsidiaries is shown separately in the statement of financial position. Goodwill on acquisitions of joint ventures and associates is included in equity accounted for investments and is tested for impairment as part of the overall balance.

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

2.7 Intangible assets

Intangible assets are recognized when the cost of an asset can be reliably measured and it is probable that the entity will obtain future economic benefits from the asset over a period extending beyond the current fiscal year.

At initial measurement, intangible assets are measured at cost. Cost comprises the purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of preparing the asset for its intended use.

(i) Trademark and customer relationship contracts

Separately acquired trademarks are shown at historical cost. Trademarks, licenses and customer relationship contracts acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

(ii) Acquired computer software licenses

Externally acquired software licenses are stated at historical costs and amortized over its estimated useful life.

(iii) Internally developed software

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Development costs are amortized from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria indicated above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(iv) Amortization methods and periods of intangible assets

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Intangible assets	Amortization method	Amortization periods
Trademarks	Straight-line amortization	Between 11 and 20 years
Customer relationships	Straight-line amortization	Between 7 and 12 years
Internally generated software	Straight-line amortization	3 to 5 years
Acquired computer software licenses	Straight-line amortization	1 to 5 years
Other	Straight-line amortization	3 to 5 years

2.8 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized when replaced. All other repairs and maintenances are charged to profit or loss during the reporting period in which they are incurred.

The Group depreciates PP&E assets with a limited useful life using the straight-line method over the following periods:

Property, plant and equipment	Depreciation method	Depreciation periods
Freehold land	Not depreciated	Not depreciated
Buildings	Straight-line depreciation	35 years
Plant, machinery and equipment	Straight-line depreciation	5 years
Vehicles	Straight-line depreciation	5 years
Furniture and office equipment	Straight-line depreciation	5 years
Leased plant and equipment	Straight-line depreciation	5 years or shorter if lease term is shorter
Other tangible assets	Straight-line depreciation	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Refer to impairment of assets for more information (note 2.11).

PPE is derecognized either on disposal, or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

2.9 Leases

The Group leases mainly company cars, buildings and IT equipment.

All lease obligations, except for short term leases and low value items are considered on balance sheet, for which a right-of-use asset and lease liability is accounted for.

Leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The respective leased assets are included in the statement of financial position based on their nature.

2.10 Inventories

The Group measures its inventory at the lower of cost and net realizable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Cash and cash equivalents
For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.13 Non-current assets (or disposal groups) held for sale and discontinued operations
Non-current assets (or disposal groups) are classified as held for sale if (1) their carrying amount will be recovered principally through a sale transaction rather than through continuing use and (2) a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not more than any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interests and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.14 Financial assets
(i) Classification
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment
The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 12 for further details.

(v) Derivatives
Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group did not designate certain derivatives as hedge instruments.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in financial result.

As regards embedded derivatives, the Group assesses whether the derivative is closely related to the host instrument and accounted for separately or not.

2.15 Offsetting financial assets and liabilities
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.16 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

2.17 Trade receivables and other receivables

Trade receivables are amounts due from customers for sales made in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance. See note 12 for further information about the Group's accounting for trade receivables and for a description of the Group's impairment policies.

If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

The other receivables – projects related to contracts with customers are classified as other receivables.

2.18 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of House of HR as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of House of HR.

2.19 Dividends

A liability is recognized for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.20 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.21 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.22 Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions

The Group recognizes provisions for legal claims or similar types of obligations when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are not recognized for future operating losses.

Provisions are measured at the present value of Group management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by the Group by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

In case the Group expects a reimbursement from another party, the Group will recognize a separate asset when and only when it is virtually certain that the reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. In the statement of comprehensive income, the expense relating to a provision may be presented net of the amount recognized for a reimbursement.

(ii) Contingent liabilities and contingent assets

The Group does not recognize any contingent liabilities, instead contingent liabilities are disclosed, unless the possibility of an outflow is remote. The Group discloses the inflow of economic benefits when it is probable. Contingent assets are recognized when it is virtually certain that the economic benefits will flow into the Group.

2.23 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in the statement of financial performance, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

(ii) Deferred income tax
Deferred income tax is accrued in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.24 Employee benefits
(i) Short-term obligations
The main employee benefits of the Group consist of short-term employee benefits for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees rendered the related service. These liabilities are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Pension benefits
Defined contribution plans
The Group has defined contribution plans as well as disability benefits in certain countries in which it operates whereby contributions by the Group are funded through payments to independent entities. For these schemes, the Group's obligation is limited to the payment of these annual contributions.

The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Because of the Belgian legislation applicable to the second pillar pension plans (the so-called "Wet op de Aanvullende Pensioenen"), all Belgian pension plans that are structured as defined contribution plans are considered defined benefit plans under IFRS. Because of this minimum guaranteed return, the employer is exposed to a financial risk since further contributions could be required if the return on the assets is not sufficient to reach the minimum benefits to be paid. The Company has plans that are financed through insurance contracts. The projected unit credit method has been used as the actuarial technique to measure the defined benefit obligation. The related assumptions, the defined benefit obligation and related plan assets are further disclosed in Note 18.

Defined benefit plans
The Group does not offer defined benefit plans to its staff. For the specific situation on the Belgian pension plans, we refer to above.

(iii) Other long-term employee benefits
Some Group entities provide jubilee benefits rewarding employees for long years of service. The liability recognized in the statement of financial position is the present value of the obligation at the reporting date. The remeasurements have been recognized in the statement of financial performance in full.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits at the earlier of the following dates:

- when the Company can no longer withdraw the offer of those benefits; and
- when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.25 Share-based payments

Share-based compensation benefits are provided to key managers via the long-term incentive plan (LTIP).

The LTIP plan is classified as an equity-settled share-based payment plan.

Equity settled share-based payments

The fair value of the goods or services received is recognized with a corresponding increase in equity.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

A share-based payment award generally vests upon meeting specified conditions. Vesting conditions are either:

- Service conditions, which require the counterparty to complete a specified period of service during which the services are provided to the entity; or
- Performance conditions, which requires the counterparty to complete a specified period of service (i.e., a service condition) and involves specified performance targets to be met while the counterparty is rendering the required service.

A performance condition is further defined as either a market condition or a non-market condition. A market condition is a performance condition (i.e., requires specified targets to be met) and the performance conditions are related to the market price (or value) of the entity's equity instruments, such as: attaining a specified share price or achieving a specified target that is based on the market price (or value) of the entity's equity instruments relative to an index of market prices of equity instruments of other entities. A condition linked to a purely internal financial performance measure, such as profit or earnings per share, is not a market condition. Such measures will affect the share price, but are not directly linked to it, and hence are not market conditions. For a market condition to be treated as a performance vesting condition rather than a non-vesting condition, there must also be an implicit or explicit service condition.

Under IFRS 2, the nature of the condition (i.e., vesting or non-vesting, service, performance, market or non-market) affects the timing of when the expense is recognized and, in some cases, the measurement of the expense. In addition, if a condition is not met, whether the entity may reverse the previously recognized compensation expense depends on the nature of the condition that was not met. Therefore, the classification of a condition is a critical step in accounting for share-based payment transactions. Market conditions are only considered when estimating the fair value of the award at the grant date. Non-market vesting conditions are not considered when estimating the fair value of the shares or share options at the grant date. Instead, these vesting conditions are considered by adjusting the number of equity instruments included in the measurement of the transaction amount to reflect the number of awards that are expected to vest. Such non-market vesting conditions include a service condition.

2.26 Revenue recognition

The Group mainly generates revenue from offering temporary staffing solutions to its customers. The duration of these temporary staffing solutions may vary between a couple of hours up to a period of two years. The Group mainly offers temporary staffing solutions in the following industries: construction industry, manufacturing industry, logistics industry, sales and finance industry.

The Group also provides solutions to customers active in larger project-oriented businesses (such as the construction industry) where apart from staffing also specific deliverables must be provided for. Projects may take one week up to two to three months.

The Group has identified one performance obligation within the vast majority of its customer contracts, i.e. the delivery of services for a predefined period of time by one or more temping staff or consultants. Revenue from temporary staffing solutions is traditionally negotiated and invoiced to customers using an hourly rate (i.e. the transaction price). Temporary workers charge all their worked hours on project codes which are then accumulated on a weekly or monthly basis and billed to customers. Revenue from temporary staffing solutions is recognized over time upon rendering the services.

Revenues related to services rendered in the project business are recognized upon the performance of the service under contract by comparing the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs incurred as compared to the total expected costs to incur to successfully complete the project.

The Group recognizes project related receivables if the Group has a right to payment for goods and services already transferred to a customer if that right to payment is conditional on something other than the passage of time. These project related receivables are recognized as part of the other receivables.

Contract fulfilment costs related to this project business are capitalized and amortized on a systematic basis consistent with the pattern of the transfer of the goods and services to which these assets relate.

Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to management.

Customers are invoiced on a weekly, bi-weekly or monthly basis and the consideration is payable when invoiced.

The Group offers volume rebates to a limited number of customers. The Group applies the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold.

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

For sales arrangements where the Group acts as a principal in the transaction and has the principal risk and rewards of ownership, including amongst others, the obligation to deliver the services and the credit risk, revenue is reported gross by the Group. Under arrangements where the Group acts as an agent, revenue is reported on a net basis.

2.27 Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

3 GROUP STRUCTURE OF THE HOUSE OF HR

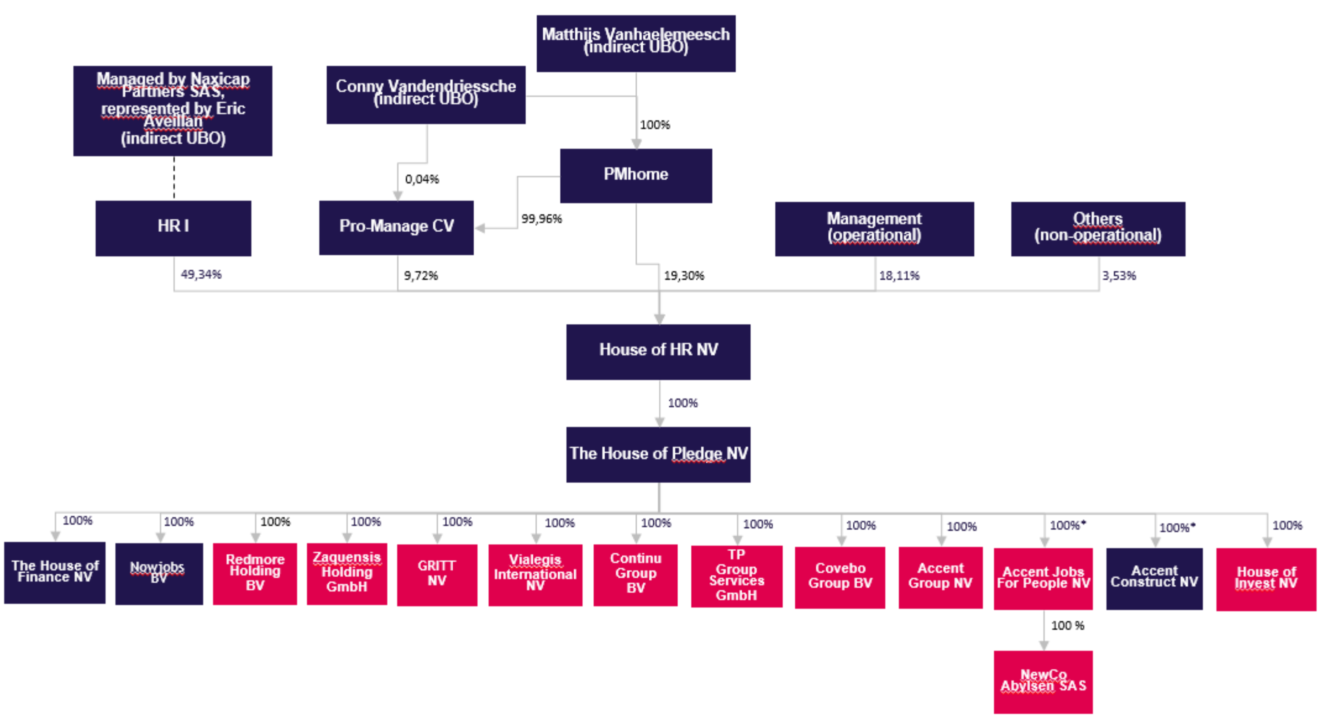
Since the creation of the Belgian Accent Group in 1995, the Group has significantly expanded its business as a result of a number of important and material external acquisitions. All these acquisitions are in-line with the mid- to long-term strategy of the House of HR to gain a more international foothold and to become a Group mainly offering services around specialized recruitment and engineering and consulting. The Group is now active in more than 10 European countries.

As part of the legal reorganization of the Group completed in 2018, the majority of the minority shareholders, which represented former management of the acquired companies, exchanged their non-controlling interests, together with any related shareholder loans (financial liabilities recognized in various entities of the Group) for cash and new shares issued by the parent company of the Group. Consequently, the Group currently holds into the majority of its subsidiaries 100% of the issued shares. All non-controlling interests held by former management in the Redmore and Vialegis Group were acquired by the Group as per 14 January 2019.

As a result of the changes in the equity held by non-controlling interests, the Group has adjusted the carrying amounts of the controlling and any remaining non-controlling interests to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid are directly recognized into equity.

During 2020, the Group further expanded with the acquisition of TechMatch and Book'U. On the other hand, the Group sold its share in GRITT Projects NV.

The Group's structure as per 31 December 2020 is as follows:



HR I = former Naxicap

While the Group obtains control over the acquired entities, the Group does not always acquire all of the issued shares of these entities. The remaining shares are held by the former management of the acquired entities. To facilitate the acquisitions, new holdings are created in which the Group and the minority shareholders both contribute into the share capital in relation to the shares in the holding held by them. These holdings are consolidated in full by the Group. Amounts allocated to the minority shareholders are recognized as a separate component of the equity of the Group.

The following notes provide more information on the changes in the Group structure in 2020:

3.1 Business Combinations

(i) Overview of completed acquisitions

Movement in minorities

Following movements in minorities have occurred during 2020:

In 2020 the following shares have been acquired which were previously owned by non-controlling interests:

1. As per January 11, 2020 Newco Abylsen acquired 100.000 shares in PI Holding (5,0% or the ordinary shares) for a price of EUR 0,09 million;
2. As per January 27, 2020 Newco Abylsen acquired 100.000 shares in Newco Pharmacos (2,6% of the shares) for a price of EUR 0,10 million;
3. As per March 3, 2020 Vialegis NV acquired 50 shares in Vialegis SA (5% of the shares) for a price of EUR 0,25 million;
4. As per July 9, 2020 Triple A Belgium has been incorporated with Triple A Risk Finance International BV as its sole shareholder. On October 9, 2020 250 shares in Triple A Belgium (25% of the shares) were sold for a price of EUR 0,25 million.
5. As per July 31, 2020 Covebo Group BV acquired 1.300 shares in Covebo VNOM BV via a contribution in kind (EUR 7,37 million);
6. As per September 22, 2020 Newco Abylsen acquired 13.300 shares in 6BO (44,3% of the shares) for a price of EUR 0,03 million;
7. As per September 30, 2020 Newco Abylsen acquired 125.000 shares in Newco Belgatech (12,5% of the shares) and 306.250 profit certificates for a price of EUR 1,06 million;
8. As per September 30, 2020 Vialegis Europe NV acquired 700 shares in Iterlegis Staffing Solutions for a price of EUR 0,06 million.

2020 acquisitions

TechMatch

The Group, via its subsidiary Continu, has acquired 100% of the shares in TechMatch as per 23 January 2020. TechMatch is an independent engineering staffing specialist, specialized in mechanical engineering, process engineering and electrical engineering. The consideration paid for acquiring 100% of the shares amounts to EUR 5,58 million fixed purchase price and EUR 5,67 million earn-out. The expected payment is determined in respect of the individual earn-out agreement taking into consideration the expected level of profitability of the acquired company for the financial year 2020 and 2021. Any change in the estimated earn-out of the company is recorded in the income statement.

Book'U

The Group had a minority stake in Book'U as per 31 December 2019 of 5,97%. As per 19 May 2020 a capital increase occurred in Book'U via:

a) A contribution in kind of EUR 500 thousand and a contribution in cash of EUR 200 thousand, both subscribed by House of Invest;
b) A contribution in kind of EUR 250 thousand subscribed by HM&C.

As a result of these contributions, House of Invest holds 80% of the shares of Book'U and has acquired control over the company.

(ii) Overview of acquired fair values and determination of the associated goodwill

Details of the purchase consideration, the net assets acquired and goodwill for all businesses acquired can be summarized as follows:

Consideration for acquiring the business	TechMatch	BookU
Cash	5.580.000	238.538
Contribution of assets	0	500.000
Equity instruments in the Group	2.223.000	0
Earn-out	5.670.000	0
Indemnification asset	-543.950	
Fair value of equity interest in the acquired entities held before the business combination		
Total consideration for paid for the acquisition	**12.929.050**	**738.538**
Fair value of the acquired assets (@ 100%)	**TechMatch**	**BookU**
Property, plant, equipment	426.391	140.159
Intangible assets	0	323.057
Acquisition-related intangible assets: trademarks	193.605	0
Acquisition-related intangible assets: customer relationships	3.664.991	0
Trade receivables	1.560.389	59.943
Other receivables	64.065	55.016
Other assets	4.890	476
Cash and cash equivalents	2.200.370	133.598
Borrowings	0	-160.895
Deferred income tax liabilities	-821.865	-23.484
Trade payables	-96.705	-17.626
Income tax liabilities	-436.364	0
Employee benefit obligations	-1.206.177	-5.971
Other liabilities	-650.731	-214.551
Total identifiable net assets acquired	**4.902.859**	**289.721**
Less: Non-controlling interest	0	57.944
Add: Goodwill	8.026.191	506.761
Net assets acquired	**12.929.050**	**738.538**

*Book'U: EUR 38 thousands paid in 2019 for 5,97% of the shares

The goodwill resulting from these acquisitions is attributable to the workforce and the expected high profitability of the acquired business. The goodwill is not deductible for tax purposes.

Accounting policy choice for non-controlling interests

IFRS allows the Group to recognize the non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

Group Management decided to recognize all the non-controlling interests at fair value.

Acquired receivables

The following table summarizes the fair value of acquired trade receivables as per acquisition date:

Acquired receivables	TechMatch	BookU
Contractual amount of trade receivables due	1.560.389	59.943
Amount of uncollectible trade receivables	-79.556	0
Fair value of acquired trade receivables	**1.480.833**	**59.943**

The gross amount of the acquired trade receivables approximates its fair value.

Revenue and profit contribution

The acquired businesses contributed since their acquisition dates the following amount of revenue and net profit to the Group:

Contribution to revenue and net profit since the date of the acquisition:	TechMatch	BookU
Revenue:	10.364.841	69.812
Net profit:	649.374	-454.113

If the acquisitions had occurred on 1 January of the year, consolidated pro-forma revenue and net profit for the year ended would have been:

Contribution to revenue and net profit as if the acquisition was completed per 1 January:	TechMatch	BookU
Revenue:	10.364.841	122.092
Net profit:	649.374	-590.624

These amounts have been calculated using the subsidiary's results, adjusting them for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional depreciation and amortization that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January of every year, together with the consequential tax effects.

Contingent assets and contingent liabilities

The Group did not recognize any material contingent assets or contingent liabilities under the purchase price allocation exercise.

Reconciliation to the cash-flow statement

Outflow of cash to acquire subsidiary, net of cash acquired	TechMatch	BookU
Cash consideration *	**7.803.000**	**238.538**
Less: balances acquired		
Cash acquired	-2.200.370	-133.598
Bank overdraft		
Total	**-2.200.370**	**-133.598**
Net flow of cash - investing activities for business combinations	**5.602.630**	**104.940**

*Book'U: EUR 38 thousands paid in 2019 for 5,97% of the shares

Acquisition related costs

The total acquisition-related costs related to these acquisitions amount to EUR 0,13 million as per 31 December 2020.

All these costs have been expensed within the statement of financial performance at the transaction date.

(iii) Acquisitions completed after year-end

The Group, via its subsidiary Continu, has acquired 100% of the shares in the Solyne group as per 15 January 2021. The Solyne group is active as a specialist secondment provider of predominantly Dutch white-collar technical professionals, as well as professionals in adjacent sectors, for clients active in the public and private domain, operating in the Netherlands a business specialized in secondment, freelance, subcontracting and temporary staffing services for its clients. The consideration paid for acquiring 100% of the shares amounts to EUR 34,16 million.

The Group, via its subsidiary Abylsen, has acquired 60% of the shares in the Greenworking group as per 26 January 2021. The Greenworking is a consultancy firm active in the 'new ways of working' market group. By its services, mainly focusing on French blue chip companies, Greenworking is adding value in the field of teleworking, work-life balance, leadership, digital change and social responsibility. The consideration paid for acquiring the shares amounts to EUR 23,62 million.

3.2 Interests in joint ventures

On 9 October 2020 Sixie BV has been incorporated, in which House of Invest holds 50% of the shares.

3.3 Interests in associates

As per 3 April 2020 the Group acquired an additional stake of 15% in Happy Recruiter SA for a consideration of EUR 328 thousand.

The Group has per December 31, 2020 35% shares in Happy Recruiter and 33,31% shares in Ariad. These entities are accounted for as associates and are considered not material for the total group.

3.4 Non-controlling interests

The summarized financial information for the subsidiaries of the Group that have non-controlling interests that are material to the Group is represented in below overview:

31 December 2020	Belgatech	Pharma Insight	Vialegis SA (Lux)	Schollmeyer & Steidl GmbH	Triple A - Risk Finance Poland	ITDS Polska Sp. z.o.o.	Triple A - Risk Finance Spain	Triple A - Risk Finance Belgium	Mykelson Consulting	Eastelson	Pharmacos	Book'U	TOTAL
Non-current assets	3.261.679	11.483.813	5.962	315.370	32.494	86.907	15.569	3.994	289.093	957	3.834.148	379.120	19.709.106
Current assets	2.600.327	-141.311	677.305	450.582	1.289.152	3.155.100	292.629	307.044	2.224.387	75.949	2.200.273	170.643	13.302.080
Total assets	**5.862.006**	**11.342.502**	**683.267**	**765.952**	**1.321.646**	**3.242.007**	**308.198**	**311.038**	**2.513.480**	**76.907**	**6.034.421**	**549.763**	**33.011.186**
Non-current liabilities	-737.066	-532.530	0	-173.865	25.001	-201.932	-150.000	0	-23.372		-331.171	-450.037	-2.574.971
Current liabilities	-3.167.035	-2.900.369	-287.929	-334.910	-263.755	-877.874	-81.364	-288.836	-266.781	-191.633	-1.360.962	-251.926	-10.273.374
Total liabilities	**-3.904.101**	**-3.432.898**	**-287.929**	**-508.775**	**-238.753**	**-1.079.806**	**-231.364**	**-288.836**	**-290.153**	**-191.633**	**-1.692.133**	**-701.963**	**-12.848.345**
Net assets	-1.481.218	-7.642.951	-303.125	21.745	-812.169	-1.124.345	-53.784	-16.652	-2.216.980	108.991	-3.329.232	121.760	-16.727.960
Accumulated NCI	**-476.687**	**-266.653**	**-92.213**	**-278.922**	**-270.723**	**-1.037.856**	**-23.050**	**-5.551**	**-6.347**	**5.736**	**-1.013.056**	**30.440**	**-3.434.881**
Revenue	9.390.983	12.083.226	890.478	2.146.737	1.882.632	8.853.536	779.839	377.331	1.107.365	968.850	5.402.429	69.812	43.953.218
Profit for the period	257.313	322.770	267.637	-336.708	857.156	1.339.530	56.657	-77.798	139.679	19.552	282.064	-454.113	2.673.739
Other comprehensive income													0
Profit allocated to NCI	**32.164**	**27.270**	**53.527**	**-84.177**	**214.289**	**642.974**	**16.997**	**-19.449**	**1.569**	**978**	**65.516**	**-90.823**	**860.834**
Dividends paid to NCI				**-44.653**	**-200.000**	**-96.000**							**-340.653**

31 December 2019	Belgatech	Pharma Insight	VNOM	6BO	Vialegis SA (Lux)	Iterlegis Legal Staffing Solutions	Schollmeyer & Steidl GmbH	Triple A - Risk Finance Poland	ITDS Polska Sp. z.o.o.	Triple A - Risk Finance Spain	Mykelson Consulting	Eastelson	Pharmacos	TOTAL
Non-current assets	3.395.385	10.997.012	16.867.228	1.837	5.640	102.507	61.289	7.287	70.294	15.772	2.340	2.101	3.643.008	35.171.701
Current assets	1.535.581	-928.994	4.649.764	16.636	340.850	163.705	2.057.487	1.258.113	1.864.411	236.025	1.163.578	82.537	2.470.638	14.910.332
Total assets	**4.930.966**	**10.068.018**	**21.516.992**	**18.473**	**346.489**	**266.212**	**2.118.777**	**1.265.401**	**1.934.705**	**251.797**	**1.165.918**	**84.638**	**6.113.646**	**36.534.449**
Non-current liabilities	-944.159	-500.873	-12.365.915	0	0	-407.000	0	22.968	-321.161	0	0	0	-159.320	-14.675.459
Current liabilities	-2.212.413	-1.997.585	-1.633.104	-64.340	-218.788	-88.786	-307.580	-173.647	-462.487	-231.620	-750.382	-218.988	-1.932.793	-10.292.512
Total liabilities	**-3.156.572**	**-2.498.458**	**-13.999.019**	**-64.340**	**-218.788**	**-495.786**	**-307.580**	**-150.679**	**-783.648**	**-231.620**	**-750.382**	**-218.988**	**-2.092.113**	**-19.718.389**
Net assets	-869.294	-7.214.126	-5.165.564	25.533	-95.776	160.701	-1.358.396	-836.041	-598.550	-14.124	-410.759	127.631	-2.979.904	-13.223.450
Accumulated NCI	**-905.100**	**-355.434**	**-2.352.409**	**20.333**	**-31.925**	**68.873**	**-452.800**	**-278.681**	**-552.508**	**-6.053**	**-4.778**	**6.718**	**-1.041.629**	**-5.885.393**
Revenu	10.017.894	10.866.783	35.543.130	171.120	581.621	448.219	3.907.996	1.726.329	6.040.466	360.285	1.545.612	624.519	4.110.729	75.944.703
Profit for the period	80.552	369.560	2.234.043	-21.395	229.863	-18.852	714.449	510.422	735.358	-79.823	178.821	-19.955	160.873	5.073.917
Other comprehensive income														
Profit allocated to NCI	**20.138**	**55.434**	**726.064**	**-9.484**	**57.466**	**-5.656**	**178.612**	**127.605**	**352.972**	**-23.947**	**2.056**	**-998**	**44.479**	**1.524.742**
Dividens paid to NCI														

3.5 Overview of subsidiaries and joint ventures

(i) Overview of subsidiaries

The Group holds 100% in its subsidiaries on 31 December 2020, except for the subsidiaries mentioned in the table below.

Overview minority %	Shares	% held
Newco Belgatech	88.090	87,50%
PI Holding	1.800.000	90,00%
Vialegis SA (Lux)	800	80,00%
Schollmeyer & Steidl GmbH	22.500	75,00%
Triple A - Risk Finance Poland	150	75,00%
ITDS Polska Sp. z.o.o.	52	52,00%
Triple A - Risk Finance Spain	700.000	70,00%
Triple A - Risk Finance Belgium	750	75,00%
Mykelson Consulting	4.942	98,80%
Eastelson	4.750	95,00%
Newco Pharmacos	2.951.680	76,67%
Book'U	58.230	80,00%

Significant restrictions on certain assets within the subsidiaries

Cash and short-term deposits held in the Netherlands are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than through normal dividends. The carrying amount of the assets included within the consolidated financial statements to which these restrictions apply is EUR 3,66 million as per 31 December 2020.

(ii) Overview of material joint ventures

The Group has a joint venture with Sixie BV. This entity has been incorporated during the last quarter of 2020 and is only operational as from 2021

3.6 Discontinued operations

As per June 23, 2020, a share and receivable transfer agreement has been signed resulting in the sale of GRITT Projects NV. The Group, via its subsidiaries GRITT NV and Logi-Technic NV held 100% of the shares in GRITT Projects NV. This transfer was desirable for GRITT and Logi-Technic, and the House of HR group in general, as the business model of GRITT Projects was not aligned with the group strategy and was not delivering the expected group performance. The client base was excessively narrow, implying strong purchasing power from the customers, which resulted in lower margins than foreseen. This resulting in a deteriorated financial situation of GRITT Projects. Furthermore, all parties are convinced that the new shareholders are in a better position to make GRITT Projects profitable again in the coming years.

Following transactions have occurred with regard to the sale of GRITT Projects NV:

1. Capital increase done by GRITT NV and Logi-Technic NV of EUR 3,24 million.
2. Sale of the shares held by GRITT NV and Logi-Technic NV, against EUR 1 closing price + a supplement of EUR 0,35 million (the amount equal to the net proceeds from HOHR leaver procedure).

As a result of the above transactions, a total loss of EUR 19,58 million has been recorded.

Reconciliation post tax gain/(loss)	in EUR
Consideration paid	
Cash	1
Supplement	346.375
Fair value of contingent consideration	0
Total disposal consideration	**346.376**
Carrying amount of net assets sold	-1.946.780
Gain on sale before income tax and reclassification of foreign currency translation reserve	**2.293.156**
Reclassification of foreign currency translation reserve	0
Other closing considerations	
- Debt forgiveness	-499.000
- Transfer of receivable	-7.874.366
Gain (loss) on sale before income tax	**-6.080.210**
Income tax expense on gain	0
Goodwill impairment recorded	-13.495.230
Post tax gain/(loss) from remeasurement of discontinued operations to fair value less costs to sell	**-19.575.440**

Financial performance and cash flow information

Condensed cash flow statement

Cash flow statement	in EUR
Net cash flow from operating activities	735.407
Net cash flow from investing activities	-75.643
Net cash flow from financing activities	254.782
NET CASH INCREASE/(DECREASE)	**914.546**

Balance sheet at closing date

The carrying amounts of assets and liabilities as at the date of the sale were:

Balance sheet at closing date	in EUR
Property, plant and equipment	2.142.883
Intangible assets	1.601.143
Goodwill	424.296
Deferred tax assets	13.731
Other non-current assets	1.828
Trade receivables	4.693.962
Inventory and work in progress	706.522
Income tax receivables	280.000
Other receivables	5.405.239
Cash and cash equivalents	914.546
Total assets	**16.184.149**
Non-current liabilities	-9.324.973
Trade and other payables	-822.603
Income tax and other liabilities	-50.956
Employee benefit obligations	-1.113.877
Current liabilities	-6.818.519
Total liabilities	**-18.130.929**
Net assets	**-1.946.780**

Financial performance

Income statement of discontinued operations for the period ended 31 December 2020.

in EUR	31 December 2020	31 December 2019
Revenue	6.577.548	22.807.513
Cost of services	-4.171.758	-16.743.533
Gross profit/(loss)	**2.405.790**	**6.063.980**
Selling expenses	-2.418.875	-9.568.158
Impairment of goodwill	0	-4.581
Other general and administrative expenses	-871.173	-4.451.803
Total operating expenses	**-3.290.048**	**-14.024.542**
Other gains/(loss) - net	16.995	-354.192
Operating profit/(loss)	**-867.263**	**-8.314.754**
Finance income	523	5.870
Finance expenses	-141.844	-417.183
Net finance income/(costs)	**-141.321**	**-411.313**
Share in profit/(loss) of equity accounted investments		
Profit/(loss) before taxes	**-1.008.584**	**-8.726.067**
Income tax expense	2.328	19.029
Net profit/(loss) of the period	**-1.006.256**	**-8.707.038**
Profit/(loss) from discontinued operations (attributable to equity holders of the company)	-19.575.440	
Net profit/(loss) of the period	**-20.581.696**	**-8.707.038**
Profit/(loss) attributable to:		
Owner of the entity holding ordinary shares	-20.581.696	-8.707.038
Non-controlling interests	0	0

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including limited foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The objective is to identify, quantify, manage and then monitor events or actions that could lead to financial losses. The Group uses derivative financial instruments to hedge certain interest risk exposures. In particular, the Group protects the variable interest rate on loans via the use of caps that limit the exposure to fluctuations of Euribor.

Risk management is carried out by the Group's treasury department. Group's treasury identifies, evaluates and hedges financial risks with approval from the board of directors.

Market risk

Foreign exchange risk

Overview of exchange rates	31 December 2020		31 December 2019	
	Average	At year-end	Average	At year-end
CHF	1,08	1,09	1,11	1,09
PLN	4,44	4,57	4,30	4,26
RON	4,84	4,87	4,75	4,78
HUF	351,25	363,89		

The Group's exposure to foreign exchange risk is very limited as the Group's operations are essentially denominated in euro. Therefore, the impact of fluctuations of these currencies of +/-10% is considered as immaterial.

Interest rate risk

The Group's interest rate risk arises from long term borrowings.

At 31 December 2020, the Group has EUR 550 million of outstanding bank loans, structured as a bullet loan under the Senior Facility Agreement. Once per year, excess cash flow is calculated based on final audited accounts which serve to determine whether a mandatory prepayment of the Senior Facility Agreement should take place under this agreement. So far, no mandatory prepayments have taken place. These loans are floating rate borrowings, with interest based on Euribor floored to zero plus a fixed margin of 4.25% if leverage is greater than or equal to 3.25x.

At 31 December 2020, the Group has EUR 370 million of outstanding senior secured notes, due in 2026, with a fixed interest rate of 4,375% and EUR 200 million of outstanding senior unsecured notes, due in 2027, with a fixed interest rate of 7,500%.

No hedging instruments are in place during 2020 to cover any potential interest rate risk. Notes are issued with a fixed interest rate of 4,375% and 7,50%. For Term Loan B (EUR 550,00 million) a variable interest rate is applicable.

The floating rate borrowings are entirely accounted for at amortized cost, and therefore the impact of changes in the market interest rate on the fair value of these floating rate borrowings at the closing date will have no impact on the income statement or on the equity. The Group does not apply hedge accounting.

Euribor floating rate borrowings which are not covered by the swaps are subject to interest rate risk. An increase (decrease) of 100 basis points in interest rate as per year-end would have an effect on profit after tax and equity as follows:

	31-12-2020
Increase 100 bps	-5.500.000
Decrease 100 bps	5.500.000

*considering floor at 0%

The Group has in total EUR 3,72 million of borrowings from related parties outstanding at the period ended 31 December 2020.

Credit risk

Credit risk for the Group mainly arises from cash and cash equivalents, favorable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Risk management

The Group has no significant concentrations of credit risk other than that for ordinary debtors. The Group has policies to ensure that the services are provided to customers with an appropriate credit history.

Credit risk is managed locally by each subgroup (brand). Certain subsidiaries have credit insurance in place. Negotiations are ongoing to further implement this for the entire group. Credit risk mainly arises as credit exposures to customers, including outstanding receivables.

The credit quality of customers, considering the financial position of customers, past experience and other factors, is closely assessed by the credit department on a regular basis. Individual risk limits are set based on internal or external ratings in accordance with limits set by the finance committee. The utilization of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of services;
- receivables resulting from project services in progress;
- debt investments carried at amortized cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before each reporting year-end and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

Forward-looking information has been considered in assessing the Expected Credit Loss impairment under IFRS9, taken into consideration the possible downside resulting from the Covid-19 pandemic. This did not result is a significant impact on the ECL model assumptions.

On that basis, the expected credit loss allowance as at 31 December 2020 was determined as follows for both trade receivables:

At 31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 1 year past due	Total
Expected loss rate	0,12%	1,28%	12,12%	5,33%	**0,77%**
Gross carrying amount - Trade receivables	164.558.946	9.617.970	7.078.890	4.622.787	**185.878.594**
Loss allowance	**197.922**	**123.480**	**857.735**	**246.235**	**1.425.372**

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 1 year past due	Total
Expected loss rate	0,06%	0,56%	11,44%	6,83%	**0,65%**
Gross carrying amount - Trade receivables	223.087.111	16.600.609	9.340.083	5.260.216	**254.288.019**
Loss allowance	**129.287**	**92.981**	**1.068.803**	**359.239**	**1.650.310**

The closing loss allowances for trade receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

Movements in the provision for impairment of trade receivables	2020
Balance at January 1	**5.587.700**
Acquisition of subsidiaries	79.556
Disposal of subsidiaries	-15.052
Increase in loss allowance recognised in profit or loss during the year	3.253.418
Unused amounts and write-offs	-1.405.584
Translation differences	
Balance at December 31	**7.500.039**

Trade receivables and project related receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Several factors are considered in assessing the likelihood of impairment which is assessed on a case-by-case basis.

Impairment losses on trade receivables and project related receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group first applies this policy under the incurred loss model, and then, for the rest of receivables which are not provided for, the Group applies the expected credit loss model, and recognizes an additional provision.

The aging overview as of each year-end date is as follows:

Aging of trade receivables, based on invoice date	31 December 2020		31 December 2019	
	Amount		Amount	
Less than 1 month	153.433.425	83%	171.038.809	67%
Between 1 and 2 months	17.183.355	9%	47.953.715	19%
Between 2 months and 1 year	10.615.654	6%	29.523.141	12%
Between 1 and 2 years	1.355.928	1%	2.920.352	1%
More than 2 year	3.289.924	2%	2.852.001	1%
of which				
Not impaired	178.378.401	96%	248.700.319	98%
Impaired	7.500.039	4%	5.587.700	2%
Total	**185.878.440**	**100,00%**	**254.288.019**	**100,00%**

As of 31 December 2020, trade receivables of EUR 40,41 million were past due but not impaired. These receivables are expected to be recovered and have not been provided for because they relate to well-known customers and they are strictly followed up by the credit department. The ageing analysis of these trade receivables is as follows:

Receivables past due but not provided for	31 December 2020	31 December 2019
Less than 1 month	29.966.370	41.380.482
Between 1 and 2 months	5.353.177	8.858.705
Between 2 months and 1 year	4.609.778	5.830.552
Between 1 and 2 years	120.250	325.710
More than 2 year	358.318	535.147
Total	**40.407.894**	**56.930.596**

As of 31 December 2020, trade receivables of EUR 7,50 million were impaired and provided for, as shown in the table below. The provision was made in line with the incurred loss model and expected credit loss model, as described in the Note 4.1 under the credit risk section.

Receivables past due and provided for	31 December 2020	31 December 2019
Less than 1 month	978.079	114.774
Between 1 and 2 months	230.579	99.243
Between 2 months and 1 year	1.786.695	1.599.712
Between 1 and 2 years	1.153.459	1.915.020
More than 2 year	3.351.226	1.858.950
Total	**7.500.039**	**5.587.700**

The credit quality of trade receivables and cash is as follows:

Trade receivables	31 December 2020	31 December 2019
Counterparties with external credit rating		
Prime	4.026.285	39.856.673
High grade	10.095.828	2.404.428
Upper medium grade	33.923.980	21.170.036
Lower medium grade	28.281.866	3.223.609
Non-investment grade speculative	30.298.375	508.717
Highly speculative	18.004.712	11.649
Substantial risk	14.811.940	
Extremely speculative	4.197.074	5.436
Default imminent	772.735	
In default	1.189.488	
Total amount for counterparties with external credit rating	**145.602.282**	**67.180.547**
Counterparties without external credit rating		
Group 1 - new customers (less than 6 months)	4.532.888	20.209.409
Group 2 - existing customers (> 6 months) with no defaults in the past	8.488.035	17.672.571
Group 3 - existing customers (> 6 months) with some defaults in the past	19.755.196	143.637.792
Total amount for counterparties without external credit rating	**32.776.119**	**181.519.772**
Total trade receivables	**178.378.401**	**248.700.319**

Cash and cash equivalents	31 December 2020	31 December 2019
Prime	949.888	12.687.625
High grade	12.011.522	615.515
Upper medium grade	365.139.736	130.885.890
Lower medium grade	294.498	
Cash and cash equivalents	**378.395.645**	**144.189.030**

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and use of trade supplier credit terms.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 16) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements. The Group also uses factoring agreements with certain banks in order to obtain early access to cash flows.

Surplus cash held by the operating entities over and above balance required for working capital management is transferred to the Group treasury. Surplus cash is retained to finance future growth of the Group through acquisitions.

The table below analyses the Group's non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include future contractual interest payments. As a result, those amounts differ from the balances in the statement of financial position.

At 31 December 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows
Non-derivatives					
Subordinated loans	43.431	43.313	4.533.554		4.620.298
Bank loans	36.434.406	66.899.306	164.661.458	1.179.400.347	1.447.395.517
Commercial finance					0
Other loans	3.675	83.206	151.903		238.783
Finance lease liabilities	35.954.876	25.110.647	30.213.404	9.646.225	100.925.152
Trade and other payables	37.847.824				37.847.824
Total non- derivatives	**110.284.212**	**92.136.470**	**199.560.320**	**1.189.046.573**	**1.591.027.574**
Derivatives					
Early repayment option		-4			-4
Total Derivatives	**0**	**-4**	**0**	**0**	**-4**

At 31 December 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows
Non-derivatives					
Subordinated loans	382.878	381.833	7.530.692		8.295.403
Bank loans	39.502.431	27.939.931	131.673.611	996.787.500	1.195.903.473
Commercial finance	28.350.224				28.350.224
Other loans					0
Finance lease liabilities	30.138.203	21.157.625	22.481.335	4.778.224	78.555.387
Trade and other payables	42.322.529				42.322.529
Total non- derivatives	**140.696.265**	**49.479.389**	**161.685.638**	**1.001.565.724**	**1.353.427.016**
Derivatives					
Early repayment option					0
Total Derivatives	**0**	**0**	**0**	**0**	**0**

In order to meet its cash outflow obligations, the Group uses cash flows generated from operating activities and credit facilities with financial institutions if necessary. In order to mitigate the liquidity obligations in the less than one-year bucket, cash flows from revolving credit facilities with drawdown rights for additional EUR 95,00 million are available until the termination date of SFA, 26 July 2026.

4.2 Capital risk management

Borrowings and related gearing ratio

	31 December 2020	31 December 2019
Total borrowings	1.089.387.432	892.835.144
Less: cash and cash equivalents	-378.395.645	-144.189.030
Net debt	**710.991.787**	**748.646.114**
Total equity	243.849.905	290.161.444
Total capital	**954.841.692**	**1.038.807.558**
Gearing ratio	**74%**	**72%**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Under the terms of the Senior Facilities Agreement, the Group is required to comply with the financial covenant that the consolidated senior secured net leverage ratio must be not more than 6.0:1.

The Group has complied with this covenant throughout the reporting period. As at 31 December 2020, the consolidated senior secured net leverage ratio of the Group (net debt to normalized EBITDA; i.e. EBITDA adjusted based on the SFA agreement) was 3.60:1.

Dividends

In general no dividends are paid out to majority shareholders. For the dividends declared to minority shareholders, please refer to the Note 3.4 on non-controlling interest.

4.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted (unadjusted) market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date. These instruments are included in level 2.

The instruments included in level 3 are those for which one or more significant inputs are not based on observable market data.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The following tables present the Group's assets and liabilities that are measured or disclosed at fair value at 31 December 2020 and 2019:

31 December 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value				**0**
Derivative financial instruments (note 10)			1.750.000	1.750.000
Assets for which fair values are disclosed (note 11,13)				**0**
Trade receivables			178.378.401	178.378.401
Loans to related parties			0	0
Cash and cash equivalents			378.395.645	378.395.645
Other non-current assets			14.732.472	14.732.472
Other receivables			39.816.504	39.816.504
				0
Liabilities measured at fair value				**0**
Derivative financial instruments (note 10)				0
Liabilities for which fair values are disclosed (note 15)				**0**
Trade and other payables			37.847.824	37.847.824
Carrying value-Bank loans			1.120.229.529	1.120.229.529
Convertible bond				0
Non-convertible bond				0
Vendor loans			2.142.000	2.142.000
Shareholder's loans			1.575.000	1.575.000
Commercial finance				0
Other borrowings - financial leases			96.720.787	96.720.787

At 31 December 2020 and 2019 a level 3 fair value has been used for all financial instruments measured at fair value.

4.4 Offsetting financial assets and financial liabilities

The following financial assets and financial liabilities are subject to offsetting:

As at 31 December2020				Related amounts not set off in the statement of financial position	
Financial assets	**Gross amounts of recognised financial assets**	**Gross amounts of recognised financial liabilities set off in the balance sheet**	**Net amounts of financial assets presented in the statement of financial position**	**Financial instruments collateral**	**Net amount**
Cash and cash equivalents	378.395.645		378.395.645	-378.395.645	0
Trade receivables	178.378.401		178.378.401		178.378.401
Derivative financial assets	1.750.000		1.750.000		1.750.000
Other non-current assets	14.732.472		14.732.472		14.732.472
Other receivables	39.816.504		39.816.504		39.816.504
Total	**613.073.022**	**0**	**613.073.022**	**-378.395.645**	**234.677.377**
Financial liabilities	**Gross amounts of recognised financial liabilities**	**Gross amounts of recognised financial assets set off in the balance sheet**	**Net amounts of financial liabilities presented in the statement of financial position**	**Financial instruments collateral**	**Net amount**
Trade payables	37.847.824		37.847.824		37.847.824
Bank borrowing	1.085.440.825		1.085.440.825	-378.395.645	707.045.181
Other loans	229.607		3.717.000		3.717.000
Borrowings from related parties	3.717.000		3.717.000		3.717.000
Other borrowings - financial leases	96.720.787		96.720.787		96.720.787
Total	**1.223.956.043**	**0**	**1.227.443.436**	**-378.395.645**	**849.047.792**

As at 31 December2019					
Financial assets	**Gross amounts of recognised financial assets**	**Gross amounts of recognised financial liabilities set off in the balance sheet**	**Net amounts of financial assets presented in the statement of financial position**	**Financial instruments collateral**	**Net amount**
Cash and cash equivalents	144.189.030		144.189.030	-144.189.030	0
Trade receivables	248.700.319		248.700.319		248.700.319
Derivative financial assets	7.570.000		7.570.000		7.570.000
Other non-current assets	4.481.806		4.481.806		4.481.806
Other receivables	30.249.237		30.249.237		30.249.237
Total	**435.190.393**	**0**	**435.190.393**	**-144.189.030**	**291.001.363**
Financial liabilities	**Gross amounts of recognised financial liabilities**	**Gross amounts of recognised financial assets set off in the balance sheet**	**Net amounts of financial liabilities presented in the statement of financial position**	**Financial instruments collateral**	**Net amount**
Trade payables	41.513.684		41.513.684		41.513.684
Bank borrowing	885.615.859		885.615.858	-144.189.030	741.426.828
Borrowings from related parties	7.219.286		7.219.286		7.219.286
Other borrowings - financial leases	74.558.638		74.558.638		74.558.638
Total	**1.008.907.466**	**0**	**1.008.907.466**	**-144.189.030**	**864.718.436**

There are no enforceable master netting arrangements. The related receivable and payable in the statement of financial position are presented gross while upon payment the net position is settled.

The Group has pledged cash on bank accounts, intercompany receivables, and shares of the Group and the most material subsidiaries, as described in Note 16 on borrowings. In case of default, the banks would be able to cover the debt from cash and intercompany receivables as shown in the table above, and the rest in shares of the Group and related subsidiaries.

5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of the consolidation scope of the Group

Refer to Note 3.1 for more information.

Accounting for factoring agreements within the Group

The Group entered into factoring agreements with banks, under which trade receivables of certain entities within the Group are transferred to the factors. These entities are part of Accent Group, and the factoring arrangements involve ING, Belfius and KBC Bank. During 2020, the Group has also implemented a commercial finance agreement (factoring) in TimePartner and ZAQUENSIS. Significant judgement is needed in order to assess whether the criteria for derecognition of these assets under IFRS 9 has been met, and whether the Group can derecognize trade receivables at the moment of transfer to the factors. In order to meet the IFRS 9 criteria for the derecognition, substantially all risks and rewards of ownership related to the financial asset (i.e. receivable) need to be transferred to the factor.

Capitalization of development costs

The Group internally develops software applications that are used in the day-to-day service offerings.

Development costs are capitalized in accordance with the accounting policy in Note 2. Initial capitalization of costs is based on management's judgement that technological and economic feasibility of the internally developed software is confirmed. Group management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

5.2 Critical judgements in applying the entities' accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment testing on goodwill

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash- generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are further explained in Note 8.

Fair value of financial instruments

The Group has a Senior Facility Agreement and Senior (Un)Secured Notes. A derivative financial asset has been recognized in relation the embedded derivate – the right for to exercise an early payment option. As this option is not considered to be closely related to the host contract, a derivative asset has been recognized separately from the host contract and has been measured at fair value on initial recognition and subsequently at fair value through income statement. The value of the option is calculated by comparing the present value of the cash flows, assuming no prepayment takes places, discounted by the interest rate including an option adjusted spread, minus the market value of the bond. For more details refer to Note 11 on derivatives.

Share-based payment plans

The Group has offered to a selected group of managers share-based compensation benefits, in order to incentivize them to further develop the activities of the Group. The value of the LTIP at grant date has been calculated based on the equity value of the entity, excluding the value of the tracking shares. Judgement was made in order to determine these assumptions. For more detail, refer to the Note 19.

Fair value of intangible assets acquired in a business combination

As part of the purchase price allocations that were completed by the Group for the recent acquisitions of the Group, both brand names and customer relationships have been accounted for by the Group at their estimated fair value. In determining the fair value of these intangible assets, assumptions and estimates are made in relation to the long-term growth rate, discount rates and contributory asset charges. Refer to note 3.1 for more information.

Taxes

Uncertainties may exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Useful life and residual value of intangible assets and property, plant and equipment

Judgement is required in estimating the useful lives and residual value of intangible and tangible assets. The residual value is the estimated amount that would be currently obtained from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Group management reviews its estimated useful life as well as the residual value of intangible and tangible assets on an annual basis.

Refer to the PP&E note (Note 9) and intangible assets note (Note 7) for more information.

Determining the lease term of contracts with renewal options

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 Group has the option, under some of its leases to lease the assets for additional terms between 3 and 9 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of its buildings due to the significance of these assets to its operations when it is reasonably certain that these renewal options will be exercised by the Group.

6 SEGMENT REPORTING

For management purposes the Group is organized in three operating segments based on the activity of the Group. Management assesses segment performance based on the type of activity. HOHR is a leading HR service provider deriving its revenues and profits from the following three specific types of staffing:

- **General staffing:** General temporary agencies delivering candidates to clients in a fast and flexible way, whenever they are shorthanded.
- **Specialized staffing:** Specialized staffing companies in certain sectors including construction, retail, finance and many other sectors
- **Engineering & consulting:** Highly skilled professionals are recruited to work in fast evolving sectors like energy, pharmaceuticals, technology etc. The Group also assists clients with the search and selection of the right candidate, interim management or secondment.

Corporate management is responsible for managing performance, underlying risks, and effectiveness of operations.

The table below shows the segment information provided to the strategic steering committee for the reportable segments and the basis on which revenue is recognized.

The income statement has been restated excluding the disposal of GRITT Projects NV (engineering & consulting segment). The post-tax gain/loss from discontinued operations is presented on a separate line in the income statement. For a detailed income statement of the disposed entity, refer to note 3.6.

Segment reporting - income statement for the twelve months ended as at 31 December 2020						
in EUR	General staffing	Specialized staffing	Engineering & Consulting	Corporate	Group eliminatons and other	Sum total
Revenue from external customers - recognized over time	297.597.162	779.335.341	502.505.064	69.812	0	1.579.507.379
Revenue from external customers - recognized at point in time	0	0	16.842.086	0	0	16.842.086
Revenue from transactions with other operating segments in the group	171.540	1.315.055	400.339	0	-1.886.934	0
Cost of services	-238.210.457	-603.061.788	-349.760.249	-741	1.822.231	-1.189.211.005
Gross profit/(loss)	**59.558.244**	**177.588.607**	**169.987.240**	**69.072**	**-64.703**	**407.138.460**
Selling expenses	-48.287.108	-96.020.665	-77.314.659	-269.514	863.449	-221.028.497
Impairment of goodwill	0	0	0	0	0	0
Other general and administrative expenses	-14.095.302	-47.208.017	-39.109.443	-12.213.393	-4.490.032	-117.116.186
Total operating expenses	**-62.382.410**	**-143.228.682**	**-116.424.102**	**-12.482.907**	**-3.626.583**	**-338.144.683**
Other gains/(losses) - net	1.061.442	-2.082.502	-2.867.689	11.684.413	-979.921	6.815.743
Operating profit/(loss)	**-1.762.724**	**32.277.423**	**50.695.449**	**-729.422**	**-4.671.207**	**75.809.520**
Financial Income	7.462	102.087	322.295	48.939.012	-47.412.090	1.958.764
Financial expenses	-6.206.249	-14.420.636	-12.653.946	-55.870.496	28.372.505	-60.778.823
Net finance income/(costs)	**-6.198.787**	**-14.318.550**	**-12.331.652**	**-6.931.484**	**-19.039.585**	**-58.820.059**
Share in profit/(loss) of equity accounted investments		0	0	8.999	0	8.999
Profit/(loss) before taxes	**-7.961.511**	**17.958.873**	**38.363.797**	**-7.651.908**	**-23.710.792**	**16.998.459**
Income tax expenses	1.381.852	-4.198.765	-12.439.094	2.264.666	0	-12.991.341
Net profit/(loss) of the period	**-6.579.659**	**13.760.109**	**25.924.704**	**-5.387.242**	**-23.710.792**	**4.007.119**
Profit/(loss) from discontinued operation (attributable to equity holders of the company)			-20.581.694		0	-20.581.694
Net profit/(loss) of the period	**-6.579.659**	**13.760.109**	**5.343.009**	**-5.387.242**	**-23.710.792**	**-16.574.576**

Segment reporting - income statement for the twelve months ended as at 31 December 2019

in EUR	General staffing	Specialized staffing	Engineering & Consulting	Corporate	Group eliminatons and other	Sum total
Revenue recognised over time	329.386.449	842.773.300	547.100.946		0	1.719.260.695
Revenue recognised at point in time	-80.992		19.226.148		0	19.145.156
Revenue from transactions with other operating segments in the group	80.992	3.729.299	460.427	0	-4.270.718	0
Cost of services	-266.259.327	-642.625.703	-383.444.698		4.027.192	-1.288.302.536
Gross profit/(loss)	**63.127.123**	**203.876.895**	**183.342.824**		**-243.449**	**450.103.392**
Selling expenses	-44.218.008	-96.367.116	-76.255.650		1.020.302	-215.820.472
Impairment of goodwill	0	0	0	0	0	0
Other general and administrative expenses	-14.578.771	-45.004.162	-45.256.073	-12.931.081	-414.848	-118.184.935
Total operating expenses	**-58.796.779**	**-141.371.278**	**-121.511.723**	**-12.931.081**	**605.453**	**-334.005.407**
Other gains/(losses) - net	1.856.011	-5.623.526	-3.858.323	16.478.408	-7.072.494	1.780.075
Operating profit/(loss)	**6.186.355**	**56.882.091**	**57.972.778**	**3.547.327**	**-6.710.490**	**117.878.060**
Financial Income	149.038	750.068	910.520	29.337.322	-27.098.889	4.048.059
Financial expenses	-5.449.666	-13.360.957	-11.252.919	-39.375.738	27.242.671	-42.196.610
Net finance income/(costs)	**-5.300.628**	**-12.610.889**	**-10.342.399**	**-10.038.416**	**143.781**	**-38.148.551**
Share in profit/(loss) of equity accounted investments	0	0	0	-149.383	0	-149.382
Profit/(loss) before taxes	**885.726**	**44.271.202**	**47.630.379**	**-6.640.472**	**-6.566.708**	**79.580.127**
Income tax expenses	-724.336	-18.539.538	-16.103.830	-2.125.609	0	-37.493.313
Net profit/(loss) of the period	**161.391**	**25.731.664**	**31.526.549**	**-8.766.081**	**-6.566.708**	**42.086.814**
Profit/(loss) from discontinued operation (attributable to equity holders of the company)			-8.707.039		0	-8.707.039
Net profit/(loss) of the period	**161.391**	**25.731.664**	**22.819.510**	**-8.766.081**	**-6.566.708**	**33.379.775**

Segment assets and segment sales are presented before elimination of intersegment transactions. Sales between segments are on an arm's length basis in a manner similar to transactions with third parties.

There are no differences in the basis of the segmentation or in the basis of the measurement of segment profit and loss since the year-end 2019 financial statements.

Segment reporting - balance sheet as at 31 December 2020

in EUR	General staffing	Specialized staffing	Engineering & Consulting	Corporate	Group eliminatons and other	Sum total
Total segment assets	273.563.692	736.755.745	836.664.490	1.719.320.835	-1.798.953.501	1.767.351.262
Total segment liabilities	-273.563.692	-736.755.745	-836.664.490	-1.719.320.835	1.798.953.501	-1.767.351.262
Amount of investments in associates and joint ventures accounted for by the equity method				1.521.059		1.521.059

Segment reporting - balance sheet as at 31 December 2019

in EUR	General staffing	Specialized staffing	Engineering & Consulting	Corporate	Group eliminatons and other	Sum total
Total segment assets	290.056.004	717.378.319	838.415.190	1.421.068.582	-1.660.044.929	1.606.873.166
Total segment liabilities	-290.056.004	-717.378.319	-838.415.190	-1.421.068.582	1.660.044.929	-1.606.873.166
Amount of investments in associates and joint ventures accounted for by the equity method				1.261.989		1.261.989

7 INTANGIBLE ASSETS

	Acquisition related intangible assets						
	Customer relationships	**Brand name**	**Internally generated software**	**Software under development**	**Externally acquired software**	**Other**	**Total**
At 1st of January 2020							
Cost	162.067.713	65.814.709	30.347.048	1.391.891	6.998.076	333.307	**266.952.744**
Accumulated amortization and impairment	-35.643.743	-10.232.901	-16.211.657	0	-4.400.240	-210.099	**-66.698.640**
Net book amount	**126.423.970**	**55.581.808**	**14.135.391**	**1.391.891**	**2.597.835**	**123.209**	**200.254.104**
Movements in 2020							
Acquisition of subsidiaries	3.664.991	193.605	613.655				**4.472.251**
Acquisition of subsidiaries - accumulated depreciations			-290.597				**-290.597**
Disposal of subsidiaries - gross book value	-1.210.774		-1.210.798	-6.750			**-2.428.321**
Disposal of subsidiaries - accumulated depreciatio	181.616		644.911	342			**826.869**
Additions			4.909.487	3.282.528	11.543		**8.203.558**
Disposals - reversal of gross book value		-2.202.971	-3.576.726				**-5.779.697**
Disposals - reversal of accumulated amortisation/impairment	0	2.202.971	3.552.328				**5.755.299**
Amortisation/impairment	-17.888.796	-11.595.932	-6.550.266	-342	-5.354		**-36.040.689**
Translation differences							**0**
Transfers - Acquisition value	0		5.291.197	-2.715.304	-2.472.266	-100.456	**3.170**
Transfers - Accumulated depreciations	1		-1.028.574		971.055	56.320	**-1.199**
Other changes in acquisition value	0	0	-704				**-704**
Other changes in accumulated depreciations	0	-1	19.450				**19.449**
Closing balance at December 31,2020	**111.171.009**	**44.179.480**	**16.508.754**	**1.952.364**	**1.102.813**	**79.072**	**174.993.491**
At 31 December 2020							
Cost	164.521.930	63.805.343	36.373.159	1.952.364	4.537.352	232.851	**271.423.000**
Accumulated amortization and impairment	-53.350.921	-19.625.863	-19.864.405	0	-3.434.540	-153.779	**-96.429.508**
Net book amount	**111.171.009**	**44.179.480**	**16.508.754**	**1.952.364**	**1.102.813**	**79.072**	**174.993.491**

(i) Acquisition related intangible assets

The carrying amounts of the customer relationships and the brand names as per 31 December 2020 amount to EUR 111,17 million and EUR 44,18 million, respectively.

The customer relationships and brand names were acquired as part of a business combination. They are recognized at their fair value at the date of acquisition and are subsequently amortized on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

The fair value is determined on a basis that reflects an amount that the entity would have paid for the asset in an arm's length transaction between knowledgeable and willing parties, based on the best information available.

Refer to the Business Combination note (Note 3.1) for more information on the additions to the customer relationships and the brand names.

During the last quarter of 2020, the Group launched the project to verify the impact of a possible merge between the TimePartner group and the ZAQUENSIS group. Although no decisions have been taken as per 31 December 2020, the Group has recorded extra-ordinary depreciation charges for the tradename ZAQUENSIS of EUR 5,70 million in the 2020 financial statements.

(ii) Software

The Group capitalizes amounts of both externally acquired software and internally developed software. Internally developed software is initially classified under the category "Software under development" and is transferred to the category "Internally generated software" once the software becomes available for use. As from that moment amortizations will start.

Externally acquired software

The carrying amount of externally acquired software amounts to EUR 1,10 million as per 31 December 2020. The main amounts recorded for externally acquired software relates to licenses for ERP packages used within the Group (mainly Tagetik and Navision).

Internally developed software and software under development

The carrying amount of internally generated software amounts to EUR 16,51 million as per 31 December 2020.

The carrying amount of software under development amounts to EUR 1,95 million as per 31 December 2020.

The majority of the internally developed software as well as the software under development relates to new features in the "MyAccent app" and the "My tools" digital platform that is used by Accent Jobs for People to run the HR business, and the development of the apps created by the Group such as SWOP, Softskills, etc.

The Group did not expense a material amount of research and development expenditure in the income statement.

(iii) Other intangibles

The carrying amounts of the other intangibles as per 31 December 2020 are EUR 0,08 million.

Amortizations on intangible assets are charged to the Selling Expenses (EUR 29,76 million) and the General and administrative expenses (EUR 6,11 million) in the statement of financial performance.

8 GOODWILL

Goodwill acquired through business combinations is allocated by Group management to the following 3 cash-generating units for goodwill impairment purposes:

- General staffing: General temp agencies delivering candidates to clients in a fast and flexible way, whenever they are shorthanded.The general staffing CGU is composed of the ZAQUENSIS Group and the TimePartner Group, excluding AERO, IBB and Mach which are part of the CGU engineering and consulting.
- Specialized staffing: The Group strongly believes it requires specialists to hire specialists. The Group's specialized staffing companies know their niches and their clients like no one else. The Accent Group and Covebo Group are considered as specialized staffing entities.
- Engineering & consulting: The Group recruits highly skilled professionals to work in fast evolving sectors like energy, pharmaceuticals, technology etc. Search and selection, interim management or secondment – in line with client needs. The engineering & consulting CGU is composed of the TEC Group, Vialegis, Abylsen, Continu, Redmore and part of the TimePartner Group, being AERO, IBB and Mach.

Carrying amount of goodwill allocated to each of the cash-generating units

Movements in the goodwill as well as the allocation of the goodwill to the different cash-generating units at year-end is shown in the following table:

As at 31 December 2020						
CGU	1 January 2019	Acquisition of subsidiaries	Disposal of subsidiaries	Impairment charge	Other adjustments	31 December 2020
Digital	0	506.762	0	0	0	506.762
General Staffing	87.661.316	0	0	0	-7.597.552	80.063.764
Specialized Staffing	325.675.982	0	0	0	0	325.675.982
Engineering & Consulting	454.009.879	8.026.191	-13.919.525	0	7.621.281	455.737.826
TOTAL	**867.347.177**	**8.532.953**	**-13.919.525**	**0**	**23.729**	**861.984.334**

Key assumptions used in value in use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 31 December 2020 reporting period, the recoverable amount of the CGU's was determined based on value-in-use calculations which require the use of assumptions.

The current Covid-19 pandemic has been considered as a trigger for possible impairment of goodwill and (in)tangible assets and therefore the Group has tested whether these has suffered any impairment. The recoverable amount of the CGU's has been determined based on the value-in-use calculations which require the use of assumptions. The impairment test was performed on Q3-figures taken into account below assumptions.

The calculations use cash flow projections based on financial budgets approved by management covering a five-year window for the 2020 impairment. Cash flows beyond the projection period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The calculation of value in use for all CGU's are most sensitive to the following assumptions:

As at 31 December 2020					
CGU	Goodwill allocated (mio EUR)	Pre-tax discount rate	EBITDA margin	Growth rate	Headroom (mio EUR)
General Staffing	80,06	15,5%	7%	2%	40,60
Specialized Staffing	325,70	13,3%	9%	2%	219,47
Engineering & Consulting	455,74	13,6%	15%	2%	158,01

- **Pre-tax discount rates:** Discount rates represent the current market assessment of the risks specific to each cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

- **EBITDA Margin:** The EBITDA margins are based upon past performance and management's expectations for the future.
- **Growth rate estimates:** Rates are based on published inflation rates provided by the IMF (International Monetary Fund). For the reasons explained above, the long-term rate is used to extrapolate the projections.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the three CGU's, being Specialized Staffing, Consulting and Engineering and General Staffing, Group's management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The CGU's Specialized Staffing and Consulting and Engineering are strong markets for which nor a 0% sales increase nor a decrease in EBITDA of 2BP, nor an increase in WACC up to 2BP impacts the carrying amount of the goodwill and (in)tangible assets.

The CGU General Staffing is under pressure as a result of the AUG-reform in 2018, impacting the performance of the business in Germany. Sensitivity analysis has shown sufficient headroom in calculating the carrying value of this CGU, as a 0% sales growth in the perpetuity or an increase in WACC of 2BP does not result in an impairment risk. EBITDA margin for General Staffing however should be maintained as an EBITDA drop above 1BP might result in an impairment risk.

9 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment	Land and Buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible fixed assets	Leased PP&E	Total PPE
At 1st of January 2020						
Cost	315.730	6.538.153	24.202.363	22.275.533	103.970.664	**157.302.441**
Accumulated depreciation and impairment	33.203	-4.325.232	-13.583.758	-13.453.733	-31.078.578	**-62.408.099**
Net book amount	**348.933**	**2.212.920**	**10.618.605**	**8.821.799**	**72.892.086**	**94.894.343**
Movements in 2020						
Acquisition of subsidiaries	24.255	-21.597	119.415	162.753	447.249	**732.076**
Acquisition of subsidiaries - accumulated depreciations	-22.761	21.580	-86.610	-77.891		**-165.681**
Disposal of subsidiaries		-579.335	-734.222	-194.697	-2.428.397	**-3.936.651**
Disposal of subsidiaries - accumulated depreciatio		469.758	658.116	174.054	448.235	**1.750.163**
Additions		597.820	5.469.472	2.328.230	46.675.048	**55.070.571**
Disposals - reversal of gross book value		-629.373	-4.161.581	-730.303	-13.247.863	**-18.769.121**
Disposals - reversal of accumulated amortisation/impairment	80	486.159	2.834.488	655.081	13.022.489	**16.998.297**
Depreciation/impairment	-2.651	-500.048	-4.965.152	-2.627.992	-38.632.733	**-46.728.576**
Translation differences			3.736			**3.736**
Transfers - acquisition value	47.459	-3.966.449	8.505.043	-5.476.562	887.338	**-3.170**
Transfers - accumulated depreciations	-70	2.494.541	-6.132.722	3.919.289	-279.838	**1.199**
Other changes in acquisition value		-1	-16.751	-7.316	7.781.382	**7.757.316**
Other changes in accumulated depreciations		-1.712	18.457	8.067	71.983	**96.795**
Closing balance at December 31,2020	**395.245**	**584.264**	**12.130.295**	**6.954.512**	**87.636.979**	**107.701.297**
At 31 December 2020						
Cost	387.445	1.939.218	33.387.476	18.357.638	144.085.422	**198.157.198**
Accumulated depreciation and impairment	7.801	-1.354.954	-21.257.180	-11.403.125	-56.448.442	**-90.455.901**
Net book amount	**395.245**	**584.264**	**12.130.295**	**6.954.512**	**87.636.979**	**107.701.297**

The Group's main PP&E items relate to owned company cars, office furniture, hardware-equipment as well as leasehold improvements the Group has made in its leased headquarters and regional offices (branches). The caption "Leased PP&E" includes various company cars, branches and headquarters that are considered as operational lease resulting from the IFRS16 standard on leases:

Right-of-use asset	31 December 2020	31 December 2019
Buildings	61.037.149	45.601.380
Cars	26.303.839	27.189.165
Office equipment and vehicles	295.991	101.541
Total right-of-use asset	**87.636.979**	**72.892.086**

Changes into PP&E as per 31 December 2020 mainly relate to the acquisitions done in 2020 and the replacement of office furniture and company cars. Refer to Note 3.1 for more information on the different business combinations that have been completed by the Group. Other changes in acquisition value relate to the modifications in the assumptions of the lease contracts, such as the prolongment of the lifetime of existing contracts.

Depreciations on PP&E are charged to Cost of Services (EUR 16,37 million), Selling Expenses (EUR 22,11 million) and the General and administrative expenses (EUR 8,03 million) in the statement of financial performance.

10 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

Financial assets	Financial assets at fair value through OCI (FVOCI)	Financial assets at fair value through P&L (FVPL)	Financial assets at amortised costs	Total
31 December 2020				
Trade receivables			178.378.401	178.378.401
Cash and cash equivalents			378.395.645	378.395.645
Other non-current assets			14.732.472	14.732.472
Other receivables			39.816.504	39.816.504
Derivative assets		1.750.000		1.750.000
Total financial assets	**0**	**1.750.000**	**611.323.022**	**613.073.022**

Financial assets	Financial assets at fair value through OCI (FVOCI)	Financial assets at fair value through P&L (FVPL)	Financial assets at amortised costs	Total
31 December 2019				
Trade receivables			248.700.319	248.700.319
Cash and cash equivalents			144.189.030	144.189.030
Other non-current assets			4.481.806	4.481.806
Other receivables			30.249.237	30.249.237
Derivative assets		7.570.000		7.570.000
Total financial assets	**0**	**7.570.000**	**427.620.393**	**435.190.393**

Financial liabilities	Financial liabilities at fair value through OCI (FVOCI)	Financial liabilities at fair value through P&L (FVPL)	Financial liabilities at amortised costs	Total
31 December 2020				
Trade and other payables			37.847.824	37.847.824
Bank borrowings			1.085.440.825	1.085.440.825
Other loans			229.607	229.607
Vendor loans			2.142.000	2.142.000
Shareholder's loans			1.575.000	1.575.000
Other borrowings - financial leases			96.720.787	96.720.787
Total financial liabilities	**0**	**0**	**1.223.956.043**	**1.223.956.043**

Financial liabilities	Financial liabilities at fair value through OCI (FVOCI)	Financial liabilities at fair value through P&L (FVPL)	Financial liabilities at amortised costs	Total
31 December 2019				
Trade and other payables			41.513.684	41.513.684
Bank borrowings			885.615.858	885.615.858
Vendor loans			5.642.000	5.642.000
Shareholder's loans			1.577.286	1.577.286
Other borrowings - financial leases			74.558.638	74.558.638
Total financial liabilities	**0**	**0**	**1.008.907.466**	**1.008.907.466**

The majority of financial assets and liabilities are classified as assets/liabilities at amortized cost, except for derivatives which are measured at the fair value through profit or loss. For more details on accounting policies applied for each category, please refer to the note 2.

11 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following derivative financial instruments:

(i) Interest rate swaps and rate swaps
There were no interest rate swaps within the Group as per 31 December 2019 nor per 31 December 2020.

(ii) Early payment option on SSN and SUN
The Group has Senior (Un)Secured Notes of EUR 570,00 million as disclosed in borrowing (please refer to note 16 for more details). A derivative financial asset has been recognized in relation to an embedded derivative – the right for the issuer to exercise an early payment option. As this option is not considered to be closely related to the host contract, a derivative asset has been recognized and has been measured at the fair value on initial recognition with subsequent changes in fair value recorded in the income statement. At year-end 2019, a derivative financial asset of EUR 7,57 million has been recognized relating to the early repayment option included in the Senior Secured Notes. The fair value of this early repayment option as per 31 December 2020 amounts to EUR 1,42 million. At year-end 2020, a derivative financial asset of EUR 0,02 million has been recognized relating to the early repayment option included in the Senior Unsecured Notes. Differences in fair value in 2020 vs. 2019 are recorded via P&L, as finance income (refer to note 30).

The prepayment option relating to the Senior Secured Notes is valued by taking the difference between two loan values. The first loan value is calculated by discounting all cash flows of the loan with the interest rate at the time of the cash flow being paid plus a constant spread; this value represents the value of the loan without a prepayment option. Regarding the second loan value, the cash flows are also discounted by the interest rate at the time of the cash flow being paid plus a constant spread, however, the amount of cash flows will decrease if the interest rate drops, e.g. the loan is prepaid. Since the option will only be exercised if this is beneficial to the holder, the value of the option is floored at zero. This process is repeated for 10 thousand (risk-neutral) interest simulations of which the average is taken in order to determine the price of the option at this time. The valuation is done under the assumption that the loan is prepaid on the first payment date after the 7 year forward rate at a point in time of the simulation passes below the initial 7-year forward rate, the prepayment option should be priced in a risk-neutral setting and a regular smooth spline through the curves is fitted in order to interpolate different points on the curve.

Relating to the Senior Unsecured Notes, three redemption options and one repurchase option is included in the Note. These options are the following, i.e.

- Repurchase option triggered by a Change of Control
- Optional Redemption on Certain Tender Offers
- Optional Redemption for Taxation Reasons
- Optional Redemption of Notes

The contract does not require the issuer to make mandatory redemption payments with respect to the Note. Expert judgement is used to argue that the fair value of the following embedded options are nihil: Repurchase option triggered by a Change of Control, Optional Redemption on Certain Tender Offers and Optional Redemption for Taxation Reasons.

The Optional Redemption of Notes is valued by taking the difference between two loan values. The first loan value is calculated by discounting all cash flows of the loan with the interest rate at the time of the cash flow being paid plus a constant spread; this value represents the value of the loan without a prepayment option. Regarding the second loan value, the cash flows are also discounted by the interest rate at the time of the cash flow being paid plus a constant spread, however, the amount of cash flows will decrease if the interest rate drops, e.g. the loan is prepaid.

Since the option will only be exercised if this is beneficial to the holder, the value of the option is floored at zero. This process is repeated for 10 thousand (risk-neutral) interest simulations of which the average is taken in order to determine the price of the option at this time.

The following assumptions have been used to model the embedded prepayment option. The Group expects the impact of these choices to be neglectable:

- a 30/360 day count convention is used to determine the time till each coupon payment.
- a regular smooth spline if fit through the curves, in order to interpolate different points on the curve.
- The assumption is made that the Redemption option is executed on the first payment date when the fair value of the Redemption Option is positive from the perspective of the issuer.

The Group does not use derivatives for speculative investments.

12 TRADE AND OTHER RECEIVABLES

12.1 Current trade receivables

Trade receivables	31 December 2020	31 December 2019
Trade receivables from third parties	185.847.841	254.281.266
Trade receivables from related parties	30.599	6.753
Less: provision for impairment	-7.500.039	-5.587.700
Trade receivables, net	**178.378.401**	**248.700.319**

(i) Classification as current trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables have varying due dates, a period of 0 – 90 days comprises the range for credit terms. Therefore, they are classified as current asset. Trade receivables are recognized initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

(ii) Transferred receivables

A commercial finance agreement of EUR 50,00 million is applicable at the level of Accent and GRITT, EUR 100,00 million for other companies where currently only Timepartner and ZAQUENSIS are active participants. As the late payment risk and credit risk has been transferred to the counterparty, this agreement has been accounted for as a non-recourse agreement. At year-end 2020, EUR 60,62 million accounts receivable has been transferred to the factor, which has been deducted from the open trade receivables as per December 31, 2020. A further EUR 11,42 million is recorded as other receivable and comprises the difference between the gross trade receivable sold and the amount received from the factoring company (90% for Belgium and 85% for Germany).

(iii) Fair value of receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(iv) Impairment and risk exposure

Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in Note 4. As the Group is mainly active in the EURO-zone, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

12.2 Other financial assets at amortized cost

The Group classifies its financial assets at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortized costs as per 31 December 2020 include:

Other financial assets at amortized cost	31 December 2020	31 December 2019
Subleasing	6.834.606	
Loans granted to third parties	3.937.521	
Other non-current assets	3.960.345	4.481.806
Total non-current assets	**14.732.472**	**4.481.806**
Other receivables	8.382.655	10.252.257
Prepayments	6.703.447	6.351.607
VAT receivable	1.488.619	674.259
CICE receivable	198.049	
Other receivables - projects	1.122.137	12.570.759
Grants to be received	6.778.615	
Short term Warranties	270	
Loans granted to third parties	2.123.733	
Subleasing	1.050.191	
Accrued interests	95.629	117.527
Commercial finance	11.424.871	
Other receivables from related parties	448.290	282.828
Total current assets	**39.816.504**	**30.249.237**

(i) Subleasing
In 2020 a large leasing contract for housing was signed by Covebo of which a large part is subleased to an external party.

(ii) Loans granted to third parties
The loans granted to third parties include (1) a loan granted to the new shareholders of GRITT Projects NV, a subsidiary disposed by the Group in 2020 and (2) a loan receivable towards Happy Recruiter of EUR 0,75 million.

(iii) Other non-current assets
The other non-current assets relate mainly to financial guarantees paid by the Group for its ongoing lease contracts of branches and housing accommodation.

(iv) Other current receivables
The main amounts of other current receivables are related to accruals for income to be received/costs to be carried forward.

(v) Other receivables – projects
Project related receivables result from project services in progress for which the right to payment of goods or services have been transferred to the customer. This relates to projects that typically cover a period of more than one year. In 2019 these receivables were mainly related to GRITT Projects.

(vi) Grants to be received
A provision of 1,3 million EUR has been recorded in Accent for wages and training expenses of people at work that can be reclaimed. The amount that can be reclaimed depends on the amount of training given to the people at work and the number of people hired from risk groups.

Covebo and Continu receive the LIV ("lage-inkomensvoordeel") grant every year from the Dutch government, which is intended to encourage employers to hire employees with a low wage. The amount received is a fixed fee for every hour worked by employees with a wage within a certain range, that is defined by the government and indexed yearly. For 2020 the outstanding receivable amounts to EUR 2,3 million EUR.

TimePartner and ZAQUENSIS receive the KUG ("Kurzarbeit"; translated to compensation for reduced hours) grants from the German government only in case the sales drop with >10% on branch level. The amount received is depending on the number of hours the employee works less. Due to COVID 19, TimePartner and ZAQUENSIS have requested these grants. For 2020 the outstanding receivable amounts to EUR 3,2 million for TimePartner and EUR 54 thousand for ZAQUENSIS.

(vii) Commercial finance

The commercial finance receivable of EUR 11,42 million relate to the amount of the outstanding trade receivables which is not prefinanced and is a receivable towards the banks.

(viii) Fair values of other financial assets at amortized cost

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(ix) Impairment and risk exposure

The Group did not account any loss allowances on the other receivables. As the Group is mainly active in the EURO-zone, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

13 INCOME TAX

13.1 Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognized directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

13.1.1 Income tax expense

The major components of income tax expense for the years ended are:

Income tax expense	31 December 2020	31 December 2019
Current tax on profits for the year	22.544.799	40.082.540
Adjustments in respect of prior years	-919.346	2.851.327
Total current tax	**21.625.453**	**42.933.867**
Deferred tax		
Decrease/(increase) in deferred tax asset	-1.180.719	-1.996.979
(Decrease)/increase in deferred tax liabilities	-9.801.152	-3.846.254
Impact of change in the income tax rate	2.347.759	402.680
Total deferred income tax	**-8.634.112**	**-5.440.554**
Income tax expense	**12.991.341**	**37.493.313**
Profit from continuing operations	12.991.341	37.493.313
Profit from discontinuing operation		
Income tax expense	**12.991.341**	**37.493.313**

13.1.2 Numerical reconciliation of income tax expense

The tax expenses as shown above have been calculated in conformity with local and international tax laws. The tax on the Company's profit before tax differs from the theoretical amount that would arise using the domestic rate in each individual jurisdiction of the consolidated companies as follows:

	31 December 2020	31 December 2019
PROFIT/(LOSS) BEFORE TAXES	**16.336.252**	**70.854.059**
Theoretical income tax rate in %	26%	29%
Tax calculated at domestic tax rates applicable to profit in the respective countries	**4.263.438**	**20.580.689**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Neutralization internal plus/less value	63.366	
Expenses non deductible for tax purposes	7.398.856	2.894.872
Dividends allocated to preference shareholders	644.305	-23.418
Notional interest deduction		-4.459
Shares	-1	
Prolonged accounting year	19.449	
Adjustments for current tax of prior periods	-924.040	2.850.299
Unrecognised deferred income tax losses	1.307.255	7.135.670
Tax increase due to insufficient prepayments	159.854	864.417
Previously unrecognised tax losses used to reduce deferred tax expense	4.192.129	
Tax computed on other basis	-3.626.608	1.070.860
Liquidation bonus	1.555	
IFRS adjustment	-1.108.346	
Share-based payments	1.162.266	1.375.287
Other	-391.251	9.580
Re-measurement of deferred taxes: change in domestic tax rates	2.339.256	720.487
Innovation deduction	-2.510.143	
Corporate income tax	**12.989.012**	**37.474.284**

The weighted average applicable tax rate was 76%. Primary drivers that impacted the effective tax rates include the following:

(i) Expenses not deductible for income tax purposes

The recurring expenses not deductible for tax purposes include permanent differences such as expenses which are non-deductible under local tax laws (e.g. car expenses and meal expenses).

(ii) Re-measurement of deferred tax – change in domestic tax rates

The impact of the re-measurement of deferred taxes mainly relates to changes in the applicable income tax rates in Belgium and the Netherlands.

Also the Corporate Income Tax regime in the Netherlands has been modified. Originally this reform included a reduction of the corporate tax rate from 25% from the year ending 31 December 2018 and 2019 to 22,55% from the year ending 31 December 2020, with a further decrease to 20,5% as from the year ending 31 December 2021. However, in 2020 this reform has been adjusted and the income tax rate is again set on 25% for the years to come.

The impact of this change in the tax rate has been recognized in the tax expense in profit and loss except to the extent that it relates to items previously recognized outside of profit and loss. For the Group, these items are limited to the translation of foreign operations using a different presentation currency as the one applied by the Group.

(iii) Unrecognized income tax assets

The Group decided not to recognize additional deferred income tax assets on losses carried forward in some of its entities as the Group believes that the realization of the related tax benefit through the future taxable profits is not probable.

The majority of the unrecognized deferred income tax losses relates to the House of HR NV, the entity on which the Corporate projects are performed that are applicable for the total group. As no deferred tax asset has been recognized on the (accumulated) losses, this impacts the Effective Tax Rate as presented in above table.

13.2 Amounts recognized directly in equity

The following deferred income taxes have been recognized directly in equity:

Amounts recognised directly in equity	31 December 2020	31 December 2019
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity		
Current tax		
Deferred tax		-372.032
Total	**0**	**-372.032**

13.3 Deferred taxes

Using the balance sheet liability method, deferred tax assets and liabilities are recognized to provide for temporary differences between the value of the assets and liabilities for financial reporting purposes and for tax purposes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to the same tax jurisdiction.

Deferred tax assets and liabilities are valued at tax rates enacted or substantially enacted at year-end and which are expected to apply in the coming years when the assets and liabilities are expected to be realized or settled. The analysis of the deferred income tax assets and deferred income tax liabilities is as follows:

	31 December 2020	31 December 2019
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	1.749.825	2.127.851
Deferred tax asset to be recovered within 12 months	1.337.304	1.485.184
Total deferred income tax assets	**3.087.128**	**3.613.035**
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	-38.466.607	-33.554.835
Deferred tax liability to be recovered within 12 months	-5.704.292	-17.939.649
Total deferred income tax liabilities	**-44.171.002**	**-51.494.484**
Deferred tax assets/(liabilities) (net)	**-41.083.874**	**-47.881.450**

The gross movement on the deferred income tax account is as follows:

	2020
Opening Balance	**-47.881.450**
Acquisition of subsidiaries	-847.940
Disposal of subsidiaries	-12.451
Income statement credit/(charge)	8.577.469
Tax charged (credit) directly to equity	
Tax charged (credited) directly to other comprehensive income	
Other movements	-919.502
Balance at 31 December	**-41.083.874**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting within the same jurisdiction, is as follows:

	Cash flow hedges	Tax losses	Capitalization expenses	Fair value step-up/ other	PPA Adjustments	Provisions	Convertible bond	Employee benefit obligation	Other	Total
Balance at 1 January	**0**	**479.775**	**194.637**	**0**	**0**	**322.172**	**0**	**273.736**	**2.845.065**	**4.115.385**
Tax charged directly to other comprehensive income										0
Income statement credit / (charge)		236.588	326.281			31.724		631.297	-268.599	957.292
Tax charged (credit) directly to equity										0
Acquisition of subsidiaries										0
Disposal of subsidiaries										0
Other movements		-2.472	-169.103			-80.152		308.456	-608.067	-551.338
Balance at 31 December	**0**	**713.891**	**351.815**	**0**	**0**	**273.744**	**0**	**1.213.490**	**1.968.399**	**4.521.339**

	Cash flow hedges	Tax losses	Capitalization expenses	Fair value step-up/ other	PPA Adjustments	Provisions	Convertible bond	Employee benefit obligation	Other	Total
Balance at 1 January	**0**	**0**	**-6.656.902**	**0**	**-46.183.002**	**-13.302**	**0**	**307.354**	**549.017**	**-51.996.835**
Acquisition of subsidiaries			-23.484		-821.865				-2.591	-847.940
Disposal of subsidiaries									-12.451	-12.451
Tax charged directly to other comprehensive income										0
Income statement credit / (charge)			2.074.399		5.237.789			251.924	56.221	7.620.333
Tax charged (credit) directly to equity										0
Other movements		82.533	177.523		271.072	13.302		-309.278	-603.517	-368.365
Balance at 31 December	**0**	**82.533**	**-4.428.464**	**0**	**-41.496.006**	**0**	**0**	**250.000**	**-13.321**	**-45.605.258**

Deferred income tax assets are recognized for tax losses carried forward, excluding unused notional interest deduction (NID), to the extent that the realization of the related tax benefit through the future taxable profits is probable, i.e. in those companies where, based on business projections over a period of 10 years, the company estimates that the losses can be utilized within this timeframe.

The Group did not recognize deferred income taxes for:

Amount of unrecognised deferred income tax assets	31 December 2020	31 December 2019
Losses carried forward	11.299.021	12.885.874
Dividends received deduction	459.937	
R&D deduction	44.205	
Total	**11.803.163**	**12.885.874**

These relate for the main part to House of HR, the entity on which the Corporate projects are performed that are applicable for the total group. Main foreign entities have a tax consolidation available that allow them to compensate the tax losses with the tax gains.

Refer to 12.1 (iii) for detail on the losses carried forward.

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31 December 2020	31 December 2019
Cash at bank and on hand	374.630.118	141.100.433
Short-term bank deposits	104.757	108.229
Restricted cash	3.661.194	2.980.369
Cash and cash equivalents excluding bank overdrafts	**378.396.069**	**144.189.030**

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash and cash equivalents	31 December 2020	31 December 2019
Cash and cash equivalents excluding bank overdrafts	378.396.069	144.189.030
Bank overdrafts	-424	
Cash and cash equivalents	**378.395.645**	**144.189.030**

The cash and cash equivalents disclosed above and in the statement of cash flows include EUR 3,66 million of restricted cash. These deposits are subject to regulatory restrictions in the Netherlands (system of G-accounts containing amounts for taxes to be paid on salaries) or relate to deposits for buildings/branches and are therefore not available for general use by the other entities within the Group.

As indicated in Note 16 on the borrowings, the Group's current and future cash and cash equivalents are pledged as security for these borrowings. The entire amount of the Group's bank borrowings and accrued interest are secured according to collective pledge agreements.

15 EQUITY

15.1 Shareholders' equity

The authorized share capital and share premium of the Group as per 31 December 2020 is EUR 238,60 million and consists of 487.597.749 shares. The following movements in the shareholders' equity were noted in 2020:

Share capital and share premium	Total	
	Shares	Par value
Balance 1 January 2020	**507.764.430**	**296.852.159**
Leaver conversion	-4.884.434	
Mover conversion	435.650	
ETA conversion	374.806	
Roll-over VNOM	6.524.806	10.865.341
TechMatch	1.133.237	2.358.000
Leaver event	-23.750.746	-71.478.231
Total	**-20.166.681**	**-58.254.890**
Balance 31 December 2020	**487.597.749**	**238.597.269**

Following changes in equity have occurred during 2020:

- Post tax gain/loss from remeasurement of discontinued operations to fair value less costs to sell relates to sale of GRITT Projects, refer to note 3.6;
- Contributions of equity, net of transaction costs and tax:
  - VNOM roll-over via contribution in kind (EUR 10,87 million);
  - TechMatch cash contribution (reinvestment of EUR 2,22 million + EUR 135 thousand contribution)
  - Leaver event, resulting in the buy-back and cancellation of ordinary shares and profit shares relating to management leaving the company. In order to buy-back and cancel these shares, the losses carried forward at the level of House of HR stand-alone were contributed to the share premium (EUR -33,55 million) and legal reserves (EUR -1,00 million), followed by a capital decrease of EUR -12,19 million capital and EUR -25,74 million share premium, of which EUR 1,74 million relates to the dividend on the preferred shares.
- Transactions with non-controlling interests: refer to changes in minorities as described in note 3.4;
- Employee share schemes: refer to note 19

Besides above-mentioned changes in equity, following changes in shareholders have taken place during 2020:

- Leaver conversion, resulting in the transfer of tracking shares to C shares for management that have left the company recently;
- Mover conversion, resulting in the transfer of Accent tracking shares to GRITT tracking shares (CFO and CEO of GRITT);
- ETA conversion resulting in the transfer of C shares to GRITT Tracking shares;

Above transactions have resulted in following movement of shares:

CONVERSION OF SHARES			
OLD SHARES		NEW SHARES	
Leaver conversion			
-3.908.743	Abylsen tracking shares	4.378.364	C shares
-1.063.772	Continu tracking shares	1.595.324	C shares
-159.814	GRITT tracking shares	76.270	C shares
-31.694	Vialegis tracking shares	33.158	C shares
-69.557	Accent tracking shares	71.633	C shares
-6.093.132	TimePartner tracking shares	287.529	C shares
-11.326.712		**6.442.278**	
Mover conversion			
-476.139	Accent tracking shares	911.789	GRITT tracking shares
-476.139		**911.789**	
ETA conversion			
-1.036.316	C shares	1.411.122	GRITT tracking shares
-1.036.316		**1.411.122**	
VNOM			
		1.223.291	C shares
		1.056.615	Covebo tracking shares
		744.900	Preferred shares 8
		3.500.000	Preferred shares 6
		6.524.806	
TechMatch			
		384.594	C shares
		469.440	Continu tracking shares
		19.379	Redmore tracking shares
		259.824	Preferred Shares 8
		1.133.237	
Leaver event			
83.249	Ordinary shares A		
158.975	Ordinary shares B		
-11.801.983	Ordinary shares C		
-12.120.987	Preferred shares 8		
-70.000	Preferred shares 8,5		
-23.750.746			

The following types of shares exist as per 31 December 2020:

- Class A, B, C and D ordinary shares
- Class C convertible tracking shares for Accent, Covebo, Abylsen, Continu, TimePartner, TEC Alliance, Vialegis, ZAQUENSIS, Redmore
- Preferred equity shares with cumulative preferred dividend of 6%
- Preferred equity shares with cumulative preferred dividend of 8%
- Preferred equity shares with cumulative preferred dividend of 8,5%
- Partial repaid preferred equity shares with cumulative preferred dividend of 8%

The holders of ordinary shares are entitled to receive dividends as declared from time to time. A-shareholders and B-shareholders are entitled to two votes per shares at meetings of the company, while C- and D-shareholders are entitled to one vote per share. All ordinary shares have been paid in full.

The convertible tracking shares provide the holder with dividends, liquidation proceeds and exit proceeds based on the performance of the underlying Operational Companies.

Preferred shares can only be held by a shareholder holding ordinary shares or tracking shares.

The number of shares held is as follows:

	2020	2019
	Number of Shares	**Number of Shares**
Ordinary shares		
Shares - class A	125.975.403	125.892.154
Shares - class B	240.563.499	240.404.524
Shares - class C	32.604.511	37.392.647
Shares - class D	5.780.934	5.780.934
Tracking shares (class C)		
Accent convertible tracking shares	2.857.447	3.403.143
Abylsen convertible tracking shares	9.114.993	13.023.736
Continu convertible tracking shares	7.416.297	8.010.629
Covebo convertible tracking shares	3.681.543	2.624.928
Vialegis convertible tracking shares	1.464.289	1.495.983
TimePartner convertible tracking shares	4.628.534	10.721.666
Zaquensis convertible tracking shares	2.950.028	2.950.028
GRITT convertible tracking shares	2.738.749	575.652
Redmore convertible tracking shares	4.154.589	4.135.210
Preference shares		
Preference shares PA6	3.500.000	
Preference shares PA8	17.492.403	28.608.666
Preference shares PA8.5	21.000.109	21.070.109
Partial repaid preference shares PTPA8	1.674.421	1.674.421
Total shares	**487.597.749**	**507.764.430**

15.2 Other reserves

The following table shows a breakdown of the balance sheet line item "other reserves" and the movement in these reserves during the year.

Other reserves	Convertible bond	Transactions with non-controlling interests	Other	Total other reserves
Balance 1 January 2020	**- 7.031.311**	**- 136.974.586**	**17.230.993**	**- 126.774.904**
Leaver event			-1.003.889	-1.003.889
Changes in minorities		-5.749.044		-5.749.044
Long-term incentive plan			4.649.383	4.649.383
Other movements			-332.419	-332.419
Balance 31 December 2020	**- 7.031.311**	**- 142.723.630**	**20.544.068**	**- 129.210.873**

15.3 Retained earnings

Movements in retained earnings were as follows:

Retained earnings	
Balance 1 January 2020	**114.027.604**
Net profit of the period	2.140.030
Dividends allocated	
Leaver event	34.552.459
Post tax gain/loss from remeasurement of discontinued operations to fair value less costs to sell	-19.575.440
Foreign currency translation	-196.542
Balance 31 December 2020	**130.948.111**

For more information on the remeasurement of discontinued operations refer to Note 3.6.

16 BORROWINGS

The following table illustrates the borrowings per 31 December 2020:

Total borrowings	31 December 2020	31 December 2019
Non-current borrowings		
Senior Facility Agreement	506.754.981	501.983.405
Senior Secured Notes	350.609.701	350.064.080
Senior Unsecured Notes	180.545.014	
Other loans	222.587	0
Related party borrowings		
Convertible bond		
Non-convertible bond		
Vendor loan	2.142.000	5.642.000
Shareholder loans	1.575.000	1.575.000
Subordinated loans for preference shares		
Total related party borrowings	3.717.000	7.217.000
Non-current borrowings	**1.041.849.283**	**859.264.485**
Current borrowings		
Senior Facility Agreement	18.906.918	14.219.897
Senior Secured Notes	14.629.348	19.348.476
Senior Unsecured Notes	13.994.863	
Other loans	7.020	
Related party borrowings		
Shareholder loans		2.286
Current borrowings	**47.538.149**	**33.570.659**
Total Borrowings	**1.089.387.432**	**892.835.144**

All borrowings which are due within one year from the year-end date are classified as current borrowings, as well as the current portion of long-term borrowings.

(i) Borrowings

Bank borrowings

During December 2017, the bank loans were refinanced with a new Senior Facility Agreement at the Corporate level with variable interest rates. The carrying amount of the drawings, net of transaction cost, was EUR 456,9 million. The drawings as per 31 December 2017 had 7 years of maturity and a variable interest rate based on Euribor plus a margin. In March 2018, the additional tranche of EUR 125,00 million was withdrawn under the same terms.

In July 2019, the bank loans were refinanced with a new Senior Facility Agreement at Corporate level of EUR 550,00 million with variable interest rates, together with an issuance of Senior Secured Notes of EUR 320,00 million. In August 2019 additional senior secured notes were issued of EUR 50,00 million.

In December 2020 senior unsecured notes were issued of EUR 200,00 million.

These loans were initially measured at fair value, with subsequent measurement at amortized cost. The conditions for the new loan issued in 2019 are similar to the proceeding loan. As a result, refinancing expenses relating to 2017 refinancing remain capitalized and are amortized over the lifetime of the new loan. Refinancing expenses for the 2019 refinancing have also been capitalized and are being depreciated over the lifetime of the loan. Financing expenses relating to the 2020 Senior Unsecured Notes amount to EUR 5,85 million and have been capitalized. These are depreciated over the lifetime of the notes.

The Senior Secured Notes and Senior Unsecured Notes have an option for early repayment. These options has been valued at EUR 4,08 million and EUR 0,35 million respectively at refinancing date, which is included in the fair value of the bank borrowings and amortized over the lifetime of the notes. Refer to note 11 for more information on the options.

Vendor loans

Vendor loans at 31 December 2020 relate to loans provided by shareholders of Covebo.

Shareholder's loans

In 2018, a shareholder's loan has been provided to Vialegis Group.

Current borrowings

Current borrowings relate to the current portion of bank loans payable within one year after the year-end date.

The following tables show the movements of the borrowings of the Group:

Movements in non-current borrowings	1 January - 31 December 2020
Balance At January 1	**859.264.485**
Repayments	
Acquisition of subsidiaries	158.298
Additional borrowings	200.000.000
Remeasurements at fair value	33.479.428
Contribution in kind resulting from roll-over	-21.799
Reclassification to equity	-3.500.000
Non-current borrowings before reclassification	**1.089.380.413**
Reclassification to short-term part of non-current borrowings	-47.531.130
Reclassification to other short-term debt	
Balance at December 31	**1.041.849.283**

Movements in current borrowings	1 January - 31 December 2020
Balance at January 1	**33.570.659**
Repayments	-134.457.465
Acquisition of subsidiaries	6.939
Contribution in kind resulting from roll-over	
Additional borrowings	95.000.000
Remeasurements at fair value	5.886.887
Current borrowings before reclassification	**-5.879.868**
Reclassification to short-term part of borrowings	47.531.130
Balance at December 31	**47.538.149**

Next to the Senior Unsecured Notes issued in December 2020, the Group also draw EUR 95,00 million from the Revolving Credit Facility end of March to ensure sufficient liquidity for the group considering the Covid19 pandemic. This has been repaid mid-June 2020.

The following are the available undrawn facilities:

Undrawn borrowing facilities	31 December 2020	31 December 2019
Expiring within beyond year 1	100.000.000	100.000.000
Total	**100.000.000**	**100.000.000**
Bank guarantees	EUR 5 million is already used as a bank guarantee and is therefore not available	EUR 4 million is already used as a bank guarantee and is therefore not available

The maturity of borrowings is included in the liquidity section of Note 4.

Significant assumptions taken for the fair value calculations at initial measurement

For the majority of the borrowings, the fair values are not materially different to their carrying amounts since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. The difference between the fair value and carrying value in the table below for the bank loans is related to on the one hand paid transactions costs that are reflected in the net book value, under the amortized cost method, and on the other hand the derivative on the Senior (Un)Secured Note that was accounted for at fair value (refer to note 11).

Fair value of borrowings	31 December 2020		31 December 2019	
	Fair Value	Carrying value	Fair value	Carrying value
Bank loans	1.085.440.825	1.120.229.529	885.615.859	885.611.369
Convertible notes				
Non-convertible bond				
Vendor loan	2.142.000	2.142.000	5.642.000	5.642.000
Shareholders loans	1.575.000	1.575.000	1.577.286	1.577.286
Other loans	229.607	229.607	0	0
Subordinated loans for preference shares		0		0
Commercial finance		0		0
Total borrowings	**1.089.387.432**	**1.124.176.136**	**892.835.144**	**892.830.655**

(ii) Financial covenants

Under the terms of the Senior Facilities Agreement, the Group is required to comply with the financial covenant that the consolidated senior secured net leverage ratio must be not more than 6.0:1.

The Group has complied with this covenant throughout the reporting period. As at 31 December 2020, the consolidated senior secured net leverage ratio of the Group (net debt to normalized EBITDA; i.e. EBITDA adjusted based on the SFA agreement) was 3.60:1.

(iii) Collateral for the Group's bank borrowings

For the bank loans in place (SFA loan agreements), multiple pledge agreements have been entered into which collectively secure the bank borrowings for the entire amount outstanding and accrued interest on the bank borrowings. The Group is subject to regular bank reporting, and leverage is monitored. In the event of a default of repayment of the bank borrowings and related interest payments, the pledgee may enforce against the pledged assets. During the period under review, there was no default of the payment obligations.

The present and future assets pledged as collateral include the following:

- All the shares of the HOHR and material subsidiaries;
- All bank accounts of the HOHR and material subsidiaries;
- All the intercompany loan receivables of the Group and material subsidiaries (excluding cash pooling).

We and our affiliates, or agents acting on our or their behalf, may retain, purchase, or sell for our own account any of our outstanding publicly traded Notes, and may subsequently re-offer or re-sell any such Notes purchased. We do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation we may have to do so.

17 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The following table summarizes the movement of the provisions:

	Sickness provision	Litigations	Provision for decommissioning	Other	Total
Balance at 1 January	**0**	**536.745**	**677.275**	**1**	**1.214.021**
Movements					
Additional provision	1.708.936	850.188		61.016	2.620.140
Amounts used during the year		-64.000			-64.000
Withdrawals		-228.600	-677.275		-905.875
Translation differences				-1	-1
Balance at 31 December	**1.708.936**	**1.094.333**	**0**	**61.016**	**2.864.285**
Non-current provisions	895.149				
Current provisions	1.969.136				
Balance at 31 December	**2.864.285**				

(i) Provisions for dismantling obligations

The provision for decommission has been recorded as part of the lease liability in line with IFRS16 as per year-end 31 December 2020.

(ii) Sickness provision

The sickness provision relates to the accumulated sick leave in the Netherlands. This was recorded as employee benefit obligation in the 2019 financial statements and has been reclassified to provision as per 31 December 2020.

(iii) Provisions for litigations

The amount represents provisions for certain legal claims brought against the Group by former staff members. The provision charge is recognized in the income statement within the "Other general and administrative expenses". Management's view is that the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided for at 31 December 2020.

18 EMPLOYEE BENEFIT OBLIGATIONS

The table below outlines the outstanding employee benefit obligations that were reported on the statement of financial position:

Obligations accounted for in the statement of financial position	31 December 2020	31 December 2019
Short-term employee benefits	139.946.354	129.404.459
Post employment benefits	2.373.284	1.345.695
Termination benefits	1.699.529	1.276.831
Other long-term employee benefits	1.901.553	1.644.754
Total amount of employee benefits	**145.920.719**	**133.671.739**
Total non-current employee benefits	3.116.375	2.796.772
Total current employee benefits	142.804.344	130.874.968
Total amount of employee benefits	**145.920.719**	**133.671.739**

18.1 Short-term employee benefits

The amount of short-term employee benefits outstanding at the reporting date mainly relates to unpaid salaries and wages as well as the related taxes on these amounts. The amounts both relate to salaries and wages for temping staff as well as the permanent staff that is working for the Group.

18.2 Post-employment employee benefits

(i) Pension plans

The Group offers several defined contribution plans to its employees. Because of the Belgian legislation applicable to the second pillar pension plans (the so-called "Wet op de Aanvullende Pensioenen"), all Belgian pension plans that are structured as defined contribution plans are considered defined benefit plans under IFRS. Because of this minimum guaranteed return, the Group is exposed to a financial risk since further contributions could be required if the return on the assets is not sufficient to reach the minimum benefits to be paid. The Group has plans that are financed through insurance contracts. The Group carefully reviewed the different pension plans at the different reporting periods and concluded that the application of the projected unit credit method to calculate the defined benefit obligation would not result in a material amount to be accounted for on the statement of financial position. No similar minimum funding exists in other countries where the Group is active.

The Group does not provide any material defined benefit plans to its employees.

(ii) Disability benefits

The Group also provides disability benefits to its employees which have similar terms and conditions as the defined contribution plans and therefore also must be accounted for in a similar way. As the Group is insured for these disability benefits, no provision has been accounted for by the Group.

18.3 Other long-term employee benefits

Amounts reported for under the Other long-term employee benefits fully relate to jubilee premiums offered by The Group rewarding employees for long years of service.

(i) Jubilee benefits

The following table shows the split between the non-current and the current employee jubilee benefits:

Obligations accounted for in the statement of financial position for jubilee premiums	31 December 2020	31 December 2019
Non-current jubilee benefits	1.901.553	1.644.754
Current jubilee benefits	239.476	214.113
Total amount of jubilee premiums	**2.141.029**	**1.858.868**

The following assumptions have been used when calculating the jubilee premiums:

Overview of assumptions used:	31 December 2020	31 December 2019
Discount rate	0.5% - 1.5%	0.5% - 1.5%
Retirement age	67	67
Turnover		

Year - turnover	31 December 2020	31 December 2019
0 year	8,75%	8,75%
0,5 year	4,25%	4,25%
1-2 years	2,25%	2,25%
3 years	1,00%	1,00%
4 years	0,50%	0,50%

The impact of the remeasurements on the outstanding jubilee premium is accounted for in the statement of financial performance.

(ii) Termination benefits

The termination benefits relate to outstanding payables towards former employees, mainly key management. Refer to note 34 Related Parties for more information.

19 SHARE-BASED PAYMENTS

The share-based payments consist of the long-term incentive plan on the level of the shareholders of HOHR.

The Group launched a share-based payment plan throughout 2018 offering the management team to participate in a long-term incentive plan. The purpose of the plan is to create an incentive for members of management and executives of the Group who can make an important contribution to the success and the growth of the Group, to help the Group retaining and attracting managers with the necessary experience and skills, and to align the interests of those managers with the grantors' interests as shareholders of the Company and give them the opportunity to share in the value creation and growth of the Group.

The share options are granted free of charge at the grant date, i.e. 28 August 2018. The exercise price of the options is equal to the fair market value of the shares at grant date (EUR 2.17).

The term of the options runs from the grant date until 28 June 2023 for Belgian tax residents (5 years maximum vesting period). For other beneficiaries, the term of validity is maximum 10 years.

The plan is settled in the ordinary shares of the Company. The option holder may exercise the options subject to the occurrence of an exit event, a non-exit event or a good leaver event.

The plan contains several vesting conditions:

a. Service conditions – the beneficiary should have a contractual relationship with the group at the vesting date (in case of an exit or a non-exit event) or qualify as a good leaver (in case of a good leaver event);
b. Performance conditions – the number of options that vest (and can be exercised) is determined at the vesting date and depends on the return (or a deemed return) of the grantors on the initial value (effectively the increase in the fair value of the shares of the Group since 31/12/2017).

This LTIP is comprised of 100 million share options, of which 75 million are granted during 2018 (effective grant date: 28 August 2018), 12,5 million during 2019 and 12,5 million are still to be allocated. The fair value per share option at grant date in 2018 amounts to €1,53. For the shares granted in 2019, the fair value per share amounts to €1,33. The value of the shares has been determined based on an EBITDA-multiple model (correcting for net debt) and is recognized in P&L based on the exit probability. The share options have a contractual life of 5 years for Belgian tax residents and 10 years for other residents. The options are granted for no consideration. As a result of the accounting for the LTIP during the period, an expense has been recognized in the income statement with a corresponding credit in equity in 2018 for EUR 13,95 million and EUR 4,65 million in 2019 and 2020.

The value of the LTIP at grant date has been calculated based on the equity value of the entity, excluding the value of the tracking shares.

20 TRADE PAYABLES AND OTHER PAYABLES

Trade payables	31 December 2020	31 December 2019
Trade payables to third parties	37.041.130	41.266.625
Amounts due to related parties	806.694	247.059
Total	**37.847.824**	**41.513.684**

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. These mainly relate to invoices for services such as rent, electricity, IT, etc. As per 31 December 2020, these also included a main part of the refinancing expenses.

21 OTHER LIABILITIES

The other non-current and current liabilities for the period are:

Other non-current and current liabilities	31 December 2020	31 December 2019
Lease liabilities	61.780.621	44.589.773
Earn-outs to pay	3.460.000	
Other long-term liabilities	82.621	
Related party transactions	-1	94.234
Amounts due to related parties	-1	89.483
Earn-out		4.751
Total other non-current liabilities	**65.323.241**	**44.684.007**
VAT	42.102.583	32.923.072
Lease liabilities	34.940.166	29.968.866
Interest accruals	15.923.419	14.986.505
Grants to be refunded	5.818.694	
Management bonus	31.282	1.332.501
Other accruals (insurance, board fees etc.)	5.088.169	3.412.322
Disability contribution	1.592.931	
Other liabilities	4.010.070	8.664.196
Related party transactions	4.091.483	11.736.213
Option plan	847.966	
Debt to related parties	0	52.478
Earn-outs to pay	842.000	9.998.309
Debts to shareholders	2.401.517	1.685.426
Total other current liabilities	**113.598.798**	**103.023.674**

Earn-outs to pay

The earn-outs to pay relate to the Techmatch acquisition early 2020, refer to note 3.1.

Grants to be refunded

This concerns the accrual for the reimbursement of the governmental grant (NOW grant) received by Continu and Covebo resulting from the Covid-19 pandemic. As it is more likely than not that the criteria for obtaining this grant will not be met, a payable has been recorded for the amount received (EUR 5,82 million);

Finance lease liabilities

The Group has accounted for the following finance lease liabilities:

	31 December 2020	31 December 2019
Gross finance lease liabilities - minimum lease payments:		
No later than 1 year	35.954.876	30.483.845
Later than 1 year and no later than 5 years	55.324.051	44.306.607
Later than 5 years	9.646.225	4.778.224
Total undiscounted finance lease liabilities	**100.925.152**	**79.568.676**
Future finance charges on finance leases	-4.204.365	-5.010.038
Present value of finance lease liabilities	**96.720.787**	**74.558.638**

The discounted finance lease liability is as follows:

	31 December 2020	31 December 2019
No later than 1 year	34.167.622	29.968.866
Later than 1 year and no later than 5 years	53.213.961	40.074.168
Later than 5 years	9.339.205	4.515.604
Present value of finance lease liabilities	**96.720.787**	**74.558.638**

22 REVENUES

22.1 Disaggregation of revenue from contracts with customers

Revenue of the Group consists of the fair value of the consideration received or receivable for the services rendered during the year to third parties. The Group mainly derives revenue from the transfer of services over time and at a point in time in the following geographical regions and lines of services:

Revenue per geographical region	31 December 2020	31 December 2019
Belgium	552.015.433	672.794.349
The Netherlands	588.274.095	548.685.406
Germany	336.573.622	391.990.105
France	103.343.411	109.152.434
Other	16.142.903	15.783.635
Total amount of revenue	**1.596.349.465**	**1.738.405.928**

Revenue per type	31 December 2020	31 December 2019
General Staffing	297.597.162	329.305.457
Specialized recruitment	779.335.341	842.516.691
Engineering and Consulting	519.347.150	566.583.704
Digital	69.812	
Total amount of revenue	**1.596.349.465**	**1.738.405.851**

At 31 December 2020	General Staffing	Specialized staffing	Engineering & consulting	Digital	Total revenue
Revenue recognised over time	297.108.853	779.335.374	511.784.414		1.588.228.641
Revenue recognised at point in time	488.309		7.562.727	69.812	8.120.849
Total amount of revenue	**297.597.162**	**779.335.341**	**519.347.150**	**69.812**	**1.596.349.465**

At 31 December 2019	General Staffing	Specialized staffing	Engineering & consulting	Digital	Total revenue
Revenue recognised over time	329.386.449	842.773.300	547.100.946		1.719.260.695
Revenue recognised at point in time	-80.992		19.226.148		19.145.156
Total amount of revenue	**329.305.457**	**842.773.300**	**566.327.094**		**1.738.405.928**

The Group mainly generates revenue from offering temporary staffing solutions to its customers. The duration of these temporary staffing solutions may vary between a couple of hours up to a period of two years (without minimum volumes attached to these contracts).

The Group also provides solutions to customers active in project-oriented businesses where apart from staffing also specific deliverables have to be provided for. Projects may take one week up to two to three months. The Group does not have a single major customer from which it generates revenue.

Although the Covid-19 pandemic started during the first quarter of 2020, the effect of the pandemic is mainly visible as from the second quarter of the year, as governments have taken very strict measures to prevent the epidemy to spread further as from mid-March 2020. These measures include social distancing, country wide quarantines, closing of non-essential business, and many alike. Consequently, since mid-March 2020 the world economy has come to a stop and also the company's key markets, resulting in a slow-down of the Group's activity. Governments have approved very strong support measures for businesses and individuals, mainly focused in helping to adapt the workforce to the new reality and providing liquidity to companies (by providing direct financing, guarantees to be used in front of financial institutions and delaying the payment of certain taxes). During the third quarter of 2020, economy was slowly picking up. Unfortunately this has slowed down again in the last quarter of 2020 as Covid-19 measures were increasing again. The economic consequences of the decisions required to stop the spread of the virus heavily impact 2020 performance of the Group. Although the Group has considered the Covid-19 pandemic in preparing the 2020 financial statements, judgement is required in doing so. As a result, the final outcome of the pandemic is not predictable, as the dept, duration, and recovery are as of today impossible to predict.

22.2 Assets and liabilities related to contracts with customers

The Group has recognized the following project related receivables and liabilities related to contracts with customers:

Assets recognised from costs to fulfill a contract/ contract costs	31 December 2020	31 December 2019
Asset recognised from costs to incurred for contractAsset recognised from costs to incurred to fulfill a contract a	1.122.137	1.846.942
Amortisation and impairment loss recognised as cost providing services during the period		-1.846.942
Remaining amount of contract costs/costs to fulfill a contract on the balance sheet	**1.122.137**	**0**

Contract assets and liabilities	31 December 2020	31 December 2019
Current contract assets related to long-term contracts		14.226.259
Loss allowance		-1.655.500
Total current contract assets	**0**	**12.570.759**
Contract liabilities - advance payments received	1.061.383	732.632
Contract liabilities - other type		
Total current contract liabilities	**1.061.383**	**732.632**

The amount of contract liabilities as per year-end mainly relates to advance payments received by the Group for which services are delivered in the course of the following accounting period.The decrease compared to 31 December 2019 is attributable to the disposal of GRITT Projects (note 3.6).

As per year-end, the following amount of contract liabilities and amortization on these contract liabilities are incurred by the Group:

Revenue recognised related to contract liabilities	31 December 2020	31 December 2019
Revenue recognised that is included in the contract liability balance at the beginning of the period	732.632	632.604
Amount of revenue recognised throughout the period		
Revenue recognised that is included in the contract liability balance at the end of the period	**732.632**	**632.604**

23 OTHER GAINS/(LOSSES) – NET

The Group has recognized the following gains and losses in the income statement as per year-end:

Other gains/losses	31 December 2020	31 December 2019
Other gains		
Management fees		361.422
Earn-out	4.455.620	598.288
Other gains	2.410.775	2.563.889
Total other gains	**6.866.395**	**3.523.599**
Other losses		
Earn-out	-50.652	-1.743.534
Total other losses	**-50.652**	**-1.743.534**
Total other gains/(loss) - net	**6.815.743**	**1.780.065**

The earn-outs are based on final calculations of the purchase price which might deviate from expected results as these are based on estimated amounts (such as future Earnings Before Interest, Tax, Depreciation and Amortization). These relate to business combinations done during the previous years. Refer to note 3.1 for more information.

24 GRANTS

Covebo and Continu receive the LIV ("lage-inkomensvoordeel") grant every year from the Dutch government, which is intended to encourage employers to hire employees with a low wage. The amount received is a fixed fee for every hour worked by employees with a wage within a certain range, that is defined by the government and indexed yearly. For 2020 the grant amounts to 2,3 million EUR.

In order to mitigate the impact of measures taken to prevent the spreading of Covid-19, the Dutch government provided a grant to support staffing costs, provided the company lost over 20% of its turnover in the comparable period in 2019. Covebo and Continu applied for and received the grants, but will be required to pay them back, given the turnover decrease did not reach 20% for most entities. There is an outstanding debt recorded on the balance sheet of EUR 5,82 million.

In order to mitigate the impact of measures taken to prevent the spreading of Covid-19, the French government provided a grant to support staffing costs. From March till May, the company received a compensation for employees that were temporarily unemployed of up to 90% of their wage. As from June this percentage increased to 15%. Abylsen received a total grant of EUR 3,2 million.

A provision of 1,3 million EUR has been recorded in Accent for wages and training expenses of people at work that can be reclaimed. The amount that can be reclaimed depends on the amount of training given to the people at work and the number of people hired from risk groups. Accent also recorded a total 0,3 million EUR composed of different smaller grants.

Timepartner and ZAQUENSIS receive the KUG ("Kurzarbeit"; translated to compensation for reduced hours) grants from the German government only in case the sales drop with >10% on branch level. The amount received is depending on the total reduced number of hours of the employee. Due to Covid-19, TimePartner and ZAQUENSIS have requested these grants. For 2020 the grant amounts to EUR 10 million for TimePartner and EUR 744 thousand for ZAQUENSIS. As TimePartner is not certain that all conditions are met, an outstanding debt is recorded on the balance sheet of EUR 0,5 million.

25 COST OF SERVICES

Cost of services comprises expenses directly attributable to revenue. These costs mainly include expenses related to candidates, such as wages, salaries, and social charges. The 'services' relate, among others, to the freelancers and the housing expenses for the foreign employees. The % of cost of services compared to sales amounts to 74,50% compared to 74,11% in 2019.

Depreciations relate mainly to the housing facilities that are accounted for as financial leases as from 2020 and depreciated over their contractual lifetime.

	31 December 2020	31 December 2019
Personnel expenses	842.621.215	929.616.494
Social security	188.573.765	213.154.243
Subcontractors and freelancers	95.188.385	94.564.595
Services	46.551.067	36.301.394
Depreciations	16.365.960	15.134.063
Other	114.894	
Other income	-89.386	-468.252
Total costs of services	**1.189.211.005**	**1.288.302.536**

26 SELLING EXPENSES

Selling expenses comprise personnel and accommodation expenses in relation to operational activities at the branches, advertising and marketing, and other selling expenses, as well as the amortization and impairment of acquisition-related intangible assets.

The % of selling expenses compared to sales amounts to 13,85% for 2020 compared to 12.41% for 2019 and are impacted by the impairment recorded on the brand name of ZAQUENSIS (refer to note 7). Excluding depreciation charges, the % of selling expenses compared to sales amount to 10,60% for 2020 compared to 9,90% for 2019.

	31 December 2020	31 December 2019
Personnel expenses	105.529.887	102.648.652
Social security	21.872.040	22.414.520
Subcontractors and freelancers	1.375.570	
Services	37.281.045	41.700.447
Depreciations	52.918.348	43.696.410
Other	2.051.607	5.360.443
Total Selling expenses	**221.028.497**	**215.820.472**

27 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprise personnel and accommodation expenses of head offices, IT expenses, other general and administrative expenses.

The % of other general and administrative expenses compared to sales amount to 7,34% for 2020 and 6,80% for 2019. The increase in % is mainly a result from increased depreciation charges. Excluding the depreciation charges included in Other general and administrative expenses, the Other general and administrative expenses amount to 6,45% of the selling expenses in 2020 compared to 6,20% in 2019.

	31 December 2020	31 December 2019
Personnel expenses	46.499.195	46.785.411
Social security	8.459.067	9.875.181
Subcontractors and freelancers	0	7.559
Services	44.059.127	47.040.511
Share-based payment	4.649.067	4.649.383
Depreciations	14.209.721	10.349.814
Other	771.881	1.675.486
Other income	-1.531.871	-2.198.410
Total other general and administrative expenses	**117.116.186**	**118.184.935**

28 EXPENSES BY NATURE

The following table provides an overview of the expenses incurred by nature:

31 December 2020	Costs of services	Selling expenses	Other G&A expenses	Total
Personnel expenses	842.621.215	105.529.887	46.499.195	994.650.296
Social security	188.573.765	21.872.040	8.459.067	218.904.872
Subcontractors and freelancers	95.188.385	1.375.570		96.563.955
Other services in CoS	9.358.987			9.358.987
Housing costs	14.464.751			14.464.751
Travel expenses	9.822.965		1.003	9.823.967
Car leases	8.406.433	7.663.933	1.895.457	17.965.822
Rent		3.870.650	1.136.874	5.007.525
Maintenance		3.637.818	1.670.782	5.308.599
Energy		1.305.544	109.235	1.414.779
External fees	121.747	5.604.660	18.625.063	24.351.470
Training	3.607.387	704.032	1.258.528	5.569.947
Publicity & Marketing		7.569.595	8.209.604	15.779.199
Insurances	21.936	772.427	1.263.138	2.057.500
Administrative and office related expenses		3.787.336	3.068.186	6.855.522
Share-based payment		0	4.649.067	4.649.067
Depreciations	16.365.960	51.877.298	14.139.145	82.382.403
Bad debt provision		2.286.873	138.523	2.425.396
Provision for risks and charges		-103.412	-176.884	-280.296
Losses on disposal of fixed assets			162.940	162.940
Other	861.756	3.274.244	7.539.136	11.675.137
Other income	-204.280			-204.280
Capitalization of internally generated intangibles			-1.531.871	-1.531.871
Total	**1.189.211.005**	**221.028.497**	**117.116.186**	**1.527.355.688**

31 December 2019	Costs of services	Selling expenses	Other G&A expenses	Grand Total
Personnel expenses	929.616.494	102.279.988	46.785.411	1.078.681.893
Social security	213.154.243	22.414.520	9.875.181	245.443.944
Subcontractors and freelancers	94.564.595	368.664	7.559	94.940.818
Other services in CoS	19.580.197			19.580.197
Housing costs	12.713.619		22.262	12.735.882
Travel expenses	4.007.578			4.007.578
Car leases	1.954	4.372.378	1.014.024	5.388.357
Rent		4.227.641	1.370.823	5.598.464
Maintenance		3.556.987	1.556.754	5.113.741
Energy		2.689.168	1.151.457	3.840.626
External fees		5.582.313	18.332.424	23.914.738
Training		609.512	2.076.532	2.686.044
Publicity & Marketing		8.093.864	9.533.438	17.627.302
Insurances		1.174.859	1.470.935	2.645.794
Administrative and office related expenses		6.424.183	11.417.821	17.842.004
Share-based payment			4.649.383	4.649.383
Depreciations	15.134.063	43.696.410	10.349.814	69.180.287
Bad debt provision		4.040.389	-292.146	3.748.243
Provision for risks and charges		-327.983	234.700	-93.283
Losses on disposal of fixed assets			124.270	124.270
Other		6.617.576	702.702	7.320.278
Other income	-470.206			-470.206
Capitalization of internally generated intangibles			-2.198.410	-2.198.410
Total	**1.288.302.536**	**215.820.472**	**118.184.935**	**1.622.307.943**

29 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF PP&E AND INTANGIBLE ASSETS

		31 December 2020	31 December 2019
Depreciation & impairment of buildings		2.651	
Depreciation & impairment plant, machinery and equipment		479.466	693.121
Depreciation & impairment of furniture & vehicles		4.761.748	4.381.130
Depreciation & impairment of Other PP&E		2.627.993	2.190.195
Depreciation & impairment of leased PP&E		38.632.733	33.695.803
Depreciation of tangible assets		**46.504.591**	**40.960.249**
Amortization & impairment of customer relationships		17.848.436	16.858.012
Amortization & impairment of brand names		11.595.932	6.418.846
Amortization & impairment of software		6.428.090	4.657.205
Amortization & impairment of licenses		5.354	285.975
Amortization & impairment of other intangibles			
Amortization and impairment of intangible assets		**35.877.812**	**28.220.038**
	Included:		
Cost of services		***16.365.960***	***15.134.063***
	Tangibles	*16.365.960*	*15.134.063*
	Intangibles		
Selling expenses		***51.877.298***	***43.696.410***
	Tangibles	*22.113.376*	*20.727.619*
	Intangibles	*29.763.923*	*22.968.791*
General and administrative expenses		***14.139.145***	***10.349.814***
	Tangibles	*8.025.256*	*5.098.568*
	Intangibles	*6.113.890*	*5.251.246*
Total depreciation and amortization on (in)tangibles		**82.382.403**	**69.180.287**

30 FINANCE INCOME AND COSTS

	31 December 2020	31 December 2019
Finance Income		
Interest income on short-term bank deposits	259	8.457
Interest income on loans to related parties	211.691	335.985
Other	70.967	213.618
Fair value adjustment derivatives	1.420.000	3.490.000
Interest income on loans	239.440	
Interest income on subleasing	16.408	
Total finance income	**1.958.764**	**4.048.059**
Finance Expenses		
Interest expense on loans from related parties	270.133	493.157
Interest expense on bank borrowings	40.721.935	31.051.614
Fair value adjustment derivatives	7.570.000	
Refinancing costs/bank fees	7.666.051	7.003.026
Foreign exchange losses, net	46.547	27.299
Other	651.050	986.242
Interest expense on finance lease liabilities	1.626.045	1.373.709
Costs related to commercial finance	948.101	
Costs related to credit insurance	1.278.961	1.261.563
Total finance expenses	**60.778.823**	**42.196.610**
Net finance costs	**-58.820.059**	**-38.148.551**

Finance expenses include the interest on borrowings from related parties, banks and bonds. Refinancing costs and bank fees relate to costs to refinance the bank loans. Refer to note 16 Borrowings in respect to this matter. Fair value adjustment derivates relate to the movement in the fair value of the early payment option, refer to note 11 Derivative financial instruments.

31 EMPLOYEE BENEFIT EXPENSE

Wages, salaries, social security charges and pension charges are included in cost of services for candidates and in personnel expenses for corporate employees.

	31 December 2020	31 December 2019
Wages and salaries	881.569.422	980.113.306
Social security	204.271.793	225.555.229
Holiday pay	93.546.773	67.906.950
Bonuses	29.797.441	17.533.143
Work accident insurance	13.008.158	15.153.441
Social fund	14.633.079	19.888.715
Retention costs	144.504	2.624.437
Total employee benefit expenses	**1.236.971.170**	**1.328.775.220**

32 CONTINGENCIES

32.1 Contingent liabilities

The Group has a contingent liability towards former managers of the Group, adding up to EUR 7,00 million estimated possible liability to be paid. The Group estimates the likelihood of paying this amount to be less likely than not and has therefore not recorded a provision.

32.2 Contingent assets

The Group did not recognize any contingent assets.

33 COMMITMENTS

33.1 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

Capital commitments	31 December 2020	31 December 2019
Property, plant and equipment	725.587	1.599.489
Intangible assets		
Other		
Total	**725.587**	**1.599.489**

33.2 Non-cancellable operating lease commitments

The Group leases land and various buildings under non-cancellable operating lease agreements, including lease agreements entered into under concession agreements. The typical lease terms vary depending upon which country the lease agreement is entered into. The majority of lease agreements are recorded on balance sheet as from January 1, 2020. The Group uses the exemption for low value items for which non-cancellable operating lease commitments exist at year-end 31 December 2020.

33.3. Other commitments

The Group has committed to purchase 100% of the shares of the Solyne group as per 15 January 2021 the latest, under the condition that Solyne is able to provide its final interim accounts and the accompanied purchase price calculation before the agreed date. The consideration to be paid for acquiring the shares amounts to EUR 34,16 million.

The Group has committed to purchase 60% of the shares of the Greenworking group as per 26 January 2021. The Greenworking group was only acquired in 2021 due to the Put Option included in the SPA. The Put option could only be exercised by a notice to the Promisor which confirmed to the Promisor completion of the Notification Process and specified the Closing Date and the location at which the SPA would be executed by the Parties and the Closing would occur. It was agreed that the Closing Date would be a Business Day not earlier than 6 January 2021 and not later than 29 January 2021. The consideration to be paid for acquiring the shares amounts to EUR 23,62 million.

The Group has a commitment towards former managers having shares in the Group for the buy-out of their shares. With regard to 2020 leavers, the total estimated commitment amounts to EUR 20,00 million.

34 RELATED-PARTY TRANSACTIONS

For all periods presented, the Group is controlled by Naxicap Partners (incorporated in France). The remaining shares of the Group are owned by Conny Vandendriessche and current management of the Group.

Local management teams are present at the different groups for which there have been some changes during 2020, mainly relating to transfers within key management team, resulting in the appointment of a new local CFO or CEO at some groups.

The following transactions were carried out with related parties:

(i) Sales and purchase of services

The following sales and purchases of services occurred during the period:

Purchases of services	31 December 2020	31 December 2019
Purchases of services from joint ventures		
Purchase of management services from joint ventures		
Other purchases from entities controlled by key management	2.003.581	1.988.641
Purchases of services from the ultimate parent		865.362
Total	**2.003.581**	**2.854.002**

Purchases from entities controlled by key management are mainly related to rent of branches and/or headquarters.

All services are billed based upon normal commercial terms and conditions as these that are available to third parties.

The following balances remains outstanding at year-end for the sale and purchase of services:

Year-end balances	31 December 2020	31 December 2019
Receivables from related parties for services		
- Joint ventures		0
- Ultimate parent		0
- Key management personnel	6.948	6.753
Payables from related parties for services		
- Joint ventures	-37	0
- Ultimate parent	150.000	1.419.655
- Key management personnel	351.731	1.079.156
Total	**508.642**	**2.505.564**

(ii) Key management compensation

Key management includes executive management and members of the Board of Directors of the Group and its subsidiaries. The compensation paid or payable to key management for employee services is shown below.

The following amounts for key management compensations have been accounted for throughout the period:

Key management compensation	31 December 2020	31 December 2019
Salaries and other short-term employee benefits	15.951.657	13.485.549
Termination benefits	1.988.408	1.181.903
Post-employment benefits	85.367	52.765
Share-based payment	4.649.067	4.649.382
Total	**22.674.499**	**19.369.599**

The following amounts for key management compensations are outstanding at the end of the period:

Year-end balances with key management personnel	31 December 2020	31 December 2019
Outstanding amounts towards key management personnel	4.473.610	3.302.628
Total	**4.473.610**	**3.302.628**

(iii) Loans to related parties and other receivables

Loans to related parties	31 December 2020
At 1 January	**500.000**
Acquisition of subsidiaries	
Loans advanced during year	278.390
Loan repayments received	
Interest charged	
Interest received	47.248
Acquiring control over joint ventures	
At 31 December	**825.638**

(iv) Borrowings from related parties

Borrowings from related parties	31 December 2020
Balance at January 1	**7.219.286**
Acquisition of subsidiaries	
Loans advanced during year	
Repayments	-2.286
Interest charged	
Interest paid	
Contribution in kind	-3.500.000
Conversion to equity	
At 31 December	**3.717.000**

Refer to Note 16 on borrowings for details on related party borrowings. All terms and conditions are disclosed there.

(vi) Distributions

Dividends to related parties	31 December 2020	31 December 2019
Dividend declared to minority shareholders	340.653	1.685.426
	340.653	**1.685.426**

35 AUDIT FEES

Audit fee	918.563
Tax	203.369
Special assignments	377.983
Other	183.367

36 EVENTS AFTER THE REPORTING DATE

Acquisitions

The Group, via its subsidiary Continu, has acquired 100% of the shares in the Solyne group as per 15 January 2021. The Solyne group is active as a specialist secondment provider of predominantly Dutch white-collar technical professionals, as well as professionals in adjacent sectors, for clients active in the public and private domain, operating in the Netherlands a business specialized in secondment, freelance, subcontracting and temporary staffing services for its clients. The consideration paid for acquiring 100% of the shares amounts to EUR 34,16 million.

The Group, via its subsidiary Abylsen, has acquired 60% of the shares in the Greenworking group as per 26 January 2021. The Greenworking is a consultancy firm active in the 'new ways of working' market group. By its services, mainly focusing on French blue chip companies, Greenworking is adding value in the field of teleworking, work-life balance, leadership, digital change and social responsibility. The consideration paid for acquiring the shares amounts to EUR 23,62 million.

Segment reporting

The Group has converted its three segment to two segments. The General Staffing and Specialized Staffing segments are grouped as from 2021 to the Specialized Talent Solution segment. This does not have a financial impact on the 2020 financial statements and mainly results in an adjustment of the Segment reporting.

Repricing Senior Facility Agreement

As per February 19, 2021 the Group has successfully repriced their Senior Facility Agreement, resulting in a 50 BPS reduction. The total impact of the repricing amounts to EUR 13,07 million saving for the Group.

Merger Germany

The Group is in the progress of merging Timepartner and ZAQUENSIS. By merging, the Group wants to bundle the strengths of each, and position the new group as the seventh largest staffing player in the German market with the ambition to further specialize. This combination will help the Group to accelerate specialization and simplify the investment plans in Germany.

Covid19

Although great progress has been made in the release of vaccines to protect us from the Covid-19 pandemic, the rates of vaccination continue to be moderate in terms of % of the population protected, and therefore, the Covid-19 pandemic is still considered as an uncertain factor in our day-to-day business. At this point in time the duration of the pandemic and the impact on the financial results of the Group are difficult to predict. Nevertheless, the vaccination programs will have a positive impact on the overall society and the world economy along 2021 and therefore on HOHR business potential.

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