



POWER UP connecting people

ANNUAL REPORT 2020
Summary



Note on pro forma annual report

In the last quarter of 2020, two top 10 HR Services companies joined forces to power up: Between Staffing Group B.V. ('Between') and HeadFirst Source Holding B.V. ('HeadFirst') united in HFBG Holding B.V. (HFBG). As HFBG's first financial year will be ending on 31 December 2021, no consolidated financial statements have been prepared, audited or published.

In order to provide insight into the power of this beautiful combination, we have drawn up pro forma consolidated financial statements of HFBG's 2020 performance as it would have been presented under IFRS if Between and HeadFirst had merged as of 1 January 2020. This set of financials is based on the audited annual accounts of the underlying groups Between Staffing Group B.V. and HeadFirst Source Holding B.V.

From now on, in this report we will speak of HeadFirst Group when we refer to activities that take place under HFBG.

Note on photographs used

In this report, you will see photos of our people working closely together. Of course, due to Covid-19, we were only rarely in the office in 2020. The photos used in the report reflect how it used to be. They also show our longing for going 'back to normal'. We are looking forward to times when we can again do justice to the family feeling that binds and characterises us. That is why we decided to use these photos.

Power up, connecting people. That has been the main theme since the start of the collaboration between HeadFirst Group and Between Staffing Group in November 2020. It is also the theme that has become part of our group's core values: actively connecting people. We make connections between professionals and our clients every day – that is our core business. Internally, we constantly make connections between all colleagues of the group. During the Covid-19 pandemic, we recognised the value of and need for these connections between people even more. And as true entrepreneurs, we are always looking for unique new connections that will take us further in these exciting times.

Will you connect with us?

Countries where professionals work via HeadFirst Group

Netherlands	Sweden	Italy
Belgium	Finland	United Kingdom
Luxembourg	Estonia	Ireland
Germany	Poland	
Denmark	Switzerland	

- Countries with a HeadFirst Group office
● Countries without a HeadFirst Group office

Revenue rankings 2020

(Source: Flexmarkt Top-100 Revenue ranking list 2021)

Position in 2020 (2019)	Focus	2020 Revenue x € million (2019)	
1 (1)	○	Randstad Groep NL 2813,0 (3330,0)	▼
2 (2)	⊙	HeadFirst Group 1520,0 (1486,4)	▲
3 (3)	○	USG People NL 839,0 (975,0)	▼
4 (4)	⊙	Brainnet Groep 833,0 (864,0)	▼
5 (6)	⊙	House of HR 620,1 (574,5)	▲
6 (5)	○	Timing 545,3 (727,0)	▼
7 (8)	⊙	Harvey Nash 510,0 (535,2)	▼
8 (10)	○	Young Capital 505,0 (515,0)	▼

- Organisations with (main) focus on temporary work
⊙ Organisations with (main) focus on MSP and intermediary services



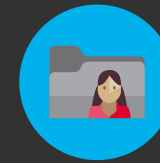
1,520
Gross invoice value
(underlying revenue)
x € million



>450
Clients
served in 2020



40
Gross profit
(underlying)
x € million



>48,000
Independent professionals
in our network



22
EBITDA
(underlying)
x € million



>10,000
Suppliers of professionals
in our network



14,200
Professionals working
for our clients
(at year-end)



201
Number of employees
(at year-end)

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Foreword by the Board of Directors

HeadFirst Group and Between Staffing Group joined forces at the end of 2020. It was the ultimate connection. In this annual report summary, the separate annual reports of HeadFirst Source Holding B.V. and Between Staffing Group B.V. are presented together with the pro forma results of the newly incorporated holding company HFBG Holding B.V., which we refer to as the HeadFirst Group, in a consolidated overview. We will give you a brief, yet comprehensive insight into the world in which we operate and how it is likely to evolve. While we take you through our performance in 2020, we also look forward to 2021 and beyond.

2020: organic growth in the year of Covid-19

Obviously, 2020 turned out differently than we initially expected and forecasted. But both HeadFirst and Between managed to achieve organic growth in this year of the Covid-19 pandemic. We are proud of how our organisation, and more specifically our employees, have been able to deal with this exceptional situation. We have witnessed engagement and great team spirit. Our investments in the digitalisation of systems and processes in recent years ensured we were fully up and running virtually on the first day of the lockdown. What's more, we were able to add value for all our customers by providing the flexibility they needed in these times of crisis.

This added value led to strong underlying annual results for HeadFirst Group: the gross margin is € 40 million, annual turnover (gross invoice value) € 1,520 million, and underlying EBITDA € 22 million, exceeding expectations for such a challenging year.

2021: back to normal

While the world is waiting for the Covid-19 crisis to end, as are we, we continue to invest in the future of our organisation. For the longer term, we have set up a plan for 2025. With a concrete '5 Bold Steps' plan, we have mapped out the strategic steps towards realising our ambitions, starting in 2021.

We will focus on deploying and utilising our unique data insights, expanding our Professionals & Partners services offering for independent professionals and suppliers, and driving further international growth. We strive to continue our growth both organically and through M&A, with the aim of better supporting our customers – not just our clients, but certainly also our suppliers and professionals. In February of this year, we acquired RPO and recruitment specialist Sterksen.

“Power up, connecting people” is our main theme that has now become our group's core value: actively connecting people.

This step makes us a unique one-stop shop for Total Talent Management (TTM) solutions. We are sure to see the benefits of this very quickly. Meanwhile, we are investing heavily in our Select platform to take the next step from HR services provider to becoming a platform company. All the steps defined above focus on our main goal of becoming the leading international platform in the labour market by 2025.

Power up, connecting people

Power up, connecting people. This was the main theme at the start of the collaboration between HeadFirst and Between Staffing Group in November 2020. It is a theme that has now become our group's core value: actively connecting people. Are you ready to connect with us?

Hoofddorp, 16 July 2021
Board of Directors
HeadFirst Group

About us

Profile

HeadFirst Group, including Between Staffing Group, is a technology-enabled sourcing platform offering a portfolio of HR services and solutions, such as managed service providing (MSP), recruitment process outsourcing (RPO), intermediary services (matchmaking, contracting), and HR consultancy, for employing highly educated flex and permanent professionals. We primarily place business-critical white-collar professionals in IT, finance, business and other roles at our wide network of clients across a variety of sectors, including energy, technology, chemicals, banking, system integrators and (semi-)government.

HeadFirst Group has always aimed to connect the best professionals with the most attractive jobs at our clients, in a labour market that has become increasingly flexible, a trend that is set to continue. Our guiding principle is that we can always provide for the right person at the right time for the right position. We enable professionals to scale and capitalise on their excellence and skills, and provide clients with access to these highly skilled professionals.

Vision

We strongly believe that the global trend towards a more flexible and entrepreneurial labour market will continue in the coming decades. The content and knowledge of work is changing rapidly; required skill sets are rapidly changing, and many jobs now come and go in a matter of years. As a result, investing in training and education to increase the mobility of professionals and develop their skill set is becoming increasingly important. In addition, the current structured and regulated environment requires highly competent and compliant HR service providers.

Mission

We connect the demand for and supply of flexible expertise in such a way that the sum equals more than the parts.



Our services and our brands

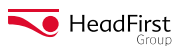
HeadFirst Group's main brands are intermediaries HeadFirst and Between, managed service provider (MSP) Staffing Management Services, and online platform Select. In early 2021, Sterksen joined our house of brands*. We offer the following services to our customers, who include clients, suppliers, and independent professionals.

“We want professionals to excel without having to worry about practical matters.”

* In this annual report summary, the acquisition of Sterksen will not be covered. However, in our outlook for 2021 and beyond, the acquisition of Sterksen will take a prominent position.

** The Jenrick, Myler, Source and Fast Flex brands, which became part of HeadFirst Group in recent years through acquisitions, are also active in this area; however, the HeadFirst and Between brands are the main suppliers of this service.

Clients services



HR consultancy

Based on decades of experience in the labour market, our experts advise clients on strategic HR policies and the role of external hiring. The outcome is a well-founded recruitment and hiring policy.



Managed service providing

As an extension of a client's HR or Purchasing department, we take care of the hiring process for the client in whole or in part, while fully optimising it at the same time.



*Matchmaking***

By providing access to the national and international flexible labour market, we enable clients to select the best professionals suitable for the job. After a successful match, we take care of the full administration process.



*Contracting***

For clients who prefer to carry out their own recruitment and selection of professionals, but who want the peace of mind that their hiring activities are free from risks, we are here to help. We manage the contracts, take care of accounting and financial administration, and prevent hiring risks. Besides arranging contracts with independent professionals, suppliers and employment agencies, we can also provide payrolling services.



Freelance & Supplier Management System

Select is our proprietary and in-house developed sourcing platform. Clients can easily manage their temporary workforce themselves using our innovative, white-label software. Select can be integrated into client processes and is compatible with all the different Vendor Management Systems.



Recruitment Process Outsourcing

Especially in times of scarcity, it is getting harder for organisations to find and attract the scarce talent for permanent employment. Having a specialised organisation look for the best IT employees or outsourcing the recruitment process can add value to every business.

Professionals & Partners services

We want professionals to excel without them having to worry about practical matters. Besides the possibility to secure challenging assignments through us, independent professionals and suppliers can therefore take advantage of our unique Professionals & Partners services, connected to our Select and Jobcatcher platforms. These services cover all aspects of business practice, including administration, insurance, debtor management, and personal development.

We offer the professionals and suppliers three levels of service: Basic, Premium or Excellent. The service is on a no cure no pay basis.

History

HeadFirst is established, with ING as its first client.

1995



2000



Between is founded, with ABN AMRO as its first customer.

HeadFirst launches HeadFirst Select, the first online platform for temporary capacity.

2011



2008



Between welcomes its first customer from the public sector.

HeadFirst merges with sector partner Source, becoming part of the listed HeadFirst Source Group N.V.

2017



2017



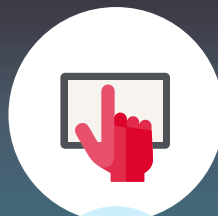
Between acquires Fast Flex. Gross invoice value exceeds € 200 million.

HeadFirst acquires sector partner Myler and managed service provider Staffing Management Services. The organisation leaves the stock market and joins together with all the other brands under HeadFirst Group.

2018



2018



Between starts with Jobcatcher as a neutral, independent platform to connect supply and demand.

Between Staffing Group and **HeadFirst Group** join forces. This makes us an HR services provider with over 14,000 professionals working for more than 450 clients, primarily located in the Benelux, on a daily basis.

2020



With the acquisition of recruitment specialist Sterksen, we become a Total Talent Provider, with a focus on external hiring and permanent employment.

2021



Five years ago, Martin Westerhof joined Staffing MS, part of HeadFirst Group, as a trainee. His task was to analyse the sales process of a managed service provider (MSP). It was the first time he came into contact with the hiring market.

“After my internship, I could get a job at the service desk, and when the opportunity arose, I became an MSP Consultant and later an Account Manager,” says Martin. And he didn't stop there! Martin now holds the position of Customer Success Manager and is part of the Management Team of Staffing MS.

“I'm still young, but I already get to work with large national and international organisations. I help start new partnerships or expand existing partnerships. For example, I can assist if a client wants to expand our services to other countries.”

In 2018, Staffing MS became part of HeadFirst Group, a collaboration of several labels. As an independent part of the organisation, Staffing MS is a managed service provider. “Where a intermediary focuses on contract management and/or matchmaking, a MSP is an extension of the client's HR or procurement department,” Martin explains. “Despite the difference in focus, the organisations strengthen each other and our philosophy is similar: we believe in our own knowledge and skills to find suitable candidates, and to keep margins as low and fair as possible.”

Martin describes his role as diverse: “Together with the client, I look at the hiring maturity level and take steps to professionalise the service. Would there be room for improvement in the hiring process? If so, I will discuss it. The client determines the ground rules, and we execute on their behalf.”

“I expect MSPs to play an increasingly prominent role in the labour market within the next five years. We must continue to develop our services accordingly. I still see many opportunities to expand partnerships.”

Martin Westerhof
Customer Success Manager

Management report

Market developments and trends

“We are proud of achieving organic growth in a year in which we were confronted with the Covid-19 crisis.”



Covid-19 crisis

With a thriving economy until 2019, we were unexpectedly faced with the Covid-19 crisis in 2020. Unfortunately, Europe is still firmly in the grip of the pandemic, although government stimulus and vaccine rollouts are likely to provide a major boost to economic activity. As a result, the economy within the eurozone is expected to grow by around 3.0% in 2021, after a strong decline in 2020 [of 6.6%](#). According to basic projections made by CPB (Netherlands Bureau for Economic Policy Analysis), the estimated economic growth in the Netherlands [will be 2.2%](#). A critical point to note is that further contact-limiting measures or a delay in the vaccination process could lead to a decline in economic growth, pushing back the expected recovery.

The Covid-19 crisis is also affecting the labour market, including the flexible labour market in which HeadFirst Group operates. In the first half of 2020, we saw a decline in the number of hiring requests and hours worked. However, only a very limited number of professionals had their assignments terminated. Fortunately, from May onwards, we noticed a cautiously positive trend in requests again. The impact on our business varied per client. Some clients were hit very hard, which reduced the demand for our professionals among these

clients, while with others, particularly our many government clients, we experienced a steady or increasing demand for professionals.

Whether the impact led to an increased or decreased demand, we had to adapt our way of working and communicating with all our clients completely. We could no longer visit our clients, see our suppliers, and meet our professionals physically. But we quickly found ways to stay connected with everyone and assist our clients in solving their staffing challenges. We used online meetings and virtual gatherings, and facilitated digital job interviews. We expect that these working methods will remain in place once Covid-19 is under control.

We are proud of how our organisation has been able to deal with this exceptional situation. We witnessed exceptional team spirit among our employees. New initiatives to keep us all connected arose spontaneously throughout the year, such as online sports sessions and pub quizzes. Investments in the digitalisation of systems and processes have paid off. On the first day of the lockdown, we were fully up and running online. There has been no interruption in the services we provide to independent professionals, suppliers, and clients. And thanks to our strong performance last year, there was no need to make use of any subsidies as made available by the Dutch government.

At the beginning of 2021, the number of hiring requests was almost back to pre-crisis levels. We are proud to have achieved a higher revenue than in 2019. Overall, we can say that the impact on the financials of our organisation has proved to be minor, and the outlook for our business is bright. This will be discussed in more detail later in this report.



Shortage of professionals continues

Demand is falling, supply is increasing. According to the basic laws of economics, this fact should mean a decrease in scarcity. However, many labour market specialists predict that this will not be the case for highly skilled knowledge workers: the shortage of professionals is set to continue. This prediction is supported by [recent figures from Intelligence Group](#) and the Dutch Employee Insurance Agency (UWV). [Recent data from the UWV](#) still show a shortage of highly skilled workers, especially in IT, engineering, and technology. In addition, despite the pandemic, there is also still great demand for higher education specialists with specific knowledge.

In fact, ABN AMRO notes that [labour market shortages](#) have hardly decreased since the start of the Covid-19 crisis. Despite the larger supply of workers, around 11% of open vacancies are still difficult to fill. The main reasons for this are that the travel distance and/or professional interests of job seekers are not compatible with the jobs available. Labour market shortages are therefore expected to be around the same level as in January 2020.

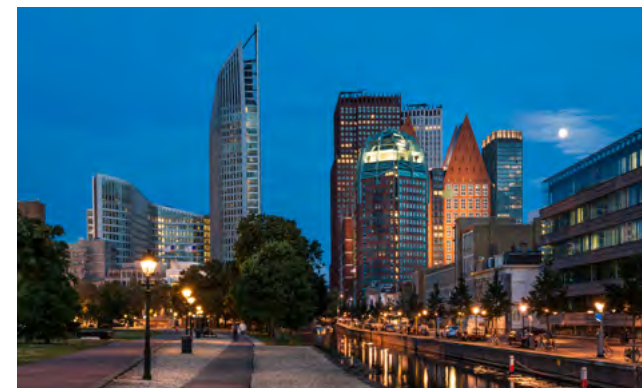


Increasing labour market flexibility

The labour market is becoming more flexible, in line with the needs of both organisations (demand side) and workers (supply side). People increasingly want to decide for themselves where, when, and how they work. [Recent figures from Statistics Netherlands](#) show that there are now around 1.5 million independent professionals in our country. They have steadily risen in numbers over recent years, in almost all branches of industry. Currently, around 16% of all workers in the Netherlands [are freelance](#). The majority of these independent professionals have consciously chosen this type of work in search of freedom and autonomy*.

Historically, a crisis tends to bring with it a greater desire for stability among workers. Only time will tell whether this fact is also true for the current exceptional crisis, the cause of which bears no relation to economics. So far, there are no signs of this trend. On the contrary, [Chamber of Commerce statistics](#) show that tens of thousands of independent professionals set up a business in the early months of the Covid-19 crisis. Recent figures from Statistics Netherlands confirm this development. Compared to 2019, we saw an increase of 3.7% in the number of start-ups in 2020. Again, the [figures](#) show a strong growth of independent professionals starting their own business.

For large organisations, the temporary hiring of expertise, innovation capacity, and brainpower is an integral part of their strategic HR policy. For special projects, they need to take into account the costs of staff as well as the activity level of the organisation, the market, and the economy. The Covid-19 crisis has further reinforced this need. Interestingly, the pandemic has also reinforced the positive image that organisations have of flexible working from home. Based on the above facts and findings, we predict that increasing flexibility on both the demand side and the supply side of the labour market will continue to reinforce each other in the near future.



Unrest about labour market legislation

Unfortunately, the current legal system in the Netherlands is not set up for a modern, flexible labour market in which entrepreneurship and hybrid forms of working are becoming the norm. Employment relationships are still based on legal frameworks from a century ago. The new Dutch cabinet to be formed after the March 2021 elections is faced with the challenge of modernising employment law. Legislation has previously been introduced to combat the negative effects of flexible labour, such as unfair competition on employment terms in the Balanced Labour Market Act (Wet Arbeidsmarkt in Balans, WAB) and pseudo self-employment in the Assessment of Employment Relationships (Deregulation) Act (Wet

* Statistics Netherlands, Dynamiek op de Nederlandse arbeidsmarkt [Dynamics in the Dutch Labor Market], February 2020.

deregulating beoordeling arbeidsrelaties, Wet DBA). There has been much discussion about such topics for many years now, particularly in relation to the Assessment of Employment Relationships (Deregulation) Act.

As a result, in the flexible labour market, ‘modern workers’ come up against a brick wall of legal frameworks. The latest framework, for which a pilot will be out when this report appears, consists of a web module that clients and contractors can use to assess their employment relationship. This solution does not appear to offer the clarity and certainty which the market so badly needs. Depending on the government formed in the wake of the recent elections, we can expect a new chapter when it comes to labour market legislation. A structural solution therefore still seems a long way off.



Technological developments

Technological developments have a major impact on our society, including on the labour market. Developments such as robotics, artificial intelligence and block chain cause significant job losses, but also create new jobs.

We distinguish three movements:

1. Repetitive tasks are disappearing

Robotisation and machine learning are on the rise. Digital systems will soon be able to process much larger amounts of data, recognise patterns, and learn from data. Work that is repetitive by nature is expected to be taken over by artificial intelligence within ten years.

2. Complementary jobs are changing

The amount of work in which people and technology work together is growing. There are currently almost no jobs that are not technically supported, and that development promises to take a big flight with the arrival of digital assistants, chat bots and the like.

3. New jobs are emerging

It is difficult to predict exactly what kinds of new jobs will arise, but trend watchers and futurologists agree that we are already seeing the first signs. Without a doubt, digital skills will become indispensable in the labour market of the future.

Through our services, we anticipate the developments in the labour market. We invest heavily in technology to automate repetitive tasks, execute our platform strategy, and find the ideal balance between tech and touch in our customer experience.

In 2020, in line with our platform strategy, we invested heavily in the Select platform, with an in-house development team as the driving force. This team strengthened the base of the platform, with scalability, connectivity and user experience as key priorities. Similarly, we worked on the Jobcatcher platform, making large steps in Robotic Process Automation (RPA). RPA enables us to take the robot out of the human, robotising labour-intensive processes involving many repetitive tasks. As the quality of their work increases, employees can spend more time on the interesting part of their jobs, which will lead to increased employee satisfaction.

In the area of business intelligence, a future-oriented data warehouse (DWH) was set up. Dashboards and reports were then built in PowerBI, providing our organisation from top to bottom with unique insights based on our rich data. The DWH offers a plug-and-play interface with new systems we purchase or with systems of organisations we will acquire in the future as part of our M&A strategy.



Developments for our customers

As a true intermediary, we have customers on both the supply side (professionals and suppliers) and the demand side (clients). Thanks to our customers' trust in our services, HeadFirst Group achieved organic growth in 2020, a year in which we were confronted with Covid-19. That makes us incredibly proud, especially of our employees. Together, we are a company with more than 200 employees, four locations in the Benelux region, and a gross invoice value of over € 1.5 billion. In 2020, we worked for more than 450 clients, with a network of over 48,000 independent professionals and 10,000 suppliers. We invested heavily last year to make sure our customers would benefit from the best possible journey with us.



Developments for clients

In 2020, we made the transition to 'full service' provider by developing ourselves as an advisor for our clients. We advise clients on various subjects, such as changing laws and regulations, and guide them in the design of hiring processes, the benchmarking of rates, and forecasting (planning) of external hiring. We continuously train our Account Managers and Relationship Managers to exercise this advisory role.

This advisory role really took off at the start of the Covid-19 crisis. We entered into a dialogue with clients, focusing on issues such as the best hiring strategy in the circumstances (scaling up, scaling down, or bridging the gap until the biggest blows had been dealt), how to determine which hiring is business critical, and how to keep externally hired staff involved. These topics were also central in a webinar series of five editions with partners ZiPconomy and Intelligence Group.

In 2020, we again successfully made our knowledge available to clients through our consultancy services, for which Staffing Management Services had laid the foundations in recent years. Several clients underwent a 'hiring scan' analysis, including a risk scan, process scan, and benchmarking of rates. Customer satisfaction was high, and many of these interactions led to more long-term collaboration. With several of our clients, we set up an 'arena group' on the topic of data-driven hiring, which met three times in 2020. This has laid the foundation for our new data services in 2021.

Finally, we also celebrated many successes by welcoming new clients in 2020. Examples of these newly won clients via European tendering processes are the Dutch Ministry of Economic Affairs and Climate, the Ministry of Agriculture, Nature and Food Quality, the Ministry of Justice and Security, Human Resources of the central government, the Municipality of Schiedam, and Leiden University Medical Centre, and DUO Groningen. Besides these new framework agreements, existing major contracts were also renewed.

Developments for independent professionals and suppliers

The new clients that we welcomed are a great addition for the independent professionals and suppliers in our network. Like the assignments of all our other clients, these new clients' assignments appear on our Select platform, Jobcatcher platform and/or inhuurdesk.nl. In this way, we make it possible for the very smallest companies on the supply side to do business with our largest clients. This intermediary role lies at the heart of our services.

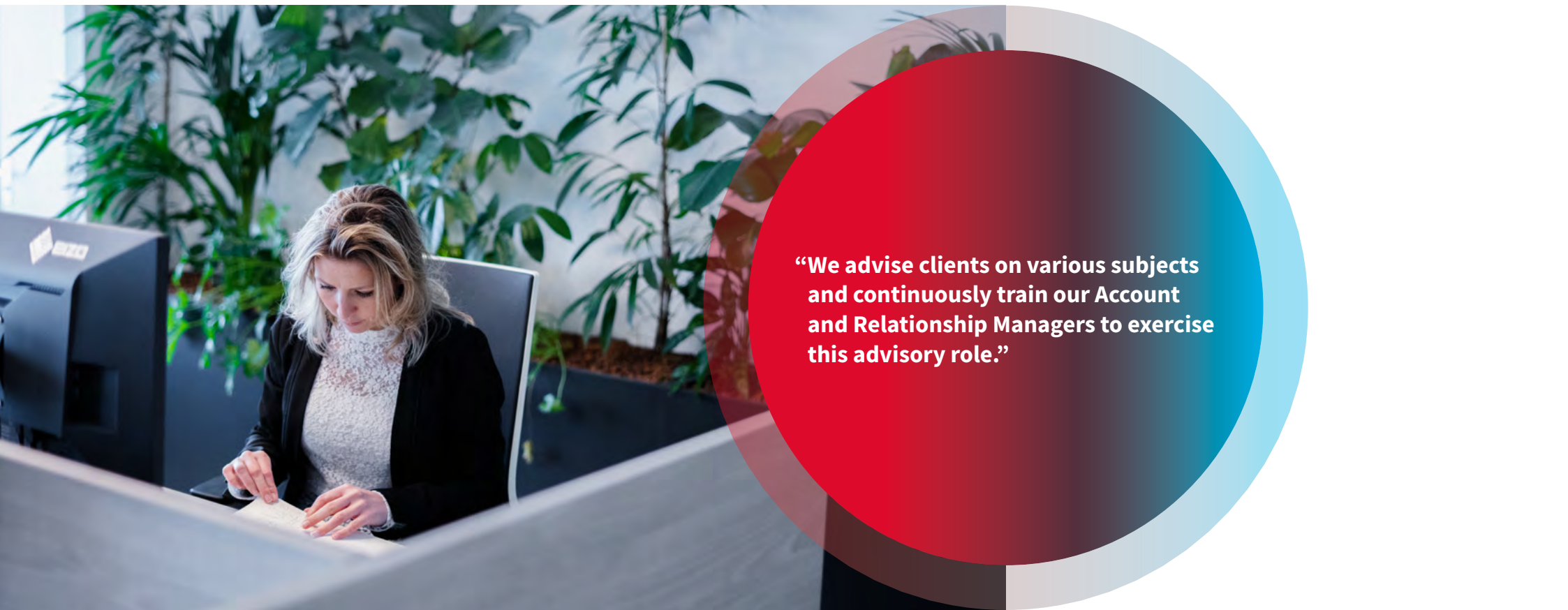
As mentioned earlier, we had to change the way we work and communicate because of Covid-19. This also applied to our

partners and suppliers. Despite being unable to visit our partners in person, we still managed to work closely with them to ensure their success. When entering into a new partnership with a supplier, we now first determine what expertise and service would best match our clients' needs. Based on these needs, we then enter into a partnership with suppliers who are experts in a specific field. As a result, all our suppliers provide their own expertise and services, which together add real value for our clients.

We responded rapidly to the virus by cancelling live events and immediately replacing them with online alternatives in the form of webinars. This has allowed us to keep sharing knowledge in these difficult times. Since the start of the

Covid-19 crisis, we organised webinars for independent professionals and suppliers on a range of topics, including Covid-19 measures for entrepreneurs and cyber security. In this way, we were able to add value in the form of knowledge.

Since 2012, HeadFirst Group has provided an extensive range of services for the supply side of the market, including rapid payment of invoices, knowledge sessions, insurance, discounts on training, and mobility products. In the last months of 2020, we focused on innovating the content of our Professionals & Partners services. We also further reduced our invoice payment terms for our Premium and Excellent members, and more is coming. From 2021 onwards, we will also offer this service (in a modified form) to the professionals and suppliers in the Between network.



“We advise clients on various subjects and continuously train our Account and Relationship Managers to exercise this advisory role.”

Opportunities for HeadFirst Group



Complexity of hiring calls for outside assistance

As described earlier, there is a great lack of clarity around labour market legislation in the Netherlands. Acts such as the Assessment of Employment Relationships (Deregulation) Act (2016), the GDPR (2018), the Balanced Labour Market Act (2020), and the Posted Workers in the European Union (Working Conditions) Act (Wet arbeidsvoorwaarden gedetacheerde werknemers in de Europese Unie, WagwEU) (2020) have made the hiring of external staff increasingly complex over the past few years. The wide array of regulations has prompted organisations to seek outside assistance in this area. This trend is likely to continue in the coming years. HeadFirst Group meets this need with its contracting service.



Scarcity drives demand for our services

The trend set out above towards an ongoing shortage of knowledge workers means that organisations have a continuing need for help in recruiting external personnel. HeadFirst Group can offer a solution to this problem through its triple sourcing model of ❶ an open market approach, ❷ close ties with a closed community, and ❸ global sourcing.



Organisations are accelerating automation

The Covid-19 crisis has clearly, albeit painfully, illustrated the need for organisations to automate. Location-specific work has been shown to be a risk factor. This realisation is expected to boost digitalisation within organisations, leading to a greater demand for online and IT specialists. HeadFirst Group has been strong in this area since its inception.



Need for control over hiring exposed

Organisations that have control over their external hiring know exactly who is hired where in the organisation and why. It has been proven that organisations that did not have this insight have been less able to respond to market developments. This situation has exposed the need for control over hiring. As a result, we saw a growing demand for our business consultancy services in the first half of 2020. This has led to some excellent new additions to our client list.



Consolidation in the intermediary and MSP market

HeadFirst Group is operating in a consolidating market. The Covid-19 crisis is likely to have an intensifying effect on this situation. We are continuing our growth and acquisition strategy as vigorously as before.

Client challenges to which HeadFirst Group offers solutions



When Patrick Szigeti first got in touch with HeadFirst Group, he was looking for a new challenge, more responsibilities and growth opportunities – preferably within recruitment, where he had been working for eight years. And so it happened.

Patrick now helps independent professionals and suppliers to find new assignments: “Making a professional happy with a new assignment is what gives me energy. Every new assignment starts with writing a motivation and sending in a résumé. The entire process of supporting, advising, and working closely with professionals makes my job very interesting. If it then also results in an assignment, that’s the cherry on the cake!”

“At HeadFirst, we work with Select, the platform where all assignments of our clients are listed, and where professionals and suppliers can place bids on the assignment. Because the entire profile of the professional is visible in Select, I can make a good selection for Rabobank, my client.”

Right from the start, Patrick has had a lot of responsibility and freedom at HeadFirst Group. All Resource Managers at HeadFirst take care of their own specific clients. “Rabobank is a big client,” says Patrick. “When I started, the contract with Rabobank was about to expire. With hard work, some great improvements and excellent teamwork, we managed to get an extension. And what’s even better, Rabobank is very positive about our work! It clearly means we are developing and improving. I’m really proud of that.”

“I feel appreciated for the things I do. If you do things well, you will hear it, and if you do things wrong, you will also be told. I think it is very important to be open and honest with each other. You can only learn from mistakes.”

Patrick Szigeti
Resource Manager

Strategy

Market vision & strategy HeadFirst Group 2020 - 2025



The leading platform in 2025

At the end of 2020, we started the collaboration and integration of HeadFirst and Between. Through a carefully designed plan, we are capitalising on the best of both organisations, solidifying a market leadership position in the professionals segment of the market. To go full speed ahead with a clear goal, we together formulated three visions for innovation: a vision for the supply side, one for the demand side, and an overarching vision to become a leading platform company. By adding a concrete ‘5 Bold Steps’ plan, we are mapping out the strategic steps towards realising these visions, starting in 2021.

The core of our vision is as follows: By 2025, HeadFirst Group will be leading the way and offer a fast lane for matching supply and demand of work through our platform. On the supply side, we aim to be the preferred partner for professionals who strive for a lifelong flexible career by focusing on unburdening and supporting them in the most personalised way. On the demand side, the way we support our clients will be driven by an optimal balance between technology and human touch. Digitalising the process where this is possible will allow for more time for personal contact when it matters.

Our ‘5 Bold Steps’ plan:

1. **Clear tech roadmap:** We will innovate our platform for seamless matchmaking and execution.
2. **Data-driven organisation:** We will focus on fully data-driven continuous improvement.
3. **Next-level services:** We will be a trusted advisor to clients and offer value-added services to professionals and suppliers.
4. **Leading platform in the Netherlands:** We will scale up as a data-driven, automated, open platform, while targeting new segments.
5. **Expansion into European markets:** We will offer specific services tailored to local conditions.

Our vision on the supply side Lifelong flexible career

What the world will look like in 2025

It is 2025, and the majority of the North West European labour market is now flexible. As a result, the economy is very much driven by independent professionals. These professionals, young and old, expect a career that is always in development and that gives them room to be entrepreneurial. However, this flexibility often leads to a lack of personal development and interaction with peers, which used to be available to employees in large companies. For this reason, there has been a shift towards communities of independent professionals and suppliers. As part of these communities and networks, people with decades of experience openly share their knowledge with the group of younger professionals.

What value HeadFirst Group will bring to its customers

By 2025, HeadFirst Group with its Select platform has become the standard partner for professionals and suppliers who focus on a lifelong flexible career. We unburden and support workers in the most personalised way. HeadFirst Group has managed to claim this spot by offering ‘career partner’ solutions to flex workers. These solutions include income stability, upskilling and training, personal mentoring and career planning, cross-company traineeships, and permanent advice; all designed to propel people forward to their next dream role. In this way, HeadFirst Group provides the support environment that corporates used to provide before.

HeadFirst Group is serving a growing base of younger workers. We have been able to onboard young talent by working with universities and offering flexible traineeships. The tailored career guidance program helps workers take the necessary steps to get the jobs they dream of; after all, a career is a series of stepping stones. For people who want to be part of a community, there are guilds where specialists share their experiences. For people who want to focus on themselves, there are services for career security, such as insurance,

“We strive for an optimal balance between technology and human touch.”





“We support companies with the management of their total workforce.”

pension and pre-emptive job searching. This move towards being a full HR service provider has propelled HeadFirst Group to servicing over fifty different communities covering a professional base of over 250,000 professionals in Europe.

Our vision on the demand side

The flexible partner

What the world will look like in 2025

It is 2025, and the HR/recruiting industry in North West Europe has become more and more digitalised. Dedicated HR platforms have automated most of the matchmaking process and are now advising companies on best practices. In this way, players like HeadFirst Group have transitioned from an administrative role to a full HR service provider, shaping the landscape further and further. Large technology-driven companies were early adopters of using players like HeadFirst Group for HR value added services and consulting such as RPO, strategic workforce planning, legal and compliance services, and data-driven process optimisation. Following in their footsteps, all companies that use flex workers are now making use of these services.

What value HeadFirst Group will bring to its customers

HeadFirst Group is leading in Europe when it comes to best practices. We proactively and strategically advise Europe's largest corporations in the field of work. HeadFirst Group supports companies with the management of their total workforce. Advisory services are driven by an optimal balance between technology and human touch. Digitalising the process allows for more time for personal contact when it matters.

In the Netherlands and abroad, HeadFirst Group has developed a scalable way of using soft skills to find the best talent. An example of this is a strong referral proposition, where the database of HeadFirst Group and the professionals within it refer the best talent based on personal experiences. The approach is twofold. Firstly, on the technology front, the company has designed best-in-class tech solutions for every step of strategic workforce planning. This has increased gross invoice value from 1.5 to 2.5 billion euros. Secondly, the company has manifested itself as the clear No. 1 thought leader in North West Europe for HR services. This knowledge has allowed HeadFirst Group to complement a standardised approach with company-tailored advisory services.

Our vision on becoming a platform company

The fast lane to cool jobs

What the world will look like in 2025

It is 2025, and the North West European labour market has become increasingly flexible. On the one hand, a technology revolution with advancements in artificial intelligence and interconnectivity has led to a further push towards a European platform economy. Matchmaking has been completely automated, and by opening systems via APIs, network effects are created throughout the European labour market. This has enabled one main flexible employment platform to spread across North West Europe.

On the other hand, there is a continued scarcity of professionals. This is further driven by the autonomous behaviour of (young) professionals and their wish to have a very flexible career. Progressive large companies are trying to continuously tap into a fresh stream of talented knowledge professionals by using this new international flex platform. Professionals are finding their perfect jobs in both their own countries and abroad. Data-driven services increase the security and advancement of their careers.

What value HeadFirst Group will bring to its customers

HeadFirst Group is the leading player in the market and is a data-driven organisation focused on continuous improvement, with an optimal balance of technology and human touch. HeadFirst Group has created a fast lane for matching the supply and demand of flex work. We have achieved this by creating a platform that has become top of the market by interconnecting it with other relevant systems and by creating top notch features for professionals, suppliers, and companies. The platform is enriched by communities, partnerships with suppliers, and a strong referral machine. One million North West European freelance professionals and suppliers are using the platform. They love it because it provides quality, ease of use, and a trusted way of quickly finding the next cool job at a fair rate.

Companies, on the other hand, are given insight into the most qualified knowledge professionals in the market and are making use of flex work more than ever. Talent pool suppliers are placing professionals in exciting projects at an unprecedented rate, facilitated by HeadFirst Group. By continuously updating the market on the latest industry developments, the platform is busier than ever and HeadFirst Group is seen as the true thought leader in the field. The flex market is here to stay, and by providing a new way of working, HeadFirst Group has managed to create a winning proposition for supply and demand.

“HeadFirst Group has created a fast lane for matching the supply and demand of flex work.”





“The first step as a Recruiter was necessary, because I didn’t know anything about IT and government to start with. But I soon got to know these sectors well.”

Sabine van Bree
Account Manager

Sabine van Bree has always aspired to be the public face of an organisation. As a HeadFirst Group Account Manager, she is responsible for several Between clients, such as DJI, DUO and Kennisnet.

“As a well-known furniture store puts it: ‘attention makes everything more beautiful,’” says Sabine. “I firmly believe in that, which is why I do everything in my work with great care and attention. That’s how I add value.”

When Sabine started her career at Between as a Recruiter, she soon knew that she wanted to become an Account Manager. She quickly grew into a dual role, taking care of both recruitment and sales for DJI. Eighteen months ago, she switched to Account Management full-time.

“As an Account Manager, I find commitment to serving our clients most important. That is why I go the extra mile to get to know clients, talk extensively with professionals, and think along with our suppliers.”

The big fixer – that’s how Sabine describes herself within her role. Together with her client team, which consists of a Recruiter, someone responsible for contracts and finance, and herself, she helps clients, suppliers, and independent professionals. “All departments want processes to run smoothly,” says Sabine. “We join forces and make sure that, together, we provide a good service. This goes beyond creating contracts and proposing candidates.”

Sabine strives to be of added value in her work: “I want clients to think: ‘When I work with Sabine, I can trust that she’ll keep me informed about the process and that everything is well organised’. I keep many balls in the air at the same time, and my energy may drive people crazy at times. But it’s with the best of intentions, and it often leads to a good result.”

Outlook for 2021

2020 was a special year in every way.

Not just for us, but for the whole world. We are proud – with a big thank you to our great staff – of how we steered through the first part of the crisis. Then HeadFirst Group and Between Staffing Group joined forces: Power Up!

2021 promises to be another special year.

Covid-19

We expect that Covid-19 will continue to affect our lives during 2021. This is also reflected in our budget for 2021, in which the end of the pandemic impact is not expected to occur before the second half of the year. Nevertheless, we are still expecting growth compared to 2020 in terms of gross profit and EBITDA. Besides this scenario, which has been included in the budget, we have prepared several other scenarios, including a worst-case scenario, to analyse the potential downside of a stricter lockdown and longer-lasting impact of Covid-19. Although Covid-19 will affect 2021 just as it affected 2020, we are not discouraged from going full steam ahead in the pursuit of our goals.

Legislation developments

Over the past years, the Dutch labour market has consistently shifted to a more flexible labour market. In 2020, this trend slowed down, but only for a bit. The impact of the Covid-19 crisis on the hiring market for knowledge-intensive jobs has remained limited. Our prediction for this year is that the events of 2020 will only drive the flexibilisation of the labour market further, because of three reasons:

- 1. The need of organisations to allow personnel costs to move with the market has been further reinforced by the Covid-19 crisis.** By allowing the cost of personnel to move with projects, business pressure, the market, and the economy, companies can work more cost efficiently. In addition, the desire for flexible working remains unabated among professionals.
- 2. The need for a grip on hiring has once again been exposed.** During the Covid-19 crisis, it turned out that organisations that had no overview at the start of the crisis were less able to keep up with market developments. It is important to have a grip on external hiring so that you know exactly who is being hired in which position in the organisation and why.
- 3. Location-bound work was identified as a risk factor during the Covid-19 crisis.** The work we used to know changed drastically, with almost everyone working from home. This gave a new boost to organisations' need for digitalisation. As a result, the demand for online and IT specialists, who often work on a flexible basis, has grown.

The development of Dutch legislation in the areas of both labour and taxation, especially around self-employed professionals, depends on the formation of a new cabinet following the elections in March 2021. We expect a change to the current system with Model Agreements, but this will not come into effect before the end of 2021.



Acquisition and integration

In the last quarter of 2020, HeadFirst Group and Between Staffing Group joined forces. One of the reasons for this collaboration is the search for synergies in a market where size and scale is a definite competitive advantage. However, a full integration of the Between and HeadFirst organisations is not planned for the near future. Both labels and commercial departments (i.e., sales, recruitment, job board/platform, etc.) are strong and respected in the market, each for their own unique approach. We will therefore keep these two parts of our organisation operating separately. However, we are planning to realise synergies in terms of support functions, such as HR, Legal and Finance. In addition, the combination provides us with more room for investment in our platform and innovative solutions such as Robotic Process Automation and Artificial Intelligence.

With the acquisition of recruitment specialist Sterksen in March 2021, we took an important step towards becoming a full HR service provider for both temporary and permanent employment. In doing so, we are responding to the market trend of Total Talent Management, which means that companies are increasingly organising their workforce integrally, regardless of the nature of the contracts used. With this step, HeadFirst Group also meets the increasing demand from our clients for service providers with a broad portfolio of HR services.

Sterksen will become an independent brand within HeadFirst Group, retaining its own identity. The current management will continue to manage the organisation. Sterksen and other brands within HeadFirst Group will join forces in various fields, such as advising clients and combining knowledge in the field of permanent and flexible employment. Together, we are a unique total talent provider, and we are sure to reap the benefits very soon.

First steps towards the leading platform in 2025

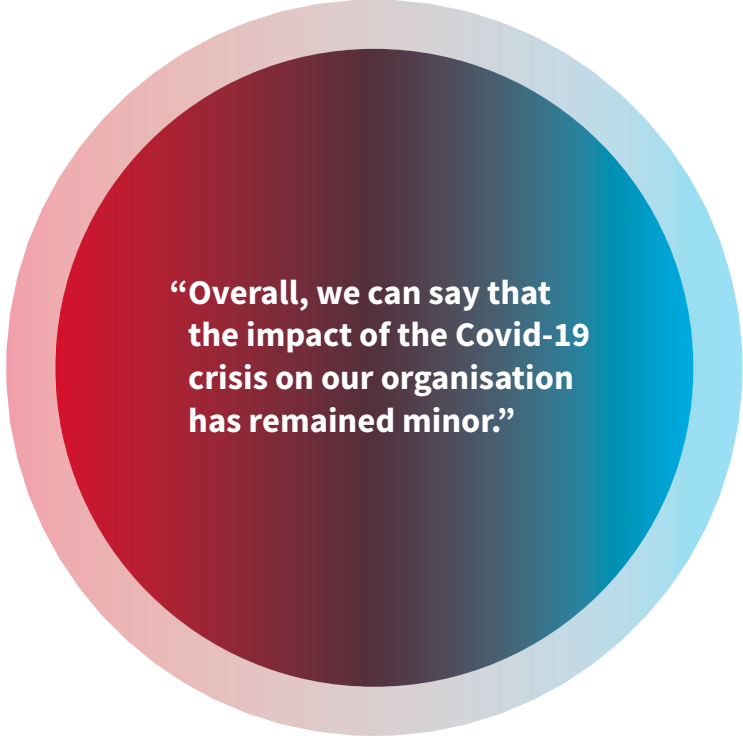
We described how our strategy is made up of five steps towards becoming the leading platform in 2025 in the Netherlands and abroad. In order to implement our outlined strategy, we have defined the following focal points for 2021:

- 1. Strengthen the base:** We will continue to perfect our contracting and finance processes, supported by smart IT solutions, including robotic process automation. We will continue to invest heavily in the development of our platform, technology, security, and user experience.
- 2. Drive performance:** The constant improvement of our performance and the services we offer to our customers is the basis of customer satisfaction. We will achieve this by focusing on three core themes: ❶ customer first, ❷ connecting people, and ❸ learn every day.
- 3. Build the future:** In addition to the two points above, which have to do with the day-to-day running of our organisation, we will be taking further steps in our innovation agenda. Three topics are central to this: ❶ deploying and utilising our unique data insights, ❷ expanding our Professionals & Partners services for independent professionals and suppliers, and ❸ growing internationally.

Financial objectives

HeadFirst Group is an ambitious company with great potential. The outlook for 2021 is positive, but also depends on the economic impact of Covid-19 at our clients. In setting our targets for 2021, we have taken a slow recovery into account. Nevertheless, the target for 2021 is to increase our business results in terms of revenue, gross profit, and EBITDA.

In line with the digitalisation targets for 2020 and our ambition to develop our organisation from HR service provider to a platform company, we are investing substantially in IT. In addition, we expect costs related to the optimisation of our current financing structure, as well as costs related to our M&A strategy.



“Overall, we can say that the impact of the Covid-19 crisis on our organisation has remained minor.”

Explanatory notes to the 2020 pro forma financial results*

HeadFirst Group is proud to present its gross invoice value of € 1.52 billion (2019: € 1.48 billion), especially in a disrupted year like 2020. We would not have been able to achieve this great result without our amazing and passionate employees, loyal clients, committed partners, suppliers, and professionals.

We saw a strong start to 2020. Following the first lockdown in March 2020, we experienced a small drop in the demand for our services. Due to uncertainty in various markets, some of our clients postponed the external hiring of professionals. However, after the first weeks of the lockdown, we noticed that the demand for our services was on the rise again. A clear distinction could be made between the various industries we serve. While some industries showed a stabilisation after the initial drop of demand, others showed an increased demand for our services beyond the pre-Covid-19 level.

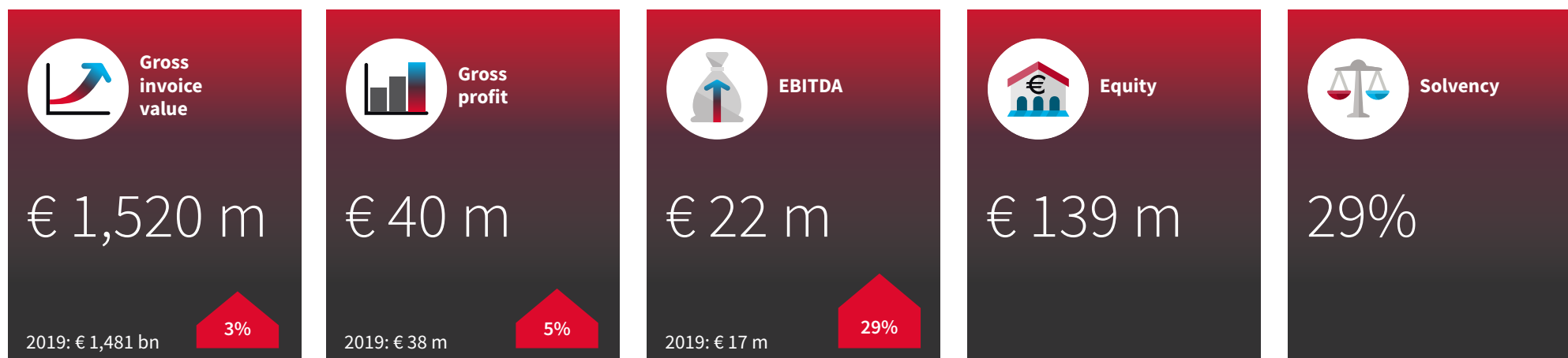
Due to our portfolio mix and our strong presence in the niche of highly skilled professionals, including many IT professionals, the impact of Covid-19 in 2020 was limited. Revenue growth slowed down, but still increased by 3%. Gross profit increased by 5%, following significant growth in our search proposition, which has a high added value. We managed to realise a strong underlying EBITDA performance, with EBITDA increasing 29% following the realisation of efficiency gains. By responding swiftly to the temporary decline in demand, we were able to mitigate this effect by reducing costs and ensuring a strong EBITDA performance.

At the same time, we continued to focus on optimising our processes and implementing innovative solutions such as Robotic Process Automation, enabling more efficient ways of working and anticipating on an increased performance in 2021.

The new holding company was incorporated in 2020. Right after the incorporation, Kartesia joined our team of shareholders. With Kartesia joining, we have entered the next phase of our growth strategy.

We are proud to start with a strong equity of € 139 million and a solvency of 29%. This qualifies as solid for our type of business, which has a large amount of current assets and liabilities going through our books. We do note that Kartesia joining also entails that a comparison with other years in terms of equity and solvency is of less added value.

The credit facility originating from 2018 was replaced at the end of 2020 by a new facility at a substantially lower cost. This will significantly increase EBITDA-to-cash conversion going forward. We continued to retain business by renewals and win further tenders in 2020, demonstrating our clients' appreciation of our services and providing us with a solid outlook at the start of 2021.



* We focus on the underlying pro forma financial results as this provides the best insight into the performance of our business.

Isabel Verbeek has worked as a HR Advisor since September 2020. She focuses on recruitment and selection, onboarding, and the employer branding of HeadFirst Group.

Within her team, she's the one who is at the forefront of the HR cycle. "The cycle consists of recruiting, personal development and engagement, all the way until the employee's exit," explains Isabel. "When a new colleague has started successfully, HR tasks don't stop. My team ensures that employees are and remain happy in their roles. Within the team, everyone has their own expertise, but we also work closely together. This is how we ensure an effective employee journey."

"Every day is different. I may spend a whole day on the phone, make plans, immerse myself in employer branding, or work together with marketing. That's what makes my job so much fun."

Isabel gets her energy from talking with employees and potential new colleagues, helping them in their search for a new job. "Everyone I talk to has a different story and a different profile," says Isabel. "I talk to people about where they live, their work experiences and hobbies." There is no standard interview, she emphasises. "I let myself be guided by the answers someone gives, making the interview personal in a way that I get to know the candidate well. That's how I find the best match."

Isabel is looking forward to the future of HeadFirst Group: "I expect the organisation to continue to grow and that we'll double the number of employees in the next five years. That will mean welcoming many new employees, but also ensuring that we keep our current employees happy. As such, employer branding is becoming increasingly important. It's a part of the organisation that I'd like to develop further."

"As a team, we're making big steps very quickly. And rightly so, because there's a lot to be achieved. For us this is a great challenge, which I like to sink my teeth into."

Isabel Verbeek
HR Advisor

Organisation

HeadFirst Group as an employer

As an employer, HeadFirst Group has undergone rapid development in recent years. Involvement, fun and ownership are central to our organisation. We encourage our employees

to adopt an enterprising approach through personal development and by giving them responsibility. We have a naturally informal culture with short communication lines. On the other hand, professionalism resonates in everything we do. We are a reliable employer, where 'good employment

practices' prevail. We actively convey this employer branding to potential employees, with a focus on the 'working at' HeadFirst Group website.

What we stand and aim for



Customer first

Customer first sounds obvious. For us, however, it has a double meaning. We strive for the perfect balance between tech and touch, aiming for the ultimate experience for our external customers (clients, suppliers and independent professionals). At the same time, our colleagues are also our customers. In fact, we want colleagues to treat each other the way they would like to be treated as customers themselves – by listening, keeping appointments, and giving honest feedback.

We are progressive in terms of reliable solutions and are constantly setting the standard. How we do so, however, is continuously developing. To achieve this goal, we are constantly looking to create added value for our clients. We listen, develop, and create value.

We do not treat any client as a number, but rather as a partner to whom we give personal attention. Our professional maturity is evident in our perception of the market and proactive advice. Moreover, our relationship approaches that of business friends. This relationship allows us to be honest with each other, which is better for each party. If we develop, our customers develop with us – and vice versa. That is what we mean by 'customer first'.



Connecting people

We provide clients, independent professionals, and suppliers with digital as well as physical access to one another. Connecting is our core business. Connecting people to careers, with the aim of achieving success. Connecting clients with the best talent to move the organisation forward. We are always looking for unique new connections that will take us further in these times where entrepreneurship is rewarded. The thought of 'joining forces' is always top of our mind.

Although we may be large within our market, we remain a flat organisation and do not place any one person above another. We have become large by staying small. We listen to our employees and think in terms of opportunities. We aim to offer these opportunities both to young talent and to experienced professionals with a young mindset who want to set the tone. We do not achieve success alone. Working together on the 'we factor' is key. That is how we keep on building connections, always.



Learn every day

A little bit better every day. We consider continuing development a necessity, not an option. We look for employees who match our entrepreneurship. We expect ownership and give freedom and responsibility in return. Mistakes can happen, from which we learn. Success never goes unnoticed, and outstanding achievements are rewarded. We want our employees to be critical, but in a positive way. In this way, step by step, we can create an even more professional organisation every day – together.

We also encourage development among our customers. We help professionals to learn from one another through training, knowledge events, and communities. We take on tasks for entrepreneurs, including clients, suppliers, and independent professionals, leaving them free to concentrate on what they do best. We feel encouraged to develop with all our customers, day by day.

SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals

As a growing HR services provider, HeadFirst Group takes its role in the labour market and society seriously. We therefore support the UN Sustainable Development Goals, and in cooperation with our clients, suppliers, independent professionals, and employees, we actively contribute to these goals.

We regularly contribute to good causes and charities, as we believe it is important to have a positive impact on society and its ecological footprint. For example, we introduced 'Because we care'. As part of this program, we donate to a charity chosen by our employees each year. To create even more awareness for the charity in question, we also take part in the Mont Ventoux Challenge, a well-known charity event. In 2020, this event was cancelled due to Covid-19, but we still managed to collect a substantial amount to donate to a MS patient who needed financial support. Thanks to our donation, he was able to get specialised treatment in Mexico.

We hope to be able to climb Mont Ventoux again in 2021 for a different charity.

In addition, we have combined our strengths with several other organisations to support oPuce, a social enterprise that helps people who have recovered from cancer to get back to work. Together, we have launched the 'Talent Connector', a platform where people recovered from cancer can look for paid work or assignments. The platform offers a first step towards a labour market with equal chances for everyone.

UWV, the Employee Insurance Agency in the Netherlands, is a valued client. We work with UWV to look for opportunities to get job seekers back to work. In the role of supplier of IT professionals to the Custodial Institutions Agency (Dienst Justitiële Inrichtingen, DJI), we set up the 'digital empowerment for detainees' pilot project in collaboration with the Digisterker Foundation. Three pilot projects have since been set up to enable detainees to work on their digital skills so that they can return to society with more relevant skills for the labour market. We value making a social impact with our clients in this way.

Diversity policy

The HeadFirst Group workforce is diverse in terms of age, origin, motivation, and life experience. We have 123 employees in the under-40 age category and 78 employees in the 40-and-over age category. The average age is 37. Our workforce is 53% male and 47% female. We do not exclude anyone on any grounds. Every person is equal but also unique. We take these differences into account.

For HeadFirst Group, all genders, ethnicities and religions are equal. It is in the interest of our organisation that only the best qualified persons make up the Board, regardless of background. Within the current management team of HeadFirst Group, 31% is female. This may change in the future, although this is not a specific goal, as gender is not a qualification criterion.

4



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1. We contribute to a developing and skilled workforce through offering personal development services and career partner solutions to our flex workers.

These solutions include income stability, personal mentoring, training, and career planning. As a result, we ensure that people stay employable in a rapidly changing labour market.

2. Our platform offers a fast lane for matching supply and demand of flex work.

By connecting clients, independent professionals, and suppliers, we create employment opportunities and give companies access into the most qualified knowledge professionals. Furthermore, our platform contributes to market transparency and fair rates for specialised and skilled work.

3. We encourage self-development and lifelong learning for our employees.

Our performance management program gives our employees control over their own development, and we offer internal peer-to-peer support. In addition, we offer a wide range of training sessions, courses, and webinars to keep our employees up to speed.

5



10



4. Our workforce is diverse and inclusive.

We embrace differences in age, origin, life experience and religion. We also aim for diversity in our mediation of professionals. We therefore stand up against labour market discrimination and focus on our main priority: the right person in the right place.

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5. We cherish our planet, which is why we take the environment into account in our business operations and policy.

We make a concrete contribution to this through the following activities:

- We prioritise the use of company cars with low CO₂ emissions.
- We separate our waste wherever possible and encourage the use of environmentally friendly cleaning products.
- We have implemented energy-saving measures in our offices.


Risk management

Approach to risk management

Our approach to risk (and opportunity) management aims to mitigate the chance and impact of certain risks, while maximising opportunities. As part of our long-term value creation, this risk (and opportunity) management is embedded in our strategy and essential for achieving our goals. HeadFirst Group periodically reviews and re-evaluates its risk profile to manage the most important risks and create a healthy balance between risks and potential rewards. HeadFirst Group identifies four risk categories: strategic, operational, financial, and compliance. The consideration of a healthy balance differs for each risk category.

Risk profile

On the next page you find a categorised overview of the risks that we believe are currently the most relevant to the achievement of our strategy. This risk overview should not be considered exhaustive. There may be risks not yet known to HeadFirst Group or risks that are currently not deemed to be material, but which could later turn out to have a material adverse effect on HeadFirst Group's business, operating results, and/or financial condition. The sequence of the risks does not reflect an order of importance, vulnerability, or materiality.



“As part of our long-term value creation, risk management is embedded in our strategy and essential for achieving our goals.”

Strategic risks

Sensitivity to cyclical movements

HeadFirst Group operates in a dynamic, highly competitive industry. Macroeconomic volatility has an almost immediate impact on the market in which we operate. The current Covid-19 crisis will have an impact on economic growth, which may negatively affect the business of HeadFirst Group. By having a solid core and a flexible shell, HeadFirst Group is able to constantly adapt to an ever-changing environment.

Cyclical movements also provide an opportunity, as our clients also require their workforce to be flexible. This results in demand for our services.

Reputation

HeadFirst Group deals with confidential information of both customers and suppliers. In providing our services, trust and stability are of vital importance. Poor service or, even worse, a data breach could have a material impact on HeadFirst Group's reputation, business, and financial position. HeadFirst Group protects its strong reputation by ensuring all employees adhere to our core values and business principles, and comply with all internal policies. Periodic customer and supplier surveys help us to monitor the strength of our brand. Timely action is taken to investigate and address any negative trends.

To demonstrate our integrity and solid trustworthy policies and procedures, we have obtained several renowned certifications. HeadFirst Group's certifications include the standards outlined below.

NEN 4400-1

NEN 4400-1 is the certification of the Labour Standards Foundation for organisations that act as an intermediary for temporary personnel. The quality mark imposes requirements on the payment of taxes and social security contributions. The NEN 4400-1 quality mark also offers peace of mind that an organisation only provides personnel who are allowed to work in the Netherlands.

ISO 9001

ISO 9001 is the international standard for quality management. This quality mark assesses whether we are able to meet the requirements that our clients impose, including in relation to laws and regulations. The requirements also provide a basis for our quality management system.

ISO 14001

ISO 14001 is a standard for environmental management. An environmental management system according to the ISO 14001 standard can be used to control and, where possible, reduce the environmental risks associated with a company's business operations. The ISO 14001 and ISO 9001 standards have an identical set-up thanks to a High Level Structure (HLS).

ISO 27001

ISO 27001 is a standard for information security. We live in a data-driven world, and as an intermediary, we need to make sure that our clients, professionals and suppliers can entrust us with their data in good faith. In addition, the importance of the availability, integrity and confidentiality of this data is becoming increasingly important. To demonstrate our organisation's professionalism in this regard, we believe it is of added value to be certified under ISO 27001. This process was started in 2020, and we obtained the ISO 27001 certification in the first half of 2021.

Changing laws and regulations

One of the major strategic risks is political and social oriented. Changes in the political, legislative and/or regulatory framework governing the activities of HeadFirst Group could have a material impact on HeadFirst Group's business, the markets in which we operate, and our financial condition.

Our highly skilled in-house experts, who work closely with a range of reputable external experts, monitor the process of changes in legislation, anticipate the effects of potential changes, provide training to employees, clients as well as suppliers, and ensure proper processes and controls are embedded in our organisation. Furthermore, we anticipate on all potential outcomes by adjusting our service portfolio.

Changes in legislation also provide opportunities. New legislation contributes to an administrative burden and risk to our clients, which requires extensive knowledge to stay compliant and efficient. We can share our knowledge of new legislation (especially on employment laws, data, and privacy protection regulation) with our clients, strengthening our relationship with them. Furthermore, the sheer multitude of regulations has prompted organisations to seek outside assistance in this area. This trend is likely to continue in the coming years. HeadFirst Group meets this need through its contracting service. In addition, continuously changing legislation makes it more difficult for new players to enter the market.

Operational risks

Information security

HeadFirst Group deals with confidential information of both customers and suppliers. In providing our services, trust and stability are of vital importance. A data breach could have a material impact on HeadFirst Group's reputation, business, and financial position. HeadFirst Group continuously strengthens its IT controls and compliance by improving IT security and IT controls. In addition, our employees are thoroughly screened before hiring, and awareness activities are rolled out to increase employees' awareness of IT security risks. Those parts of the IT environment, including software, that are outsourced are only outsourced with trustworthy parties who are ISO 27001 accredited. HeadFirst Group hires independent qualified agencies for periodic audits on our policies and procedures based on the latest rules and regulations, to ensure compliance. This has resulted in, amongst other things, our accreditation for quality control (ISO 9001).

The certificate for quality control (ISO 9001) enables us to demonstrate our trustworthiness and strengthen our brand image of a reliable and stable party.

Talent attraction and retention

People are our most important asset. The success of HeadFirst Group's business depends not only on attracting and developing employees, but also on retaining our highly skilled employees. We aim to achieve this by creating a positive and open working atmosphere, where employees are encouraged to pitch initiatives and where development is stimulated. An annual employee survey helps HeadFirst Group to monitor the engagement of its employees and investigate employees' needs in a structured manner. This survey is anonymous, which increases the quality of the responses. Timely action is taken by the HR department to investigate and address any negative trends.

Just like our own organisation, our clients are seeking to attract and retain talent. The trend set out in the market developments section of an ongoing shortage of knowledge workers despite the Covid-19 crisis means that organisations have a continuing need for help in recruiting external personnel. HeadFirst Group can offer a solution to this problem through its triple sourcing model of ❶ an open market approach, ❷ close ties with a closed community, and ❸ global sourcing.

Contract liability

Requirements from clients may result in unique contract clauses. Accepting inappropriately high contractual liabilities could result in a client making a claim that would materially affect the results of HeadFirst Group. Whenever possible, we work with standard contracts. In the event of non-standard terms, a cost-benefit analysis is carried out in advance to determine whether projected profit levels are high enough to absorb the costs associated with the additional risks. HeadFirst Group believes that the risk and liability associated with the service performed should lie with the party that can exert influence on that particular element of the service. If HeadFirst Group can exert no influence on a specific part, the liability is either kept with the customer or transferred to the supplier if it is under their influence. To ensure proper service delivery, HeadFirst Group focuses on further improvement of its contract delivery model and contract management. Our

expertise in contract management improves our quality and the added value we deliver to our clients.

Financial risks

We maintain a prudent financing strategy. Only minimum risk is accepted in relation to errors in our reporting. For a description of the current financial risks, we refer to the financial instruments section.

Credit risk

HeadFirst Group's exposure to trade receivables is managed through continuous credit risk assessments of each individual customer. For the remainder of the credit risk, we have taken out an insurance policy for bad debt.

Interest rate risk and cash flow risk

In the last quarter of 2020, we entered into a financing arrangement with Coface. For the timing difference in receipt of the funds, a variable interest rate based on 3-month EURIBOR is charged to HeadFirst Group. HeadFirst Group policy prescribes not to use derivative financial instruments to mitigate (temporary) interest fluctuations. Movement of the 3-month EURIBOR is monitored monthly. If the 3-month EURIBOR rate exceeds certain thresholds, the financing and hedging strategy will be evaluated and adjusted when deemed necessary.

Cash flow risk

Cash flow analyses are performed by HeadFirst Group as a whole. HeadFirst Group monitors the liquidity need in order to hold sufficient liquidity for operational activities or to attract liquidity in time through financing without exceeding set limits (externally). HeadFirst Group conducts adequate liquidity risk management by maintaining sufficient cash and by ensuring sufficient availability of financing by means of committed credit facilities, the pledging of trade receivables, and the ability to close out market positions. Management controls the rolling forecast of the organisation's liquidity position on the basis of expected cash flows. In general, this is done at a

central level, within the frameworks and limits set by management. When setting limits, we take into account the liquidity of the market in which the company concerned is active. Furthermore, HeadFirst Group's liquidity management includes forecasting of cash flows and the maintenance of related sufficient liquidity. Importantly, this includes monitoring the development of the debtor position, the amount of the receivables purchase facility, and credit management.

Compliance risks

Compliance is one of the key elements of the services provided by HeadFirst Group. HeadFirst Group applies a zero-tolerance policy to all compliance risks. Our business is subject to increasingly complex compliance requirements (see also the strategic risks section). Non-compliance could have a material adverse impact on HeadFirst Group's reputation, business, and financial position. HeadFirst Group therefore invests in the continuous development of its highly skilled and educated in-house specialists, who share their knowledge within the group and embed all new legislation in the core of our business. HeadFirst Group has close relationships with specialised reputable companies. These companies provide HeadFirst Group with professional advice on all topics relevant for HeadFirst Group.

Changes in legislation also provide opportunities. New legislation contributes to an administrative burden and risk to our clients, which requires extensive knowledge to stay compliant and efficient. We can share our knowledge of new legislation (especially with regard to employment law, data, and privacy protection regulation) with our clients, strengthening our relationship with them. In addition, changes in legislation make it more difficult for new players to enter the market. New regulations require an ongoing critical review of existing training, policies, and procedures to stay compliant.

Due to the growth of the organisation, we have a considerable amount of data. Business Intelligence (BI) specialist Wouter Carstens is responsible for making this data transparent, so that it can be used throughout the organisation.

“This is of crucial importance,” says Wouter. “Thanks to data insights, we can improve ourselves as an organisation every day. This enables us to realise our core value: ‘learn every day’.”

After nine years in technical support, Wouter was ready for the next step. He went for a new position where he could get started building data dashboards. Wouter explains: “For many vacancies as a BI specialist, you need a lot of work experience. When I first got in touch with HeadFirst in 2018, I’d only just started my career in BI. But as HeadFirst was also still in the initial phase with data, I could join relatively easily and grow with the organisation.

“I started at HeadFirst with just one data source. There are now many more, and the data is becoming increasingly complicated, especially now that the organisation is taking more and more steps to work in a more data-oriented way. My role has also changed. As a ‘data engineer’, I import all this information into a data warehouse.”

Because Wouter and his team import data, process it, and make it transparent in dashboards, they make sure that the organisation can grow further. By gaining insight into possible improvements to our activities and into the ways in which our services are used, we can draw valuable conclusions and make new plans.

The agile way of working applied by the team ensures that specific activities are performed in short time frames, which enables them to expand their work step by step, says Wouter. “We should actually have a bigger team to achieve our ambitions. But we’re already making great strides. I also notice that people within the organisation are becoming increasingly aware of the value of data. We’re clearly making our voice heard!”

“We’re increasingly moving towards a data-driven organisation. We look at historic data to identify trends so that we can apply them to the future. The way we work and look at things is increasingly involving forecasting. That’s the next step.”

Wouter Carstens
BI / Data Specialist



Governance

HeadFirst Group is managed by the Board of Directors, consisting of Han Kolff, Jan-Pieter van Vreeswijk and Geo van der Wilk.



Han Kolff
Chief Executive Officer

Since March 2020, Han Kolff has held the position of Chairman of the Board at HeadFirst Group and since October also the role of CEO. Han Kolff has a long track record with large international organisations, including ten years in HR services. He held senior positions at Randstad, Danone and Heineken, among other companies. He has also been involved in digital business transformations, HR tech start-ups and scale-ups.



Jan-Pieter van Vreeswijk
Chief Financial Officer

Jan-Pieter (JP) van Vreeswijk was appointed CFO of HeadFirst Group per 1 August 2021. He joined the group in July of 2020 as Group Finance & Integration Director. JP has a long track record in HR services and held several senior finance roles at Randstad where he was also involved in digital transformations, integrations and professionalising operations. Within HeadFirst Group his portfolio comprises contracting, finance & control, quality, and legal.



Geo van der Wilk
Chief Commercial Officer

As Chief Commercial Officer (CCO), Geo van der Wilk has ultimate responsibility for HeadFirst Group's commercial activities. Van der Wilk has been active in the IT and flexible labour market for over 25 years at companies including Myler (acquired by HeadFirst Group in 2018), Logica (now CGI), and Fujitsu. As a result, Van der Wilk has broad knowledge and experience in the field of flexible labour as well as HR solutions.

Financial statements

Consolidated statement of comprehensive income

(pro forma)

2020

(x € 1,000)	2020
Gross invoice value	1,520,358
Net revenue	502,436
Cost of sales	462,535
Gross margin result	39,901
Employee benefits	14,119
Other operating costs	3,881
Total operating expenses	18,000
Underlying EBITDA	21,901

(x € 1,000)	2020
Depreciation and amortisation	4,156
Normalisations	1,558
Operating result	16,187
Financial income and (expense)	-8,427
Result before income tax	7,760
Income tax	2,678
Result after income tax	5,082
Total comprehensive income	5,082

Consolidated balance sheet (pro forma)

as at 31 December 2020 before profit appropriation

(x € 1,000)	31 December 2020	(x € 1,000)	31 December 2020
Intangible assets	221,435	Share capital	2
Tangible fixed assets	3,301	Loans qualified as equity	36,997
Financial fixed assets	13,557	Reserves	101,752
Deferred tax assets	955	Equity	138,751
Non-current assets	239,248		
		Lease liabilities	1,903
Trade receivables	14,995	Deferred tax liabilities	10,753
Receivables from participations	63,543	Private loans	34,199
Other receivables	100,462	Non-current liabilities	46,855
Cash and cash equivalents	65,857		
Current assets	244,856	Current part of long-term loans	632
		Trade payables	117,542
		Taxes and social securities	24,568
		Other current liabilities	155,757
		Current liabilities	298,499
Total assets	484,105	Total equity and liabilities	484,105

Notes to the unaudited consolidated pro forma financial statements

as at 31 December 2020

General information

HFBG Holding B.V. (Chamber of Commerce no. 80349269) has its registered office in Naarden, the Netherlands. HFBG Holding BV ('HFBG') was incorporated on 17 September 2020, with its first financial year ending on 31 December 2021.

The activities of HeadFirst Source Holding B.V. and its subsidiaries ('HeadFirst') consist mainly in acting as managed service provider and intermediary for the temporary hiring of external staff; the search, matching, contracting and payrolling of professionals for clients.

In the last quarter of 2020, two top 10 HR Services companies joined forces to power up. Between Staffing Group B.V. ('Between') and HeadFirst united in HFBG. As HFBG's first financial year will be ending on 31 December 2021, no consolidated financial statements have been prepared, audited or published.

In order to provide insight into the power of this combination, we have drawn up pro forma consolidated financial statements of HFBG's 2020 results as it would have been presented under IFRS if Between and HeadFirst had merged as of 1 January 2020. This set of financials is based on the audited consolidated financial statements of the underlying groups Between Staffing Group B.V. and HeadFirst Source Holding B.V.

Other information

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Text and editing

HeadFirst Group

Design and layout

CF Report

Project management

Report Company

Questions or comments

If you have any questions about or comments with regard to this annual report, please do not hesitate to contact us by email: info@headfirst.nl.