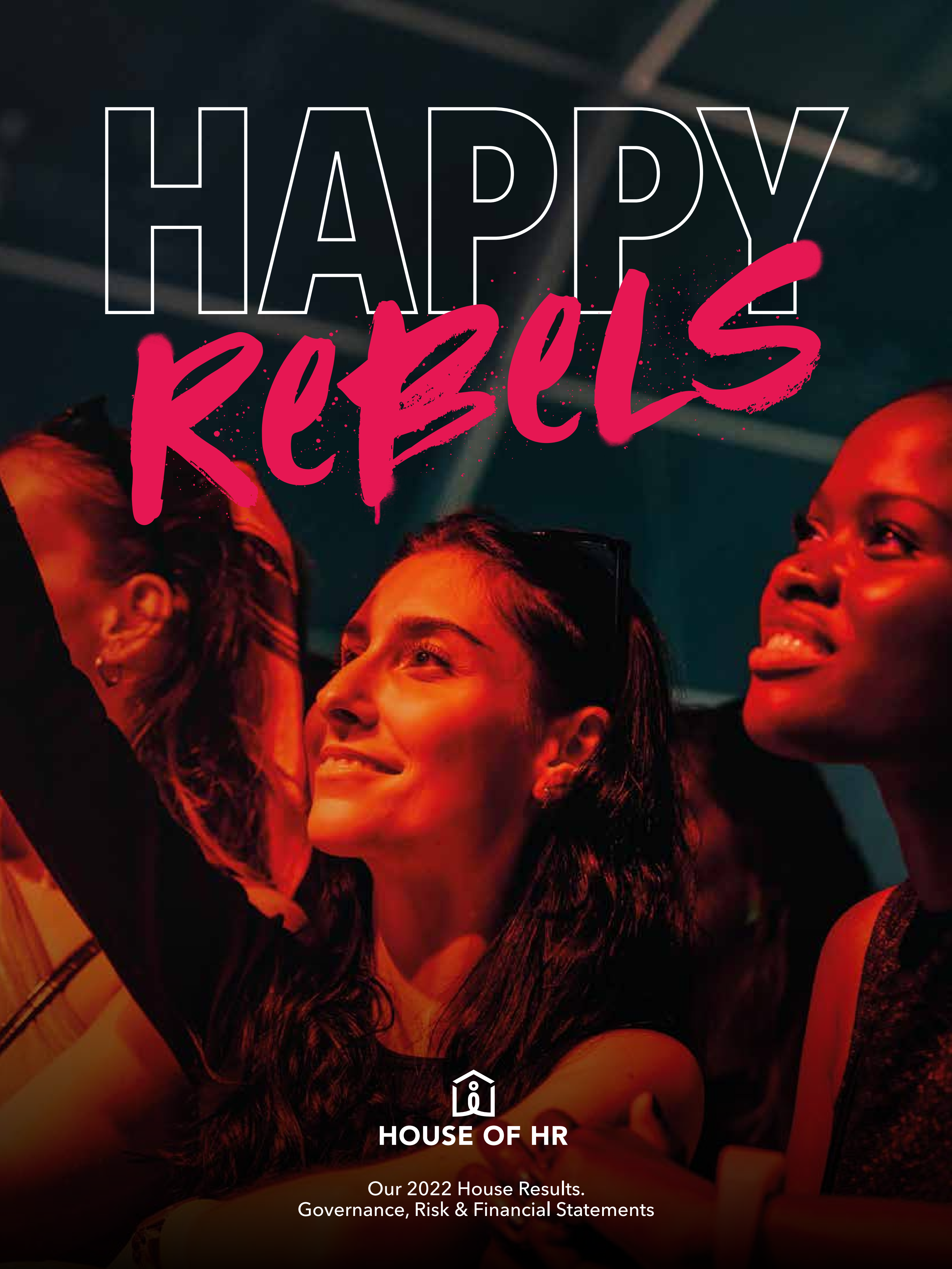


HAPPY Rebels

HOUSE OF HR

Our 2022 House Results.
Governance, Risk & Financial Statements

CONTENTS

Front cover:
House of Happy Rebels Festival

WELCOME

TO OUR 2022 HOUSE RESULTS GOVERNANCE, RISK AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE

CONTENTS

GOVERNANCE

1 HOUSE OF HR

House of HR Holding B.V. ('House of HR') is a private limited liability company (in the Netherlands called 'besloten vennootschap') incorporated and existing under Dutch law, having its official seat in Amsterdam, the Netherlands and its office address at Flight Forum 40, 5657 DB Eindhoven, the Netherlands and registered with the Trade and Company Register (Kamer van Koophandel) under number 86426346.

House of HR NV is as from November 3, 2022 a subsidiary of House of HR Holding B.V.. House of HR NV is a public limited liability company (in Belgium called 'naamloze vennootschap' or 'société anonyme') incorporated and existing under Belgian law, having its registered office at Beversesteenweg 576, 8800 Roeselare and registered at the Crossroads Bank for Enterprises ('Kruispuntbank Ondernemingen') (RPR/RPM Ghent, section Kortrijk) under number 0643.887.978.

Specialized Talent Solutions	Engineering & Consulting
Accent	ABY Engineering
House of Covebo	Continu Professionals
TimePartner	Redmore
House of Care Talents	GRITT
TMI	Solcom
	Cohedron

House of HR has almost 800 offices in more than 12 European countries. House of HR is known for its entrepreneurial spirit, digital innovations and baldness and has been outperforming the market since its foundation.

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

In May 2022, Bain Capital, one of the world's leading private investment firms, signed a purchase agreement with Naxicap Partners, Conny Vandendriessche and the minority shareholders for the acquisition of a majority stake in House of HR. This acquisition was successfully closed on 3 November 2022 and marked the biggest private equity buy-out in Belgian history. The new strategic partnership with Bain Capital – and the reinvestment by Naxicap and Conny Vandendriessche – allows House of HR to scale up its unique platform into new markets and increase its digital investments.

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. 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 in financial year 2022, both prior and after the entry of Bain Capital.

2 BOARD OF DIRECTORS

2.1 Structure and composition

Prior to the entry of Bain Capital on 3 November 2022

Prior to 3 November 2022, the composition of the Board of Directors, its structure and organization and the role and responsibility of the directors were described in articles 14-17 of the (then applicable) articles of association.[1]

Directors were appointed by the shareholders' meeting for a maximum (and renewable) term of six years, based on the recommendations of the Remuneration and Nomination Committee and in line with several well-balanced parameters, such as governance skills, professional skills, behavioral skills and gender diversity.

Prior to 3 November 2022, the Board of Directors was composed of the following 10 members:

Name	Age	Position
Mr. Eric Aveillan	52	Chairman
Pro-Fund BV, represented by its permanent representative **Ms. Conny Vandendriessche**	58	Director
Ms. Rika Coppens	50	Managing Director
Mr. Aurélien Dorkel	39	Director
Pentacon BV, represented by its permanent representative **Mr. Paul Thiers**	65	Director
Mr. Philippe Marcel	69	Independent Director
FinFactory BV, represented by its permanent representative **Ms. Astrid Heiremans**	42	Independent Director
Naxicap Partner SA, represented by its permanent representative **Mr. Grégoire de Mazancourt**	35	Director
Banque Populaire Développement SA, represented by its permanent representative **Mr. Corentin Desbois**	29	Director
Naxicap Rendement 2022 SAS, represented its permanent representative by **Ms. Agathe Baujard**	32	Director

Mr. Daniel Masata was appointed as advisor to the Board of Directors.

Please find below the biographies of the aforementioned members of the Board of Directors and its advisor.

Eric Aveillan is the CEO of Naxicap Partners and also represents Naxicap Partners in certain of their investment companies. Eric joined Naxicap Partners at the end of 2002 as regional director. He was appointed CEO in January 2004 and serves as chairman of the management board of Naxicap Partners since June 2009. 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, the co-founder of Accent, serves as board member of various companies, such as AlliA, Stella P, Xior Student Housing, Vastgoedgroep Degroote and Ardo. She is also the founding and managing partner of 'We Are Jane'. Conny Vandendriessche 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. Conny was awarded the Enterprising Leader Award by Vlerick Business School in 2019.

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 several of House of HR's (direct and indirect) subsidiaries. Rika Coppens is also a non-executive board member at Colruyt Group, La Lorraine Bakery Group and Euronext. 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. Rika Coppens holds a Master's degree in Commercial Engineering from KU Leuven (1996). In January 2023, Rika Coppens was awarded Trends Manager of the Year for her outstanding performance and societal contribution.

Aurélien Dorkel is an investment director at Naxicap Partners. He started his career in private equity as an analyst within the Paris team of Naxicap Partners. In early 2010, Aurélien joined the Naxicap Partners team in Lyon as business manager. In 2013, he returned to the Paris office to join the Mid Caps team of 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..

[1] A new set of articles of association has been adopted on 3 November 2022.

GOVERNANCE CONTINUED

Paul Thiers is director of Pentacon BV and holds a position as independent director in various companies. He started his career at Unilin Group, where he was co-CEO and director until 2005. 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 has served as a member of the board of directors of Adecco from 2002 to 2008 and for April SA from 2004 to 2019. He is currently a member of the board of directors at GL Events and ALDES and serves as Chairman of PBM and iDal Groupe. He received his Master's degree from EM Lyon Business School in 1976.

Astrid Heiremans 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).

Grégoire de Mazancourt is an investment manager at Naxicap Partners and represents Naxicap Partners in the board of directors 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.

Corentin Debois is an associate at Naxicap Partners and served as permanent representative of Banque Populaire Développement SA at the Board of Directors of House of HR. Previously, Corentin worked in private equity within the family office Fondamental Services and in mergers and acquisitions within the Global Financial Advisory department of Rothschild & Co.

Agathe Baujard is an investment manager at Naxicap Partners and represents Naxicap Partners on the board of directors of Newparf, We are Jane and MYRE. Agathe Baujard graduated from HEC Paris in 2014. She previously worked in M&A in the French banking group BNP Paribas.

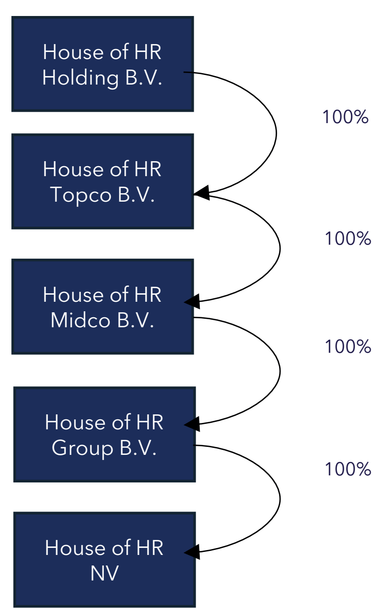
Daniel Masata is the founder and CEO at Volonte and Skill Principals. He has more than 12 years of experience in the Adecco Group as Global Head of Strategy & Transformation, Global Head of IT Outsourcing, and in SVP Engineering, IT, Healthcare, and Life Sciences Staffing Solutions. He holds a master's degree in international management (University of Mannheim and EDHEC Business School).

On 3 November 2022, following the acquisition of House of HR, all directors resigned. The following directors were appointed at the level of House of HR: Rika Coppens, Leen Geirnaerdt and Matthias Boyer Chammard.

After the entry of Bain Capital on 3 November 2022

As from 3 November 2022, the shareholder structure of House of HR has changed, resulting in a shift from the strategic and decisive decision making level of the Group from House of HR to House of HR Holding BV, a private limited liability company, organized and existing under Dutch law, having its registered office in Amsterdam, registered at the Chamber of Commerce ('Kamer van Koophandel') under number 86426346.

House of HR Holding BV operates as the new holding company within the Group and indirectly holds all shares issued by House of HR, as indicated in the simplified shareholder structure below:



The composition of the Board of Directors of House of HR Holding BV, its structure and organization and the role and responsibilities of its members are described in articles 17 – 19 of the articles of association.

The new Board of Directors is composed of the following 8 members:

Name	Age	Position
Mr. Christophe Jacobs van Merlen	45	Non-Executive Director
Ms. Conny Vandendriessche	58	Non-Executive Director
Mr Daniel Masata	44	Non-Executive Director
Mr Eric Aveillan	52	Non-Executive Director
Mr Jurjen van der Wiel	46	Non-Executive Director
Mr Matthias Boyer Chammard	42	Non-Executive Director
Ms. Rika Coppens	50	Executive Director
Mr. Youssef Salha	41	Non-Executive Director

Ms. Leen Geirnaerdt and **Ms. Astrid Heiremans** are appointed as observers to the Management Board.

Please find below the biographies of the members of the Board of Directors of House of HR Holding BV.

Christophe Jacobs van Merlen is a Non-Executive Director of House of HR Holding BV on behalf of Bain Capital. Mr. Jacobs van Merlen joined Bain Capital in 2004. He is a Partner, Co-Head of the Technology & Financial and Business Services Vertical and a member of the European Private Equity team. Prior to joining Bain Capital, Mr. Jacobs van Merlen was a consultant at Bain & Company in Brussels, Amsterdam and Boston, where he provided strategic and operational advice to private equity, business services, industrial and financial services clients.

Matthias Boyer Chammard is a Non-Executive Director of House of HR Holding BV on behalf of Bain Capital. He joined Bain Capital in 2011. He is a Partner in the Technology Financial and Business Services Vertical, leader of the French coverage team and a member of the European Private Equity team. Matthias Boyer Chammard focuses on investments in business services in Europe as well investments across sectors in France. Prior to joining Bain Capital in 2011, Matthias Boyer Chammard was a Principal at BCG in the Paris office. He was a member of the Energy and the Industrial Goods Practices. While at BCG, Matthias Boyer Chammard was also a lecturer in Energy and Environment at the MPA of Science Po Paris.

Jurjen Van der Wiel is a Non-Executive Director of House of HR Holding BV on behalf of Bain Capital. He is a Partner and a member of the European Private Equity team. During his time at Bain Capital, Mr. van der Wiel has worked on investments concerning semiconductors, chemicals, consumer services, distribution and building materials. He has also played a leading role in recruiting and training the European Portfolio Group team. He has extensive international experience working in the Nordics, Iberia, Benelux, France, Germany and the US.

Prior to joining Bain Capital, Mr. Van der Wiel worked at Bain & Company as a manager in the Amsterdam and Boston offices on large-scale transformations.

Youssef Salha is a Non-Executive Director of House of HR Holding BV on behalf of Bain Capital. Mr. Salha joined Bain Capital in 2011. He is a Partner in the Technology, Financial and Business Services Vertical and a member of the European Private Equity team. Mr. Salha focuses on investments in the services and technology sectors and on French investment opportunities. Prior to joining Bain Capital, Mr. Salha was a consultant at Bain & Company in the Paris office, where we worked on strategy and M&A engagements mostly for industrial, retail and TMT clients. Prior to that, he was a research engineer in the steel industry at Arcelor.

Leen Geirnaerdt is the Group Chief Financial Officer of House of HR. Leen also serves as Non-Executive Board Member of Deme Group and H. Essers. Prior to joining House of HR, Leen held the position of CFO of bpost group. She gained experience in the sector for 17 years at USG People in the position of General Manager SSC and later as CFO of the Group. She holds a Master's degree in Economics at the University of Antwerp.

For the biographies of **Conny Vandendriessche, Eric Aveillan, Daniel Masata, Astrid Heiremans** and **Rika Coppens**, reference is made to section 2.1.

2.2 Functioning of the Board of Directors

The Board of Directors aims for sustainable value creation. Focus is on the long term, on responsible behavior at all levels of the company and on the permanent consideration of the legitimate interests of stakeholders. One of the main goals of the Board of Directors is to create an open and transparent atmosphere throughout the Group in which open and regular communication is encouraged, while treating each other with respect.

GOVERNANCE CONTINUED

The Board of Directors has met 8 times in 2022 (physically and/or virtually), of which 2 meetings at the level of House of HR Holding BV, with following attendance:

	19/01/22	02/02/22	17/03/22	12/05/22	13/07/22	01/09/2022
Eric	✓	✓	x	x	✓	✓
Aurélien	✓	✓	✓	✓	✓	✓
Conny	✓	✓	✓	✓	✓	✓
Paul	✓	✓	✓	✓	✓	✓
Philippe	✓	✓	x	x	x	x
Rika	✓	✓	✓	✓	✓	✓
Astrid	✓	✓	✓	✓	✓	✓
Agathe	✓	✓	✓	✓	✓	✓
Grégoire	✓	✓	✓	✓	✓	✓
Corentin	✓	✓	✓	✓	✓	✓

	16/11/2022[2]	21/12/2022[2]
Christophe	x	✓
Conny	✓	✓
Daniel	✓	✓
Eric	x	x
Jurjen	✓	✓
Matthias	✓	✓
Rika	✓	✓
Youssef	✓	✓

[2] At the level of House of HR Holding BV

The Board of Directors is assisted by several committees, which provide advice in matters such as audit and risk (Audit and Risk Committee), remuneration and nomination of candidates for different positions within the Group (Remuneration and Nomination Committee / People Committee), and corporate social responsibility matters (ESG Committee).

- **Audit and Risk Committee**
  The Audit and Risk Committee advises the Board of Directors 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 of Directors, as the Board of Directors 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 powerhouses in the Group. (*See Risk section page 14 to 24 for more details*).

  Prior to 3 November 2022, the Audit Committee was composed of Aurélien Dorkel, Pro-Fund BV (represented by its permanent representative Conny Vandendriessche) and FinFactory BV (represented by Astrid Heiremans). FinFactory BV was appointed as Chairman with Abdel Bencheikh, Chief Risk and Sustainability Officer, acting as secretary.

  As from 3 November 2022, Youssef Salha and Leen Geirnaerdt joined the Committee and Pro-Fund BV (represented by its permanent representative Conny Vandendriessche) resigned from the Audit and Risk Committee.

  The Audit and Risk Committee has met 5 times in 2022.

- **Remuneration and Nomination Committee (or the People Committee[3])**
  The People Committee is responsible for considering and making recommendations to the Board of Directors 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. In addition, the Committee makes recommendations to the Board of Directors on the appointment or succession of senior management.

  Prior to 3 November 2022, the Remuneration and Nomination Committee was composed of Conny Vandendriessche, Aurélien Dorkel and Paul Thiers.

  As from 3 November 2022, the Remuneration and Nomination Committee is renamed to 'People Committee' and consists of the following members: Christophe Jacobs van Merlen, Matthias Boyer Chammard, Conny Vandendriessche, Rika Coppens, Sarah Morris and Bas ten Hove.

  The Remuneration and Nomination Committee/People Committee has met 2 times in 2022.

- **ESG Committee**
  The ESC Committee streamlines all existing and new ESG initiatives in the Group as well as in the powerhouses. (*See ESG summary section in our House Report 2022, pages 69 to 81*).

  Prior to 3 November 2022, the ESG Committee was composed of Abdel Bencheikh, Anouk Lagae, Edwin van den Elst, Florian Massaux, Rika Coppens, Roger Lothmann and Conny Vandendriessche.

  As from 3 November 2022, Jurjen van de Wiele and Leen Geirnaerdt joined the ESG Committee as member respectively observer.

  The ESG Committee has met 3 times in 2022.

3 New name since November 2022

GOVERNANCE CONTINUED

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), the Head of Risk and Internal Audit, the Succession Manager and the Group Executive Assistant & HR Partner.

As from April 2023 the Group will welcome a new member in the ExCom: a Chief Acceleration Officer.

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

The ExCom advises on all operational and financial aspects of the business of House of HR. Normally it meets every two to three weeks. The ExCom met 14 times in the course of 2022.

On the date hereof, the ExCom is composed of the following 10 members:

Name	Age	Position
Ms. Rika Coppens	50	Group Chief Executive Officer
Ms. Leen Geirnaerdt	48	Group Chief Financial Officer
Mr. Thomas Martens	41	Group Head of Legal
Mr. Wilbert Ingels	54	Group Chief Information Officer
Mr. Abdel Bencheikh	59	Chief Risk and Sustainability Officer
Mr. Lieven Van Nieuwenhuyze	46	Chief Digital Officer and Public Affairs
Ms. Victoria Hemelaer	39	Chief Marketing Officer
Ms. Saar Demeyer	38	Group Executive Assistant & HR Partner
Mr. Bas Ten Hove	53	Succession Manager
Mr. Jeroen Van de Broek	38	Chief Acceleration Officer

Rika Coppens
House of HR CEO

Leen Geirnaerdt
House of HR CFO

Thomas Martens
House of HR Head of Legal

Wilbert Ingels
House of HR
Chief Information Officer

Abdel Bencheikh
Chief Risk and Sustainability Officer

Lieven Van Nieuwenhuyze
House of HR
Chief Digital Officer

Victoria Hemelaer
House of HR CMO

Saar Demeyer
House of HR
Management Assistant

Bas Ten Hove
Succession Manager

Jeroen Van de Broek
Chief Acceleration Officer

Please find below the biographies of the members of the ExCom:

Thomas Martens is Head of Legal at House of HR and serves as the Managing Director of Intellex BV. 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 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 Chief Risk and Sustainability Officer 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 at House of HR. From 2016 to 2019, he was marketing director at Accent Jobs and House of HR. He 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 2020, 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).

Saar Demeyer is Group Executive Assistant & HR Partner at House of HR. She started her career at Accent Group and has been working for the group for almost 10 years. She holds a degree in Business/Corporate Communications (2006) and a postgraduate degree in International Marketing (2007).

Bas Ten Hove is Succession Manager at House of HR. Before joining House of HR, Bas worked as global senior HRBP & Talent Development at LM Wind Power and held various functions at General Electrics.

Jeroen Van de Broek is the Chief Acceleration Officer at House of HR. Before joining House of HR, Jeroen was the Managing Director for Belgium & France at Royal FrieslandCampina. Before that, he held different positions such as Managing Director for Belgium and CPO/Global Director Procurement at Royal FrieslandCampina and Director Category Development at Maxeda. Jeroen worked for more than 7 years at the Boston Consulting Group across Europe, New York and Australia. Jeroen holds a Master's degree in Commercial Engineering, Finance and followed a leadership program at the London Business School.

For the biographies of **Rika Coppens** and **Leen Geirnaerdt**, see supra.

GOVERNANCE CONTINUED

4 LEADERSHIP TEAM

The Leadership Team consists of the CEO, the members of the ExCom and all CEO's of the powerhouses in the Group. The Leadership Team reports to the CEO of the Group. The Leadership Team advises the CEO and the ExCom and reflects on the strategy as set out by the Board of Directors. 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 Group is characterized by its entrepreneurial spirit and decentralized structure. This model is developing a double service offering of Specialized Talent Solutions 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 powerhouses, thanks to the system of having more than 600 managers in the capital of the Group and a management incentivizing program.

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 powerhouses or the Group as a whole. X§

In addition, House of HR values highly transparency towards all its stakeholders and, thus, aims to stay in touch at regular intervals. House of HR is able to maintain the interaction between the Board members, the ExCom members, the shareholders and other stakeholders.

5.2. Transactions and other important relations

It's part of the nature of the business of 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. House of HR also transacts with entities that may be deemed to be affiliates because the Group holds a minority stake in them.

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.

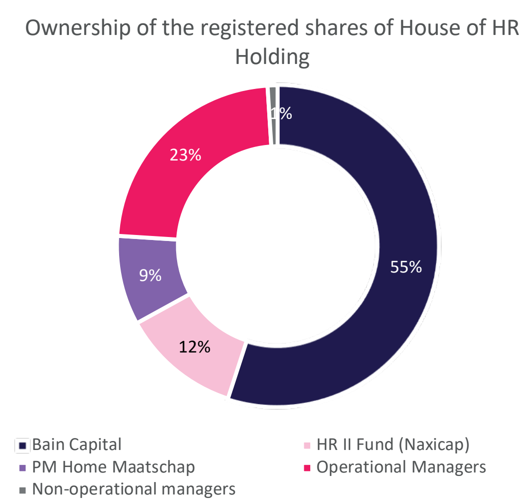
6 SHAREHOLDERS STRUCTURE AND VOTING RIGHTS

Prior to the acquisition of a majority stake in House of HR by Bain Capital on 3 November 2022, the issued share capital of House of HR was represented by 535.553.717 shares.

As from 3 November 2022, the issued share capital of House of HR is represented by 549.914.956 shares.

Reference is made to note 15 in the Financial Statements for more details on the types and movements of the shares.

All shares of House of HR are indirectly held by House of HR Holding BV. The issued share capital of House of HR Holding BV is represented by 1.100.583.183 shares. The following graph provides information on the ownership of the registered shares of House of HR Holding BV as per today:



7 REMUNERATION

The total amount of remuneration paid in 2022 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 2022, EUR 3.9 million was the aggregate amount of remuneration in salary and bonuses paid to the members of the ExCom for the services they delivered in all their capacities.

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

On 31 December 2022, members of the Board of Directors of House of HR Holding BV held (in)directly 109.286.239 shares in House of HR Holding BV. The members of the ExCom held (in)directly 10.752.936 shares in House of HR Holding BV.

RISK MANAGEMENT

CONTENTS

HOW WE MANAGE RISK...

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 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 its PowerHouses 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. (See Risk Management In our 2022 House Report, pages 68 to 81)

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 Happy Rebels. 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…

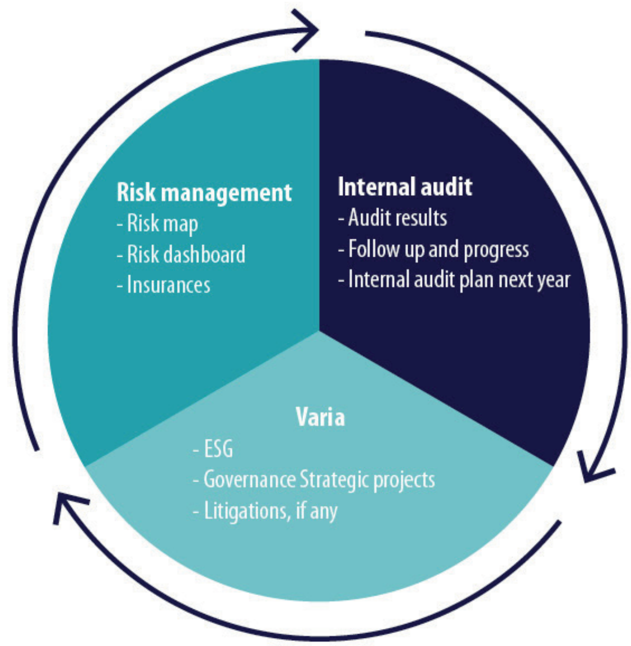
Governance and Enterprise Risk Management Program

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 Powerhouses' level. This top level support is key to the successful implementation of the GERMP. In 2022, we have fully integrated our recent acquisitions (i.e. Cohedron, Solcom and TMI). Their CEO's sign and abide by the GERMP, and also behave as active sponsors of it by among others:

- 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 Chief Risk and Sustainability Officer.
- 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

Our GERMP rests on four pillars, which consist of audit committee, risk management, insurance and internal audit. By optimizing systems, processes and efficiencies, we are convinced a strong GERMP is key to our success.

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



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

HOW WE MANAGE RISK… CONTINUED

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.

Since the entrance of Bain Capital, the AC composition has changed. It now consists of Aurelien Dorkel, Youssef Salha and Finfactory BV represented by its permanent representative, Youssef Salha and Finfactory BV represented by Astrid Heiremans who Is appointed Chairman of the Audit Committee, with Abdel Bencheikh, Chief Risk and Sustainability Officer, 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 2022, the Audit and Risk Committee has met five 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 Chief Risk and Sustainability Officer and third party provider to discuss conclusions. It also approves the yearly Internal Audit Plan and budget on a proposal from the Group Chief Risk and Sustainability Officer.

PILLAR 2 – RISK MANAGEMENT

Risk management 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. *(See Risk Management In our 2022 House Report, pages 94 to 99)*

Below the risk methodology used by the Group is explained in more detail.

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 PowerHouses 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 Powerhouses get support from the Group Risk and Internal Audit 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 PowerHouses, and their likelihood to happen. At the consolidated risk map *(See Risk Management In our 2022 House Report, page 96)* , no risks in the PowerHouses are situated in the very high risk area. 13 % are situated in the high risk area and 56% of the risks are in the medium risk zone. The remaining ones are in the low zone.

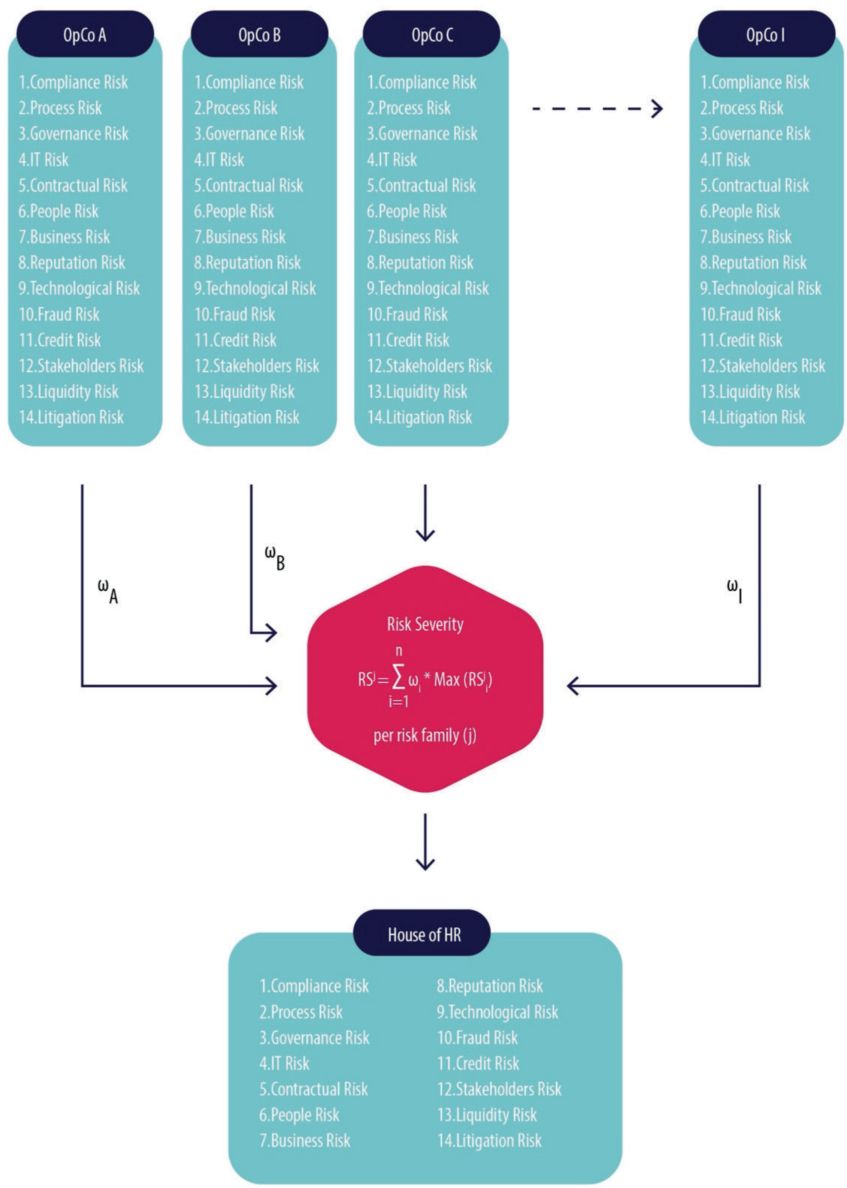
The overall consolidated risk map is discussed once a year in the Audit Committee.

HOW WE MANAGE RISK... CONTINUED

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 PowerHouse, grouping the risks in one of the 14 identified risk families;
- The maximum risk severity is selected and weighted (ω_i) by the turnover of the PowerHouse.
- The House of HR risk severity metric is the sum of all these weighted maximum severity metrics for all Powerhouses.



HOW WE MANAGE RISK... CONTINUED

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. These risk families include risks which may prevent House of HR and its powerhouses from realizing its financial and non-financial targets. The HR sector is highly competitive and we may be unable to compete successfully or to effectively implement our business strategy whichh could impair the future of the Group.

Below a closer look at the most important risk families for House of HR in 2022. The following pages summarize our principal risks, their impact, mitigating actions implemented and related progress for each. The list is not exhaustive and may change during the next financial year, as the risk landscape evolves. Evolution in significance for most important risk families, compared to 2021:

Process Risk	↘
Compliance Risk	↘
IT Risk	=
People Risk	↘
Governance Risk	=
Business Risk	=

In overall, a decreasing evolution is noted is noted in the risk families. This can explained by the increased maturity and continuous mitigating actions of the Powerhouses. In addition new Powerhouses were included for the first time and process owners are not experienced with our risk management processes yet. This could lead to an underestimated initial risk assessment, which will be finetuned In the coming years.

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. We noted a decrease in process risks within House of HR in 2022.

- **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 continue formalizing 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, our Powerhouses are investing in adequate software and tools. Work together with third party experts, developing adapted training and learning to the employees, obtaining quality certifications (such as ISO 9001 and NEN) and 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.

HOW WE MANAGE RISK… CONTINUED

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 and changes in labor law. The decrease in severity score is mainly related to some compliance internal audit findings which were mitigated throughout the Group in 2022.

- **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 Powerhouses put into place appropriate procedures and controls to ensure compliance with all relevant legislation. Internal audits are conducted by the internal audit team across the Group. These audits include, a.o, compliance audits on GDPR, AUG, WAS, medical examinations and work accidents. Findings are then mitigated by implementing the agreed action plans. Progress Is followed up closely by the Group Audit Committee.

  House of HR has also a strong focus on data protection compliancy (i.e. GDPR). In this respect, Group internal audit also rolled out a continuous Internal audit to check on compliance with the GDPR legislation in all Powerhouses throughout the year. Periodically, findings are discussed and where needed, incompliances are being remediated immediately.

  In addition, a yearly DPO event is organized by Group Risk department. During this event, all DPO's of all the Powerhouses are brought together to share best practices and to receive an update of all new legislations. This helps us to fulfill legal requirements and further assist all employees in understanding their individual role in ensuring compliance.

  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 Powerhouses such as VCU, MASE and SCP.

  Also, they provide regular trainings to their employees about changes in rules and regulations.

- **In progress**
  We work on a stronger awareness and sharing good practices among all our Powerhouses. This helps us to fulfill legal requirements and further assist all employees in understanding their individual role in ensuring compliance.

IT risk

IT-risks 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, and insufficient data protection practices. As we successfully realized our IT shared service center and kept implementing the internal audit action plans, we now notice a stabilization of IT risks within House of HR in 2022.

- **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**
  House of HR considers IT Security a top priority and established various security layers:

  – Group-wide Cyber Insurance program.
  – Expansion of the IT Security expertise center and security services on Group-level.
  – Launch of a group-wide awareness platform: Via the platform, phishing tests are set up and rolled out, as well as incentives and learnings that increase security awareness.
  – During 2022, House of HR launched a Group-wide recurring IT security audit. The purpose of this audit was to perform regular IT security checks at the Powerhouses and at the shared services of group level. The aim is that all irregularities and incompliances are immediately remediated by all the IT departments.

- **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.

HOW WE MANAGE RISK... CONTINUED

Business risk

Because of the continued global uncertainties (i.e. Ukrain war, energy crisis,…) we noted an increased risk severity for business risk In our Group during 2022. It stresses the need for a business environment that calls for agility, resilience and a high degree of preparedness.

- **Impact**
  Business risk implies uncertainty in profits or danger of loss and the events that could pose a risk due to some unforeseen events.

- **Action plans**
  Our Group has a decentralized structure and offers specialized and diversified services, adding a digital component, without forgetting our human touch is the recipe to be resilient and future proof. In 2022 House of HR further diversified its business portfolio by investing in other business segments (f.ex: IT and medical sector). The business risks of each powerhouse are also taken into account in the powerhouse's risk matrix which makes management of The powerhouses aware of their business risks.

- **In progress**
  Being prepared and able to quickly respond to market conditions will help us in meeting the market needs, thereby strengthening our reputation and profitability.

People risk

People risk can involve several issues, such as sourcing, high turnover, sickness or understaffing at back-office departments or key functions. Due to the sustained efforts on employee wellbeing we saw a significant decrease in risk severity in our Group compared to previous years.

- **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, retain and engage employees. 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.

  We also invest in sustainable employability by encouraging our people to learn and develop themselves. We aim to contribute our know-how and resources to support people in reaching their full potential.

- **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 of the social pillar are considered as a priority for House of HR, such as diversity, retention, training and wellbeing.

  See Happy Rebel material topic In our 2022 House Report, pages 75 to 79, for more information on several of our action plans taken…

Governance risk

Most of our governance risks relate to corporate governance, internal control, segregation of duties and delegation of authority.

- **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, Whistleblowing). 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/control team at Abylsen, Covebo and TimePartner.

- **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 Sustainability department.

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 Powerhouse. The process of Integrating new Powerhouses has been started. In the first quarter of 2023 all new Powerhouses will be completing the risk dashboard and includeed in the consolidated reporting for the Group Audit Committee.

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

HOW WE MANAGE RISK... CONTINUED

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 six 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).

- **Travel**
  The travel coverage is a new group insurance program, set up in 2022. This coverage is providing assistance to happy rebels of House of HR when travelling for professional reasons. It supports our employees If problems arise when travelling for work (e.g. illness or Injury, flight cancellation, lost luggage,…)

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.

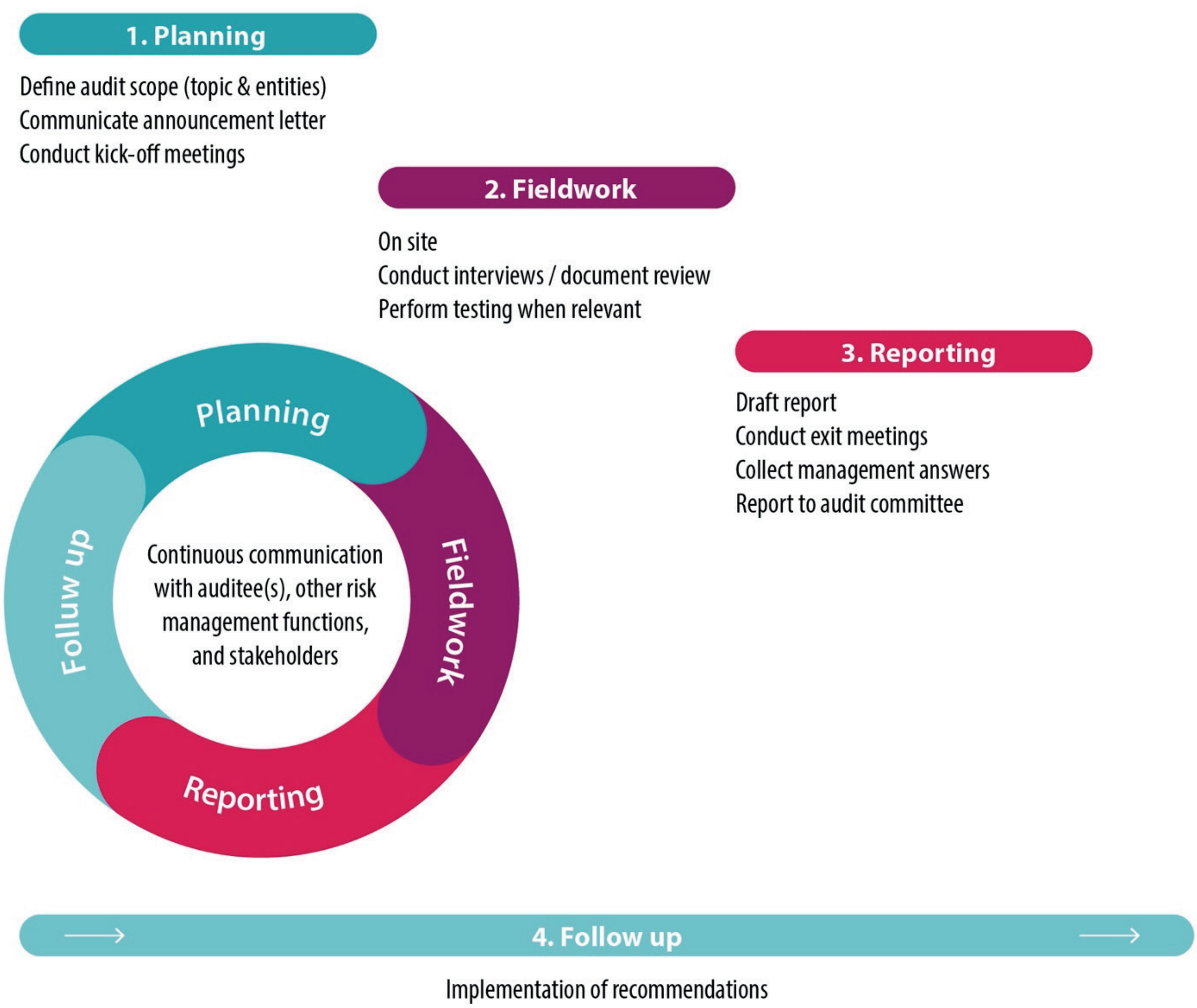
HOW WE MANAGE RISK... CONTINUED

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:



HOW WE MANAGE RISK... CONTINUED

Internal Audit Plan

The yearly Internal Audit Plan is worked out by the Chief Risk and Sustainability Officer, 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 PowerHouses and all the Boutiques in our Group. On average, two internal audits are performed per year per PowerHouse. One has a PowerHouse 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 hybrid way, both on-site as off-site fieldwork. It can take several forms, from interviews to detailed testing or analysis of documents and transactions.

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

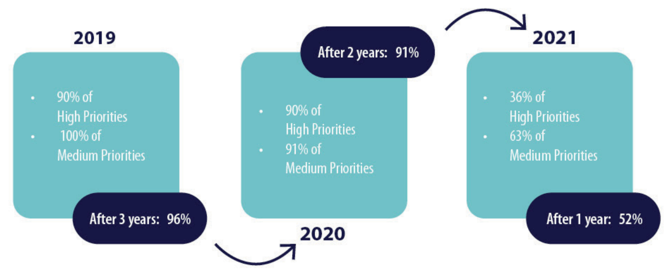
In a next phase, the final report is formalized by the audit firm. The report includes the management's response and its corrective actions taken or to be taken as agreed during the exit meeting. Once approved, it is distributed to the CEO of the operating company. A summary of the conclusions is presented 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.

HOW WE MANAGE RISK... CONTINUED

Below graph illustrates the progress made for the internal audits conducted in recent years. Respectively 96%, 91% and 52% of 2019, 2020 and 2021 audit findings are closed and validated per end of 2022. The follow up of 2022 audit findings and agreed action plans will be started at the end of the first quarter of 2023.



Recurrent audit

In 2022 recurrent audits were introduced in the internal audit plan. The aim of a recurrent audit is to monitor IT security, GDPR and Treasury related topics on a continuous basis at both House of HR and the powerhouses. Those three topics were selected as we have noted our highest risks in these areas. We see performing these recurrent audits as a key way to improve our risk management and the awareness around these topics.

In 2023, the recurrent audit program will continue and new powerhouses will be included. Based on the experiences of 2022, the audit programs are being finetuned

ADD-ON

Compliance policies

Next, we have elaborated several Group compliance policies: procedures on House of Support level, to be implemented by all PowerHouses 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 & Sustainability 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 2022, 147 associates filled out the questionnaire, resulting in 22 new potential conflicts of interest. 8 cases were investigated and presented to the Audit Committee. In 2022 no concrete mitigation actions were required.

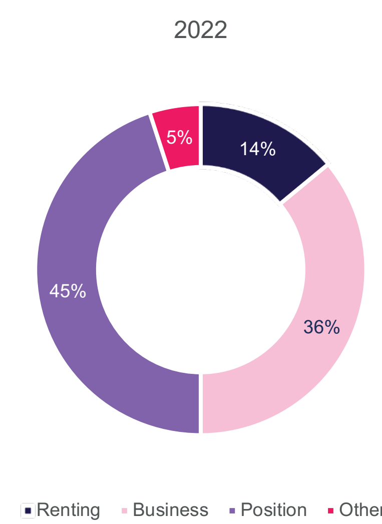
The potential conflicts detected, could be classified in 4 categories:

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

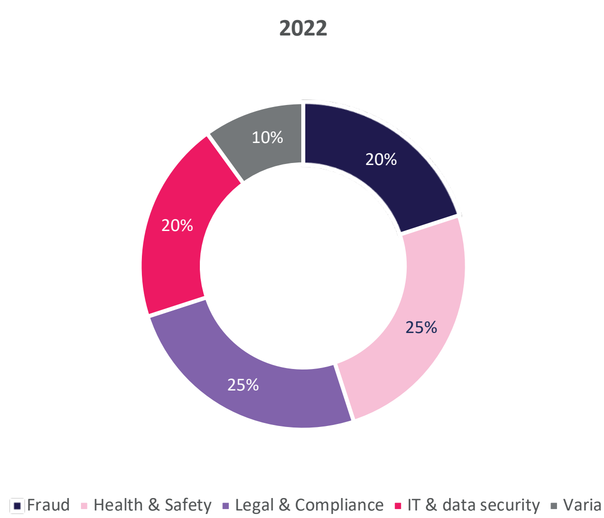
Other: other topics, such as legal case, benefits, etc.



HOW WE MANAGE RISK… CONTINUED

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 2022, 22 major incidents were reported to the Chief Risk and Sustainability Officer:



4. **Management escalation 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 Chief Risk and Sustainability Officer and/or the Chairman of the Audit Committee, outside the PowerHouse, and hence by-passing the local management. This by-passing can be needed in case the reporter feels the overall management or any other stakeholder should be involved in a particular misconduct. No cases were reported to the Chief Risk and Sustainability Officer and/or the Chairman of the Audit Committee in 2022.

5. **Policy against violence and harassment at work**
   House of HR strives to provide a safe, healthy and respectful work environment for all its people. In line with House of HR's Code of Ethics and Conduct, which expresses a fundamental respect for the dignity of all human beings, this policy facilitates a safe and fair working environment with a clear statement of the expectations concerning conduct which may constitute violence and harassment.

   Speaking up and taking action are key factors in creating a safe environment for all people at work. All breaches, questions, concerns and doubts can be raised via multiple channels. Next to reporting to the PowerHouse managers, the Group Chief Risk and Sustainability Officer or the Chairman of the Audit committee, House of HR has implemented 'Spot'. Spot allows to raise sensitive issues in an accessible and, if desired, anonymous way. Any issue will be addressed and followed up according to existing escalation procedures.

On top of these policies, all Powerhouses 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-money laundering and environment.

Special focus was made to the EU Whistleblowing policy directive. This directive was transposed to national law in several of our core countries (i.e. France, The Netherlands and Belgium). The Risk and Sustainability department supported Powerhouses to take the necessary steps to comply with the Whistleblowing legislation and local specificities. A group whistleblowing policy template was created and SPOT has been modified, so it can be used to report both whistleblowing cases as violence and harassment cases.

Training

The setup and implementation of GERMP can only be successful if all people in the Group and the PowerHouses are fully aware of it. For that reason, all new risk management correspondents (RMC's) and top management of the different powerhouses receive an onboarding training which provides a first introduction to our GERMP. In 2022, we have onboarded the new Powerhouses: Cohedron, Solcom and TMI. 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 2022, the workshop took place in Antwerp. Several topics (a.o. GDPR, Insurances, Whistleblowing, ESG, Succession management) were tackled and closed off with a nice teambuilding and dinner.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS

BRIDGE BETWEEN IFRS CONSOLIDATED OPERATING PROFIT AND PRO FORMA ADJUSTED EBITDA

Below table provides the bridge between the attached IFRS Consolidated Financial Statements at the level of House of HR NV as per December 31, 2022 and the Pro Forma (adjusted) EBITDA including House of HR France as per December 31, 2022.

In EUR	Excl. House of HR France	House of HR France	Incl. House of HR France
Operating profit/(loss)	134,506,893	20,030,425	154,537,318
Depreciations & amortization	117,506,289	5,552,260	123,058,549
Impairment	13,300,001	-	13,300,001
Royalties & other	1,192	18,208	19,400
Extra-ordinary income & expense	7,710,893	1,212,999	8,923,892
Other gains - Management fee	-978,387	1,212,999	234,611
Other	8,689,280	-	8,689,280
(IFRS) EBITDA	**273,025,269**	**26,813,892**	**299,839,161**
One-off items excluded from Pro Forma EBITDA	20,333,072	4,317,799	24,650,871
FY impact of acquisitions	8,875,706	15,261,965	24,137,671
Other items	20,427	-64,591	-44,164
Pro forma adjusted EBITDA	**302,254,473**	**46,329,066**	**348,583,539**

CONSOLIDATED BALANCE SHEET

In EUR Assets	note	31 December 2022	31 December 2021
Non-current assets			
Property, plant and equipment	9	**173.513.298**	125.060.499
Intangible assets	7	**443.777.181**	326.096.921
Goodwill	8	**1.049.353.732**	1.024.026.150
Deferred tax assets	13,3	**8.114.112**	5.758.696
Investments accounted for using the equity method	3,3	**1.035.247**	912.692
Other non-current assets	12,2	**11.736.446**	13.233.234
Derivative financial assets	11	**0**	3.027.960
Loans to related parties	34	**306.448.398**	140.000
Total non-current assets		**1.993.978.414**	1.498.256.152
Current assets			
Trade receivables	12,1	**258.191.853**	230.579.860
Inventory		**345.229**	0
Income tax receivables	13,1	**2.753.553**	861.381
Other receivables	12,2	**73.370.562**	57.987.446
Cash and cash equivalents	14	**146.815.618**	208.134.200
Total current assets		**481.476.816**	497.562.887
Total assets		**2.475.455.230**	1.995.819.039

In EUR Equity and liabilities	note	31 December 2022	31 December 2021
Equity			
Share capital and share premium	15,1	**337.896.112**	266.711.384
Other reserves	15,2	**-138.491.402**	-134.368.171
Retained earnings	15,3	**224.381.791**	175.592.115
Capital and reserves attributable to owners of the company		**423.786.500**	307.935.328
Non-controlling interests	3,4	**2.951.773**	11.767.299
Total equity		**426.738.273**	319.702.627
Liabilities			
Non-current liabilities			
Borrowings	16	**1.314.053.800**	1.046.121.387
Deferred income tax liabilities	13,3	**105.055.029**	79.412.461
Employee benefit obligations	18	**3.160.310**	3.229.647
Provisions for other liabilities and charges	17	**1.059.880**	881.778
Other non-current liabilities	21	**105.530.502**	70.224.204
Total non-current liabilities		**1.528.859.522**	1.199.869.476
Current liabilities			
Trade and other payables	20	**96.533.322**	61.413.931
Income tax liabilities	13,1	**31.661.173**	27.484.426
Borrowings	16	**0**	46.996.293
Employee benefit obligations	18	**205.496.541**	191.551.422
Provisions for other liabilities and charges	17	**8.244.240**	2.984.289
Other current liabilities	21	**177.922.158**	145.816.574
Total current liabilities		**519.857.435**	476.246.935
Total liabilities		**2.048.716.956**	1.676.116.411
Total equity and liabilities		**2.475.455.230**	1.995.819.039

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

CONSOLIDATED INCOME STATEMENT

In EUR	note	31 December 2022	31 December 2021
Revenue	22	**2.598.314.667**	1.872.873.856
Cost of services	25	**-1.938.132.686**	-1.395.432.905
Gross profit/(loss)		**660.181.981**	477.440.951
Selling expenses	26	**-356.721.679**	-256.348.307
Impairment of goodwill	8	**-13.300.001**	0
Other general and administrative expenses	27	**-153.085.130**	-97.794.606
Total operating expenses		**-523.106.811**	-354.142.913
Other gains/(losses) – net	23	**-2.568.277**	3.669.244
Operating profit/(loss)		**134.506.893**	126.967.281
Finance income	30	**8.183.765**	5.465.100
Finance expenses	30	**-143.940.626**	-70.338.811
Net finance income/(loss)		**-135.756.861**	-64.873.711
Share in profit/loss of equity accounted investments	3,3	**115.629**	-650.782
Profit/(loss) before taxes		**-1.134.339**	61.442.788
Income tax expense	13,1	**-28.684.099**	-29.317.543
Net profit/(loss) of the period from continued operation		**-29.818.437**	32.125.245
Profit/(loss) from discontinued operation (attributable to equity holders of the company)	3,6	**79.787.460**	13.449.429
Net profit/(loss) of the period		**49.969.023**	45.574.674
Profit/(loss) attributable to:			
Owners of the entity holding ordinary shares		**48.932.147**	42.973.520
Non-controlling interests		**1.036.875**	2.601.155

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

The 2021 income statement and supporting notes have been restated to consider the impact of the disposal of Abylsen to a new holding company; cf. note 3.6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In EUR	31 December 2022	31 December 2021
Net profit/(loss) of the period	**49.969.023**	**45.574.674**
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	99.968	-47.121
Total other comprehensive income, net of taxes	**99.968**	**-47.121**
Total comprehensive income for the period	**50.068.990**	**45.527.554**
Total comprehensive income/(loss) for the period is attributable to:		
Owners of the entity holding ordinary shares	**49.032.115**	**42.926.399**
Non-controlling interests	**1.036.875**	**2.601.155**

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

The 2021 income statement and supporting notes have been restated to consider the impact of the disposal of Abylsen to a new holding company; cf. note 3.6.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In EUR		Attributable to owners of the company: Share capital and share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2021		238.597.269	-129.926.163	132.413.401	241.084.507	3.515.398	244.599.905
Net profit/(loss) of the period from continuing operations				29.524.090	**29.524.090**	1.599.677	**31.123.767**
Net profit/(loss) of the period from discontinuing operations				13.449.429	**13.449.429**	1.001.478	**14.450.907**
Other comprehensive income of the period				-47.121	**-47.121**	0	**-47.121**
Total comprehensive income		0	0	42.926.398	42.926.398	2.601.155	45.527.553
Transactions with owners in their capacity as owners:							
Contributions of equity and capital decrease, net of transaction costs and tax	15.1	28.114.115			28.114.115		28.114.115
Non-controlling interests on acquisition of subsidiary	3.1				0	6.015.317	6.015.317
Transactions with non-controlling interests	3.4		-5.974.771		-5.974.771	79.305	-5.895.466
Dividends provided for or paid	34				0	-436.710	-436.710
Employee share schemes – value of employee services	19		1.532.764		1.532.764		1.532.764
Other movements				252.316	252.316	-7.166	245.150
Total transactions with owners		28.114.115	-4.442.007	252.316	23.924.423	5.650.746	29.575.170
Balance at 31 December 2021		266.711.384	-134.368.171	175.592.115	307.935.328	11.767.299	319.702.627

In EUR	note	Attributable to owners of the company: Share capital and share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2022		266.711.384	-134.368.171	175.592.115	**307.935.328**	11.767.299	**319.702.627**
Net profit/(loss) of the period from continuing operations				-31.050.348	**-31.050.348**	1.231.911	**-29.818.437**
Net profit/(loss) of the period from discontinuing operations	3.6			11.750.900	**11.750.900**	-195.036	**11.555.864**
Gain/loss from remeasurement of discontinued operations to fair value less costs to sell	3.6			68.232.130	**68.232.130**		**68.232.130**
Other comprehensive income of the period				99.968	**99.968**		**99.968**
Total comprehensive income		**0**	**0**	**49.032.650**	**49.032.650**	**1.036.875**	**50.069.525**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	15.1	71.184.728			**71.184.728**		**71.184.728**
Non-controlling interests on acquisition of subsidiary	3.1				**0**	4.000.000	**4.000.000**
Transactions with non-controlling interests	3.4		-7.955.139		**-7.955.139**	-7.144.768	**-15.099.907**
Disposal of subsidiaries	3.6				**0**	-6.480.754	**-6.480.754**
Dividends provided for or paid	34				**0**	-566.901	**-566.901**
Employee share schemes – value of employee services	19		3.831.908		**3.831.908**		**3.831.908**
Other movements				-242.974	**-242.974**	340.022	**97.048**
Total transactions with owners		**71.184.728**	**-4.123.231**	**-242.974**	**66.818.523**	**-9.852.401**	**56.966.122**
Balance at 31 December 2022		**337.896.112**	**-138.491.402**	**224.381.791**	**423.786.500**	**2.951.773**	**426.738.273**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR	note	31 December 2022	31 December 2021
Profit/(loss) of the period		**49.969.557**	45.574.674
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation on property, plant and equipment	29	**69.011.129**	53.327.089
Amortisation and impairment on intangible assets	29	**54.047.420**	37.329.033
Goodwill impairment	8	**13.300.000**	0
Increase/decrease in employee benefit provisions (share-based payment)	19	**3.988.900**	1.532.764
Finance income/cost	30	**138.585.679**	67.601.920
Income tax expenses	13.1	**34.345.244**	36.140.140
Earn-out and adjustments of purchase price of subsidiaries	23	**-248.194**	-1.589.119
Gain/loss from remeasurement of discontinued operations to fair value less cost to sell	3.6	**-68.232.665**	0
Provisions for claims & litigations		**4.389.881**	0
Other		**682.210**	430.777
Cash flow from operations before working capital and income taxes		**299.839.161**	240.347.279
Change in Account Receivable	12.1	**-39.716.098**	-18.230.072
Change in Account Payable	20	**12.494.063**	6.195.743
Change in Other Assets	12.2	**-5.555.715**	-15.076.461
Change in Prepaid Expenses	12.2	**-546**	-627
Change in Other provisions	17	**-984.537**	2.111.739
Change in Payroll & Social Debt	18	**15.075.300**	21.568.775
Change in Fiscal Debt & Receivables		**2.531.779**	10.474.998
Change in Other Debt	21	**-1.311.435**	-7.909.091
Change in Deferred Expenses	21	**2.127.830**	-1.255.713
Change in Working Capital		**-15.339.358**	-2.120.710
CIT	13	**-54.576.535**	-40.554.668
Net cash flow from operating activities		**229.923.267**	197.671.900
Purchases of PPE	9	**-13.660.941**	-6.827.321
Proceeds from PPE	9	**467.535**	220.004
Purchases of intangible assets	7	**-14.419.894**	-11.160.692
Acquisition of subsidiaries, net of cash acquired	3.1	**-291.816.191**	-180.612.811
Assets deal		**-1.076.261**	-225.000
Earn-out	23	**-2.930.575**	-6.105.057
Acquisition of equity investments, JV and associates, net of cash acquired	3.2	**-25.000**	-43.081
Disposal of subsidiaries	3.6	**-5.846.995**	0
Net cash flow from investing activities		**-329.308.322**	-204.753.958
Interest paid, incl. (re)financing fees and bank fees	30	**-73.678.920**	-58.671.929
Financial income	30	**527.732**	186.105
Net repayments of borrowings	16	**-69.722.535**	-100.176.057
Borrowings received	16	**230.000.000**	20.573.060
Loans granted	12.2	**-14.443.901**	-3.980.382
Proceeds from loans granted	12.2	**6.380.111**	2.019.258
Issuance of new shares	15.1	**37.904.727**	28.114.188
Settlement with shareholders		**-2.515.167**	-129.504
Dividends	34	**-566.901**	-436.730
Buy-out minorities	3.4	**-14.425.380**	-3.771.884
Other equity movements (including FX)		**-99.967**	93.416
Principal elements of lease payments	9	**-61.293.327**	-46.998.925
Net cash flow from financing activities		**38.066.473**	-163.179.386
Net cash flow		**-61.318.582**	-170.261.444
Cash and cash equivalents at the start of the period		**208.134.200**	378.395.645
Cash and cash equivalents at the end of the period		**146.815.618**	208.134.200

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 and a subsidiary of Villa Dutch Bidco BV ("The House of HR Group"). The registered office of the entity is Beversesteenweg 576, 8800 Roeselare.

The House of HR Group, 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. As per November 3, 2022 Bain Capital Private Equity has become the new majority shareholder of the House of HR Group with a 55% stake. Reference is made to note 3 in this respect.

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

- **Specialized Talent Solutions:** The Specialized Talent Solutions segment provides on the one hand temporary staffing solutions with a focus on 'temp-to-perm' placements, international job candidate recruiting and permanent placements for clients who need specific job profiles, and on the other hand (mostly) short-term staffing solutions to larger clients with multiple staffing needs. We strongly believe it requires specialists to hire specialists. Construction, retail, finance, logistics, technical – our specialized PowerHouses know their niches and both their customers and candidates like no one else.
- **Engineering & Consulting:** Highly skilled professionals are recruited to work in fast evolving sectors like finance, legal, energy, pharmaceuticals, technology, project sourcing, interim management or secondment in line with our clients' needs. 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.

As per November 3, 2022, it was decided by the Group to deconsolidate Abylsen and StaffMe from House of HR NV and have this reported as a separate Group "House of HR France SAS" which would still be an integral part of the broader House of HR Group. 2021 Profit/Loss and notes have been restated, accounting for Abylsen and StaffMe as a discontinued operation from the perspective of House of HR NV. Refer to note 3.6 Discontinued operations.

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

The Group currently has a network of more than 700 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 5.000 people and is providing jobs to almost 70.000 people each day via its brands:

- **Specialized Talent Solutions:** TimePartner (excl. AERO and IBB), Accent, House of Covebo, TMI and LD Personalvermittlung
- **Engineering & Consulting:** Continu Professionals, GRITT, Solcom, Redmore, Cohedron, 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 2022 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 7 April 2023. The Board of Directors approved the financial statements per 31 March 2023.

For the year 2022 a second set of consolidated financial statements will be published in which House of HR Holding BV is the ultimate parent entity. These financial statements will be issued for authorization to the Annual Shareholders Meeting that will be held on 12 May. The Board of Directors will approve these financial statements per 4 May 2023..

Both sets of financial statements can be found on the website www.houseofhr.com.

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 2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 2022.

- Amendments to IFRS 3 Business Combinations
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Annual improvements to IFRS 2018-2020: Amendments to IFRS 1 First-Time Adoption of IFRS, IFRS 9 Financial Instruments and IAS 41 Agriculture.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

None of these standards, amendments to standards and interpretations have any impact on the audited consolidated financial statements. The Group did not early adopt any other standard, interpretation, or amendment that has been issued but is not yet effective.

(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 2023 should not have a material impact for the Group:

- Amendments to IAS1: Presentation of Financial Statements Classification of Liabilities as Current or Non-current and disclosure of accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17: Insurance Contracts
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

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 expenses and unrealized gains on transactions and dividends 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 2022.

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.

Refer to note 3.2. for an overview of the Group's joint ventures.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

- 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	Determined per purchase price allocation, between 11 and 20 years
Customer relationships	Straight-line amortization	Determined per purchase price allocation, between 7 and 15 years
Internally generated software	Straight-line amortization	3 to 5 years Up to 10 years for software with proven historical useful life
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 2.10).

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 (included in Property, Plant and equipment) and lease liability (included in the other liabilities) 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.

The Group also acts as a lessor in the sublease of buildings. For these contracts the right-of-use asset is derecognized and a lease receivable is recognized at the lease's inception at the present value of the minimum lease payments. A gain or loss is recognized at inception date for the difference between the fair value of the minimum lease payments of the sublease and the value of the right-of-use asset in the head lease.

2.10 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2.11 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.

2.12 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.

2.13 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(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.

2.23 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.

In the Netherlands there is a legal obligation to pay a termination benefit to temporary workers of which the amount is based on the number of days one has been employed (*"transitievergoeding"*).

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.

2.24 Share-based payments
Share-based compensation benefits are provided to key managers via the Long Term Incentive Plan (LTIP).

The LTIP 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2.25 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.

Revenue from permanent placements includes the fee received or receivable for the services provided. This fee is generally a percentage of the remuneration package of the candidate placed (net basis). The revenue of these placements is recognized at a point in time on completion of the service when the performance obligations are fulfilled, (for example the start date of the candidate placed).

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, revenue is reported gross by the Group. Under arrangements where the Group acts as an agent, revenue is reported on a net basis.

Revenues related to freelancers further increased, also because of the acquisitions done during the year. The company uses different type of contracts for this. In a part of these contracts, also taking into account the general terms & conditions, the communication includes elements of an agent (margin only revenue), instead of a principal (gross revenue). Key judgement was used by the Group to recognize sales related to freelance revenues either as principal or agent, depending on the terms and conditions stipulated in the contracts.

2.26 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

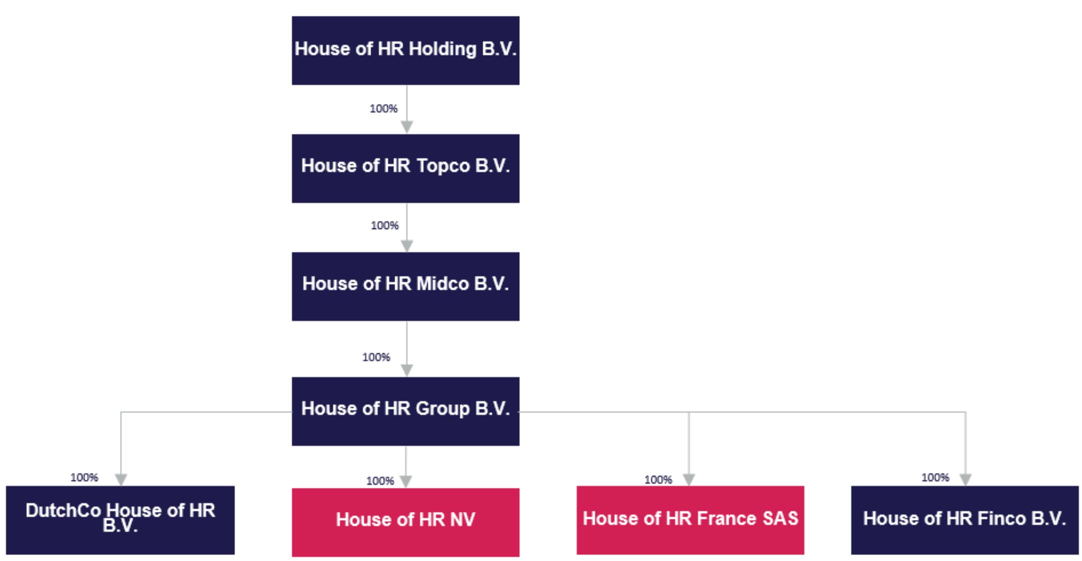
Since the creation of the Belgian Accent Group in 1995, the Group has significantly expanded its business as a result of a number of important and material external acquisitions. All these acquisitions are in line with the mid- to long-term strategy of the House of HR to gain a more international foothold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

During 2022, the Group further expanded with the acquisition of SOLCOM, Atrium, TMI, BE-Consult, Vijverberg, Sira Consulting, Bis People, StaffMe, Locum Doctors, FID Service Group and Agium, and asset deals in Agathos, Ambulance Zorg+ and Job Raccoon.

As per November 3, 2022 Bain Capital Private Equity has become the majority shareholder of the Group, holding a 55% stake in the company.

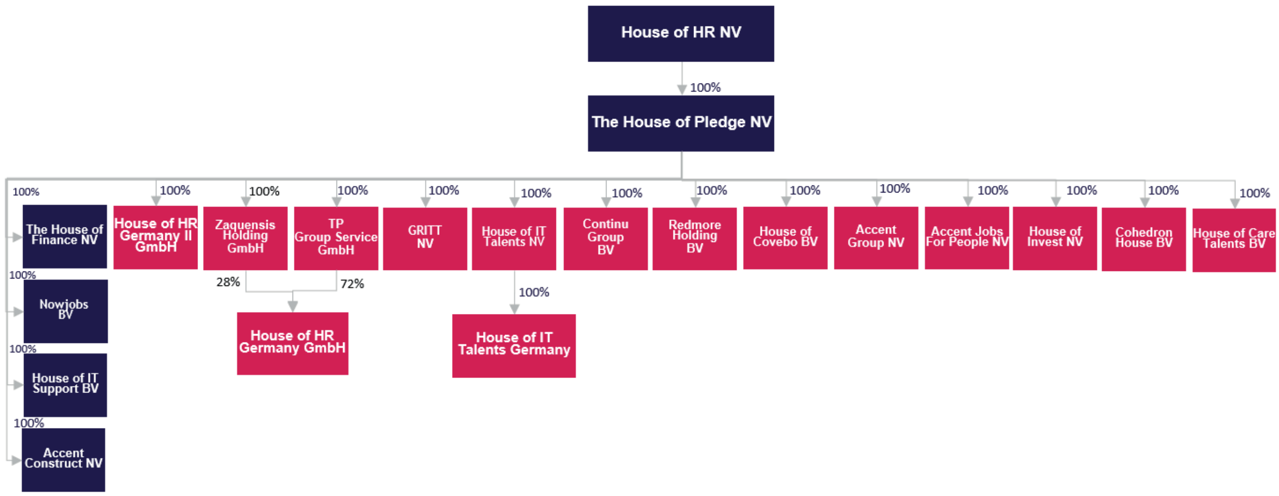
Also on November 3, 2022, it was decided by the Group to deconsolidate Abylsen and StaffMe from House of HR NV and have this reported as a separated Group "House of HR France "which would still be an integral part of the broader House of HR Group. Refer to note 3.6 Discontinued operations. The consolidation at the level of House of HR Holding BV will be published on the Group website www.houseofhr.com.

The Group's structure as per 31 December 2022 is as follows:

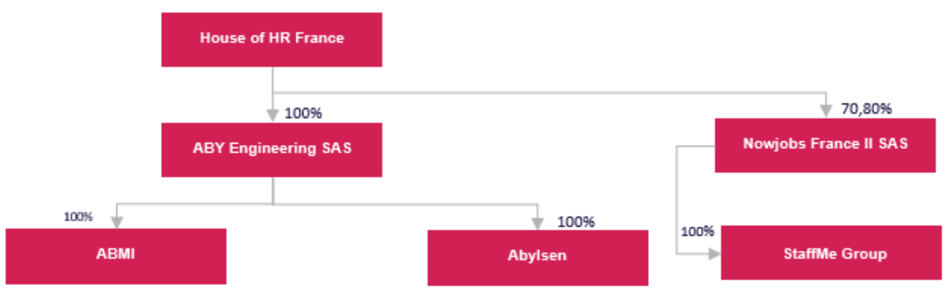


NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Group structure at the level of House of HR:



Group structure at the level of House of HR France:



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 2022.

3.1 Business Combinations

(i) Acquisitions in the current year

SOLCOM

The Group has completed the acquisition of SOLCOM on 28 January 2022. SOLCOM is a leading IT service provider headquartered in Reutlingen (Germany). They match freelancers in IT and Engineering to accompany clients through projects. The consideration paid for acquiring 100% of the shares amounted to EUR 174,74 million.

SOLCOM is included in the Group consolidation as from 1 February 2022.

Atrium

On 24 February 2022 Accent Group acquired 100% of the shares of Atrium for a fixed price of EUR 1,75 million, a variable price of EUR 0,10 million that equals the amount of receivables towards the previous shareholder, and a maximum earn-out of EUR 0,45 million based on the EBITDA for 2022 and 2023. Atrium is a training center that provides training to increase safety at work.

Atrium is included in the Group consolidation as from 1 February 2022.

Atrium has been considered as a discontinued operation in the course of 2023, refer to note 37.

TMI
The Group has completed the acquisition of the Dutch Group TMI on 3 March 2022. TMI is one of the largest HR service providers for the healthcare sector in the Netherlands. Both at home and abroad, TMI is responsible for the recruitment of profiles for hospitals, public care institutions, ambulance staff, nursing homes, and so on. Moreover, they also supply temporary staff (secondment), intermediate for freelancers, and offer flex jobs. The profiles they work with include doctors, nursing staff, psychologists, and pharmacists. The consideration paid for acquiring 100% of the shares is composed of a fixed purchase price of EUR 94,10 million, of which EUR 32,50 million is reinvested in House of HR, and an earn-out. The earn-out is based on the gross margin for financial year 2022.

TMI is included in the Group consolidation as from 1 March 2022.

BE-Consult
On 8 April 2022 Accent Group acquired 100% of the shares of BE-Consult for a fixed price of EUR 2,64 million and a maximum earn-out of EUR 1,00 million based on the realized turnover for 2022 on non-training activities. Any change in the estimated earn-out of the company is recorded in the income statement. BE-Consult is providing open as well as in-company training and certification services in health, safety and environment. Next to providing both theoretical and practical training courses, the company also serves as a certified BeSaCC-VCA examination center. The company serves a very diverse and loyal customer base that is active in a wide variety of industries such as construction, heavy industry, HR and logistics. The company also offers a number of services in asbestos and demolition detection and removal and offers safety and advice services.

BE-Consult is included in the Group consolidation as from 1 April 2022.

Vijverberg
On 1 June 2022 Cohedron Group acquired 100% of the shares of Vijverberg for a fixed price of EUR 4,40 million, of which EUR 0,25 million is reinvested in House of HR. Vijverberg is specialized in the secondment of legal professionals, mainly to government organizations.

Vijverberg is included in the Group consolidation as from 1 June 2022.

Sira Consulting
On 3 June 2022 Cohedron Group acquired 100% of the shares of Sira Consulting for a fixed price of EUR 2,27 million, of which EUR 0,50 million is reinvested in House of HR. Sira Consulting provides consulting services to governments to provide insights in the social effects, costs and benefits of new and existing laws and regulations. They translate complex issues into workable solutions for international organizations, countries and regions.

Sira Consulting is included in the Group consolidation as from 1 June 2022.

Bis People
On 5 July 2022 Covebo Group acquired 100% of the shares of Bis People BV for a fixed price of EUR 5,14 million. Bis People constitutes a (mainly skilled) blue collar staffing, secondment, ZZP mediation and search and selection business in the building and construction industry. Bis People is included in the consolidation as from 1 July 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

StaffMe
On 28 July 2022 the newly established entity Nowjobs France II acquired 70,8% of the shares of StaffMe for a fixed price of EUR 13,93 million and a maximum earn-out of EUR 7,00 million based on the consolidated gross margin of Nowjobs France and StaffMe for 2023. The co-shareholder subsequently contributed its StaffMe shares for an amount of EUR 4,00 million in Nowjobs France II, resulting in a stake of House of HR in Nowjobs FR II of 70,8%.

StaffMe connects freelancers with companies for all kinds of services throughout France; it's a 100% digital tool that takes care of all administrative processes to enable youngsters and businesses to cooperate in an easy way.

StaffMe is included in the consolidation as from 1 August 2022. StaffMe has been classified as discontinued operation at year-end 2022 refer to note 3.6 Discontinued operations.

Locum Doctors ('DOCSTR')
On 28 July 2022 the newly established entity House of HR Germany II acquired 100% of the shares of Locum Doctors for a fixed price of EUR 48,30 million, of which EUR 10,00 million is reinvested in the new parent company House of HR Group BV, and a maximum earn-out of EUR 3,00 million based on the EBITDA of 2023. Locum Doctors is active in the field of outsourcing employees in the medical field, the placement of fee-based representation for clinics, the projected employment and direct placement of doctors as well as the consultation of doctors and clinics.

Locum Doctors is included in the consolidation as from 1 August 2022.

FID Service Group
On 25 August 2022 Covebo Group acquired 100% of the shares of FID Service Group BV for a fixed price of EUR 10,74 million. FID is a specialist in staffing employees in the green-, waste and purification industry and in training employees to operate cranes and machines.

FID is included in the consolidation as from 1 September 2022.

Agium
On 7 October 2022 Redmore acquired 100% of the shares of Agium for a fixed price of EUR 19,66 million, of which EUR 9,52 million is reinvested in the new parent company House of HR Group BV. Agium is a Dutch company specializing in Risk, Technology, Business, Legal, and Finance services for financial service providers, business service providers and governments.

Agium is included in the consolidation as from 1 October 2022.

(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	SOLCOM	Atrium	TMI	BE-Consult	Vijverberg	Sira Consulting	Bis People	StaffMe	Locum Doctors	FID	Agium	TOTAL
Cash	174.740.570	1.854.725	61.781.710	2.640.158	4.150.000	1.771.085	5.141.000	13.931.000	38.303.977	10.742.600	19.655.703	334.712.528
Contribution of assets								4.000.000				4.000.000
Equity instruments in the Group			32.500.000		250.000	500.000			10.000.000			43.250.000
Earn-out			193.600	1.000.000				7.000.000	3.000.000			11.193.600
Total consideration transferred for 100% of the business	**174.740.570**	**1.854.725**	**94.475.310**	**3.640.158**	**4.400.000**	**2.271.085**	**5.141.000**	**24.931.000**	**51.303.977**	**10.742.600**	**19.655.703**	**393.156.128**

Fair value of the acquired assets (@ 100%)	SOLCOM	Atrium	TMI	BE-Consult	Vijverberg	Sira Consulting	Bis People	StaffMe	Locum Doctors	FID	Agium	TOTAL
Property, plant, equipment	10.408.488	609.502	9.891.245	838.054	56.600	134.935	16.024	83.503	177.373	229.411	2.093.037	24.538.173
Intangible assets	24.036	2.079	654.695	0	0	5.841	8.794	1.683.729	3.256	0	165.289	2.547.719
Acquisition-related intangible assets: trademarks	14.355.767	0	7.303.948	0	414.090	107.756	0	872.987	0	480.460	1.585.931	25.120.939
Acquisition-related intangible assets: customer relationships	66.594.703	0	52.927.149	0	1.445.697	618.766	1.500.000	2.529.902	8.915.255	3.500.000	7.090.405	145.121.878
Deferred income tax assets	69.967	1.963	114.656	0	0	0	0	0	6.676.134	0		6.862.720
Other non-current assets	0	80	126.788	10.004	0	10.400	0	10.140	2.332	0	204.591	364.335
Trade receivables	24.935.415	378.127	13.088.455	293.138	1.321.367	669.700	455.136	772.025	2.669.290	2.359.978	4.089.502	51.032.132
Income tax receivable	6.155	0	0	0	24.458	0	0	0	14.852	0	86.076	131.542
Other receivables	3.549.090	0	474.165	28.607	11.184	102.340	60.325	119.216	88.919	181.851	559.560	5.175.258
Cash and cash equivalents	18.027.326	116.700	15.482.614	673.630	704.138	488.338	402.547	2.148.139	1.946.318	2.306.904	506.028	42.802.682
Deferred income tax liabilities	-25.094.646	0	-15.539.623	0	-479.825	-187.443	-387.000	-1.277.246	-2.763.729	-1.026.959	-2.238.495	-48.994.965
Provisions	-579.556	0	0	0	0	0	0	0	-32.500	0		-612.056
Borrowings	0	0	0	0	0	0	0	-1.138.875	0	0	-13.750	-1.152.625
Other non-current liabilities	-7.515.176	-345.774	-8.338.058	-6.656	-20.841	-23.833	0	0	-57.129	-162.088	-1.232.639	-17.702.195
Trade and other payables	-22.983.389	-330.743	-4.962.813	-173.865	-842.750	-231.502	-163.539	-51.563	-59.616	-258.371	-848.819	-30.906.969
Income tax liabilities	-4.481.330	-19.483	-552.749	-14.500		-61.330	-4.507	0	-437.765	-207.539		-5.779.203
Employee benefit obligations	-3.937.871	-98.838	-7.764.695	-96.708	-25.058	-44.602	-192.164	-433.034	-1.577.558	-3.214.499	-1.251.734	-18.636.761
Other current liabilities	-602.898	-440.510	-7.448.111	-11.708	-223.873	-147.016	-9.521	-27.071	-666.045	-1.155.799	-1.025.526	-11.758.077
Total identifiable net assets acquired	**72.776.082**	**-126.897**	**55.457.666**	**1.539.996**	**2.385.186**	**1.442.351**	**1.686.096**	**5.291.852**	**14.899.387**	**3.033.348**	**9.769.457**	**168.154.525**
Less: Non-controlling interest												
Add: Goodwill	101.964.488	1.981.622	39.017.645	2.100.162	2.014.814	828.734	3.454.904	19.639.148	36.404.590	7.709.252	9.886.246	225.001.603
Net assets acquired	**174.740.570**	**1.854.725**	**94.475.310**	**3.640.158**	**4.400.000**	**2.271.085**	**5.141.000**	**24.931.000**	**51.303.977**	**10.742.600**	**19.655.703**	**393.156.128**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 the non-controlling interest's proportionate share of the acquired entity's net identifiable basis.

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

Acquired receivables	SOLCOM	Atrium	TMI	BE-Consult	Vijverberg	Sira Consulting	Bis People	Locum Doctors	FID	Agium	TOTAL
Contractual amount of trade receivables due	25.318.614	383.814	13.124.709	300.006	1.321.367	669.700	455.136	2.677.590	2.359.978	4.089.502	50.700.414
Amount of uncollectible trade receivables	-383.199	-5.687	-36.254	-6.868				-8.300			-440.308
Fair value of acquired trade receivables	**24.935.415**	**378.127**	**13.088.455**	**293.138**	**1.321.367**	**669.700**	**455.136**	**2.669.290**	**2.359.978**	**4.089.502**	**50.260.107**

Refer to note 3.6 for the receivables of StaffMe, being part of the discontinued operations. 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:	SOLCOM	Atrium	TMI	BE-Consult	Vijverberg	Sira Consulting	Bis People	Locum Doctors	FID	Agium	TOTAL
Revenue:	217.115.101	2.726.630	48.006.035	1.303.233	994.648	1.143.239	2.317.495	12.971.240	7.056.187	5.927.119	299.560.927
Net profit:	10.467.808	199.031	1.106.798	18.012	334.353	316.082	210.041	2.332.430	454.348	1.768.923	17.207.825

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:	SOLCOM	Atrium	TMI	BE-Consult	Vijverberg	Sira Consulting	Bis People	Locum Doctors	FID	Agium	TOTAL
Revenue:	233.428.222	3.033.068	57.817.872	1.815.226	1.688.825	2.005.705	5.567.467	24.429.008	20.056.560	21.253.548	371.095.501
Net profit:	10.983.880	253.986	1.454.530	143.834	510.430	447.039	633.523	1.597.846	2.823.939	2.563.404	21.412.410

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.

Refer to note 3.6 for the revenue and profit contribution of StaffMe, being part of the discontinued operations.

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	SOLCOM	Atrium	TMI	BE-Consult	Vijverberg	Sira Consulting	StaffMe	Bis People	Locum Doctors	FID	Agium	TOTAL
Cash consideration	**174.740.570**	**1.854.725**	**61.781.710**	**2.640.158**	**4.150.000**	**1.771.085**	**13.931.000**	**5.141.000**	**38.303.977**	**10.742.600**	**19.655.703**	**334.712.528**
Less: balances acquired												
Cash aquired	-18.027.326	-116.700	-15.482.614	-673.630	-704.138	-488.338	-2.148.139	-402.547	-1.946.318	-2.306.904	-506.028	-42.802.682
Bank overdraft												
Net flow of cash - investing activities for business combinations	**156.713.244**	**1.738.025**	**46.299.096**	**1.966.528**	**3.445.862**	**1.282.747**	**11.782.861**	**4.738.453**	**36.357.659**	**8.435.696**	**19.149.675**	**291.909.846**

Acquisition related costs

The total acquisition-related costs related to these acquisitions amount to EUR 4,11 million as per 31 December 2022. All these costs have been expensed within the statement of financial performance at the transaction date.

(iii) Acquisitions in the prior year

Solyne

The Group, via its subsidiary Continu, has acquired 100% of the shares in the Solyne group as per 15 January 2021. Solyne 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 as a business specialized in secondment, freelance, subcontracting and temporary staffing services for its clients. The consideration paid for acquiring the shares amounts to EUR 34,14 million.

Solyne is included in the Group consolidation as from 1 January 2021.

Greenworking

The Group, via its subsidiary Abylsen, has acquired 60% of the shares of Greenworking group as per 26 January 2021. Greenworking is a consultancy firm active in the 'new ways of working' market. 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 60% of the shares is composed of a fixed purchase price (EUR 18,90 million) and an earn-out. The earn-out is based on a multiple approach depending on the EBITDA level for financial year 2020. The estimated earn-out at acquisition date amounts to EUR 5,24 million. The expected payment is determined in respect of the individual earn-out agreement taking into consideration management's estimate of the expected level of profitability of the acquired company for the financial year 2020. Any change in the estimated earn-out of the company is recorded in the income statement.

Greenworking is included in the Group consolidation as from 1 January 2021.

Avanti

The Group, via its subsidiary House of HR Germany, has acquired 89% of the shares of Avanti as per 15 June, 2021. Avanti is specialized in a wide array of healthcare staffing solutions all over Germany. The consideration paid for acquiring 89% of the shares is composed of a fixed purchase price (EUR 22,21 million), of which EUR 2,0 million consists of a vendor loan and EUR 1,3 million will be reinvested, and an earn-out. The earn-out is based on a multiple approach depending on the gross margin for the financial period from 1 April 2021 until 31 March 2022. The estimated earn-out at acquisition date amounts to EUR 3,35 million. The expected payment is determined in respect of the individual earn-out agreement taking into consideration management's estimate of the expected level of profitability of the acquired company for the relevant period. Any change in the estimated earn-out of the company is recorded in the income statement.

Avanti is included in the Group consolidation as from 1 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Cohedron
The Group has completed the acquisition of the Dutch group Cohedron on 20 July, 2021 after receiving clearance from the Dutch antitrust authorities on 8 July, 2021. The group consists of several specialities and works under different brand names: Wyzer, Future Communication, Human Capital Group, Argonaut, Zorg-Lokaal, Plangroep and Plangroep Financial Services. With more than 2.000 professionals and over 30 years of experience, Cohedron supports and advises public authorities, non-profit organizations and companies. It offers outsourcing of processes and secondment of qualified specialists (both in the public sector), as well as consultancy to organizations and public authorities. The consideration paid for acquiring 100% of the Cohedron shares amounts to EUR 115,43 million.

Cohedron is included in the Group consolidation as from 1 August 2021.

Vanberkel
The group, via its subsidiary Cohedron, has acquired 100% of the shares of Vanberkel on 3 August, 2021. Vanberkel Professionals is offering financial specialists in the broader public sector, with a focus on five sectors: central government, local authorities, housing cooperatives, care and education. The consideration paid for acquiring the shares amounts to EUR 7,50 million.

Vanberkel is included in the Group consolidation as from 1 August 2021.

Bureau Brug
The group, via its subsidiary Cohedron, has acquired 100% of the shares of Bureau Brug on 12 November, 2021. Bureau Brug recruits, selects and trains high skilled interim professionals in the Dutch public sector. The consideration paid for acquiring the shares amounts to EUR 9,61 million.

Bureau Brug is included in the Group consolidation as from 1 November 2021.

(iv) Acquisitions completed after year-end
As per 14 February 2023, House of HR announced that it has signed a promise to acquire the German company pluss, which specializes in temporary recruitment in healthcare and social services, from Funds managed by BIP Capital Partners, Luxembourg. The acquisition has been approved by the German competition authority on 9 March 2023.

3.2 Interests in joint ventures
On 30 December 2020 Sixie BV has been incorporated, in which Accent Group holds 50% of the shares. The joint venture is not individually material to the Group.

In May 2022 ETA, a subsidiary of the Abylsen group, established a joint venture with DFI, which is a subcontractor ETA works with on specific projects. ETA holds 50% of the shares for an amount of EUR 0,03 million. The purpose of this investment is to reduce the amount of insurance expenses of the projects ETA and DFI are working on. No activity is planned in this joint venture until 2023. This joint venture was deconsolidated as part of the transfer of Abylsen, refer to note 3.4.

In October 2022 Joint Financials Participations B.V., a subsidiary of Redmore, was acquired. Joint Financials Participations B.V. holds 50% of the shares in ANG Public Finance B.V. The joint venture is not individually material to the Group.

3.3 Interests in associates
As per 12 February 2021 the Group acquired 0,44% of the minority shares in Ariad for a price of EUR 0,04 million.

The Group has per December 31, 2022 38,6% shares in Happy Recruiter after the acquisition of 3,6% additional shares in 2022 and 33,31% shares in Ariad. These entities are accounted for as associates and are considered not material for the total group.

The participation in Ariad has been sold early 2023, refer to subsequent events note 36.

3.4. Non-controlling interests

(i) Movement in minorities in the current year

- On 23 June 2022 Newco Abylsen acquired 35,07% additional shares in Newco Greenworking for a price of EUR 9,83 million. Following this transaction Newco Abylsen holds 95,07% of the shares in Newco Greenworking. Newco Greenworking is considered as a discontinued operation at year-end resulting from the Abylsen reorganization, of which Newco Greenworking is part of. See note 3.6.
- On 20 October 2022 House of HR Germany acquired the remaining 11,02% of the shares in Avanti for a price of EUR 2,38 million. This results in House of HR Germany holding 100% of the shares in Avanti.
- As per 26 October 2022 Triple A – Risk Finance BV acquired 25% additional shares in Triple A – Risk Finance Poland SP.zo.o for a price EUR 1,67 million. This results in Triple A – Risk Finance BV holding 100% of the shares in Triple A – Risk Finance Poland SP.zo.o.
- As per 28 October 2022 Mykelson Holding SAS acquired 2,50% additional shares of Eastelson for a price of EUR 0,02 million. Mykelson Holding is considered as a discontinued operation at year-end resulting from the Abylsen reorganization, of which Mykelson Holding is part of. See note 3.6.
- On 3 November 2022 Vialegis NV acquired the remaining minority shares (20,00%) in Vialegis SA (Lux) for a price of EUR 1,22 million. As a result of this transaction Vialegis NV holds 100% of the shares in Vialegis SA (lux).
- As per 22 September 2022 Vialegis BV was established, in which Vialegis NV, part of the Redmore Group, holds 87.50% of the shares. The remaining 12.50% of the shares are held by a minority shareholder.

Effect on the equity attributable to the owners of the companies:

	2022	2021
Carrying amount of non-controlling interests acquired	**7.144.768**	6.347
Consideration paid to non-controlling interests	**15.099.907**	5.945.438
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**7.955.139**	5.939.091

	2022	2021
Carrying amount of non-controlling interests sold		-85.652
Consideration received from non-controlling interests		-49.972
Excess of consideration received recognised in the transactions with non-controlling interests reserve within equity		35.680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(ii) Movement in minorities in the prior year

- Acquisition of Greenworking, of which 40% is held by minority shareholders (EUR 4,72 million), see note 3.1;
- Acquisition of Avanti, of which 11% is held by the minority shareholder (EUR 1,30 million), see note 3.1;
- As per 25 February 2021, Abylsen acquired additional shares in Mykelson Holding (1,16% of the ordinary shares) for a price of EUR 0,03 million.
- On 19 October 2021, Accent Jobs acquired the remaining minority shares in Abylsen for an amount of EUR 5,92 million. As a result of this transaction Accent Jobs holds 100% of the shares in Newco Abylsen.
- On 19 November 2021, Newco Abylsen sold shares in PI Holding (1% of the ordinary shares) for a price of EUR 0,02 million.
- On 21 December 2021, Vialegis NV sold 1,66% of the shares in Schollmeyer to managers of the company for a price of EUR 0,03 million. The purpose of this transactions is to strengthen the managers' connection with the company.

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. The amounts disclosed for each subsidiary are before intercompany eliminations.

31 December 2022	Schollmeyer & Steidl GmbH	ITDS Polska Sp. z.o.o.	Triple A – Risk Finance Spain	Triple A – Risk Finance Belgium	Vialegis BV	Book'U	TOTAL
Non-current assets	205.661	312.354	195.305	12.663	24.138	805.595	1.555.715
Current assets	1.776.981	6.802.300	469.323	649.809	5.490	129.436	9.833.340
Total assets	**1.982.642**	**7.114.654**	**664.628**	**662.472**	**29.628**	**935.031**	**11.389.055**
Non-current liabilities	-8.053	2.682	-94.910	0	32.303	-1.515.870	-1.583.848
Current liabilities	-1.090.774	-2.155.077	-242.522	-534.959	-241.365	-375.387	-4.640.085
Total liabilities	**-1.098.827**	**-2.152.395**	**-337.432**	**-534.959**	**-209.062**	**-1.891.257**	**-6.223.932**
Net assets	-433.532	-2.580.375	-229.037	-95.635	134.576	764.981	-2.439.022
Accumulated NCI	**-450.283**	**-2.381.884**	**-98.159**	**-31.878**	**44.859**	**191.245**	**-2.726.100**
Revenue	3.150.314	20.927.678	1.057.319	2.009.128	12.099	412.022	27.568.560
Profit for the period	482.374	2.541.057	233.490	214.548	-179.434	-976.195	2.315.840
Other comprehensive income	0	0	0	0	0	0	0
Profit allocated to NCI	**128.617**	**1.219.708**	**70.047**	**53.637**	**-44.859**	**-195.239**	**1.231.911**
Dividends paid to NCI	**0**	**464.444**	**0**	**0**	**0**	**0**	**464.444**

31 December 2021	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	Eastelson	Pharmacos	Book'U	Greenworking	Avanti	Pharmacos R&D	TOTAL
Non-current assets	3.256.569	11.601.658	39.391	278.117	45.762	115.529	57.380	13.429	330	3.811.277	431.742	25.872.449	40.096.442	0	85.620.074
Current assets	2.163.757	523.571	1.091.238	986.867	1.653.751	4.758.548	289.888	619.215	95.206	2.017.120	98.372	6.293.345	13.135.225	0	33.726.103
Total assets	**5.420.326**	**12.125.229**	**1.130.629**	**1.264.985**	**1.699.513**	**4.874.077**	**347.268**	**632.643**	**95.535**	**5.828.398**	**530.114**	**32.165.794**	**53.231.667**	**0**	**119.346.177**
Non-current liabilities	-577.030	-574.498	102	-110.388	0	-81.932	-150.000	0	0	-249.575	-937.980	-15.899.002	-11.193.072	0	-29.773.374
Current liabilities	-2.149.875	-3.146.796	-337.758	-753.156	-298.664	-1.338.085	-103.563	-719.668	-187.113	-1.346.107	-547.310	-2.310.391	-25.468.440	-74.491	-38.781.415
Total liabilities	**-2.726.904**	**-3.721.294**	**-337.656**	**-863.544**	**-298.664**	**-1.420.017**	**-253.563**	**-719.668**	**-187.113**	**-1.595.682**	**-1.485.290**	**-18.209.393**	**-36.661.512**	**-74.491**	**-68.554.789**
Net assets	-2.127.056	-8.078.167	-621.232	-77.595	-1.051.521	-1.796.188	-65.594	65.268	86.999	-3.211.720	764.104	-8.365.841	-14.747.383	42.834	-39.183.092
Accumulated NCI	**-566.365**	**-325.768**	**-171.740**	**-323.847**	**-349.328**	**-1.657.872**	**-28.112**	**21.756**	**4.579**	**-1.020.996**	**191.072**	**-5.590.560**	**-1.822.772**	**31.657**	**-11.608.296**
Revenue	11.481.821	13.963.422	1.207.755	2.304.525	1.944.782	13.196.945	861.520	1.035.366	1.037.968	5.886.905	338.570	8.394.896	37.639.236	0	99.293.712
Profit for the period	717.429	537.409	397.635	168.489	754.419	1.972.343	16.872	-109.226	23.149	34.036	-803.159	2.188.108	4.745.162	-74.491	10.568.174
Other comprehensive income															0
Profit allocated to NCI	**89.679**	**59.115**	**79.527**	**44.925**	**188.605**	**946.725**	**5.061**	**-27.307**	**1.157**	**7.940**	**-160.632**	**875.243**	**522.772**	**-31.657**	**2.601.155**
Dividends paid to NCI					**110.000**	**326.709**									**436.709**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3.5 Overview of subsidiaries and joint ventures

(i) Overview of subsidiaries

The Group holds 100% in its subsidiaries on 31 December 2022, except for the subsidiaries mentioned in the table below.

Overview HOHR %	Country	Shares	% held
Schollmeyer & Steidl GmbH	Germany	7.202	73,34%
ITDS Polska Sp. z.o.o.	Poland	52	52,00%
Triple A - Risk Finance Spain	Spain	700.000	70,00%
Triple A - Risk Finance Belgium	Belgium	750	75,00%
Book'U	Belgium	58.230	80,00%
Vialegis BV	the Netherlands	43.750	87,50%

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 restricted cash in the consolidated financial statements as per 31 December 2022 of EUR 13,95 million mainly relates to these restrictions (refer to note 14).

(ii) Overview of material joint ventures

As per 31 December 2022 the Group has a joint venture with Sixie BV and Joint Financials Participations BV. Both entities are considered not material for the Group.

3.6 Discontinued operations

As per November 3, 2022 the Group has reorganized its activities post Bain deal, resulting in the transfer of the French groups Abylsen and StaffMe to a new holding company "House of HR France", which is held 100% by House of HR Group BV.

The consolidation at the level of House of HR Holding BV will be published at the Group website www.houseofhr.com.

The shares were previously held by Accent Jobs For People BV and have been sold for EUR 229,49 million and EUR 9,70 million, respectively.

Reconciliation post tax gain/loss	Abylsen Group	StaffMe
Consideration paid		
Cash	0	0
Vendor loan from Accent to Villa Dutch	229.494.306	9.700.000
Total disposal consideration	**229.494.306**	**9.700.000**
Carrying amount of net assets sold	164.171.367	13.271.563
Owned by minority shareholders	-2.480.754	-4.000.000
Gain/(loss) from remeasurement of discontinued operations to fair value less costs to sell	**67.803.693**	**428.437**

Financial performance and cash flow information

Condensed cash flow statement at closing date

Cash flow statement	Abylsen Group	StaffMe
Net cash flow from operating activities	9.530.770	291.432
Net cash flow from investing activities	1.013.941	-136.790
Net cash flow from financing activities	-17.408.785	-39.720
NET CASH INCREASE/(DECREASE)	**-8.891.956**	**114.922**

Balance sheet at closing date

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

Abylsen Group (in EUR) Assets	
Non-current assets	
Property, plant and equipment	16.431.030
Intangible assets	11.602.086
Goodwill	167.925.422
Deferred tax assets	49.847
Other non-current assets	1.216.491
Total non-current assets	**197.224.875**
Current assets	
Trade receivables	63.671.235
Income tax receivables	934.383
Other receivables	17.504.407
Cash and cash equivalents	3.550.212
Total current assets	**85.660.237**
Total assets	**282.885.112**

Equity and liabilities	
Non-current liabilities	
Borrowings	58.355.724
Deferred income tax liabilities	2.567.832
Provisions for other liabilities and charges	877.200
Other non-current liabilities	10.752.289
Total non-current liabilities	**72.553.045**
Current liabilities	
Trade and other payables	10.290.902
Income tax liabilities	788.822
Employee benefit obligations	19.385.053
Other current liabilities	15.695.923
Total current liabilities	**46.160.699**
Total liabilities	**118.713.744**
Net assets	**164.171.368**

StaffMe (in EUR) Assets	
Non-current assets	
Property, plant and equipment	97.899
Intangible assets	4.885.606
Goodwill	19.639.147
Deferred tax assets	0
Other non-current assets	10.140
Total non-current assets	**24.632.792**
Current assets	
Trade receivables	744.844
Income tax receivables	0
Other receivables	29.502
Cash and cash equivalents	2.592.269
Total current assets	**3.366.616**
Total assets	**27.999.408**

Equity and liabilities	
Non-current liabilities	
Borrowings	5.725.906
Deferred income tax liabilities	1.221.405
Provisions for other liabilities and charges	0
Other non-current liabilities	7.000.000
Total non-current liabilities	**13.947.311**
Current liabilities	
Trade and other payables	80.786
Income tax liabilities	0
Employee benefit obligations	400.179
Other current liabilities	299.569
Total current liabilities	**780.534**
Total liabilities	**14.727.845**
Net assets	**13.271.563**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Financial performance

Income statement of discontinued operations:

Abylsen Group	1 January 2022 - 3 November 2022	1 January 2021 - 31 December 2021
Revenue	176.856.925	-177.365.133
Cost of services	-110.158.889	109.675.271
Gross profit/(loss)	**66.698.037**	-67.689.862
Selling expenses	-28.374.482	28.679.436
Impairment of goodwill	0	0
Other general and administrative expenses	-16.812.294	14.247.688
Total operating expenses	**-45.186.775**	42.927.124
Other gains/(losses) - net	-1.257.814	1.731.782
Operating profit/(loss)	**20.253.447**	-23.030.955
Finance income	18.355	-10.972
Finance expenses	-2.616.997	2.787.780
Net finance income/(loss)	**-2.598.642**	2.776.808
Share in profit/loss of equity accounted investments	0	0
Profit/(loss) before taxes	**17.654.805**	-20.254.147
Income tax expense	-5.705.762	6.822.597
Net profit/(loss) of the period	**11.949.044**	-13.431.550
Profit/loss from discontinued operations (attributable to equity holders of the company)	67.803.693	
Net profit/(loss) of the period	**79.752.737**	-13.431.550

StaffMe	1 August 2022 - 3 November 2022
Revenue	1.230.269
Cost of services	
Gross profit/(loss)	1.230.269
Selling expenses	-846.061
Impairment of goodwill	0
Other general and administrative expenses	-605.128
Total operating expenses	-1.451.189
Other gains/(losses) - net	0
Operating profit/(loss)	-220.919
Finance income	0
Finance expenses	-216.692
Net finance income/(loss)	-216.692
Share in profit/loss of equity accounted investments	0
Profit/(loss) before taxes	-437.611
Income tax expense	44.431
Net profit/(loss) of the period	-393.180
Profit/loss from discontinued operations (attributable to equity holders of the company)	428.437
Net profit/(loss) of the period	35.257

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.

Risk management is carried out by treasury department at the level of the new parent company House of HR Group BV. Group's treasury identifies, evaluates and hedges financial risks with approval from the Board of Directors.

Market risk

Foreign exchange risk

	31 December 2022		31 December 2021	
Overview of exchange rates	Average	At year-end	Average	At year-end
CHF	1,0047	0,9847	1,09	1,04
PLN	4,6861	4,6808	4,57	4,6
RON	4,9313	4,9495	4,92	4,95
HUF	391,29	400,87	358,52	369,19
USD	1,05	1,06	1,18	1,13

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.

Pre-Bain acquisition

At 31 December 2021, the Group has EUR 550,00 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. No mandatory prepayments have taken place as a result of this. 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.

As per February 19, 2021 the Group has successfully repriced their Senior Facility Agreement, resulting in a 50 BPS reduction. As a result the interest is based on Euribor floored to zero plus a fixed margin of 3,75 depending on the leverage. The total impact of the repricing amounts to EUR 13,07 million saving for the Group. Total financing expenses for this repricing of EUR 2,75 million are capitalized as part of the bank borrowings and are being depreciated over the remaining lifetime of the loan.

At 31 December 2021, the Group has EUR 370,00 million of outstanding Senior Secured Notes, due in 2026, with a fixed interest rate of 4,375% and EUR 200,00 million of outstanding Senior Unsecured Notes, due in 2027, with a fixed interest rate of 7,500%.

Thanks to the deleveraging achieved along 2021, an additional Term Loan B add-on facility of EUR 190,00 million was successfully completed in the market as per 3 February 2022. At the same time, House of HR also successfully increased its Revolving Credit Facility from EUR 100,00 million to EUR 125,00 million. The refinancing expenses attributable to these transactions are capitalized as part of the loan and are being depreciated over the lifetime of the loan.

No hedging instruments were in place during 2021 and 2022 to cover any potential interest rate risk.

Post-Bain acquisition

As part of the Bain acquisition, the external bank loans (EUR 740,00 million TLB, EUR 370,00 million SSN and EUR 200,00 million SUN) have been replaced by an external loan at the level of the new parent company House of HR Group BV, composed of EUR 1.020,00 million First Lien Term Loan, EUR 114,08 million Delayed Draw Term Loan, EUR 310,00 million Second Lien Facility and EUR 415,00 Senior Secured Notes. The refinancing fees related to the external bank loans pre-Bain acquisition have been expensed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

House of HR Group BV contributed EUR 1.377,83 million in House of HR Finco BV, who provided long-term funding to House of Finance (EUR 790,28 million, whereof EUR 65,35 million was repaid in December 2022) and House of HR (EUR 587,45 million) to settle their existing debt. These loans are floating rate borrowings, with interest based on Euribor floored to zero plus a fixed margin of 8,41% and 8,58% respectively. The loans have a lifetime of 6 years.

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.

House of HR Group BV, the parent company of the Group, has entered into interest rate hedging agreements to manage its exposure to interest rate risk. The interest rate hedging in place are used to reduce the variability of cash flows arising from changes in interest rates on the Group's floating rate debt. It engaged with 2 clips of each EUR 350,00 million CAPs at a 3% strike, with bi-annual fixings. The cap has an effective date starting on 31 December 2022 and has a 3 year term. Note that there is no hedging in place on the above mentioned loans of House of Finance and House of HR towards House of HR Group BV.

Euribor floating rate borrowings which are not covered by the hedge agreements 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 and equity as follows:

	31-12-2022
Increase 100 bps	-13.123.828
Decrease 100 bps	13.123.828

*considering floor ar 0%

The Group has in total EUR 1.313,91 million of borrowings from related parties outstanding at the period ended 31 December 2022, mainly composed of above two loans towards House of HR Group BV and EUR 1,58 million Shareholder Loan.

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. 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. During 2020 a credit insurance program was set-up through the entire group, in order for House of HR to have control over their open receivables.

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.

Management does not expect any material 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.

On that basis, the expected credit loss allowance as at 31 December 2022 was determined as follows for both trade receivables and contract assets:

At 31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 1 year past due	Total
Expected loss rate	0,07%	1,00%	4,70%	5,06%	**0,35%**
Gross carrying amount – Trade receivables	244.215.336	7.450.758	10.013.787	4.102.557	**265.782.438**
Gross carrying amount – Contract assets	1.585.746				**1.585.746**
Loss allowance	**177.451**	**74.549**	**470.881**	**207.550**	**930.432**

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 1 year past due	Total
Expected loss rate	0,11%	1,49%	13,30%	2,36%	0,55%
Gross carrying amount – Trade receivables	219.216.571	7.826.230	6.574.177	3.306.017	236.922.994
Gross carrying amount – Contract assets	1.278.118				1.278.118
Loss allowance	249.771	116.491	874.518	78.073	1.318.852

The closing loss allowances for trade receivables as at 31 December 2022 reconcile to the opening loss allowances as follows:

Movements in the provision for impairment of trade receivables	2022
Balance at January 1	**6.343.134**
Acquisition of subsidiaries	**440.308**
Disposal of subsidiaries	**-515.099**
Increase in loss allowance recognised in profit or loss during the year	**3.974.604**
Unused amounts and write-offs	**-2.652.428**
Translation differences	
Balance at December 31	**7.590.519**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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

	31 December 2022		31 December 2021	
Aging of trade receivables, based on invoice date	Amount		Amount	
Less than 1 month	**204.285.871**	**77%**	185.766.076	78%
Between 1 and 2 months	**34.435.139**	**13%**	30.736.635	13%
Between 2 months and 1 year	**22.359.015**	**8%**	16.770.850	7%
Between 1 and 2 years	**2.327.544**	**1%**	1.161.270	0%
More than 2 year	**2.374.869**	**1%**	2.488.163	1%
of which				
Not impaired	**258.191.853**	**97%**	230.579.860	97%
Impaired	**7.590.519**	**3%**	6.343.134	3%
Total	**265.782.372**	**100%**	236.922.994	100%

As of 31 December 2022, trade receivables of EUR 53,96 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 2022	31 December 2021
Less than 1 month	**39.010.511**	24.340.858
Between 1 and 2 months	**6.959.841**	8.041.862
Between 2 months and 1 year	**7.317.981**	3.635.765
Between 1 and 2 years	**544.532**	658.048
More than 2 year	**130.686**	128.389
Total	**53.963.550**	36.804.921

As of 31 December 2022, trade receivables of EUR 7,59 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 2022	31 December 2021
Less than 1 month	**314.173**	579.470
Between 1 and 2 months	**144.693**	130.586
Between 2 months and 1 year	**2.945.998**	2.337.170
Between 1 and 2 years	**1.632.590**	448.001
More than 2 year	**2.553.065**	2.847.906
Total	**7.590.519**	6.343.134

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

Trade receivables	31 December 2022	31 December 2021
Counterparties with external credit rating		
Prime	**47.124.180**	33.816.304
High grade	**21.470.929**	15.624.142
Upper medium grade	**49.583.350**	43.256.615
Lower medium grade	**37.474.338**	30.006.777
Non-investment grade speculative	**23.747.356**	25.956.037
Highly speculative	**18.049.152**	12.603.910
Substantial risk	**9.245.884**	13.666.603
Extremely speculative	**1.889.365**	3.727.594
Default imminent	**253.378**	231.461
In default	**538.254**	913.047
Total amount for counterparties with external credit rating	**209.376.185**	179.802.491
Counterparties without external credit rating		
Group 1 – new customers (less than 6 months)	**5.965.561**	6.750.974
Group 2 – existing customers (> 6 months) with no defaults in the past	**17.594.083**	14.307.376
Group 3 – existing customers (> 6 months) with some defaults in the past	**25.256.023**	29.719.018
Total amount for counterparties without external credit rating	**48.815.667**	50.777.369
Total trade receivables	**258.191.853**	230.579.860

The credit quality of trade receivables is positively impacted by the further implementation of commercial finance in the group (refer to note 12).

Cash and cash equivalents	31 December 2022	31 December 2021
Prime	**2.307.870**	50.897
High grade	**21.798.536**	8.612.058
Upper medium grade	**121.954.924**	199.440.047
Lower medium grade	**754.053**	31.198
Line Item	**235**	
Cash and cash equivalents	**146.815.618**	208.134.200

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 (situated post Bain at the level of House of HR Group BV). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows
Non-derivatives					
Loans from related parties	147.391.163	153.297.220	462.367.559	1.466.055.422	**2.229.111.364**
Bank loans					**0**
Commercial finance					**0**
Other loans	151.913				**151.913**
Finance lease liabilities	53.532.859	38.787.210	53.839.679	19.280.578	**165.440.326**
Trade and other payables	96.533.322				**96.533.322**
Total non- derivatives	**297.609.257**	**192.084.430**	**516.207.238**	**1.485.336.000**	**2.491.236.926**
Derivatives					
Early repayment option	0	0	0	0	**0**
Total Derivatives	**0**	**0**	**0**	**0**	**0**

At 31 December 2021	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	2.828.969	43.313	3.905.330		6.777.611
Bank loans	52.156.250	52.098.958	1.073.718.750	207.500.000	1.385.473.958
Commercial finance					0
Other loans	3.675	151.913			155.588
Finance lease liabilities	42.255.607	27.456.384	37.162.681	8.567.158	115.441.830
Trade and other payables	61.413.931				61.413.931
Total non- derivatives	158.658.431	79.750.568	1.114.786.761	216.067.158	1.569.262.918
Derivatives					
Early repayment option	0	0	0	0	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 120,00 million were available pre-Bain deal, but have been replaced by a revolving credit facility at the level of House of HR Group BV post-Bain deal.

In July 2021 the Group has drawn EUR 20,00 million from the Revolving Credit Facility to fund the acquisition of Cohedron. This had been repaid in August 2021. In July 2022, the Group has drawn EUR 40,00 million from the Revolving Credit Facility which has been repaid in November 2022.

The revolving credit facility under the old SFA has been terminated on closing of the Bain deal and a new revolving credit facility of EUR 245,00 million has been agreed in the current financing at the level of House of HR Group BV.

4.2 Capital risk management

Borrowings and related gearing ratio

	31 December 2022	31 December 2021
Total borrowings	**1.314.053.800**	1.093.117.680
Less: cash and cash equivalents	**-146.815.618**	-208.134.200
Net debt	**1.167.238.182**	884.983.480
Total equity	**426.738.273**	319.702.627
Total capital	**1.593.976.455**	1.204.686.107
Gearing ratio	**73%**	73%

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 until 3 November 2022, the Group was required to comply with the financial covenant that the consolidated senior secured net leverage ratio (net debt to normalized EBITDA; i.e. EBITDA adjusted based on the SFA agreement) must be not more than 6.0:1. The Group has complied with this covenant throughout the reporting period. The Senior Facilities Agreement has been terminated on 3 November 2022, refer to note 4.1.

As a result of the Bain acquisition, the financing at the level of House of HR only contains related party loans as per 31 December 2022 and no covenants are in place.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

The following tables present the fair value disclosure of the Group's financial assets and liabilities at 31 December 2022 and 2021:

31 December 2022	Level 1	Level 2	Level 3	Total
Assets measured at fair value				0
Derivative financial instruments			0	0
Assets for which fair values are disclosed				0
Trade receivables			258.191.853	258.191.853
Loans to related parties			306.448.398	306.448.398
Cash and cash equivalents			146.815.618	146.815.618
Other non-current assets			11.736.446	11.736.446
Other receivables			73.370.562	73.370.562
Liabilities measured at fair value				0
Derivative financial instruments				0
Liabilities for which fair values are disclosed				0
Trade and other payables			96.533.322	96.533.322
Loans from related parties			1.312.339.704	1.312.339.704
Other loans			139.096	139.096
Shareholder's loans			1.575.000	1.575.000
Other liabilities – financial leases			154.829.103	154.829.103
Other liabilities excl. finance leases			128.623.557	128.623.557

31 December 2021	Level 1	Level 2	Level 3	Total
Assets measured at fair value				0
Derivative financial instruments			3.027.960	3.027.960
Assets for which fair values are disclosed				0
Trade receivables			230.579.860	230.579.860
Loans to related parties			140.000	140.000
Cash and cash equivalents			208.134.200	208.134.200
Other non-current assets			13.233.234	13.233.234
Other receivables			57.987.446	57.987.446
Liabilities measured at fair value				0
Derivative financial instruments				0
Liabilities for which fair values are disclosed				0
Trade and other payables			61.413.931	61.413.931
Bank borrowings			1.087.203.501	1.087.203.501
Other loans			197.179	197.179
Vendor loans			4.142.000	4.142.000
Shareholder's loans			1.575.000	1.575.000
Other liabilities – financial leases			111.208.629	111.208.629
Other liabilities excl. financial leases			104.832.148	104.832.148

At 31 December 2022 and 2021 a level 3 fair value has been used for all financial instruments measured at fair value.

All assets and liabilities are recorded at their carrying amount, except for the bank loans and underlying derivatives. Refer to note 16 for the fair value determination of the borrowings and the derivative assets.

With regard to the estimates used for the valuation of the earn-outs (included in 'Other liabilities excl. financial leases'), reference is made to note 3.1.

4.4 Offsetting financial assets and financial liabilities

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

As at 31 December2022				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	Financial instruments collateral	Net amount
Cash and cash equivalents	146.815.618		146.815.618		-146.815.618	0
Trade receivables	258.191.853		258.191.853			258.191.853
Loans to related parties	306.448.398		306.448.398			306.448.398
Other non-current assets	11.736.446		11.736.446			11.736.446
Other receivables	73.370.562		73.370.562			73.370.562
Total	**796.562.878**	**0**	**796.562.878**	**0**	**-146.815.618**	**649.747.260**

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	Financial instruments collateral	Net amount
Trade payables	96.533.322		96.533.322			96.533.322
Bank borrowing	1.312.339.704		1.312.339.704		-146.815.618	1.165.524.086
Other loans	139.096		139.096			139.096
Borrowings from related parties	1.575.000		1.575.000			1.575.000
Other borrowings – financial leases	154.829.103		154.829.103			154.829.103
Total	**1.565.416.225**	**0**	**1.565.416.225**	**0**	**-146.815.618**	**1.418.600.607**

As at 31 December2021						
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	Financial instruments collateral	Net amount
Cash and cash equivalents	208.134.200		208.134.200		-208.134.200	0
Trade receivables	230.579.860		230.579.860			230.579.860
Loans to related parties	140.000		140.000			140.000
Derivative financial assets	3.027.960		3.027.960			3.027.960
Other non-current assets	13.233.234		13.233.234			13.233.234
Other receivables	57.987.446		57.987.446			57.987.446
Total	513.102.700	0	513.102.700	0	-208.134.200	304.968.500

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	Financial instruments collateral	Net amount
Trade payables	61.413.931		61.413.931			61.413.931
Bank borrowing	1.087.203.501		1.087.203.501		-208.134.200	879.069.301
Other loans	197.179		197.179			197.179
Borrowings from related parties	3.575.000		3.575.000			3.575.000
Other borrowings – financial leases	111.208.629		111.208.629			111.208.629
Derivative financial liabilities	104.832.148		104.832.148			104.832.148
Total	1.368.430.387	0	1.368.430.387	0	-208.134.200	1.160.296.188

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 being transferred to the factors. These entities are part of Accent Group and GRITT. During 2020, the Group has implemented a commercial finance agreement (factoring) in TimePartner and Zaquensis. In 2021, the Group has implemented a commercial finance agreement (factoring) for several entities within the Continu and Covebo Powerhouses, and transferred the existing commercial finance agreement at avanti towards the House of HR commercial finance program. Beginning of 2022, SOLCOM was acquired, where the existing factoring program was transferred towards the House of HR's commercial finance program. Also, Eurojob (part of Covebo) was integrated in the factoring program during 2022. 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.

The factoring agreement stipulates a late payment risk for clients not paying their invoices or paying their invoices passed due date. The Group assesses this risk based on the outstanding receivables at year-end and taken into account the historical client behavior for late payment.

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
Until 3 November 2022, the Group had a Senior Facility Agreement and Senior (Un)Secured Notes. A derivative financial asset was recognized in relation to the embedded derivate – the right to exercise an early payment option. As this option was not considered to be closely related to the host contract, a derivative asset was recognized separately from the host contract and was measured at fair value on initial recognition and subsequently at fair value through income statement. The option was valued using different modules within Bloomberg. First appropriate inputs are extracted (bond price and implied volatility per reporting date). Further, another module Bloomberg is used to determine the option price given these inputs. The value of the option is calculated by comparing the present value of the cash flows, assuming no prepayment takes place, discounted by the interest rate including an option adjusted spread, minus the market value of the bond and minus the net book value of the capitalized refinancing expenses in order to take into account the impact of the timing of the period between the previous and next round of refinancing. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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.

Estimated earn-out
Earn-out arrangements may exist as part of the negotiations of the purchase price in business combinations. At acquisition date, the earn-out liability is calculated based on the most likely outcome, taken into account the information that is at hand at that time. A revaluation of this estimate is performed at year-end, based on the updated information available. Judgement is required in estimating the likely outcome of the earn-out as this frequently includes future information, such as expected EBITDA growth or expected gross margin growth. In case of a difference between the initial estimate and the updated estimate at year-end, the difference is recorded though P&L in Other gains & loss.

Revenue recognition
Revenues related to freelancers further increased, also because of the acquisitions done during the year. The company uses different type of contracts for this. In a part of these contracts, also taking into account the general terms & conditions, the communication includes elements of an agent (margin only revenue), instead of a principal (gross revenue). Key judgement was used by the Group to recognize sales related to freelance revenues either as principal or agent, depending on the terms and conditions stipulated in the contracts.

6 SEGMENT REPORTING

Via its two segments, Specialized Talent Solutions and Engineering & Consulting, the Group is able to deliver custom made solutions to its target markets, and believes it will deliver faster than market sales growth.

- **Specialized Talent Solutions:** The Specialized Talent Solutions segment provides on the one hand temporary staffing solutions with a focus on 'temp-to-perm' placements, international job candidate recruiting and permanent placements for clients who need specific job profiles, and on the other hand (mostly) short-term staffing solutions to larger clients with multiple staffing needs.
- **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.

House of HR 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.

Segment reporting – income statement for the twelve months ended as at 31 December 2022 in EUR	Specialized Talent Solutions	Engineering & Consulting	House of Support	Group eliminations and other	TOTAL
Revenue recognised over time	1.654.788.650	827.152.024			2.481.940.673
Revenue recognised at point in time	25.054.978	90.906.993	412.022		116.373.994
Revenue from transactions with other operating segments in the group	2.828.201	691.571	0	-3.519.772	0
Cost of services	-1.298.284.587	-641.853.531	-233.942	2.239.374	-1.938.132.686
Gross profit/(loss)	**384.387.242**	**276.897.057**	**178.080**	**-1.280.398**	**660.181.981**
Selling expenses	-229.501.163	-128.591.440	-1.034.245	2.405.169	-356.721.679
Impairment of goodwill	0	-13.300.000	-1	0	-13.300.001
Other general and administrative expenses	-67.857.698	-52.053.902	-28.160.498	-5.013.032	-153.085.130
Total operating expenses	**-297.358.862**	**-193.945.342**	**-29.194.744**	**-2.607.863**	**-523.106.811**
Other gains/(losses) – net	-9.992.177	-10.664.519	18.111.995	-23.577	-2.568.277
Operating profit/(loss)	**77.036.204**	**72.287.197**	**-10.904.670**	**-3.911.838**	**134.506.893**
Financial income	4.060.298	208.722	91.390.909	-87.476.164	8.183.765
Financial expenses	-35.367.783	-25.223.640	-135.884.661	52.535.458	-143.940.626
Net finance income/(loss)	**-31.307.485**	**-25.014.918**	**-44.493.752**	**-34.940.706**	**-135.756.861**
Share in profit/loss of equity accounted investments	0	0	115.628	0	115.629
Profit/(loss) before taxes	**45.728.719**	**47.272.279**	**-55.282.793**	**-38.852.544**	**-1.134.339**
Income tax expenses	-15.636.244	-17.254.772	4.206.917	0	-28.684.099
Net profit/(loss) of the period	**30.092.475**	**30.017.508**	**-51.075.876**	**-38.852.544**	**-29.818.437**
Profit/(loss) from discontinued operation (attributable to equity holders of the company)	67.838.416	11.949.044		0	79.787.460
Net profit/(loss) of the period	**97.930.891**	**41.966.552**	**-51.075.876**	**-38.852.544**	**49.969.023**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Segment reporting – income statement for the twelve months ended as at 31 December 2021 in EUR	Specialized Talent Solutions	Engineering & Consulting	House of Support	Group eliminations and other	TOTAL
Revenue recognised over time	1.364.369.632	473.866.987			1.838.236.619
Revenue recognised at point in time	17.246.249	17.052.419	338.570		34.637.237
Revenue from transactions with other operating segments in the group	1.575.067	302.934	0	-1.878.001	0
Cost of services	-1.070.651.147	-326.161.809	-127.942	1.507.993	-1.395.432.905
Gross profit/(loss)	**312.539.801**	**165.060.530**	**210.628**	**-370.008**	**477.440.951**
Selling expenses	-177.795.537	-78.726.274	-802.511	976.016	-256.348.306
Impairment of goodwill	0	0	0	0	0
Other general and administrative expenses	-50.227.080	-27.407.210	-18.125.666	-2.034.650	-97.794.606
Total operating expenses	**-228.022.617**	**-106.133.485**	**-18.928.177**	**-1.058.634**	**-354.142.913**
Other gains/(losses) – net	1.381.279	-7.287.310	16.632.446	-7.057.171	3.669.244
Operating profit/(loss)	**85.898.463**	**51.639.735**	**-2.085.104**	**-8.485.813**	**126.967.281**
Financial income	227.198	227.940	40.742.342	-35.732.381	5.465.099
Financial expenses	-25.982.753	-14.183.573	-64.855.448	34.682.963	-70.338.811
Net finance income/(loss)	**-25.755.555**	**-13.955.633**	**-24.113.106**	**-1.049.418**	**-64.873.711**
Share in profit/loss of equity accounted investments	0	-8.709	-650.781	8.708	-650.782
Profit/(loss) before taxes	**60.142.908**	**37.675.393**	**-26.848.990**	**-9.526.522**	**61.442.788**
Income tax expenses	-17.982.783	-11.143.591	-191.168	0	-29.317.543
Net profit/(loss) of the period	**42.160.124**	**26.531.802**	**-27.040.158**	**-9.526.522**	**32.125.245**
Profit/(loss) from discontinued operation (attributable to equity holders of the company)		13.449.429		0	13.449.429
Net profit/(loss) of the period	**42.160.124**	**39.981.231**	**-27.040.158**	**-9.526.522**	**45.574.674**

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.

The segment income statement for the twelve months ended at 31 December 2021 has been restated presenting Abylsen as a discontinued operation.

The profit/(loss) from discontinued operations for the 2021 income statement relate to the profit/(loss) of the Abylsen Group, part of the Engineering & Consulting segment. The profit/(loss) from discontinued operations for the 2022 income statement relate to the profit/(loss) of the Abylsen Group, part of the Engineering & Consulting segment, the profit/(loss) of the StaffMe Group, part of the Specialized Talent Solutions segment, and the gain on the disposal of the Abylsen and StaffMe Group that has been accounted for by its parent company Accent Jobs For People, also part of the Specialized Talent Solutions segment.

The group eliminations in 2022 of EUR 38.85 million net profit/(loss) contain mainly the expense for the Long Term Incentive Plan of EUR 3,83 million (see note 19), the dividend of EUR 10,00 million paid by Redmore to House of HR and of EUR 25,00 million paid by Accent Construct NV to House of HR.

The group eliminations in 2021 contain, amongst others, the expense for the Long Term Incentive Plan of EUR 1,53 million (see note 19), the elimination of EUR 1,04 million dividend on preferred shares from Accent Group to House of HR and the elimination of EUR 6,76 million plus value on the sale of shares in Gighouse and Nowjobs from Accent to House of Invest.

Segment reporting – balance sheet as at 31 December 2022 in EUR	Specialized Talent Solutions	Engineering & Consulting	House of Support	Group eliminations and other	TOTAL
Total segment assets	1.350.593.251	1.501.811.657	1.983.933.566	-2.360.883.244	2.475.455.230
Total segment liabilities and equity	-1.350.593.251	-1.501.811.657	-1.983.933.566	2.360.883.244	-2.475.455.230
Amount of investments in associates and joint ventures accounted for by the equity method	**59.962.906**	**293.685.737**	**1.035.247**		**1.035.247**

Segment reporting – balance sheet as at 31 December 2021 in EUR	Specialized Talent Solutions	Engineering & Consulting	House of Support	Group eliminations and other	TOTAL
Total segment assets	1.125.452.426	1.228.466.636	1.779.728.720	-2.137.828.743	1.995.819.039
Total segment liabilities and equity	-1.125.452.426	-1.228.466.636	-1.779.728.720	2.137.828.743	-1.995.819.039
Amount of investments in associates and joint ventures accounted for by the equity method			912.692		912.692

The Specialized Talent Solutions segment, composed of Accent, House of Covebo, House of Care Talents and TimePartner (excluding AERO and IBB), is active in Belgium, The Netherlands and Germany. The Engineering & Consulting segment, composed of Continu Professionals, Redmore, GRITT, Cohedron, SOLCOM, AERO and IBB, is active throughout France, the Netherlands, Belgium, and Germany. We refer to note 22 for a split of the revenue per geographical region.

7 INTANGIBLE ASSETS

	Intangible assets						
	Customer relationships	Brand name	Internally generated software	Software under development	Externally acquired software	Other	Total
At 1st of January 2021							
Cost	164.521.930	63.805.343	36.373.208	1.952.364	4.537.352	232.851	271.423.048
Accumulated amortization and impairment	-53.350.921	-19.625.863	-19.823.546	0	-3.475.616	-153.779	-96.429.726
Net book amount	111.171.009	44.179.480	16.549.662	1.952.364	1.061.736	79.072	174.993.323
Movements in 2021							
Acquisition of subsidiaries	140.989.715	15.048.955	23.087.665	289.177			179.415.511
Acquisition of subsidiaries – accumulated depreciations			-3.334.433				-3.334.433
Additions	255.000	110.000	5.341.641	6.660.061	49.206		12.415.908
Disposals – reversal of gross book value		-7.235.974	-821.418				-8.057.392
Disposals – reversal of accumulated amortisation/impairment		7.235.974	715.111				7.951.085
Amortisation/impairment	-23.589.205	-4.424.253	-8.946.125		-329.858	-39.536	-37.328.977
Translation differences			93				93
Transfers – Acquisition value	0	0	3.104.076	-3.500.762			-396.685
Transfers – Accumulated depreciations	0	0	839.579	92.734	-501.299	-39.536	391.479
Other changes in acquisition value	0	0	-87.719				-87.719
Other changes in accumulated depreciations	43.509	1	91.024				134.534
Closing balance at December 31,2021	228.870.027	54.914.184	36.539.156	5.493.574	279.786	0	326.096.727
At 31 December 2021							
Cost	305.766.645	71.728.324	66.997.547	5.400.840	4.586.558	232.851	454.712.765
Accumulated amortization and impairment	-76.896.618	-16.814.141	-30.458.391	92.734	-4.306.773	-232.851	-128.616.038
Net book amount	228.870.027	54.914.184	36.539.156	5.493.574	279.786	0	326.096.727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Intangible assets							
	Customer relationships	Brand name	Internally generated software	Software under deverlopment	Externally acquired software	Other	Total
At 1st of January 2022							
Cost	305.766.645	71.728.324	66.997.546	5.400.840	4.586.558	232.851	**454.712.764**
Accumulated amortization and impairment	-76.896.618	-16.814.141	-30.458.436	92.734	-4.306.773	-232.851	**-128.616.084**
Net book amount	**228.870.027**	**54.914.184**	**36.539.110**	**5.493.574**	**279.786**	**0**	**326.096.680**
Movements in 2022							
Acquisition of subsidiaries	145.121.879	25.120.938	5.065.061				**175.307.878**
Acquisition of subsidiaries – accumulated depreciations			-2.517.562				**-2.517.562**
Disposal of subsidiaries – gross book value	-15.087.806	-2.024.396	-4.479.912				**-21.592.115**
Disposal of subsidiaries – accumulated depreciation	2.525.100	203.345	2.371.199				**5.099.644**
Additions	37.001		10.524.375	4.830.961			**15.392.337**
Disposals – reversal of gross book value			-998.724				**-998.724**
Disposals – reversal of accumulated amortisation/impairment			981.650				**981.650**
Amortisation/impairment	-37.561.458	-5.940.762	-10.543.402		-2.228		**-54.047.850**
Transfers – Acquisition value			3.665.938	-3.655.719			**10.219**
Transfers – Accumulated depreciations			16.347				**16.347**
Other changes in acquisition value	-2.917		57.539			-22.240	**32.382**
Other changes in accumulated depreciations	2.917		-28.851			22.240	**-3.694**
Closing balance at December 31,2022	**323.904.743**	**72.273.308**	**40.652.768**	**6.668.816**	**277.558**	**0**	**443.777.192**
At 31 December 2022							
Cost	435.834.802	94.824.866	80.831.822	6.576.081	4.586.558	210.611	**622.864.741**
Accumulated amortization and impairment	-111.930.059	-22.551.558	-40.179.054	92.734	-4.309.001	-210.611	**-179.087.549**
Net book amount	**323.904.743**	**72.273.308**	**40.652.768**	**6.668.816**	**277.558**	**0**	**443.777.192**

(i) Acquisition related intangible assets

The carrying amounts of the customer relationships and the brand names as per 31 December 2022 amount to EUR 323,90 million and EUR 72,27 million, respectively.

The customer relationships and brand names were acquired as part of a business combination or an asset deal. 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.

(ii) Disposal of subsidiaries

As a result of the deconsolidation of the Abylsen Group, of which the intangible assets mainly relate to the Greenworking and ETA business, and StaffMe, the assets and liabilities of these entities are reported as 'disposal of subsidiaries', refer to note 3.6.

(iii) 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 0,28 million as per 31 December 2022. 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 40,65 million as per 31 December 2022. The carrying amount of software under development amounts to EUR 6,67 million as per 31 December 2022.

The majority of the internally developed software as well as the software under development relates to the "MyAccent app" and the "My tools" digital platform that is used by Accent Jobs for People to run the HR business; the IT platform named "FLOW" developed by Cohedron to bring together budget counselling, guardianship and debt counseling; and the development of the apps created by the Group such as NOWJOBS, SWOP, Softskills, etc.

The Group expenses a total of EUR 2,65 million of research and development expenditures in the income statement.

(iv) Amortizations
Amortizations on intangible assets are charged to the Selling Expenses (EUR 46,10 million) and the General and administrative expenses (EUR 6,59 million) in the statement of financial performance, excluding the amortization charges for the deconsolidated groups Abylsen and StaffMe.

There are no intangible assets with an indefinite useful life.

8 GOODWILL

Goodwill acquired through business combinations is allocated by Group management to the following two segments, each composed of several PowerHouses representing the Cash Generating Units of the Group:

- Specialized Talent Solutions: The Specialized Talent Solutions segment provides on the one hand temporary staffing solutions with a focus on 'temp-to-perm' placements, international job candidate recruiting and permanent placements for clients who need specific job profiles, and on the other hand (mostly) short-term staffing solutions to larger clients with multiple staffing needs. We strongly believe it requires specialists to hire specialists. Construction, retail, finance, logistics, technical – our specialized PowerHouses know their niches and both their customers and candidates like no one else.

The Specialized Talent Solutions Segment is composed of the Accent, House of Covebo, TMI, LD Personalvermittlung and the TimePartner Group, excluding AERO and IBB which are part of the Engineering and Consulting segment.

- Engineering & Consulting: Highly skilled professionals are recruited to work in fast evolving sectors like finance, legal, energy, pharmaceuticals, technology, project sourcing, interim management or secondment in line with our clients' needs. The Group also assists clients with the search and selection of the right candidate, interim management or secondment. The Engineering & Consulting segment is composed of GRITT, Continu Professionals, Redmore, Cohedron, SOLCOM and part of the TimePartner Group, being AERO and IBB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Carrying amount of goodwill allocated to each of the segments
Movements in goodwill as well as the allocation of goodwill to the different segments at year-end is shown in the following table:

As at 31 December 2021						
Segment	1 January 2021	Acquisition of subsidiaries	Disposal of subsidiaries	Impairment charge	Other adjustments	31 December 2020
Corporate	506.762	0	0	0	0	506.762
Specialized Talent Solutions	405.739.746	15.163.985	0	0	-127.166	420.776.565
Engineering & Consulting	455.737.825	147.004.997	0	0	0	602.742.823
TOTAL	861.984.333	162.168.983	0	0	-127.166	1.024.026.150

As at 31 December 2022						
Segment	1 January 2022	Acquisition of subsidiaries	Disposal of subsidiaries	Impairment charge	Other adjustments	31 December 2022
Corporate	506.762	0	0	0	0	506.762
Specialized Talent Solutions	420.776.565	111.326.001	-19.639.148	0	171.869	512.635.287
Engineering & Consulting	602.742.823	114.694.282	-167.925.422	-13.300.000	0	536.211.683
TOTAL	**1.024.026.150**	**226.020.283**	**-187.564.570**	**-13.300.000**	**171.869**	**1.049.353.732**

Reference is made to note 3.1 on business combinations for more details on the acquisitions of subsidiaries. The disposal of subsidiaries relate to the reorganization of the Abylsen Group, see note 3.6.

Key assumptions used in value in use calculations
An impairment test is annually performed based on Q3 interim financial statements. The recoverable amount is calculated based on the value-in-use method.

During Q2 2022, the rising interest rates have been considered as an impairment indicator. Consequently, an impairment test has been performed as per 30 June 2022. Except for GRITT, no goodwill impairment has been identified. With regard to GRITT, part of the Engineering and Consulting Segment, the recoverable amount amounted to EUR 40,93 million, compared to a carrying value of EUR 54,23 million. Although the results of GRITT are in line with the budgeted results, the change in WACC has impacted the recoverable amount negatively. Considering the current market conditions, this change is considered to be long-term and a goodwill impairment of EUR 13,30 million has been recorded in Q2 2022.

As interests rates increased further during Q3 and Q4 2022 another impairment test has been performed as per 30 September 2022. The carrying amount of GRITT, amount to EUR 40,93 million including the impairment of EUR 13,30 million is in line with the recoverable amount. As such, no further impairment has been recorded.

The calculations use cash flow projections based on financial budgets approved by management covering a five-year window for the 2022 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:

- **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.

Pre-tax discount rate	31 December 2022	31 December 2021
Specialized Talent Solutions	**9,95%**	7,09%
Engineering & Consulting	**9,60%**	6,95%

- **EBITDA Margin:** The EBITDA margins are based upon past performance and management's expectations for the future.

EBITDA Margin	31 December 2022	31 December 2021
Specialized Talent Solutions	**10,6%**	9,6%
Engineering & Consulting	**17,2%**	18,7%

- **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.

Growth rate	31 December 2022	31 December 2021
Specialized Talent Solutions	**2,0%**	2,0%
Engineering & Consulting	**2,0%**	2,0%

Based on the goodwill impairment exercise performed, the carrying value of the CGU's doesn't exceed its recoverable amount.

Sensitivity to changes in assumptions

Although the results of GRITT are in line with the budgeted results, the change in WACC has impacted the recoverable amount of the CGU GRITT negatively. If the interest rates keep rising or sales are below budget, the cash flow projections might further fall below the net assets of the Group.

As currently GRITT results are in line with budgeted result, and development of interest rates is difficult to predict, we believe that the current impairment charge recorded correctly presents these risks.

Next to that, the CGU TMI is under pressure as the impact of Covid on prior year results was higher than initially estimated. As a result, the phase out of the Covid pandemic have impacted results higher than expected. Management has carefully considered this in their budget and an action plan has been set up. If the budget expectations would not be met, or the WACC would further increase, this might be considered as a trigger for a goodwill impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 2021						
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
Movements in 2021						
Acquisition of subsidiaries			6.587.112	1.209.322	20.835.264	28.631.698
Acquisition of subsidiaries – accumulated depreciations			-4.697.185	-557.410		-5.254.595
Additions		308.903	4.834.203	2.008.482	32.577.198	39.728.786
Disposals – reversal of gross book value	12.629	-279.081	-2.204.533	-524.252	-19.788.526	-22.783.763
Disposals – reversal of accumulated amortisation/impairment	-15.562	278.161	1.943.596	409.758	19.721.270	22.337.223
Depreciation/impairment		-194.287	-5.552.421	-2.646.260	-44.934.121	-53.327.089
Translation differences			2.199			2.199
Transfers – acquisition value	-124.974	-304.407	107.565	299.011	-164.502	-187.308
Transfers – accumulated depreciations	2.661	182.991	-143.282	-21.584	80.719	101.505
Other changes in acquisition value		-6.631	116.469	60.897	8.087.517	8.258.252
Other changes in accumulated depreciations		-4.585	-47.292	-77.504	-18.326	-147.707
Closing balance at December 31,2021	270.000	565.328	13.076.724	7.114.974	104.033.473	125.060.499
At 31 December 2021						
Cost	275.100	1.658.002	42.830.490	21.411.098	185.632.373	251.807.063
Accumulated depreciation and impairment	-5.100	-1.092.674	-29.753.765	-14.296.124	-81.598.900	-126.746.564
Net book amount	270.000	565.328	13.076.724	7.114.974	104.033.473	125.060.499

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 2022						
Cost	275.100	1.658.002	42.829.890	21.411.098	185.632.373	**251.806.463**
Accumulated depreciation and impairment	-5.100	-1.092.674	-29.753.165	-14.296.124	-81.598.900	**-126.745.964**
Net book amount	**270.000**	**565.328**	**13.076.724**	**7.114.974**	**104.033.473**	**125.060.499**
Movements in 2022						
Acquisition of subsidiaries	1.646.176	140.339	2.781.045	3.280.388	21.250.800	**29.098.748**
Acquisition of subsidiaries – accumulated depreciations	-850.616	-123.475	-1.850.642	-1.735.797		**-4.560.530**
Disposal of subsidiaries	-5.100	-1.113.360	-5.494.277	-228.493	-22.652.746	**-29.493.976**
Disposal of subsidiaries – accumulated depreciation	5.100	938.547	3.543.941		8.470.665	**12.958.254**
Additions		769.581	8.038.995	4.922.179	79.912.794	**93.643.549**
Disposals – reversal of gross book value	-11.569	-717	-5.277.906	-284.040	-24.024.899	**-29.599.130**
Disposals – reversal of accumulated amortisation/impairment	7.548	717	4.951.095	138.345	24.024.899	**29.122.604**
Depreciation/impairment	-68.910	-250.770	-6.430.156	-3.075.530	-59.185.508	**-69.010.874**
Translation differences			-1.442	-181		**-1.623**
Transfers – acquisition value	-26.091		-10.976	9.742	0	**-27.325**
Transfers – accumulated depreciations	12.639		-788	-11.851	0	**0**
Other changes in acquisition value	-5.100	-44.292	-80.442	-8.123	16.199.444	**16.061.487**
Other changes in accumulated depreciations	5.100	46.576	75.062	-808	135.687	**261.617**
Closing balance at December 31,2022	**979.177**	**928.474**	**13.320.234**	**10.120.804**	**148.164.609**	**173.513.298**
At 31 December 2022						
Cost	1.873.416	1.409.554	42.784.888	29.102.570	256.317.765	**331.488.192**
Accumulated depreciation and impairment	-894.239	-481.079	-29.464.654	-18.981.765	-108.153.157	**-157.974.895**
Net book amount	**979.177**	**928.474**	**13.320.234**	**10.120.804**	**148.164.609**	**173.513.298**

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, houses, branches and headquarters that are considered as financial lease resulting from the IFRS16 standard on leases:

Right-of-use asset	31 December 2022	31 December 2021
Buildings	**88.824.125**	67.014.874
Cars	**59.194.253**	36.797.488
Office equipment and vehicles	**146.231**	221.111
Total right-of-use asset	**148.164.609**	104.033.473

Changes into PP&E as per 31 December 2022 mainly relate to the acquisitions done in 2022, the disposal of Abylsen 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 25,18 million), Selling Expenses (EUR 32,03 million) and the General and administrative expenses (EUR 7,61 million) in the statement of financial performance, excluding the amortization charges for the deconsolidated groups Abylsen and StaffMe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 2022				
Trade receivables			258.191.853	**258.191.853**
Loans to related parties			306.448.398	**306.448.398**
Cash and cash equivalents			146.815.618	**146.815.618**
Other non-current assets			11.736.446	**11.736.446**
Other receivables			73.370.562	**73.370.562**
Derivative assets		0		**0**
Total financial assets	**0**	**0**	**796.562.878**	**796.562.878**

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 2021				
Trade receivables			230.579.860	230.579.860
Loans to related parties			140.000	140.000
Cash and cash equivalents			208.134.200	208.134.200
Other non-current assets			13.233.234	13.233.234
Other receivables			57.987.446	57.987.446
Derivative assets		3.027.960		3.027.960
Total financial assets	**0**	**3.027.960**	**510.074.740**	**513.102.700**

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 2022				
Trade and other payables			96.533.322	**96.533.322**
Bank borrowings			1.312.339.704	**1.312.339.704**
Other loans			139.096	**139.096**
Shareholder's loans			1.575.000	**1.575.000**
Other liabilities – financial leases			154.829.103	**154.829.103**
Other liabilities excl. financial leases			128.623.557	**128.623.557**
Total financial liabilities	**0**	**0**	**1.694.039.782**	**1.694.039.782**

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 2021				
Trade and other payables			61.413.931	61.413.931
Bank borrowings			1.087.203.501	1.087.203.501
Other loans			197.179	197.179
Vendor loans			4.142.000	4.142.000
Shareholder's loans			1.575.000	1.575.000
Other liabilities – financial leases			111.208.629	111.208.629
Other liabilities excl. financial leases			104.832.148	104.832.148
Total financial liabilities	0	0	1.370.572.388	1.370.572.388

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. As per 31 December 2022 there are no derivatives anymore as the external financing has been replaced by loans from related parties for which no derivatives are stipulated in the loan agreement (refer to note 4.1). For more details on accounting policies applied for each category, please refer to the note 2.

11 DERIVATIVE FINANCIAL INSTRUMENTS

The Group had the following derivative financial instruments during 2021 and 2022:

(i) Early payment option on SSN and SUN

The Group had Senior (Un)Secured Notes of EUR 570,00 million as disclosed in borrowings (refer to note 16 for more details). A derivative financial asset was recognized in relation to an embedded derivative – the right for the issuer to exercise an early payment option. As this option was not considered to be closely related to the host contract, a derivative asset was recognized and was measured at the fair value on initial recognition with subsequent changes in fair value recorded in the income statement. At year-end 2021 a derivative financial asset of EUR 3,03 million was recognized. Since Q1 2022 the derivative is valued at 0. The difference in fair value has been recorded in the income statement.

As a result of the sale of the majority of the shares to Bain Capital, the Senior (Un)Secured Notes have been settled.

The Group does not use derivatives for speculative investments.

12 TRADE AND OTHER RECEIVABLES

12.1 Current trade receivables

Trade receivables	31 December 2022	31 December 2021
Trade receivables from third parties	**263.897.312**	236.818.665
Trade receivables from related parties	**1.885.059**	104.330
Less: provision for impairment	**-7.590.519**	-6.343.134
Trade receivables, net	**258.191.853**	230.579.860

(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

The Group entered into factoring agreements with banks, under which trade receivables of certain entities within the Group are being transferred to the factors. These entities are part of Accent Group and GRITT. During 2020, the Group has implemented a commercial finance agreement (factoring) in TimePartner and Zaquensis. In 2021, the Group has implemented a commercial finance agreement (factoring) for several entities within the Continu and Covebo Powerhouses, and transferred the existing commercial finance agreement at Avanti towards the House of HR commercial finance program. As both the late payment risk and credit risk have been substantially transferred to the counterparty, this agreement has been accounted for as a non-recourse agreement as the continuing involvement is considered insignificant. Beginning of 2022, SOLCOM was acquired, where the existing factoring program was transferred towards the House of HR's commercial finance program. Also, Eurojob (part of Covebo) was integrated in the factoring program during 2022. At year-end 2022, a total of EUR 164,5 million accounts receivable has been transferred to the factor which has been deducted from the open trade receivables. A further EUR 28,42 million is recorded as other receivable and comprises the difference between the gross trade receivable sold and the amount pre-financed by the factoring company (95% for Accent and GRITT, 90% for TimePartner, 80% for Continu, 70% for Covebo and 90% for Avanti and SOLCOM).

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 include:

Other financial assets at amortized cost	31 December 2022	31 December 2021
Subleasing	**4.824.531**	5.778.207
Loans granted to third parties	**0**	1.892.395
Other non-current assets	**6.911.915**	5.562.632
Loans to related parties	**306.448.398**	140.000
Total non-current assets and loans to related parties	**318.184.845**	13.373.235
Other receivables	**4.649.950**	9.470.230
Prepayments	**14.220.432**	7.972.689
VAT receivable	**4.717.822**	2.269.597
Other receivables – projects	**1.585.746**	1.278.118
Grants to be received	**11.209.948**	9.276.263
Short term Warranties	**270.877**	4.570
Loans granted to third parties	**92.799**	2.117.230
Subleasing	**1.031.602**	1.031.602
Accrued interests	**229**	109.147
Commercial finance	**28.418.324**	23.238.999
Other receivables from related parties	**7.172.834**	1.219.000
Other receivables	**73.370.562**	57.987.446

(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. This results in a total receivable balance of EUR 5,86 million at year-end 2022.

(ii) Loans granted to third parties

The loan granted to the new shareholders of GRITT Projects has been paid in 2022.

(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) Loans to related parties

The loans to related parties mainly relate to the loan towards House of HR Group BV (EUR 242,45 million) relating to the French reorganization, and the loan towards Abylsen (EUR 58,38 million) and Nowjobs France II (the new parent company of StaffMe) of EUR 4,60 million, both considered as discontinued operations (refer to note 3.6) as per 31 December 2022 where these entities were included in the consolidation as per 31 December 2021.

(v) Other current receivables and prepayments

The other current receivables and prepayments are related to accruals for income to be received/costs to be carried forward.

(vi) 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.

(vii) Grants to be received

A receivable of EUR 3,09 million 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 2022 the outstanding receivable amounts to EUR 4,37 million.

TimePartner receives the KUG (*"Kurzarbeit"*; translated to compensation for reduced hours) and IfSG (*"Infektionsschutzgesetz"*; translated to Infection Protection Act) 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 has requested these grants. For 2022 the outstanding receivable amounts to EUR 3,65 million.

Refer to note 24 for more information on the grants.

(viii) Commercial finance – Transferred receivables
Refer to note 12.1 (ii).

(ix) Other receivables from related parties
The other receivable from related parties contain mainly interests charged on the loans towards Abylsen, Nowjobs France II and House of HR Finco BV (refer to iv) and management fees charged to Abylsen and StaffMe (refer to note 34).

(x) 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.

(xi) Impairment and risk exposure
The Group did not account any loss allowances on the other receivables in 2022. 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 2022	31 December 2021
Current tax on profits for the year	**43.369.017**	33.014.019
Adjustments in respect of prior years	**134.591**	2.488.131
Total current tax expense/(benefit)	**43.503.608**	35.502.149
Deferred tax		
Decrease/(increase) in deferred tax asset	**1.455.226**	-195.225
(Decrease)/increase in deferred tax liabilities	**-14.798.548**	-7.476.867
Impact of change in the income tax rate	**-1.476.186**	1.487.486
Total deferred income tax expense/(benefit)	**-14.819.509**	-6.184.606
Income tax expense	**28.684.099**	29.317.543

As per November 3, 2022 a fiscal unity in the Netherlands has been established, headed by House of HR Group BV and comprising all PowerHouses in the Netherlands and the top level company House of HR Finco BV. The request for this fiscal unity is currently outstanding.

As such, the outstanding tax payable balances and the current tax on profits of the year for the PowerHouses in the Netherlands, is composed of (1) the tax position applicable before the fiscal unit, i.e. up to November 3, 2022, and (2) the tax payable balance towards the parent company House of HR Group BV relating to the last 2 months profit/loss of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 2022	31 December 2021
Profit from continuing operations before income tax expense	**-1.134.339**	61.442.788
PROFIT/(LOSS) BEFORE TAXES	**-1.134.339**	61.442.788
Profit/loss items not deductible in calculating taxable income		
Neutralization internal plus/less value	**0**	1.870.862
Gain on the determination of the fair value of previously acquired interests	**0**	-363.637
Expenses non deductible for tax purposes	**48.608.837**	32.049.024
Goodwill impairment	**13.300.000**	0
Tax computed on other basis	**1.089.463**	-220.394
IFRS adjustment	**-2.739.239**	-4.245.348
Share-based payments	**433.484**	1.478.312
Other	**197.318**	-161.860
Adjusted profit/(loss) before taxes	**59.755.524**	91.949.745
Theoretical income tax rate in %	**25%**	25%
Tax calculated at domestic tax rates applicable to profit in the respective countries	**14.938.881**	22.962.436
Tax items impacting tax income/expense (tax effect):		
Difference tax rate compared to parent company	**1.749.840**	899.105
Adjustments for current tax of prior periods	**118.052**	2.578.407
Unrecognised deferred income tax losses	**13.788.566**	2.919.690
Tax increase due to insufficient prepayments	**633.656**	719.061
Previously unrecognised tax losses used to reduce deferred tax expense	**-109.597**	-815.728
Liquidation bonus	**-2.162**	0
Re-measurement of deferred taxes: change in domestic tax rates	**-1.399.706**	1.447.417
Innovation deduction	**-1.033.431**	-1.392.846
Adjusted tax calculated	**28.684.099**	29.317.543
Income tax expense in P&L	**28.684.099**	29.317.543

PROFIT/(LOSS) BEFORE TAXES	**-1.134.339**	61.442.788
Income tax expense in P&L	**28.684.099**	29.317.543
Tax rate	**-2529%**	48%

The weighted average applicable tax rate on continued operations is -2529%, compared to 48% in 2021. Primary drivers that impact 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 voucher expenses), including interest expenses that are fiscally capped (thin cap rule).

(ii) Shares
In 2022 a goodwill impairment of EUR 13,30 million EUR has been recorded related to GRITT (refer to note 8), which is considered as non-deductible.

(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 losses of House of Support (being House of HR, House of Invest, House of Pledge, House of IT Support, House of IT Talents and House of Finance) (loss before taxes of EUR 55,28 million in 2022, including EUR 34,98 million intragroup dividend income, compared to a loss before taxes of EUR 26,85 million in 2021). As no deferred tax asset has been recognized on the (accumulated) losses, this impacts the Effective Tax Rate as presented in above table.

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

The impact of the re-measurement of deferred taxes relates to changes in the applicable income tax rates for Locum due to the move of the headquarter to a different region within Germany.

13.2 Amounts recognized directly in equity

The deferred income taxes that have been recognized directly in equity are minor.

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 2022	31 December 2021
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	**1.735.410**	3.897.620
Deferred tax asset to be recovered after more than 12 months	**6.378.674**	1.861.076
Total deferred income tax assets	**8.114.112**	5.758.696
Deferred tax liabilities:		
Deferred tax liability due within 12 months	**-12.112.518**	-10.204.016
Deferred tax liability due after more than 12 months	**-92.942.617**	-69.208.214
Total deferred income tax liabilities	**-105.055.029**	-79.412.461
Deferred tax assets/(liabilities) (net)	**-96.940.917**	-73.653.765

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

	2022
Opening Balance	**-73.653.765**
Acquisition of subsidiaries	**-42.134.206**
Disposal of subsidiaries	**3.826.188**
Income statement credit/(charge)	**15.199.599**
Tax charged (credit) directly to equity	**-1.577**
Tax charged (credited) directly to other comprehensive income	
Other movements	**-177.160**
Balance at 31 December	**-96.940.917**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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:

Deferred tax assets	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**	**1.935.246**	**194.637**	**0**	**0**	**464.616**	**0**	**1.561.965**	**4.625.160**	**8.781.624**
Acquisition of subsidiaries		89.703	69.967					24.953	6.676.134	**6.860.757**
Disposal of subsidiaries			-119.332						-123.543	**-242.874**
Income statement credit / (charge)		-1.154.379	244.171			-147.614		90.772	-528.149	**-1.495.198**
Tax charged (credit) directly to equity						-1.577			-76	**-1.653**
Tax charged directly to other comprehensive income										**0**
Other movements		5.182				908.821		-1.159.480	-203.749	**-449.227**
Balance at 31 December	**0**	**875.752**	**389.443**	**0**	**0**	**1.224.247**	**0**	**518.210**	**10.445.777**	**13.453.429**

Deferred tax liabilities	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**	**-4.431.767**	**0**	**-77.722.966**	**0**	**0**	**0**	**-280.702**	**-82.435.434**
Acquisition of subsidiaries			-426.523		-48.568.440					**-48.994.963**
Disposal of subsidiaries			414.020		3.688.513				-33.392	**4.069.140**
Income statement credit / (charge)			4.287.367		12.130.173				277.216	**16.694.756**
Tax charged (credit) directly to equity										**0**
Tax charged directly to other comprehensive income									-35	**-35**
Other movements			72.054		0				200.010	**272.064**
Balance at 31 December	**0**	**0**	**-84.849**	**0**	**-110.472.719**	**0**	**0**	**0**	**162.939**	**-110.394.629**

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 2022	31 December 2021
Losses carried forward	**20.272.406**	14.556.064
Dividends received deduction	**1.567.045**	1.306.249
R&D deduction	**116.241**	43.077
Interest deduction limitation	**4.917.461**	
Total	**26.873.153**	15.905.390

The losses carried forward relate for the main part to House of HR, the entity on which the Group 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.

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31 December 2022	31 December 2021
Cash at bank and on hand	**132.608.795**	200.411.518
Short-term bank deposits	**335.582**	94.604
Restricted cash	**13.953.889**	7.628.078
Cash and cash equivalents excluding bank overdrafts	**146.898.266**	208.134.200

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 2022	31 December 2021
Cash and cash equivalents excluding bank overdrafts	**146.898.266**	208.134.200
Bank overdrafts	**-82.648**	
Cash and cash equivalents	**146.815.618**	208.134.200

The cash and cash equivalents disclosed above and in the statement of cash flows include EUR 13,95 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.

15 EQUITY

15.1 Shareholders' equity

The authorized share capital and share premium of the Group as per 31 December 2022 is EUR 337,90 million and consists of 549.914.956 shares. The following movements in the shareholders' equity were noted in 2022:

	Total	
Share capital and share premium	Shares	Par value
Balance 1 January 2022	**501.741.589**	**266.711.384**
Leaver conversion	-177.177	
Conversion for sale to Bain Capital	14.538.416	
Capital increase	33.812.128	71.184.728
Total	**48.173.367**	**71.184.728**
Balance 31 December 2022	**549.914.956**	**337.896.112**

In March 2022 House of HR proceeded with a capital increase (in cash) in order to allow the existing shareholders to invest in House of HR pro-rata their existing shareholding, and to allow the managers of the recently acquired entity SOLCOM and other managers to become a shareholder. The capital increase amounted to EUR 32,07 million and EUR 5,83 million presented by 17.856.556 shares.

An additional capital increase took place in June 2022 to allow the managers of the recently acquired group TMI and the entities Vijverberg and Sira Consulting to become a shareholder. The share capital of the group has increased by paying a part of the purchase price of these newly acquired entities with equity instruments of the Group (refer to note 3.1). This capital increase amounted to EUR 33,28 million presented by 15.955.572 shares.

In addition, the following changes in shareholders have taken place during 2022:

- Leaver conversion, resulting in the conversion of tracking shares into C shares
- All tracking shares have been converted to C shares in view of the Bain deal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Above transactions have resulted in following movement of shares:

CREATION OF SHARES				
Q1 2022 Capital increase	**Q2 2022 Capital increase**	**Q4 2022 Leaver conversion**	**Q4 2022 Conversion for sale to Bain Capital**	
15.493.591	3.899.369	724.511	66.590.849	Ordinary shares
32.814	0	-274.770	-7.474.777	Abylsen tracking shares
254.603	0	-3.649	-2.978.056	Accent tracking shares
478.038	189.031	-325.315	-6.843.934	Cohedron tracking shares
420.550	0	-297.954	-8.645.310	Continu tracking shares
137.785	0	0	-3.819.328	Covebo tracking shares
112.487	0	0	-4.849.149	Redmore tracking shares
19.622	0	0	-3.936.695	TimePartner tracking shares
119.598	0	0	-3.069.626	Zaquensis tracking shares
479.579	0	0	-479.579	Solcom tracking shares
0	8.885.284	0	-8.885.284	TMI tracking shares
0	0	0	-1.070.695	GRITT tracking shares
307.889	970.324	0	0	Preference shares PA8
0	2.011.564	0	0	Preference shares PA8.3
17.856.556	**15.955.572**	**-177.177**	**14.538.416**	

The following types of shares exist as per 31 December 2022:

- Class A, B, C and D ordinary shares
- 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%
- Preferred equity shares with cumulative preferred dividend of 8,3%
- 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.

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

The number of shares by type is as follows:

	2022 Number of Shares	2021 Number of Shares
Ordinary shares		
Shares – class A	130.388.751	126.603.228
Shares – class B	251.399.646	240.906.785
Shares – class C	111.731.937	39.475.798
Shares – class D	7.304.949	7.131.152
Tracking shares (class C)		
Accent convertible tracking shares	0	2.727.102
Abylsen convertible tracking shares	0	7.716.733
Continu convertible tracking shares	0	8.522.714
Covebo convertible tracking shares	0	3.681.543
TimePartner convertible tracking shares	0	3.917.073
Zaquensis convertible tracking shares	0	2.950.028
GRITT convertible tracking shares	0	1.070.695
Redmore convertible tracking shares	0	4.736.662
Cohedron convertible tracking shares	0	6.502.180
Preference shares PA6	3.500.000	3.500.000
Preference shares PA8	20.903.579	19.625.366
Preference shares PA8.3	2.011.564	0
Preference shares PA8.5	21.000.109	21.000.109
Partial repaid preference shares PTPA8	1.674.421	1.674.421
Total shares	**549.914.956**	501.741.589

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 2022	**-7.031.311**	**-148.698.401**	**21.361.542**	**-134.368.171**
Changes in minorities		-7.955.139		-7.955.139
Long-term incentive plan			3.831.908	3.831.908
Balance 31 December 2022	**-7.031.311**	**-156.653.540**	**25.193.450**	**-138.491.402**

Refer to note 3.4 for information on the changes in minorities and note 19 for information on the long-term incentive plan.

15.3 Retained earnings

Movements in retained earnings were as follows:

Retained earnings	
Balance 1 January 2022	**175.592.115**
Net profit of the period	**-19.299.448**
Gain/loss from remeasurement of discontinued operations to fair value less costs to sell	**68.232.130**
Foreign currenty translation	**99.968**
Disposal of subsidiaries	**0**
Other movements	**-242.974**
Balance 31 December 2022	**224.381.791**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16 BORROWINGS

The following table illustrates the borrowings per 31 December 2022:

Total borrowings	31 December 2022	31 December 2021
Non-current borrowings		
Senior Facility Agreement		508.909.232
Senior Secured Notes		351.546.500
Senior Unsecured Notes		181.902.598
Other loans	**139.096**	188.056
Related party borrowings		
Bullet loan	**1.312.339.704**	
Vendor loan		2.000.000
Shareholder loans	**1.575.000**	1.575.000
Total related party borrowings	**1.313.914.704**	3.575.000
Non-current borrowings	**1.314.053.800**	1.046.121.387
Current borrowings		
Senior Facility Agreement		16.220.959
Senior Secured Notes		14.629.348
Senior Unsecured Notes		13.994.863
Other loans		9.123
Related party borrowings		
Vendor loans		2.142.000
Current borrowings	**0**	46.996.293
Total Borrowings	**1.314.053.800**	1.093.117.680

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 Group 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, an 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 Group 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. Additionally, 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.

As per February 19, 2021 the Group has successfully repriced their Senior Facility Agreement, resulting in a 50 BPS reduction. Total financing expenses for this repricing of EUR 2,75 million are capitalized as part of the bank borrowings and are being depreciated over the remaining lifetime of the loan.

Further, as per 3 February 2022, House of HR was able to successfully lend an additional EUR 190 million Term Loan B facility, of which EUR 2,62 million financing expenses are capitalized per 31 December 2021.

The Senior Secured Notes and Senior Unsecured Notes had 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 repayment options.

In 2022, as a result of the sale of the majority of the shares to Bain Capital, the existing borrowings in House of HR and House of Finance have been replaced by financing received from House of HR Finco BV. External financing as from then on is at the level of the new parent company House of HR Group BV, of which, via House of HR Finco BV, a part has been onlended towards House of HR and House of Finance. As a result House of HR and House of Finance now have a bullet loan from House of HR Finco BV. Refer to note 4.1 for more information.

Vendor loans

The vendor loans from the former shareholders of Avanti and Effect have been paid back in 2022.

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 borrowings	1 January - 31 December 2022
Long term borrowings	**1.046.121.387**
Short term borrowings	**46.996.293**
Balance At January 1	**1.093.117.680**
Additional borrowings	
In cash	**230.000.000**
Via conversion of intrest or fees	**27.730.634**
Repayments	**-69.722.535**
Expense refinancing fees	**32.796.497**
Balance at December 31	**1.314.053.800**

The following are the available undrawn facilities:

Undrawn borrowing facilities	31 December 2021
Expiring within beyond year 1	100.000.000
Total	100.000.000
Bank guarantees	EUR 5 million is already used as a bank guarantee and is therefore not available

The revolving credit facility under the old SFA has been terminated on closing of the Bain deal and a new revolving credit facility of EUR 250,00 million has been agreed in the current financing at the level of House of HR Group BV.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Significant assumptions taken for the fair value calculations at initial measurement
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). For the remaining 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.

Fair value of borrowings		31 December 2022		31 December 2021
	Fair Value	**Carrying value**	**Fair value**	**Carrying value**
Bank loans	**0**	**0**	1.087.203.501	1.120.000.000
Bullet loan	**1.312.339.704**	**1.312.339.704**	0	0
Vendor loan	**0**	**0**	4.142.000	4.142.000
Shareholders loans	**1.575.000**	**1.575.000**	1.575.000	1.575.000
Other loans	**139.096**	**139.096**	197.179	197.179
Total borrowings	**1.314.053.800**	**1.314.053.800**	1.093.117.680	1.125.914.179

(ii) Financial covenants

Under the terms of the Senior Facilities Agreement, the Group was 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 part of the Bain acquisition, the external bank loans have been replaced by an external loan at the level of the new parent company House of HR Group BV. House of HR Group BV contributed EUR 1.377,83 million in House of HR Finco BV, who provided long-term funding to House of Finance (EUR 790,28 million, whereof EUR 65,35 million was repaid in December 2022) and House of HR (EUR 587,45 million) to settle their existing debt. As a result the financing at the level of House of HR as per 31 December 2022 only contains loans from related party. No covenants are in place for these loans.

(iii) Collateral for the Group's bank borrowings

For the bank loans in place during 2021 and 2022 (SFA loan agreements), multiple pledge agreements were entered into which collectively secured the bank borrowings for the entire amount outstanding and accrued interest on the bank borrowings. The Group was 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 pre-Bain deal as collateral included the following:

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

17 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The following table summarizes the movement of the provisions:

	Sickness provision	Litigations	Option plan	Provision for decommissioning	Other	Total
Balance at 1 January	**2.626.474**	**515.218**	**0**	**700.093**	**24.281**	**3.866.068**
Movements						
Acquisition of subsidiaries		473.056			139.000	612.056
Additional provision	1.133.423	4.968.354	156.353	53.929	46.700	6.358.759
Amounts used during the year	-544.141			-62.752		-606.893
Withdrawals	-48.669					-48.669
Disposal of subsidiaries		-852.918			-24.281	-877.200
Balance at 31 December	**3.167.088**	**5.103.710**	**156.353**	**691.270**	**185.700**	**9.304.121**
Non-current provisions	1.059.880					
Current provisions	8.244.240					
Balance at 31 December	**9.304.121**					**-9.304.121**

(i) Sickness provision
The sickness provision relates to the accumulated sick leave in the Netherlands. The increase in the provision is mainly attributable to the impact of Covid on the sickness rate, which appear to be off structural nature in the long term.

(ii) 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" and "Other gains/losses", depending on the nature of the expense. 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 2022.

(iii) Option plan
On 31 March 2022 an LTIP has been signed for Book'U, in which 7.279 share options have been granted. Based on the estimated pay-out in 2027, when the plan ends, a provision of EUR 0,16 million has been recorded.

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 2022	31 December 2021
Short-term employee benefits	**201.239.213**	187.588.651
Post employment benefits	**3.534.502**	3.016.398
Termination benefits	**2.007.374**	2.143.559
Other long-term employee benefits	**1.875.762**	2.032.461
Total amount of employee benefits	**208.656.851**	194.781.069
Total non-current employee benefits	**3.160.310**	3.229.647
Total current employee benefits	**205.496.541**	191.551.422
Total amount of employee benefits	**208.656.851**	194.781.069

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 Termination benefits

The termination benefits relate to:

i. Outstanding payables towards former employees, mainly key management. Refer to note 34 Related Parties for more information.
ii. The transition accrual in the Netherlands ("Wet arbeidsmarkt in balans"; WAB).

18.4 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 2022	31 December 2021
Non-current jubilee benefits	**1.875.762**	2.032.461
Current jubilee benefits	**330.318**	298.606
Total amount of jubilee premiums	**2.206.080**	2.331.066

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

Overview of assumptions used	31 December 2022	31 December 2021
Discount rate	**0,5%-1,5%**	0,5%-1,5%
Retirement age	**67**	67
Turnover		

Year – turnver	31 December 2022	31 December 2021
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.

19 SHARE-BASED PAYMENTS

The share-based payments consist of the LTIP 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 an LTIP. 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 term of the options originally ran from the grant date until 28 June 2023 for Belgian tax residents (5 years maximum vesting period). For other beneficiaries, the term of validity was maximum 10 years.

This LTIP is comprised of 100 million share options, of which 75 million are granted during 2018, 12,5 million during 2019 and 12,5 million during 2021. The share options are granted free of charge at the grant date. The fair value per share option at grant date in 2018 amounts to EUR 2,17 compared to the exercise price of EUR 1,53 after the capital reduction of 2020. For the shares granted in 2019 and 2021, the fair value per share amounts to EUR 1,33 and EUR 1,63 respectively. 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. As the expected volatility of the people included in the plan has no impact on the total value, no assumption was made in this respect. 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, EUR 3,93 million in 2020 and EUR 1,53 million in 2021. Following the agreement with Bain Capital the share options have been settled in 2022 and the remaining value of EUR 3,83 million is recognized in the income statement.

Following the agreement with Bain Capital the share options have been settled in 2022 in cash. On 3rd November 2022, 37,887,870 number of options were exercised at 2,88 EUR per option share. The other granted options lapsed at that moment.

Upon acquiring of a majority stake by Bain Capital on 3rd November 2022, the Company launched a new share-based management incentive scheme ("MIP") at the level of House of HR Holding BV with the same purpose as the LTIP. Considering this MIP is at the level of House of HR Holding BV, the plan is accounted for as an equity settled plan in the consolidated statement of House of HR.

The MIP comprises currently 120,000 preferred shares (10,000 units per type of preferred shares), which can be offered to beneficiaries over the lifetime of the MIP.

The fair value per share (determined via the Probability-Weighted Expected Return Method) at grant date in 2022 amounts to:

Group preferred shares	€234,22
Accent Powerhouse preferred shares	€134,37
Abylsen Powerhouse preferred shares	€82,27
Covebo Powerhouse preferred shares	€102,41
Continu Powerhouse preferred shares	€51,98
Gritt Powerhouse preferred shares	€25,24
TimePartner Powerhouse preferred shares	€62,16
Redmore Powerhouse preferred shares	€124,43
Cohedron Powerhouse preferred shares	€89,72
Solcom Powerhouse preferred shares	€61,29
Avanti Powerhouse preferred shares	€74,26
TMI Powerhouse preferred shares	€35,04

The following number of shares/subscription rights on shares were granted as per 31 December 2022:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Group preferred shares	4.514
Accent Powerhouse preferred shares	7.380
Abylsen Powerhouse preferred shares	1.190
Covebo Powerhouse preferred shares	5.588
Continu Powerhouse preferred shares	5.941
Gritt Powerhouse preferred shares	4.250
TimePartner Powerhouse preferred shares	6.040
Redmore Powerhouse preferred shares	5.012
Cohedron Powerhouse preferred shares	6.838
Solcom Powerhouse preferred shares	6.180
Avanti Powerhouse preferred shares	4.560
TMI Powerhouse preferred shares	3.166

Depending on the country of the beneficiaries, different instruments have been used for the implementation of the MIP:

- Acquisition of shares and Stock Appreciation Rights ("SARS") for German and Dutch tax residents. German tax residents have acquired a total of 16,780 preferred shares and the Dutch tax residents a total of 26,169 preferred shares end 2022 against a consideration equal to the fair value upon grant date.
- Warrants/subscription rights for the Belgian and Polish tax residents; Belgian tax residents were offered, a total of 17,680 warrants in December 2022.
- Free shares ("actions gratuities") for the French tax residents, which were not yet granted end 2022.

Given the limited impact at Group level, no share-based payment expense has been recognized as per 31 December 2022.

The term of the subscription rights is 10 years. An exit or a good leaver event, (can) trigger liquidity of the MIP.

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 qualify as a good leaver (in case of a good leaver event);
b. Performance conditions – the number of warrants that vest (and can be exercised) or the number of shares to be sold at market value is determined at the vesting date; the value of the shares depend on the ordinary share value at the relevant time. A vesting period of 5 years applies.:

On 31 March 2022 an LTIP has been signed for Book'U, in which 7.279 share options have been granted. Based on the estimated pay-out in 2027, when the plan ends, a provision of EUR 0,16 million has been recorded (refer to note 17).

20 TRADE PAYABLES AND OTHER PAYABLES

Trade payables	31 December 2022	31 December 2021
Trade payables to third parties	**94.151.441**	58.435.636
Amounts due to related parties	**2.381.881**	2.978.295
Total	**96.533.322**	61.413.931

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. The increase in trade payables compared to 31 December 2021 mainly results from the 2022 acquisitions (refer to note 3.1).

21 OTHER LIABILITIES

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

Other non-current and current liabilities	31 December 2022	31 December 2021
Lease liabilities	**102.508.402**	69.908.441
Earn-outs to pay	**3.000.000**	
Other long-term liabilities	**22.892**	315.762
Total other non-current liabilities	**105.530.502**	70.224.204
VAT	**59.716.942**	59.180.680
Lease liabilities	**52.320.701**	41.300.188
Interest accruals	**164.089**	21.657.621
Other liabilities – projects	**3.364.515**	2.840.257
Disability contribution	**2.138.002**	2.488.802
Grants to be refunded	**49.871**	107.786
Other accruals (insurance, board fees etc.)	**3.322.470**	6.622.411
Other liabilities	**2.900.344**	2.978.884
Related party transactions	**53.945.224**	8.639.946
Debt to related parties	**47.843.133**	
Earn-outs to pay	**4.221.820**	4.338.606
Debts to shareholders	**1.880.271**	4.301.340
Total other current liabilities	**177.922.158**	145.816.574

Earn-outs to pay
The earn-outs to pay relate to the 2022 acquisitions of BE-Consult, TMI, Locum Doctors done in 2022 (refer to note 3.1), the asset deal of Job Raccoon and the acquisition of Avanti done in 2021.

The earn-outs to Bevebo and TechMatch have been paid in 2022.

Other liabilities – projects
Project related liabilities result from advance invoices sent to customers for services that still need to be rendered. This relates to projects that typically cover more than 1 year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Lease liabilities

The Group has accounted for the following lease liabilities:

	31 December 2022	31 December 2021
Gross lease liabilities – minimum lease payments:		
No later than 1 year	**53.532.859**	42.255.607
Later than 1 year and no later than 5 years	**92.626.889**	64.619.065
Later than 5 years	**19.280.578**	8.567.158
Total undiscounted lease liabilities	**165.440.326**	115.441.830
Future finance charges on leases	**-10.611.223**	-4.233.200
Present value of lease liabilities	**154.829.103**	111.208.629

The discounted lease liability is as follows:

	31 December 2022	31 December 2021
No later than 1 year	**49.584.491**	40.393.608
Later than 1 year and no later than 5 years	**87.441.063**	62.539.860
Later than 5 years	**17.803.549**	8.275.162
Present value of lease liabilities	**154.829.103**	111.208.629

The increased lease liability is mainly attributable to the acquisitions done in 2022, refer to note 9.

The Group uses the exemption for low value items and short-term contract, for which, respectively EUR 0,46 million and EUR 31,43 million expenses are included in the profit and loss statement.

Related party transactions

The debt to related parties of EUR 47,84 million relates mainly to the interest accrual on the loan received from House of HR Finco BV of EUR 27,65 milion (refer to note 16) and the outstanding cashpool, cashsweep and current account positions towards the Abylsen Group (EUR 18,06 million).

Refer to note 34 for an overview of the other liabilities to related parties.

Interests accruals

As part of the Bain acquisition, the external bank loans have been replaced by an external loan at the level of the new parent company House of HR Group BV. House of HR Group BV contributed in House of HR Finco BV, who provided long-term funding to House of Finance. As a result the financing at the level of House of HR only contain related party loans as per 31 December 2022. As such, the interest accruals on loans are included in the current liabilities to related parties.

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 continued operations from the transfer of services over time and at a point in time in the following geographical regions and lines of services:

Note: 2021 tables have been restated to consider the impact of the disposal of Abylsen to a new holding company

Revenue per geographical region	31 December 2022	31 December 2021
Belgium	**723.068.853**	619.336.212
The Netherlands	**1.128.428.176**	773.788.287
Germany	**718.463.368**	460.817.149
France	**3.226.922**	2.002.238
Other	**25.127.347**	16.929.969
Total amount of revenue	**2.598.314.667**	1.872.873.856

Revenue per segment	31 December 2022	31 December 2021
Specialized Talent Solution	**1.679.843.628**	1.381.615.881
Engineering and Consulting	**918.059.017**	490.919.405
Corporate	**412.022**	338.570
Total amount of revenue	**2.598.314.667**	1.872.873.856

At 31 December 2022	Specialized Talent Solution	Engineering & consulting	Corporate	Total revenue
Revenue recognised over time	1.654.788.650	827.152.024		2.481.940.673
Revenue recognised at point in time	25.054.978	90.906.993	412.022	116.373.994
Total amount of revenue	**1.679.843.628**	**918.059.017**	**412.022**	**2.598.314.667**

At 31 December 2021	Specialized Talent Solution	Engineering & consulting	Corporate	Total revenue
Revenue recognised over time	1.364.369.632	473.866.987		1.838.236.619
Revenue recognised at point in time	17.246.249	17.052.419	338.570	34.637.237
Total amount of revenue	**1.381.615.881**	**490.919.405**	**338.570**	**1.872.873.856**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 2022	31 December 2021
Asset recognised from costs incurred to fulfill a contract at 31 December	**1.583.076**	1.278.118
Amortisation and impairment loss recognised as cost providing services during the period		
Remaining amount of contract costs/costs to fulfill a contract on the balance sheet	**1.583.076**	1.278.118

Contract assets and liabilities	31 December 2022	31 December 2021
Current contract assets related to long-term contracts		
Loss allowance		
Total current contract assets	**0**	0
Contract liabilities – advance payments received	**3.344.666**	2.851.957
Contract liabilities – other type		
Total current contract liabilities	**3.344.666**	2.851.957

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.

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 2022	31 December 2021
Revenue recognised that is included in the contract liability balance at the beginning of the period	**2.714.084**	1.008.191
Amount of revenue recognised throughout the period		
Revenue recognised that is included in the contract liability balance at the end of the period	**2.714.084**	1.008.191

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 2022	31 December 2021
Other gains		
Earn-out	**1.506.443**	3.549.893
Management fees charged to Abylsen and StaffMe	**1.835.326**	1.322.111
Other gains	**596.214**	408.984
Total other gains	**3.937.983**	5.280.988
Other losses		
Earn-out	**-1.258.249**	-830.000
Less value on the sale of shares		-120.780
Adjustment of purchase price of business combinations		-660.964
Management fees charged by House of HR Group BV	**-628.428**	
Provisions for litigations & claims	**-4.389.881**	
Other losses	**-229.703**	
Total other losses	**-6.506.260**	-1.611.744
Total other gains/(loss) – net	**-2.568.277**	3.669.244

2021 table have been restated to consider the impact of the disposal of Abylsen to a new holding company

The final earn-outs paid are based on final calculations of the purchase price which might deviate from expected results as these are based on management best estimate of certain key metrics (such as for example EBITDA or % of sales growth). These relate to business combinations done during the previous years. Refer to note 3.1 for more information.

The management fees relate to the management fee for services performed at Group level and charged to the Abylsen Group.

The provision for litigations & claims (EUR 4,39 million) relate to a claim from a former shareholder for which the court decided in favor of the shareholder. Considering that the impact for the Group was expected not to be material, no provision was recorded as per 31 December 2021.

The other gains contain, among others, indemnification for car damage, compensation of the credit insurance company and gain on the sale of tangible and intangible assets.

24 GRANTS

The Group benefits from several grants, of which the main ones are:

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 2022 the grant amounts to EUR 4,62 million.

An income of EUR 4,04 million 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.

TimePartner receives the KUG (*"Kurzarbeit";* translated to compensation for reduced hours) and IfSG (*"Infektionsschutzgesetz"*; translated to Infection Protection Act) 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. For 2022 the grant amounts to EUR 1,04 million.

Considering the nature of the grants, all these grants are recorded as a deduction of payroll expenses.

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. Due to the 'war for talent' a lot more subcontractors and freelancers need to be hired to meet the client demands. 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 74,59% compared to 74,51% in 2021.

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

2021 table have been restated to consider the impact of the disposal of Abylsen to a new holding company

	31 December 2022	31 December 2021
Personnel expenses	**1.200.882.427**	987.664.154
Wage taxes	**246.457.593**	209.462.707
Grants related to personnel	**-6.949.415**	-11.785.917
Subcontractors and freelancers	**379.690.090**	135.510.129
Services	**92.374.950**	55.150.446
Depreciations	**25.176.527**	19.006.659
Other	**858.952**	749.432
Other income	**-358.438**	-324.706
Total costs of services	**1.938.132.686**	1.395.432.905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 13,73% for 2022 compared to 13,69% for 2021.

2021 table have been restated to consider the impact of the disposal of Abylsen to a new holding company

	31 December 2022	31 December 2021
Personnel expenses	**180.965.254**	132.337.491
Wage taxes	**31.736.760**	23.819.048
Grants related to personnel	**-1.706.889**	-218.809
Subcontractors and freelancers	**3.748.506**	3.216.604
Services	**64.598.986**	44.851.289
Depreciations	**79.466.852**	54.667.255
Other	**1.615.563**	-200.988
Other income	**-3.703.352**	-2.123.583
Total Selling expenses	**356.721.679**	256.348.307

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 5,89% for 2022 and 5,22% for 2021. The increase is related to services, comprising external fees related to the Bain acquisition and legal structure optimization.

2021 table have been restated to consider the impact of the disposal of Abylsen to a new holding company

	31 December 2022	31 December 2021
Personnel expenses	**60.864.754**	41.723.244
Wage taxes	**9.929.654**	5.494.664
Grants related to personnel	**-1.538.625**	-3.011.437
Subcontractors and freelancers	**7.668.753**	5.654.253
Services	**62.005.946**	37.366.511
Share-based payment	**3.988.900**	1.532.764
Depreciations	**14.385.601**	12.818.041
Other	**1.739.065**	388.682
Other income	**-5.958.917**	-4.172.115
Total other general and administrative expenses	**153.085.130**	97.794.606

28 EXPENSES BY NATURE

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

2021 table have been restated to consider the impact of the disposal of Abylsen to a new holding company

31 December 2022	Costs of services	Selling expenses	Other G&A expenses	Total
Personnel expenses	1.200.882.427	180.965.254	60.864.754	**1.442.712.435**
Wage taxes	246.457.593	31.736.760	9.929.654	**288.124.006**
Grants related to personnel	-6.949.415	-1.706.889	-1.538.625	**-10.194.930**
Subcontractors and freelancers	379.690.090	3.748.506	7.668.753	**391.107.350**
Other services	9.290.508	259.878	1.315.040	**10.865.427**
Housing costs	22.476.253	0	0	**22.476.253**
Travel expenses	16.812.625	0	1.868	**16.814.494**
Car leases	17.073.075	10.549.108	3.050.963	**30.673.146**
Rent	0	3.440.079	561.639	**4.001.718**
Maintenance	0	5.003.623	3.738.646	**8.742.268**
Energy	0	2.083.747	467.556	**2.551.303**
External fees	0	6.365.723	24.211.308	**30.577.032**
Training	6.104.888	3.378.193	1.106.356	**10.589.437**
Publicity & Marketing	0	21.785.687	16.052.665	**37.838.353**
Insurances	20.483.964	751.608	1.324.382	**22.559.953**
Administrative and office related expenses	0	6.753.266	3.482.108	**10.235.374**
Share-based payment	0	0	3.988.900	**3.988.900**
Depreciations	25.176.527	79.466.852	14.385.601	**119.028.979**
Bad debt provision	0	1.388.650	-18.418	**1.370.232**
Provision for risks and charges	796.757	-1.963	185.121	**979.915**
Losses on disposal of fixed assets	0	0	128.051	**128.051**
Other	195.833	4.456.949	8.137.726	**12.790.507**
Other income	-358.438	-3.455.556	-2.752.279	**-6.566.274**
Capitalization of internally generated intangibles	0	-247.796	-3.206.638	**-3.454.433**
Total	**1.938.132.686**	**356.721.679**	**153.085.130**	**2.447.939.495**

31 December 2021	Costs of services	Selling expenses	Other G&A expenses	Grand Total
Personnel expenses	987.664.154	132.337.491	41.723.244	1.161.724.889
Wage taxes	209.462.707	23.819.048	5.494.664	238.776.419
Grants related to personnel	-11.785.917	-218.809	-3.011.437	-15.016.163
Subcontractors and freelancers	135.510.129	3.216.604	5.654.253	144.380.986
Other services	4.853.946	18.842	407.003	5.279.792
Housing costs	12.482.308	0	0	12.482.308
Travel expenses	12.886.910	0	-13.022	12.873.887
Car leases	9.451.527	8.462.110	1.302.769	19.216.405
Rent	0	3.357.338	268.911	3.626.249
Maintenance	0	3.511.799	3.114.968	6.626.767
Energy	0	1.784.725	145.536	1.930.261
External fees	0	4.438.545	14.742.039	19.180.584
Training	4.477.400	1.724.968	926.726	7.129.094
Publicity & Marketing	0	13.798.459	7.773.242	21.571.701
Insurances	10.980.262	474.746	1.001.897	12.456.905
Administrative and office related expenses	0	4.476.281	3.485.975	7.962.256
Share-based payment	0	0	1.532.764	1.532.764
Depreciations	19.006.659	54.667.255	12.818.041	86.491.955
Bad debt provision	0	-379.854	-62.857	-442.710
Provision for risks and charges	673.554	-371.756	-221.845	79.953
Losses on disposal of fixed assets	0	0	179.233	179.233
Other	93.973	3.354.097	4.704.617	8.152.687
Other income	-324.706	-2.123.583	-2.016.689	-4.464.978
Capitalization of internally generated intangibles	0	0	-2.155.426	-2.155.426
Total	**1.395.432.905**	**256.348.307**	**97.794.606**	**1.749.575.818**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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

2021 table have been restated to consider the impact of the disposal of Abylsen to a new holding company

In EUR	31 December 2022	31 December 2021
Depreciation & impairment of buildings	**68.910**	
Depreciation & impairment plant, machinery and equipment	**171.638**	80.411
Depreciation & impairment of furniture & vehicles	**5.843.460**	4.894.562
Depreciation & impairment of Other PP&E	**3.075.596**	2.652.001
Depreciation & impairment of leased PP&E	**55.656.703**	41.537.019
Depreciation of tangible assets	**64.816.308**	49.163.994
Amortization & impairment of customer relationships	**36.526.249**	22.536.697
Amortization & impairment of brand names	**5.862.245**	4.347.492
Amortization & impairment of software	**10.299.501**	8.862.756
Amortization & impairment of licenses	**2.228**	329.858
Amortization & impairment of other intangibles		39.534
Amortization and impairment of intangible assets	**52.690.223**	36.116.337
Included:		
Cost of services	**25.176.527**	19.006.659
Tangibles	**25.176.527**	19.006.659
Intangibles		
Selling expenses	**78.132.994**	53.452.850
Tangibles	**32.028.503**	24.071.737
Intangibles	**46.104.491**	29.381.113
General and administrative expenses	**14.196.768**	12.820.822
Tangibles	**7.611.211**	6.085.598
Intangibles	**6.585.557**	6.735.224
Depreciations, Depreciations & Amortization	**117.506.289**	85.280.331

The depreciation & impairment of leased PP&E of EUR 55,66 million is composed of:

2021 table have been restated to consider the impact of the disposal of Abylsen to a new holding company

Lease expenses	31 December 2022	31 December 2021
Depreciation charge of right-of-use assets		
Buildings	**28.691.788**	22.988.162
Cars	**26.890.035**	18.473.977
Office equipment	**74.880**	74.880
Total depreciations	**55.656.703**	41.537.019

30 FINANCE INCOME AND COSTS

2021 table have been restated to consider the impact of the disposal of Abylsen to a new holding company

	31 December 2022	31 December 2021
Finance Income		
Interest income on short-term bank deposits	**760**	
Interest income on loans to related parties	**7.743.178**	2.393.247
Foreign exchange losses	**26.081**	13.477
Other	**262.691**	45.504
Fair value adjustment derivatives		2.727.720
Interest income on loans	**65.771**	186.105
Interest income on subleasing	**85.285**	99.047
Total finance income	**8.183.765**	5.465.100
Finance Expenses		
Interest expense on loans from related parties	**28.417.693**	176.369
Interest expense on bank borrowings	**82.163.932**	59.327.777
Fair value adjustment derivatives	**3.057.534**	1.449.574
Refinancing costs/bank fees	**22.997.013**	3.297.947
Foreign exchange losses, net	**106.212**	1.700
Other	**532.302**	1.333.783
Interest expense on finance lease liabilities	**2.515.735**	1.528.793
Costs related to commercial finance	**3.063.029**	1.643.380
Costs related to credit insurance	**1.087.177**	1.579.488
Capitalized refinancing costs	**0**	0
Total finance expenses	**143.940.626**	70.338.811
Net finance costs	**-135.756.861**	-64.873.711

Interest income and expenses include the interest on borrowings from related parties, banks and bonds and to related parties. As a result of the sale of the majority of the shares to Bain Capital the remaining capitalized refinancing fees have been expensed in 2022 for a total amount of EUR 38,60 million (included as part of the "interest expense on bank borrowings").

Refinancing costs and bank fees relate to costs to refinance the bank loans and break fees due to the early repayment of 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.

Interest expense on loans from related parties relate to the interest on the loan received from House of HR Finco BV (refer to note 16).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 EMPLOYEE BENEFIT EXPENSE

Wages, salaries, social security charges and pension charges are included in cost of services for candidates, and in selling expenses and other general & administrative expenses for internal employees, depending on the function of the employee.

2021 table have been restated to consider the impact of the disposal of Abylsen to a new holding company

Personnel expenses	31 December 2022	31 December 2021
Wages and salaries	**1.185.245.222**	962.411.484
Wage taxes	**266.095.339**	220.827.342
Social fund	**21.165.316**	17.970.452
Holiday pay	**150.029.650**	113.059.661
Bonuses	**41.422.886**	36.861.260
Group insurance, hospitalisation insurance	**18.443.120**	10.976.742
Disability/sickness contributions	**14.132.604**	7.830.897
Pension costs	**8.814.037**	7.967.931
Extra legal advantage	**8.734.919**	3.716.598
Hired temps	**4.052.246**	6.499.425
Other personnel expenses	**15.753.530**	14.013.673
Severance pay	**1.102.450**	1.733.847
Share-based payment	**3.988.261**	1.532.764
Recuperation of costs from employees	**-4.154.239**	-3.368.004
Total personnel expenses	**1.734.825.341**	1.402.034.072

32 CONTINGENCIES

32.1 Contingent liabilities

The Group has a contingent liability of EUR 0,3 million towards the former shareholders of Atrium.

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 2022	31 December 2021
Property, plant and equipment	**400.857**	403.291
Intangible assets		
Other		
Total	**400.857**	403.291

33.2 Non-cancellable lease commitments

The Group leases land and various buildings under non-cancellable 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 Group uses the exemption for low value items and short-term contracts for which non-cancellable operating lease commitments exist at year-end 31 December 2022.

In 2022 SOLCOM and House of HR both signed a contract for the financial lease of a new headquarter, resulting in a commitment of EUR 5,86 million and EUR 1,99 million respectively.

33.3. Other commitments

The Group has no other commitments per 31 December 2022.

34 RELATED-PARTY TRANSACTIONS

For the period until 3 November 2022, the Group was controlled was Naxicap Partners (incorporated in France). The remaining shares of the Group were owned by Conny Vandendriessche and current management of the Group. On 3 November 2022 the majority of the shares have been sold to Bain Capital, refer to note 3.

Local management teams are present at the different PowerHouses for which there have been some changes during 2022, mainly relating to transfers within key management team, resulting in the appointment of a new local CFO or CEO at some PowerHouses.

The Group has appointed Leen Geirnaerdt as new Group CFO as the former CFO Andres Cano has taken the decision to leave House of HR as from 1 October 2022 after seven years. Geirnaerdt will continue the growth plan and further ambitions of House of HR together with CEO Rika Coppens and the management team. She began working with the company on 1 July 2022, to enable a smooth transition period of 3 months, during which Andres and Leen worked closely together.

On 1 September 2022 the CFO of Cohedron, Chris Van Overbeeke, left the Group. Starting on 1 November 2022 Bart Gianotten has taken over his responsibilities.

As from 1 November 2022 Jan Willem Dijkstra has taken on the role of CEO at Continu. The previous CEO, Seth Winterscheidt left the Group in November 2021. During the last year the previous CEO, Jeroen de Bruijn, fulfilled the position as interim CEO.

As a result of the sale of the majority of the shares to Bain, the composition of the Board of Directors at the level of House of HR NV has changed. Eric Aveillan, Aurélien Dorkel, Philippe Marcel, Pro-Fund BV with as permanent representative Conny Vandendriesshe, Finfactory with as permanent representative Astrid Heiremans, Banque Populaire Développement SAS with as permanent representative Corentin Desbois, Naxicap Rendement 2022 SAS with as permanent representative Agathe Baujard, Naxicap Partners SA with a permanent representative Grégoire de Mazancourt, and Pentacon BV with as permanent representative Paul Thiers are no longer members of the Board of Directors. New members are Leen Geirnaerdt and Matthias Boyer-Chammard together with Rika Coppens.

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:

Sales of Services	31 December 2022	31 December 2021
Sales of management services	**1.025.611**	
Sales of services towards joint ventures	**304.324**	129.008
Sales of services to entities controlled by key management	**2.028.647**	1.576.477
Sales of services towards the ultimate parent		
Total	**3.358.582**	1.705.484

Purchases of services	31 December 2022	31 December 2021
Purchases of services from joint ventures	**206.948**	244.392
Purchase of management services from joint ventures		
Purchases from entities controlled by key management and the ultimate parent	**2.153.628**	2.250.379
Total	**2.360.575**	2.494.771

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

Key management is considered as the total of:

- Executive management, and
- Members of the Board of Directors of House of HR and its subsidiaries.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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

Year-end balances	31 December 2022	31 December 2021
Receivables from related parties for services		
– Joint ventures	**203.905**	104.330
– Ultimate parent	**1.672.374**	
– Key management personnel	**8.780**	
Payables from related parties for services		
– Joint ventures	**98.087**	31.895
– Ultimate parent	**100.000**	150.000
– Key management personnel	**2.124.240**	2.137.241
Total	**4.207.386**	2.423.466

(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 2022	31 December 2021
Salaries and other short-term employee benefits	**25.634.150**	21.564.355
Termination benefits	**487.500**	169.203
Post-employment benefits	**246.441**	142.596
Share-based payment	**3.988.900**	1.532.764
Total	**30.356.991**	23.408.918

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

Year-end balances with key management personnel	31 December 2022	31 December 2021
Outstanding amounts towards key management personnel	**7.845.771**	7.750.743
Total	**7.845.771**	7.750.743

(iii) Receivables from related parties

Loans to related parties	31 December 2022
At 1 January	**950.000**
Acquisition of subsidiaries	**125.000**
Loans advanced during year	**243.572.895**
Loan repayments received	**-1.174.498**
Disposal of subsidiaries	**62.975.000**
At 31 December	**306.448.398**

Refer to note 12 for more details on the loans advanced during the year and disposal of subsidiaries.

The other receivables from related parties relate mainly to:

Other receivables from related parties	31 December 2022
Management fees charged to Abylsen and StaffMe	**1.067.230**
Current account with House of HR Bidco BV	**1.000.000**
Interests charged on the loan to House of HR Bidco BV	**3.526.117**
Interests charged on the loan to Abylsen and StaffMe	**1.567.677**
Other items	**11.811**
Total	**7.172.834**

(iv) Liabilities to related parties

Refer to note 16 for more information about the borrowings from related parties.

Borrowings from related parties	31 December 2022
Balance at January 1	**5.717.000**
Loans received during the year	**1.377.729.324**
Repayments	**-69.531.620**
At 31 December	**1.313.914.704**

The other liabilities to related parties relate mainly to:

Other liabilities to related parties	31 December 2022
Interests charged on the loan from House of HR Finco BV	**27.653.596**
Cashpool with Abylsen Group	**6.587.308**
Cash sweep with Abylsen Group	**4.000.000**
Current account with Abylsen Group	**3.256.934**
Current account with other related parties	**1.486.372**
Earn-in related to the sale of ETA from GRITT to Abylsen	**4.216.948**
Management fees charged by House of HR Bidco BV	**641.974**
Earn-outs to pay	**7.221.820**
Dividends on preferred shares	**1.182.125**
Other debts to shareholders	**698.146**
At 31 December	**56.945.224**

(vi) Distributions

In 2021 and 2022 dividends to minority shareholders have been paid for an amount of EUR 0,44 million and EUR 0,57 million respectively.

35 AUDIT FEES

In EUR	31 December 2022
Audit fee	**1.321.917**
Other assignments auditor – within its capacity as auditor	**844.879**
Special assignments auditor – within its capacity as auditor	**0**
Other non-audit services performed by non-audit associates	**421.927**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

36 EVENTS AFTER THE REPORTING DATE

Acquisitions

As per 14 February 2023, House of HR announced that it has signed a promise to acquire the German company pluss, which specializes in temporary recruitment in healthcare and social services, from Funds managed by BIP Capital Partners, Luxembourg. The acquisition has been approved by the German competition authority on 9 March 2023.

As per 24 February 2023 GRITT Projects, sold during 2020 by the Group via its subsidiary GRITT, has been sold by its new shareholder. An earn-in clause was agreed during the initial sale of GRITT Projects mid 2020 dependent on a possible subsequent sale, resulting in a receivable for GRITT of EUR 1,60 million.

On 10 March 2023 the shares in Ariad have been sold for amount of EUR 1,95 million, of which EUR 0,41 million vendor loan was provided.

As per 13 March 2023 it was decided to dispose Atrium. The price agreed for the sale of Atrium amounts to EUR 1,71 million.

House of HR follows with great concern the war impact on the Ukrainian people and remain committed to support the population with actions directed to facilitate the integration of the refugees upon arrival to the countries where we operate. We are today in talks with governmental agencies to speed up and facilitate the working permits required so that they can become active and productive in the countries they arrive in. Also our chatbot technology Dora is reaching out to refugees in border areas to assist where possible.

Related parties

Edwin van den Elst, CEO of Redmore, will support the board in the international expansion of the Group as of 31 March 2023. He will be replaced by Arjen De Boer, CEO of ITDS. The management board of Redmore will be extended from 2 to 4 persons: next to Arjen De Boer (CEO) and Juliette Piree (CFO), Vincent Traas (current CEO Profource) will join as COO and Roel van Besouw (current CEO Triple A-Risk Finance) as CBD.

CONSOLIDATED REPORT OF THE BOARD OF DIRECTORS

THE HOUSE OF HIS ROYAL MAJESTY THE CUSTOMER II NV

Beversesteenweg 576, 8800 ROESELARE

Enterprise number 0643.887.978

CONSOLIDATED REPORT OF THE BOARD OF DIRECTORS (ANNUAL REPORT) TO THE GENERAL MEETING OF SHAREHOLDERS OF APRIL 7, 2023

Dear shareholders,

In execution of the article 119 of the Company Code, we are honored to present to you our report with respect to our management and the business of the group during the accounting year ended December 31, 2022.

The consolidated financial statements of the Group, that we present to you, 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.

As per November 3, 2022 Bain Capital Private Equity has become the majority shareholder of the Group, holding a 55% stake in the company.

This shareholder change (and impact on our financing) as well as the M&A activities impact the comparability of the 2022 to 2021 figures. The activities impacting the 2021 and 2022 figures are:

2021

- HOHR, via its subsidiary Continu has acquired 100% of the shares in Solyne as per 15 January 2021. The results of this acquisition have been included in the consolidation as from 1 January 2021.
- HOHR, via its subsidiary Abylsen has acquired 60% of the shares in Greenworking as per 26 January 2021. The results of this acquisition have been included in the consolidation as from 1 January 2021.
- HOHR, via its subsidiary TimePartner has acquired 89% of the shares in Avanti as per 15 June 2021. The results of this acquisition have been included in the consolidation as from 1 June 2021.
- HOHR has acquired 100% of the shares in Cohedron as per 20 July 2021. The results of this acquisition have been included in the consolidation as from 1 August 2021.
- HOHR, via its subsidiary Cohedron has acquired 100% of the shares in Vanberkel as per 3 August 2021. The results of this acquisition have been included in the consolidation as from 1 August 2021.
- HOHR, via its subsidiary Cohedron has acquired 100% of the shares in Bureau Brug as per 12 November 2021. The results of this acquisition have been included in the consolidation as from 1 November 2021.

2022

- HOHR has acquired 100% of the shares in SOLCOM on 28 January 2022. SOLCOM is included in the Group consolidation as from 1 February 2022.
- On 24 February 2022, HOHR, via its subsidiary Accent Group acquired 100% of the shares of Atrium. Atrium is included in the Group consolidation as from 1 February 2022.
- HOHR has completed the acquisition of the Dutch Group TMI on 3 March 2022. TMI is included in the Group consolidation as from 1 March 2022.
- On 8 April 2022 HOHR, via its subsidiary Accent Group acquired 100% of the shares of BE-Consult. BE-Consult is included in the Group consolidation as from 1 April 2022.
- On 1 June 2022 HOHR, via its subsidiary Cohedron Group acquired 100% of the shares of Vijverberg. Vijverberg is included in the Group consolidation as from 1 June 2022.
- On 3 June 2022 HOHR, via its subsidiary Cohedron Group acquired 100% of the shares of Sira Consulting. Sira Consulting is included in the Group consolidation as from 1 June 2022.
- On 5 July 2022 HOHR, via its subsidiary Covebo Group acquired 100% of the shares of Bis People BV. Bis People is included in the consolidation as from 1 July 2022.
- On 28 July 2022 the newly established entity Nowjobs France II acquired 70,8% of the shares of StaffMe. StaffMe is included in the consolidation as from 1 August 2022. StaffMe has been classified as discontinued operation at year-end 2022 as a result of the transfer of Abylsen.
- On 28 July 2022 the newly established entity House of HR Germany II acquired 100% of the shares of Locum Doctors. Locum Doctors is included in the consolidation as from 1 August 2022.
- On 25 August 2022 HOHR, via its subsidiary Covebo Group acquired 100% of the shares of FID Service Group BV. FID is included in the consolidation as from 1 September 2022.
- On 7 October 2022 HOHR, via its subsidiary Redmore acquired 100% of the shares of Agium. Agium is included in the consolidation as from 1 October 2022.

As per November 3, 2022 HOHR has reorganized its activities post Bain deal which would still be an integral part of the broader House of HR Group, resulting in the transfer of the Abylsen Group and StaffMe Group to a new holding company "House of HR France", which is held 100% by House of HR Group BV.

1. Overview of the evolution of the consolidated results of the company

General Business update 2022 vs 2021

During 2022, we continued on the growth path we had started before the pandemic. We have grown both organically and through acquisitions, fueled by the entrepreneurial drive in all our Powerhouses and Boutiques.

We closed six acquisitions in 2021 and 16 acquisitions in 2022 (including asset deals). Turnover grew 16,41% above 2021 comparing the 2022 perimeter. Also, EBITDA grew by 10,97% comparing the 2022 perimeter.

The most important elements of the income statement can be summarized as follows:

In EUR	31 December 2022	31 December 2021
Revenue	2.598.314.667	1.872.873.856
Cost of services	-1.938.132.686	-1.395.432.905
Gross profit/(loss)	**660.181.981**	**477.440.951**
Selling expenses	-356.721.679	-256.348.307
Impairment of goodwill	-13.300.001	0
Other general and administrative expenses	-153.085.130	-97.794.606
Total operating expenses	**-523.106.811**	**-354.142.913**
Other gains/(losses) – net	-2.568.277	3.669.244
Operating profit/(loss)	**134.506.893**	**126.967.281**
Finance income	8.183.765	5.465.100
Finance expenses	-143.940.626	-70.338.811
Net finance income/(loss)	**-135.756.861**	**-64.873.711**
Share in profit/loss of equity accounted investments	115.629	-650.782
Profit/(loss) before taxes	**-1.134.339**	**61.442.788**
Income tax expense	-28.684.099	-29.317.543
Net profit/(loss) of the period from continued operation	**-29.818.437**	**32.125.245**
Profit/(loss) from discontinued operation (attributable to equity holders of the company)	79.787.460	13.449.429
Net profit/(loss) of the period	**49.969.023**	**45.574.674**
Profit/(loss) attributable to:		
Owners of the entity holding ordinary shares	**48.932.147**	**42.973.520**
Non-controlling interests	**1.036.875**	**2.601.155**

The 2021 P&L statement and supporting notes have been restated to consider the impact of the disposal of Abylsen to a new holding company

Revenue, Cost of Services, Selling Expenses and Other General and Administrative expenses are impacted by the Covid-19 pandemic (mainly impacting 2021 income statement) on the one hand, and the acquisitions done in the current year and the previous year on the other hand. Overall gross profit over revenue has remained stable at 25,5% last year compared to 25,4% in the current year. Operating expenses over revenue have increased from 18,9% to 20,1% and are impacted by the depreciations on the Purchase Price Allocations, the goodwill impairment recorded in 2022 and the higher legal and consulting fees relating to the Bain deal.

Other gains and losses relate for the main part to earn-out adjustments, the management fee charged to Abylsen and StaffMe and the legal case with a former shareholder of the Group.

Interest income and expenses include the interest on borrowings from related parties, banks and bonds and to related parties. As a result of the sale of the majority of the shares to Bain Capital the remaining capitalized refinancing fees have been expensed in 2022 for a total amount of EUR 38,60 million.

Refinancing costs and bank fees relate to costs to refinance the bank loans and break fees due to the early repayment of the bank loans (refer to 'equity and liabilities').

Tax expenses amount to -2925% of profit before tax, compared to 48% last year. The average tax rate is highly impacted by the losses of House of Support, the goodwill impairment, the disallowed expenses and the use of unrecognized income tax assets.

The profit/(loss) from discontinued operations relates to the twelve months result of Abylsen Group and StaffMe which has been transferred to a new holding company "House of HR France" post Bain deal and the gain on the sale of these subsidiaries of EUR 68,2 million.

Comparison balance sheet
The most relevant components of the balance sheet can be summarized as follows:

A. Assets

In EUR Assets	31 December 2022	31 December 2021
Non-current assets		
Property, plant and equipment	173.513.298	125.060.499
Intangible assets	443.777.181	326.096.921
Goodwill	1.049.353.732	1.024.026.150
Deferred tax assets	8.114.112	5.758.696
Investments accounted for using the equity method	1.035.247	912.692
Other non-current assets	11.736.446	13.233.234
Derivative financial assets	0	3.027.960
Loans to related parties	306.448.398	140.000
Total non-current assets	**1.993.978.414**	**1.498.256.152**
Current assets		
Trade receivables	258.191.853	230.579.860
Inventory	345.229	0
Income tax receivables	2.753.553	861.381
Other receivables	73.370.562	57.987.446
Cash and cash equivalents	146.815.618	208.134.200
Total current assets	**481.476.816**	**497.562.887**
Total assets	**2.475.455.230**	**1.995.819.039**

Property, plant and equipment have increased mainly as a result of lease contracts in the newly acquired entities. Other changes in PP&E mainly relate to replacement of office furniture and company cars.

Intangible assets and goodwill are heavily impacted by the acquisitions done. Customer relationships, trade names and software are fair valued at the moment of acquisition and depreciated over their expected lifetime.

The increase in goodwill is fully related to the acquisitions done in 2022, partially compensated by the disposal of the Abylsen Group.

The derivative financial asset related to the refinancing done in 2020 and 2019. As per 31 December 2022 there are not derivatives anymore as the external financing has been replaced by loans from related parties for which no derivatives are stipulated in the loan agreement.

The loans to related parties relate to the loan towards Abylsen and Nowjobs France II (EUR 63,0 million), both considered as discontinued operations at year-end 2022, and the loan towards House of HR Group BV (EUR 242,45 million).

Fluctuations in trade receivables are in line with revenue generation, impacted also by the new commercial finance contracts in SOLCOM and Eurojob (part of Covebo) and the acquisitions done during the year.

The other receivables are impacted by the new commercial finance contract SOLCOM and Eurojob, as the difference between the gross trade receivable sold and the amount received from the factoring company is recorded as on other receivable, and the interest on the loan receivables towards Abylsen and Nowjobs France II.

The decrease in cash and cash equivalents is mainly attributable to the cash paid for the acquisitions done in 2022.

B. Equity and Liabilities

In EUR Equity and liabilities	31 December 2022	31 December 2021
Total equity	**426.738.273**	**319.702.627**
Liabilities		
Non-current liabilities		
Borrowings	1.314.053.800	1.046.121.387
Deferred income tax liabilities	105.055.029	79.412.461
Employee benefit obligations	3.160.310	3.229.647
Provisions for other liabilities and charges	1.059.880	881.778
Other non-current liabilities	105.530.502	70.224.204
Total non-current liabilities	**1.528.859.522**	**1.199.869.476**
Current liabilities		
Trade and other payables	96.533.322	61.413.931
Income tax liabilities	31.661.173	27.484.426
Borrowings	0	46.996.293
Employee benefit obligations	205.496.541	191.551.422
Provisions for other liabilities and charges	8.244.240	2.984.289
Other current liabilities	177.922.158	145.816.574
Total current liabilities	**519.857.435**	**476.246.935**
Total liabilities	**2.048.716.956**	**1.676.116.411**
Total equity and liabilities	**2.475.455.230**	**1.995.819.039**

During 2022, several transactions have occurred impacting equity:

- Capital increase of EUR 71,18 million relating to the investment of new and existing managers;
- Disposal of the Abylsen and StaffMe Group;
- Employee share schemes,
- Movement in non-controlling interests.

The movement in borrowings is mainly attributable to the refinancing post Bain deal. During 2021 the Group has issued EUR 200,00 million of Senior Unsecured Notes. Refinancing expenses have been capitalized and are being depreciated over the lifetime of the loan.

As per 19 February 2021 HOHR has successfully repriced their Senior Facility Agreement, resulting in a 50 BPS reduction. Total financing expenses for this repricing of EUR 2,75 million are capitalized as part of the bank borrowings and are being depreciated over the remaining lifetime of the loan.

Further, as per 3 February 2022, House of HR was able to successfully lend an additional EUR 190 million Term Loan B facility, of which EUR 2,62 million financing expenses are capitalized per 31 December 2022.

As part of the Bain acquisition, the external bank loans (EUR 740,00 million TLB, EUR 370,00 million SSN and EUR 200,00 million SUN) have been replaced by an external loan at the level of the new parent company House of HR Group BV, composed of EUR 1.020,00 million First Lien Term Loan, EUR 114,08 million Delayed Draw Term Loan, EUR 310,00 million Second Lien Facility and EUR 415,00 Senior Secured Notes.

House of HR Group BV contributed EUR 1.377,83 million in House of HR Finco BV, who provided long-term funding to House of Finance (EUR 790,28 million, whereof EUR 65,35 million was repaid in December 2022) and House of HR (EUR 587,45 million) to settle their existing debt.

Deferred income tax liabilities are mainly related to deferred taxes on the Purchase Price Allocations done and on the fair value adjustment of the borrowings. These are depreciated over the lifetime of the intangible assets and the lifetime of the loan, respectively.

Other liabilities are highly impacted by the lease contracts in the newly acquired entities in 2022 (cf. supra PPE) and the timing of the payment of the interest on the borrowings.

Trade payables increased resulting from the acquisitions done in 2022.

2. Post balance sheet events

Acquisitions

As per 14 February 2023, House of HR announced that it has signed a promise to acquire the German company pluss, which specializes in temporary recruitment in healthcare and social services, from Funds managed by BIP Capital Partners, Luxembourg. The acquisition is subject to the approval of the German competition authority.

As per 24 February 2023 GRITT Projects, sold during 2020 by the Group via its subsidiary GRITT, has been sold by its new shareholder. An earn-in clause was agreed during the initial sale of GRITT Projects mid 2020 dependent on a possible subsequent sale, resulting in a receivable for GRITT of EUR 1,60 million.

On 10 March 2023 the shares in Ariad have been sold for amount of EUR 1,95 million, of which EUR 0,41 million vendor loan was provided.

As per 13 March 2023 it was decided to dispose Atrium. The price agreed for the sale of Atrium amounts to EUR 1,71 million.

Related parties

Edwin van den Elst, CEO of Redmore, will support the board in the international expansion of the Group as of 31 March 2023. He will be replaced by Arjen De Boer, CEO of ITDS. The management board of Redmore will be extended from 2 to 4 persons: next to Arjen De Boer (CEO) and Juliette Piree (CFO), Vincent Traas (current CEO Profource) will join as COO and Roel van Besouw (current CEO Triple A-Risk Finance) as CBD.

3. Risk and uncertainties

The Group has a significant value of goodwill and intangible assets on the balance sheet. Significant judgement is made in respect of assumptions about future results of the business and discount rates applied to future cash flow forecasts.

House of HR follows with great concern the war impact on the Ukrainian people and remain committed to support the population with actions directed to facilitate the integration of the refugees upon arrival to the countries where we operate. We are today in talks with governmental agencies to speed up and facilitate the working permits required so that they can become active and productive in the countries they arrive in. Also our chatbot technology Dora is reaching out to refugees in border areas to assist where possible.

4. Information on the circumstances with a potential significant effect on the future evolution of the company

We foresee no other elements with a potential significant effect on the future evolution of the company.

5. Research and development

The Group capitalizes amounts of both externally acquired software and internally developed software. Further, the Group expensed a total of EUR 2,65 million of research and development expenditures in the income statement.

6. Information with respect to the use of financial instruments by the company, as far as considered meaningful

Except for the derivative financial instrument (early payment option) mentioned above and settled in 2022, there are no meaningful financial instruments held by the Company as per 31 December 2022.

House of HR Group BV, the parent company of the Group, has entered into interest rate hedging agreements to manage its exposure to interest rate risk. The interest rate hedging in place are used to reduce the variability of cash flows arising from changes in interest rates on the Group's floating rate debt. Note that there is no hedging in place on the above mentioned loans of House of Finance and House of HR towards House of HR Group BV.

Roeselare, March 31, 2023

The Board of Directors; De Raad van Bestuur

STATUTORY AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF HOUSE OF HR NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of House of HR NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 31 March 2022, following the proposal formulated by the board of directors. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2024. We have performed the statutory audit of the Company's consolidated accounts for 7 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which is presented on pages 27 to 119, and comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement for the period then ended and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and is characterised by a consolidated balance sheet total of EUR 2.475.455.230 and a profit for the year of EUR 49.969.023.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory auditor's responsibilities for the audit of the consolidated accounts"* section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

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

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors' are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

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Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.

- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

Ghent, 6 April 2023

The statutory auditor
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
Represented by

Filip Lozie
Réviseur d’Entreprises / Bedrijfsrevisor

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