Annual Report 2022

Join the next world of work

HeadFirst Group

Join the next world of work

We believe that change is the only constant in the job market for professionals. As a rapidly expanding ecosystem, with a passion for people and tech, we are shaping these changes.

The next world of work we believe in is increasingly tech-enabled, without bias and regardless of contract form.

Together with our network, we strive for one common goal: a transparent, balanced and inclusive job market, where organisations and mission-critical talent are perfectly connected.

> “Work is changing, are you?”

Watch our company movie

Contents

The results in this annual report are based on the audited annual accounts of HFBG Holding B.V. for 2022 and 2021 and do not include the results for ProUnity, StarApple and Sterksen unless stated otherwise.

Ambition by the CEO

Our organisation is transforming into a digital platform with the perfect balance between smart tech and human touch. Last year, we made impactful improvements on that again. In 2023, the goal is to accelerate even more. We take the lead in the journey to the next world of work, which is increasingly tech-enabled, without bias and regardless of contract form. Are you ready to lead with us?

2022: 26% growth in gross invoice value

2022 was the year in which labour market scarcity ruled the media. And this scarcity seems to be here to stay for the next few years. You can see this as both a threat and an opportunity for our organisation, but we very much see it as an opportunity. As we said in our report last year: creativity will be required. And let's just say we have a lot of creativity in our group.

Last year, we added even more creativity and solutions to the group through several targeted acquisitions: Belgian HR tech company ProUnity, IT talent sourcers StarApple and StackOps, online recruitment platform OpenTalent, and professionals services platform ZZP365. All these acquisitions have their own rationale, linked to our five bold steps strategy. To enable HeadFirst Group's expansion in Europe - a key part of our strategy - IceLake Capital has joined as a new investor. With IceLake's commitment, there is solid financing in place to realise our ambitions.

One of the main points of that strategy is 'Next level services'. As an important step towards becoming the lifelong flexible career partner of choice for independent professionals, we have made it possible for them to purchase our Professionals services on our platform even when they are not working through a HeadFirst Group brand. For clients, the main innovation last year was our new tech solution which enables 'direct clients' to hire professionals themselves on our user-friendly platform. This promises to boom in 2023.

Over the year, we saw a rise in demand for our services. All our business lines contributed to the acceleration of our gross invoice value growth of 26% to 1,953 billion. Especially our MSP and Professionals & Partners propositions showed strong performance and organic growth. This growth came from both new customers (such as Alliander) as well as increased volumes with existing customers. Our gross profit rose by 11% to € 46 million (2021: € 41 million). Operational EBITDA increased by 5% to € 25 million. This provides the perfect foundation from which to continue our investments in the digital transformation of our organisation.

To top off the year 2022, we were certified as Great Place to Work. This matches perfectly with the role we want to fulfil as an employer for our fantastic staff.

> "We take the lead in the journey to the next world of work."

2023: find the perfect balance between tech and touch

We are convinced that the perfect balance between tech and touch really exists. Through smart use of automation and AI, we believe it is possible to fully digitalise the end-to-end process of sourcing, matching, contracting and paying professionals, so that our staff can add a personal touch at those moments when it really adds value for our customers. From early 2023, we will be accelerating our digital transformation programme to achieve that perfect balance.

All the services within our group are easily plotted on the axes of tech and touch. By combining our services as building blocks, we can always find the best solution for each client's issue – ranging from access to talent to compliance. And for our professionals and delivery partners, we aim to focus on a warm relationship, with tech offering convenience.

We are well on track to achieve our main objective: to become the leading international platform on the labour market by 2025. It's all about daring: daring to be innovative, and daring to lead.

Hoofddorp, 31 March 2023

Marion van Happen
CEO HeadFirst Group

> "The perfect balance between tech and touch really exists."

At a glance

HeadFirst Group is a leading international HR tech solutions provider and the largest platform for professionals in the Benelux.

1,953
Gross invoice value
(underlying revenue)
x € million

46
Gross profit
(underlying)
x € million

25
EBITDA
(underlying)
x € million

401
Number of employees
(at year-end)

>500
Clients
served in 2022

>60,000
Independent professionals
in our network

>15,000
Suppliers of professionals
in our network

>27,500
Professionals working for our clients
(in 2022)

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

Countries where professionals work via HeadFirst Group

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

About us

We are HeadFirst Group, a leading and innovative international HR tech solutions provider. We connect and contract more than twenty thousand people every day. Together, these highly skilled talents work more than 25 million hours a year for the most appealing organisations, helping them to achieve their important business goals.

> "The next world of work we believe in is increasingly tech-enabled, without bias and regardless of contract form."

We primarily place mission-critical white-collar professionals in IT, marketing, finance, HR, legal, and business roles in our wide network of clients across a variety of sectors, including energy, technology, chemicals, banking, system integrators, government and semi-government.

Vision

Our belief is that change is the only constant:

- Technological changes, such as the rise of AI and robotics, may seem frightening to some. We find it stimulating. They offer an opportunity to find the perfect balance between tech and that unique human touch.
- Our society is becoming more flexible. These days, it is not about the type of contract, it is about the ideal work-life balance. As a total talent solutions provider and a great place to work, we cherish this balance.
- The job market is highly dynamic and labour legislation is making it even more complex to recruit and hire staff. This is where we excel.

Our role

All these changes have a major impact on the way work is organised. We shape these changes. As a rapidly expanding ecosystem with a passion for people and tech, we solve the challenges for our clients. We support the most appealing organisations who are looking for mission-critical talent, as well as professionals (flex and permanent) who are looking for their next challenge. And we also help delivery partners find the best assignments for their employees. In short, we orchestrate the chain.

We are eager and continually challenging ourselves to improve the job market for professionals. At times we bump our head, but that's what happens when you dare to lead. We learn every day.

Mission

We strive, together with our rapidly growing network, for one common goal: a transparent and balanced job market, without bias, in which organisations and talent are perfectly connected.

Our core values

Customer first

Customer first may sound obvious. For us, however, it means so much more. First of all, 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, we also see our employees as customers. And we want our 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, constantly setting the standard. How we do this, however, is continuously developing. We are always looking to create added value for our customers. We listen, develop, and create value.

We do not treat any customer 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 both digital and physical access to one another. Connecting is our core business. We connect people to careers, with the aim of helping them to achieve success. We connect clients with the best talent, helping them to move their organisation forward. We are always looking for unique new connections that will take us further in these times where good 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 continue to build connections, always.

Learn every day

We want to be a little bit better every day. We regard continuing development as a necessity, not an option. We look for employees who match our sense of 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.

Value creation at HeadFirst Group

The value creation model shows how we create value for our stakeholders. It shows how the resources at our disposal are used as inputs and what results, or outputs, this leads to.
The model also shows what value we create or retain for stakeholders and society, the outcome. Its significance, the impact, is expressed in the link to the relevant Sustainable Development Goals (SDG's).

Input

Financial
Solid financial position with sustainable mix of debt and equity

Social & Relational
>500 clients served in 2022
>15,000 suppliers of professionals in our network
>60,000 independent professionals in our network

Human
401 employees

Intellectual
HeadFirst Group HR tech solutions & platform

Thought leader in our market

Natural
Use of energy and fossil fuels

Our added value

Purpose
Join the next world of work

Vision
We strive, together with our rapidly growing network, for one common goal: a transparent and balanced job market, without bias, in which organisations and talent are perfectly connected

Supply
Partner in lifelong flexible career

Platform
The fast lane to cool jobs

Demand
The flexible partner for clients

Employees
A great place to work

Governance & Risk

Output

Financial
€ 1,953M gross invoice value
€ 46M gross profit
€ 25M EBITDA

Social & Relational
18,582 professionals of suppliers working for our clients (at some point in 2022)
9,177 independent professionals working for our clients (at some point in 2022)

Human
7.2 certified rating for Great Place to Work
29% attrition rate

Intellectual
20,298 new professionals subscribed in platform in 2022
22,188 assignments received from clients
43,283 agreements processed
152,596 invoices processed

Natural
613 tCO_2 footprint (scope 1, 2 and 3)

Outcome & impact

Sustainability
12 Responsible consumption and production
13 Climate action

Decent work & life-long learning
4 Quality education
8 Decent work and economic growth

Diversity & inclusion
5 Gender equality
10 Reduced inequalities

Governance & ethics
8 Decent work and economic growth

Our services

HeadFirst Group has a wide range of solutions to labour market issues for permanent and flex. These are most easily explained on the axis of high tech and high touch, indicating which services are strongly tech-driven and which are strongly human-driven. By combining these services as building blocks, we offer solution to every challenge. We serve our two other customer groups – independent professionals and delivery partners – with our Professionals & Partners services.

TECH — TOUCH

Services for demand side	Platform-driven smart matching services	Managed Service Providing (MSP), including Vendor Management System (VMS) and Recruitment Process Outsourcing (RPO)	Intermediary services (MSP light)*	IT talent sourcing for permanent and temporary roles
	striive, Opentalent.	Staffing Management Services (Part of HeadFirst Group), ProUnity, STERKSEN	HeadFirst, between, Yellow Friday	STERKSEN, starapple, stackops
Services for supply side	Professionsals & Partners services			
	striive			

* The Myler, Source and Fast Flex brands, which became part of HeadFirst Group in previous years through acquisitions, are also active in this area. However, the HeadFirst, Between and Yellow Friday (serves IT system integrators) brands are the main suppliers of this service.

Platform-driven smart matching services
By using smart automation and Artificial Intelligence (AI) it is possible to digitalise the end-to-end process of sourcing, matching, contracting and payroll staff for 100%. By doing so, we can add personal touch points in our journey where they really add value. This offers speed, convenience and cost efficiency to our customers.

MSP & RPO
With MSP and RPO, the client outsources (a part of) the process to find, select, hire and manage required staff (both temporary and permanent) to us. We fully support organisations, ranging from identifying labour needs to reporting. We usually implement a Vendor Management System (VMS) or Applicant Tracking System (ATS) to properly facilitate the processes.

Intermediary services (MSP light)*
We fill assignments with suitable professionals by recruiting or sourcing (international) talent based on hiring needs. We also take over practicalities (e.g. contracting, invoicing, payrolling, tax compliance), mitigating risks for both employers and professionals regarding aspects of (external) employment.

IT talent sourcing
The demand for IT specialists - or more broadly called STEM (Science, Technology, Engineering, and Mathematics) profiles - is and will remain high in the coming years, as the visual on page 14 shows. It requires a community-driven personal approach with perseverance to connect the best professionals to our clients. That is what we do with IT talent sourcing.

Professionals & Partners services
Our professionals and partners can make use of a variety of services, brought together in service packages, including personalised matching and tailored offers of assignments, coverage under liability insurance, guaranteed payment within 14 or 10 days, and opportunities for training and development.

Our digital HR services platform is at the centre of our end-to-end solutions

HR services platform

Supply side

Talent pools of mission-critical professionals

HeadFirst is the ideal partner for highly educated professionals striving for a lifelong flexible career, by focusing on unburdening and supporting them with smart tech-driven services coupled with personal attention when it adds value. We focus on building high-quality talent pools for every organisation to tap into.

HeadFirst Group is continuously developing its value-add services to be a true career partner (e.g. personalised matching, career coaching, training and development, advance payment and insurance). This premiumisation service is generating loyalty and recurring revenue.

Partners ecosystem

Our extensive partner network consists of small and large secondment companies, IT system integrators, recruitment agencies and temporary employment agencies. We provide these delivery partners access to the largest pool of assignments in the Benelux. HeadFirst Group supports its partners' professionals in moving from assignment to assignment and also offers them access to the premium services independent professionals can receive directly.

With this rich partner network, we are the one-stop shop for our clients, mainly when MSP services are being delivered.

Digital HR services platform

Linking the supply side to the demand side

Digital services platform

Demand side

Contingent workforce

To provide clients with access to high-quality talent and help them manage their contingent workforce, HeadFirst Group delivers a suite of HR services tailored to the needs of different types of clients, ranging from large enterprises to small companies.

Depending on the amount of available talent in the market, we deploy tech-and-touch-driven recruitment methodologies. Compliant hiring is important. HeadFirst Group is specialised in this, so clients can outsource all their administrative tasks for temporary staff – from contract compliance to payment. We also act as our clients' hiring partner to relieve HR departments, reduce costs and gain efficiencies in processes.

Permanent workforce

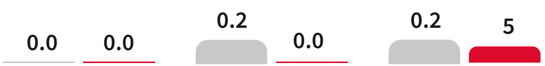
To give clients access to talent, HeadFirst Group delivers RPO and IT search services, providing end-to-end support in hiring permanent employees.

By also providing perm solutions, HeadFirst Group delivers a one-stop shop for total talent management to its customers, ensuring access to mission-critical talent independent of the contract form used.

Our journey of continued growth

- Gross invoice value (x € billion)
- Gross profit (x € million)

Organic (launch – 2016)



1995
HeadFirst is established, with ING as its first client.

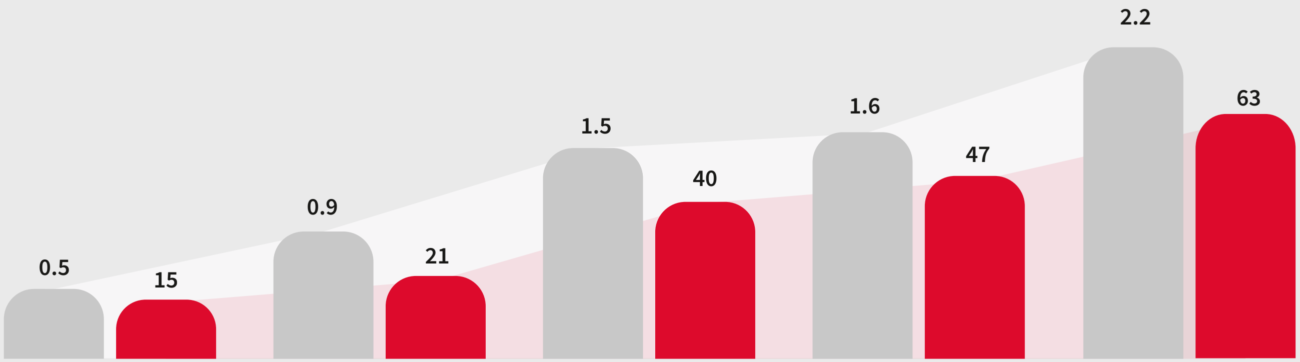
HeadFirst

2011
HeadFirst launches its online platform Select.

2012
Introduction of Professionals & Partners services.

Accelerate (2017 – today)[2]

Total growth € 1.7 billion, of which organic growth € 0.7 billion



2017
HeadFirst merges with sector partner Source, becoming part of the listed HeadFirst Source Group N.V.

source

2018
HeadFirst acquires intermediary Myler and managed service provider Staffing Management Services. The organisation is taken private.

STAFFING MANAGEMENT SERVICES
MYLER

2020
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.

between

Financial investor
Minority investment of Kartesia to further support growth.

KARTESIA

2021
With the acquisition of recruitment specialist Sterksen, we become a Total Talent Service Provider, with a focus on both external hiring and permanent employment.

STERKSEN

2022
We broke through the barrier of 20,000 mission critical professionals working through our brands at the most appealing organisations, not yet including the 2022 acquisitions.

ProUnity
ZZP 365
starapple
stackops
Opentalent.

Financial investor
Majority investment of IceLake to further support growth.

ICELAKE

1 Financials on a pro forma basis
2 These numbers include Pro Unity and StarApple / StackOps

Management Report

Market developments and trends

2022 was the year in which labour market scarcity ruled the media. For the first time, it caused major disruption to daily life. Among many other things, we saw fewer trains running, long queues at Schiphol Airport, and difficulties in supplying petrol stations. Will this scarcity continue?

STEM professionals show considerable growth potential

(STEM: Science, Technology, Engineering, and Mathematics)

Occupational category	Potential net job growth 2018 - 2030 (in millions)	Growth in %
STEM professionals	4,0	25
Business & legal professional	3,9	22
Health aides, technicians, and wellness	2,9	21
Managers	2,3	14
Education & workforce training	2,2	16
Creatives & arts management	1,8	33
Health professionals	1,7	22
Transportation service	(0,6)	(7)
Property maintenance & agriculture	(0,7)	(4)
Mechanical installation & repair	(0,9)	(11)
Food services	(1,1)	(10)
Builders	(1,2)	(9)
Community services	(1,2)	(11)
Customer service and sales	(1,4)	(7)
Production work	(4,5)	(18)
Office support	(5,0)	(17)

> “With highly skilled professionals we target high value, high growth and highly resilient parts of the HR services market.”

Shortage of professionals is here to stay

Economists are seeing signs of a minor recession, but it is not expected to be so severe as to bring relief to the labour market. Statistics Netherlands (CBS) publishes quarterly figures on shortages in the Dutch labour market, which was still unprecedentedly high in the fourth quarter of 2022, with 123 vacancies for every 100 unemployed.[1] In September 2022, the Dutch Employees Insurance Agency (UWV) published its Tension Monitor, which bore the revealing title ‘Staff shortages now in all profession’. [2]

Specialists predict that labour market scarcity will remain a major concern in the near future. This is largely due to the rapid ageing of populations around the world, which is expected to accelerate further.

1 https://www.cbs.nl/nl-nl/visualisaties/dashboard-arbeidsmarkt/spanning-op-de-arbeidsmarkt

2 https://www.uwv.nl/nl/persberichten/in-alle-beroepsgroepen-sprake-van-krapte

In 2022, the 'grey pressure' was 34.8 percent: for every person over 65, there were three people of working age (20 to 65). In the coming years, this pressure will increase to over 40 percent.[3] We will therefore be faced with a period of scarcity in the labour market for many years to come. As shown in the illustration on page 14, STEM profiles, in which HeadFirst Group operates to a large extent, continue to grow in demand. Creativity will therefore be required to meet this demand.

Increasing flexibility and globalisation

The labour market is becoming more flexible, in line with the needs of both organisations (demand side) and professionals (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 1.2 million independent professionals in our country.[4] The growth in recent years is mainly due to growth in the number of self-employed people offering their own knowledge and services. Currently, around 17% of all workers in the Netherlands are freelance.[5] The majority of these independent professionals have consciously chosen this type of work in search of freedom and autonomy.[6]

For larger organisations, the temporary hiring of expertise, innovative capacity, and brainpower is an integral part of their strategic HR policy. They need to be flexible in terms of costs of staff and activity level in order to move with the market and the economy.

Based on the above facts and findings, we predict that increasing flexibility on both the demand and supply side of the labour market will continue to reinforce each other in the near future.

Flexibility has also increased in terms of where work is carried out. In the wake of the Covid-19 pandemic, remote working has become more normal than ever, reviving an old trend: the globalisation of work.

Sustainability

Just like scarcity and globalisation, the desire for sustainability is another trend that has been prevalent for many years. However, this trend is currently being accelerated by a number of developments. First of all, the war in Ukraine makes the world want to dispose of its dependence on Russian gas, with green solutions being the obvious way to kill two birds with one stone. Second, young people are taking an emphatic and publicly visible stand on this issue, which pushes companies into action, even if only to remain an attractive employer for this target group. And third, from 2024/2025 onwards, a large group of companies will be obliged to report on their sustainability policy and performance due to the introduction of the Corporate Sustainability Reporting Directive (CSRD).

HeadFirst Group has been developing its CSR activities for several years. In this report, we are making the step to integrated reporting on ESG (Environment, Social, Governance) topics for the first time.

Technological developments

Technological developments have a major impact on our society, including the labour market. Developments such as robotics and artificial intelligence cause significant job losses, but they 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 five to 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 this 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 and learning agility will become indispensable in the labour market of the future.

3 https://www.cbs.nl/nl-nl/visualisaties/dashboard-bevolking/leeftijd/ouderen
4 https://www.cbs.nl/nl-nl/nieuws/2022/50/aantal-zzp-ers-gegroeid-naar-1-2-miljoen-in-derde-kwartaal-van-2022
5 https://data.oecd.org/emp/self-employment-rate.htm
6 Statistics Netherlands, *Dynamiek op de Nederlandse arbeidsmarkt* [Dynamics in the Dutch Labor Market], February 2020.jd

Digitalisation also influences HR processes within organisations and the services of labour market service providers like HeadFirst Group. We signal and foresee long-term growth in the adoption of tech-driven services such as MSP, RPO, VMS and our platform solutions.

> “In this report, we are making the step to integrated reporting on ESG (Environment, Social, Governance) topics for the first time.”

Labour market legislation

Labour market legislation in the Netherlands is constantly changing. Existing legislation is adjusted, and new legislation arises. Previously, legislation was introduced to combat the negative effects of flexible labour, such as exploitation by labour intermediaries in the Placement of Personnel by Intermediaries Act (WAADI), 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 deregulering beoordeling arbeidsrelaties, Wet DBA*).

Over the past year, we have again seen new legislation in several areas that affect clients, self-employed workers, and labour market service providers. This included the Equal Opportunities in Recruitment Act, European rules for platform work, a mandatory certification scheme for parties providing labour, and a new approach with regard to the Assessment of Employment Relationships (Deregulation) Act. Regarding the latter, the current Minister of Social Affairs and Employment mainly focuses on the criterion of ‘being embedded in the client’s organisation’, which has as its premise that a hired professional should not be allowed to do the same work as someone in permanent employment. The implementation (and misinterpretation) of this criterion could have major consequences for the flexible labour market.

We continue to campaign for a good solution that combats pseudo self-employment at the lower end of the labour market, while allowing conscious self-employed workers at the top of the market to conduct their business without restrictions.

Retaining talent in times of scarcity

Despite the scarcity in the labour market, SAP service provider McCoy & Partners, in partnership with Sterksen, is managing remarkably well to retain their consultants. How do they do it?

“To win over talent to come and work for us, we show sincere and ongoing interest in them,” explains Joost Hinderdael, Recruitment Consultant at Sterksen. Interestingly, he talks about ‘we’ and ‘us’. Although on the payroll at Sterksen, Joost feels just as much a part of McCoy. Through Joost, Sterksen linked up with the McCoy team seven years ago to help recruit IT staff. Joost was then asked to also help professionalise the recruitment process as such.

Sterksen as an extension of McCoy

“Over the years, Joost has become an extension of McCoy,” says Frank van Dooremolen, partner at McCoy. “He has a thorough understanding of the organisation and therefore knows the type of DNA that fits well with our organisation. That’s extremely important, because we're constantly looking for new talent.” The results are impressive. When the partnership first started, McCoy had a team of about forty. Now, it employs more than 220 professionals.

Growth also brings about new issues, says Franks. “The biggest challenge is to maintain our ‘own’ culture. This includes placing talent above structure, giving people room to be successful, avoiding hierarchy, always putting the customer first, and valuing success more highly than profit. Our team is close-knit, and we’re constantly challenging and learning from each other. Each talent is unique. Of course, you have peers, but you’re developing your own path. We value initiative, even if it’s unconventional. And we love celebrating success.”

> “Our team is close-knit, and we’re constantly challenging and learning from each other.”
>
> **Frank van Dooremolen**
> McCoy

“It’s about finding the right balance between giving space and staying connected.”

Joost Hinderdael
Sterksen

Staying ahead with employer branding

So why is taking a sincere and ongoing interest in people so important? “That’s because we’re looking for the real cream of the crop,” says Joost. “You don’t win them over in a week. It’s about finding the right balance between giving space and staying connected. I really appreciate how McCoy trusts me as a recruiter to take time to build relationships.”

“McCoy has long been able to reap the benefits of its innovative employer branding strategy,” adds Frank. “But now we're no longer unique. So we need to be vigilant that our concept remains strong.” That's why Sterksen is now also using recruitment marketing to give even more substance to McCoy’s employer brand. The ultimate aim is to further lower the threshold for a first interview.

As McCoy continues to reflect on its HR policy, Joost looks to the future with confidence. “I have the peace of mind to focus on the market and put candidates first. Recruitment is very much about networking. By being able to tap into my own talent pool, I can offer direct added value to McCoy: finding the best talent for this ‘Great Place to Work’.”

Public affairs agenda

The constantly changing labour market legislation affects our organisation, but above all our customers: clients, suppliers and independent professionals alike. That is why we make significant investments to ensure elected representatives and policymakers in The Hague and Brussels have the know-how to make the right choices necessary for a balanced, fair labour market with sufficient room for entrepreneurs who want to be free to choose the way they add value to the European economy. To make a positive constructive contribution to this, we have a public affairs agenda with these clear messages:

Flexibilisation trend
The trend of scarcity and entrepreneurship in the labour market is a global, ongoing trend.

Basic social system
In the Netherlands, we need to create a basic social system for all workers, regardless of contract form or legal form. Social security should be provided at the level of the individual.

Customisation
Laws and regulations to solve problems with freelancers at the lower end of the market should not have a negative impact on the top segment of the market: provide tailor-made legislation and keep in mind the diversity of the freelance population.

Proper regulation
Intermediaries and MSPs play a crucial role in connecting supply and demand and organising flexible labour in a well-regulated way.

Sustainable employability
The knowledge and content of work is changing rapidly. Investing in education and training is important to guide workers – especially flexible workers – from job to job or from assignment to assignment.

Developments in our organisation

We are moving towards a new world of work, where change is the only constant. As a company, we shape these changes. In December 2022, we asked our colleagues to join us in this exciting journey towards the next world of work. This is our new group purpose. With this purpose in mind, we entered 2023. But first of all, we look back at the successful year 2022. The developments in our organisation are best described by means of our '5 bold steps', which still form our strategy for the coming years.

Clear tech roadmap

Our organisation is transforming into a digital platform with the perfect balance between tech and touch. A clear tech roadmap is essential in this. In 2022, we have taken important steps forward again. Our core online platform Select plays an important role here: it will be the place where all assignments and all professionals and suppliers of the various brands within our group can be found. In early 2022, we completed the migration of contracts from MySolution (the system that manages the brands of the Between Staffing Group acquired in late 2020) to Select. And in the course of the year, the hiring contracts of our Sterksen brand were also migrated to Select. In addition, we established a link between Nétive (the third-party Vendor Management System (VMS) primarily used by our MSP brand Staffing MS) and Select, so that the assignments of the first MSP clients can also be found in Select. And by linking Select to our website CMS, all our clients' assignments are now publicly available on all our websites, whereas previously they were only available after login. This fulfilled a wish of independent professionals and suppliers, and has improved the funnel to Select. Finally, in 2022, our developers worked hard on the new front-end of our platform, which we will proudly present with a renewed user interface and a new name (Striive) in 2023.

Meanwhile, we have also renewed part of our website landscape, including a new website for HeadFirst Group. We also made visible steps forward in the areas of Artificial Intelligence (AI) and Robotic Process Automation (RPA). We introduced two new digital colleagues last year: Benthe and Sam. Benthe is robotising labour-intensive processes with many repetitive tasks. For instance, she now automatically enters requests from mailboxes into our platform. And Sam is the digital assistant who both staffs our service desk and makes outbound calls to independent professionals, for example, asking if they are available for an assignment. The number of applications for Benthe and Sam will increase rapidly in 2023.

Data-driven organisation

The subtitle of this bold step reads 'Get the organisation ready'. That was the No. 1 mission when, in early 2022, Marion van Happen took over the role of CEO from Han Kolff, who went on to focus full-time on the role of Chairman of the Board. We made great strides in 2022, using the well-known Lean methodology. In our Home Run programme – with a nod to HeadFirst's baseball origins – we focused on eliminating waste in our core processes of recruitment, contracting and invoicing. We have achieved immediate concrete results in this regard: (1) the average number of bids on assignments has increased significantly, (2) the average turnaround time to a complete file for a contract has been reduced, and (3) we successfully guided clients from timesheet invoicing to self-billing, which unifies our billing procedures. We also took great care to streamline the large volume of e-mails and call traffic to improve our organisation's accessibility, which we realise was not always optimal during the year. We can say that the basic processes of our organisation are now solid, which we will continue to improve and innovate in 2023.

Our business intelligence (BI) team has taken big steps towards creating a data lake, in which we collect all data from the group. This data lake will allow us to gain rich insights. We professionalised the group's performance management. And also created visual dashboards to give employees more insight into their workload, progress towards targets and movement in our funnels.

Next-level services

The demand from our customers – clients, suppliers and independent professionals – for full-service providers has been increasing for years. We responded to this early on by uniting a wide range of of services for clients within our group through targeted acquisitions. For our independent professionals and suppliers, we have the Professionals & Partners services, which we are constantly developing.

We have recently focused on guiding professionals more proactively from assignment to assignment. In 2022, we presented a unique new solution for independent professionals to make low-threshold provisions for disability insurance: Select iCommunity Crowdsurance. As an important step in our strategy to be the lifelong flexible career partner for the self-employed, we have also made it possible for professionals to purchase our Professionals services even when they are not working through a HeadFirst Group brand. And in the last quarter of 2022, we added the services platform ZZP365 to the group. We are currently rebranding that to Striive and linking it to our platform with a renewed look and feel.

We welcomed even more companies to the group, with sister companies StarApple and StackOps joining forces with us. They offer recruitment solutions for permanent and flexible staff, which makes us even stronger in our journey towards becoming a total talent service provider. In addition, the transforming labour market requires creative solutions, where making combinations of high-tech and high-touch solutions – which StarApple and StackOps excel at – will, in our view, be the key to success. In this time of scarcity, IT and digital professionals move easily from assignment to assignment. A proactive approach in talent pooling, as StarApple does, is necessary and distinctive. We are therefore very pleased with this collaboration.

Developments in services for our clients were most visible with our introduction of interactive recruitment, which allows clients to decide at each step in the hiring process whether they want to undertake this action themselves or outsource it to us. We also launched a redesigned client reporting system. But the icing on the cake was surely the introduction of our Striive solution for 'direct clients', which we will describe in more detail in the next bold step.

Leading platform in the Netherlands

To become the leading platform in the Netherlands, we have to digitalise our processes to the max and scale up our business. These two things combined make this bold step possible. Digitalising the full end-to-end process is one of the main goals of our new platform brand Striive. We believe that through the smart use of automation and AI, it will be possible to fully digitalise the end-to-end process of sourcing, matching, contracting and paying professionals. In 2022, we already introduced the Minimum Viable Product (MVP) of our Striive solution for 'direct clients'. This solution is particularly geared to SMEs with a lower volume of hiring who are looking for speed, convenience and cost efficiency. In 2023, we will bring Striive to the market with a major campaign.

In terms of upscaling our business, the welcoming of Alliander as one of our largest clients is highly noteworthy. This led to signifcant organic growth in our results. We were also proud to welcome among others Klaverblad Insurances, National Road Traffic Data Portal (NDW) and Signify as new clients. At the same time, we were pleased to continue our relationships with valuable existing clients, including the Ministry of Defence, Rabobank, the Dutch Social Insurance Bank (SVB) and Smals, the IT services organisation of Belgian public institutions.

> “We have to digitalise our processes to the max and scale up our business.”

Expansion into European markets

Our international expansion strategy in recent years mainly focused on growing our services at existing, satisfied customers in countries outside the Netherlands. In 2022, we made two targeted acquisitions to drive our international strategy (and our tech landscape) forward: ProUnity and OpenTalent. ProUnity is a leading Belgian, award-winning HR-tech company that operates as a Managed Service Provider (MSP) with its marketplace and Vendor Management System (VMS). The VMS solution has great international potential.

OpenTalent is an online recruitment platform that connects companies with its community of tens of thousands of professionals in 29 European countries. In addition to the connecting power of the platform, OpenTalent has a recruiter community of thousands of independent recruiters throughout Europe, who supply candidates on a 'no cure, no pay' basis. With the arrival of OpenTalent, we have secured a party with which we can scale up our candidate network and local sourcing power across Europe.

In the last month of 2022, we were pleased to share the news that we have reached an agreement with IceLake Capital to join as a new investor to enable expansion of HeadFirst Group in Europe. In IceLake Capital, HeadFirst Group has found a pragmatic and very ambitious investor that suits the company and its entrepreneurial culture. Han Kolff, Chairman of the Board of HeadFirst Group, said at the time: "We are very pleased to welcome IceLake as a strong financial investor, alongside our existing financing partner Kartesia and our founders. It is testament to the great achievements of our employees in professionalising our organisation and realising solid growth in the past years. Having IceLake on board, we will be able to realise our strategic goals across Europe."

Great place to work

We also developed tremendously as an employer in 2022. We opened our new, state-of-the-art and energy-neutral headquarters in Hoofddorp, and also upgraded our Rotterdam location. We focused on making it a place that can easily compete with home. And it worked. We did not experience issues with staff struggling to find their way back to the office after Covid-19. This does not alter the fact that we still facilitate hybrid working and encourage an optimal work-life balance.

Entirely in line with our core value of 'connecting people', in 2022, we invested a lot in connecting our own people. For example, we organised parties in our own HeadFirst Group Theatre, various teambuilding activities, and an end-of-year roaring 20's dinner. To optimally support our employees in circumstances when things unexpectedly go less well mentally, we entered into a partnership with OpenUp. This gives our colleagues low-threshold access to a qualified psychologist, with whom they can discuss all sorts of issues, small or big, private or work-related.

In December 2022, we were awarded the Great Place to Work certificate. This is a wonderful recognition that our employees appreciate our efforts and very fitting with regard to the role of attractive employer we aspire to. To give further direction and meaning to what we are working towards together, together with a large group of colleagues, we redefined our group's purpose: join the next world of work!

> "In December 2022, we were awarded the Great Place to Work certificate."

Closer and closer to the best solution

Joris de Vreede is product owner of the Select platform, which will get a new user interface and a new name (Striive) later this year. After many years' freelancing, he's now on a permanent contract with HeadFirst Group. "When I worked for HeadFirst as an independent professional, I took on a variety of assignments with different clients. It was a great way to get to know the company. But my affinity with the business is not why I joined. The main reason was the great team and the fact that I can really make a difference here, together with my colleagues."

"As the BizDevOps team, we're calling the shots. In consultation with our stakeholders, we decide what we make, why and for whom. This enables a lot of growth, which is just as well, because I don't like sitting still."

From vision and strategy to software delivery

In the four years since Joris joined HeadFirst Group, the organisation has grown ten times as big in terms of turnover, number of users and transaction volume. This has also meant an exponential increase in customer requirements. "Even if our platform is down for just a few minutes, professionals will be getting on the phone to ask what's wrong, and our colleagues answering these calls will be looking at us!"

> We're closely aligned with the organisation's strategy, because our platform is at the heart of the organisation.
>
> **Joris de Vreede**
> HeadFirst Group

“We won’t stop until all our customers’ challenges have been solved.”

When Joris started, the team consisted of just three engineers, but now there are three fully fledged teams that create and manage the entire platform end-to-end. “That’s exactly what I like about our team. We’re closely aligned with the organisation’s strategy, because our platform is at the heart of the organisation. We’re responsible for the product vision and strategy as well as software delivery. And we do it all ourselves: discovery, finding a solution, and building, deploying and managing it.”

Customer first

The BizDevOps team focuses on solving the problems our customers are facing. “Together with stakeholders, we examine the bottlenecks experienced by our independent professionals, suppliers, clients and colleagues. We then think of possible solutions, create new software or integrate existing software. That’s how we keep making our customers’ lives a little easier again.”

This year, the team specifically focuses on four value chains: search & match, contracting & invoicing, Professionals & Partners services, and our new platform solution for direct clients. “For these chains, our teams will become increasingly organised around solving specific problems, which adds a lot of value,” says Joris. “Based on customer feedback and data, we define a question or challenge. Then, after interviewing our customers, we make prototypes, validate them, and build and deploy them. This is how we get closer and closer to the best solution. We won’t stop until all our customers’ challenges have been solved.”

Structural growth drivers of our business

Flexibility

As described earlier, the labour market is becoming more flexible, in line with the needs of both organisations (demand side) and professionals (supply side). People increasingly want to decide for themselves where, when, and how they work. For large organisations, the temporary hiring of expertise, innovative capacity, and brainpower is an integral part of their strategic HR policy. This aligns with our services focused on flexible work.

Scarcity

The trend of an ongoing shortage of knowledge workers means that organisations have a continuing need for support in recruiting both temporary and permanent personnel. By combining tech- and human-driven services, HeadFirst Group has all the building blocks in place to offer tailored solutions to scarcity-driven challenges.

Regulation

As described earlier, there is a lack of clarity around labour market legislation in the Netherlands. Various laws 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. Through its contracting service, HeadFirst Group is well-positioned to provide this assistance.

Tech & data

We are still in the middle of the digitalisation era. Organisations have a world to gain if they are able to phase out labour scarcity through smart tech. The Covid-19 crisis has further fuelled awareness of the need to digitalise, albeit painfully, as location-based work has proved to be a risk factor. The demand for online and IT specialists will continue to grow in the coming years. HeadFirst Group has been strong in this field since its inception.

Platformisation

Platforms have emerged as disruptors, mainly in consumer markets where an online solution quickly proved capable of displacing the established order. In the labour market, this is happening more slowly, as it has been a human-driven market for decades. HeadFirst Group believes that it is possible to fully digitalise the end-to-end process of sourcing, matching, contracting and paying staff, which is why we are making significant investments in platformisation.

Supply and demand request for full service

You see it in several markets: specialist service providers are joining forces to become a full-service provider together. Why? Because customers demand it. Clients are looking for the one-stop shop for their labour market issues. And suppliers and independent professionals need one place where all available jobs can be found. If they can also get additional services there in the area of learning & development, insurance, payment, mobility, and more, it makes professional life even easier.

Strategy: join the next world of work

Structural growth drivers	Our 5 bold steps strategy	Operational & financial targets
Flexibility	1. Clear tech roadmap	**#1 Partner of choice** for our professionals, suppliers & clients
Scarcity	2. Data-driven organisation	We service **100k professionals**
Regulation	3. Next-level services	We partner with **> 1,000 clients**
Platformisation	4. The leading platform in NL	We partner with **> 20k suppliers**
Tech & data	5. Expand to European markets	We reach **EBITDA of 50 m**
Supply & demand request for full service		

Purpose & positioning

Supply
Partner in lifelong flexible career

Platform
The fast lane to cool jobs

Demand
The flexible partner for clients

Employees
A great place to work

People & Partners
Business performance
M&A and integration
Sustainability

The #1 digital first platform in Total Talent Management with human touch as differentiator

To go full speed ahead with a clear goal, we 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.

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.

> "By 2025, HeadFirst Group will be leading the way and offer a fast lane for matching supply and demand of work through our platform."

Our '5 Bold Steps' plan:

1. **Clear tech roadmap**
   We will innovate our platform for seamless matchmaking, contracting and service flows.
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.

Lifelong flexible career

Our vision on the supply side

Our view on the world in 2025
It is 2025, and the majority of the 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.

HeadFirst Group's value for our customers
With its Striive platform, HeadFirst Group has become the standard partner for independent professionals and suppliers who focus on a lifelong flexible career. We unburden and support workers with perfectly balanced tech and personal services. HeadFirst Group has managed to claim this spot by offering 'career partner' solutions to these professionals. These solutions include assignment-to-assignment mediation, 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 steppingstones. For people who want to be part of a community, online or face-to-face, 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 and pension. 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 the Netherlands.

"HeadFirst Group will be the standard partner for independent professionals and suppliers who focus on a lifelong flexible career."

The flexible partner

Our vision on the demand side

Our view on the world in 2025
It is 2025, and the HR/recruiting industry in 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 tech solutions 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 temporary workforce are now making use of these services.

HeadFirst Group's value for our 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 (tech) and human touch (touch). Digitalising the process allows for more time for personal contact when it matters.

> "It is 2025, and HeadFirst Group have transitioned from an administrative role to a full HR tech solutions provider."

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 network 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. Secondly, the company has manifested itself as the clear No. 1 thought leader in Europe for HR services. This knowledge has allowed HeadFirst Group to complement a standardised approach with company-tailored advisory services.

The fast lane to cool jobs

Our vision on HR tech and the role of our platform

Our view on the world in 2025
It is 2025, and the 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 Europe.

On the other hand, the autonomous behaviour of (young) professionals, combined with their wish to have a very flexible career, pushes the scarcity trend. Progressive large companies are trying to continuously tap into a fresh stream of talented knowledge professionals by using the 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.

HeadFirst Group's value for our 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 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 access to 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.

> "It is 2025, and the European labour market has become increasingly flexible."

We invest in joint development

As an IT service provider, InnSpire supports its clients in digital transformation projects. "Together with HeadFirst Group, we provide IT professionals for projects at leading organisations such as NS, UWV, DICTU and Enexis," explains owner Marcel Oostveen. "What I find crucial is that our people truly enjoy their work and get a lot of freedom in carrying out an assignment.

Within our SocialFlex model, our employees choose their own contract, including the number of hours per week and how much they want to invest in their further development. And because we often work on location with clients, we also invest in joint development – with each other and with our clients – including through regular InnSpiration sessions. In this way, we have built a close-knit team of currently sixty professionals that is characterised by a special combination of freedom and togetherness."

Optimal combination of job satisfaction and customer value

"We are real 'Agilists'," says Marcel enthusiastically when describing his team. "We can fill all positions in agile projects, from software engineers and test specialists to business analysts and product owners. We have a team of experienced Agile Coaches and Scrum Masters to guide teams, while we also share our expertise with clients in the form of professional training courses. In line with the agile spirit, our central focus is on value creation. Of course, given the current shortages in IT, it's easy to 'put people on projects', but my goal is to offer solutions that really solve a client's problem. I always try to find the best combination of job satisfaction and customer value."

This is also where Marcel sees a good match with HeadFirst. "HeadFirst Group has a huge network and is very reliable in its delivery to clients," he says. "InnSpire's strength lies in its expertise to really understand client questions and match them adequately with specific profiles. We're now trying to leverage even more synergy from our collaboration. For HeadFirst recruiters, it can sometimes be difficult to properly translate a specific request into the right professional need. That's why we now get together more often to better understand each other's work and 'language'. Our ultimate goal is to fulfil assignments better as partners, adding more value for clients."

"Our goal is to fulfil assignments better as partners, adding more value for clients."

Marcel Oostveen
InnSpire

Our stakeholders

We value open dialogue with all our stakeholders. By listening carefully to each other, we can learn a lot from each other and can better respond to various developments around us. The illustration below shows our main stakeholders.

Clients
Organisations with important business goals, which we support with our services.

Suppliers
Our delivery partners are essential in serving our clients with the best professionals.

Independent professionals
There are more and more of them, and they are mission critical for us and our clients.

Tech partners
The tech companies that plug their technology into our platform are an important part of our ecosystem.

Employees of HeadFirst Group
Our 'golden assets', who we listen to, who develop us, and who make our customers happy.

Board/Shareholder(s) HeadFirst Group
We coordinate our strategy, investments and progress in close contact with our shareholders.

Industry associations
We have an active role in various industry associations to drive the professionalism of our market forward.

Government
We are in close contact with institutions, policymakers and elected representatives to liaise on labour market legislation, social policy and sustainability.

Materiality matrix

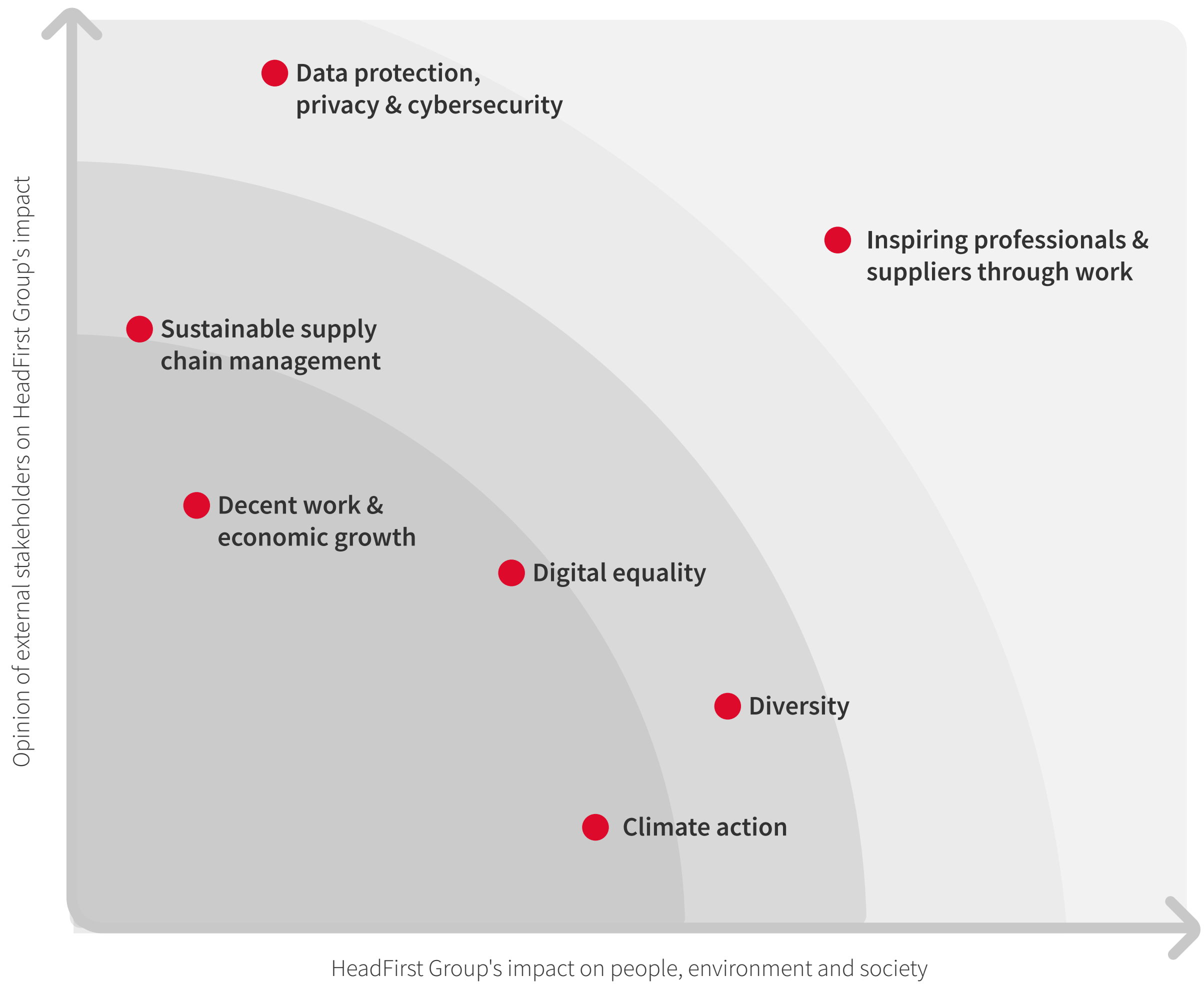
In 2022, we conducted our first materiality analysis to identify which of our activities have the most impact on people, the environment and society.

We started by identifying a broad range of potential material Environmental, Social and Governance (ESG) issues which resulted in a longlist. We then ranked these topics on the longlist for the degree of impact that the company has on people, the environment and society. This resulted in the elimination of several topics and a shortlist consisting of 24 topics.

Stakeholder groups were then asked to prioritise the items on the shortlist based on the degree of impact that HeadFirst Group has on people, the environment and society. This resulted in a final list of the seven most material topics linked to ESG.

These topics are:
- Climate action (environmental);
- Supply chain management (environmental);
- Decent work & economic growth (social);
- Digital equality (social);
- Inspiring professionals & suppliers through work (social);
- Diversity (social);
- Data protection, privacy and cyber security (governance).

We are currently still in the process of setting all KPIs or qualitative and/or quantitative disclosures relating to the material topics. This is an ongoing process; new KPIs and qualitative and/or quantitative disclosures will be reported in the future. Our annual report for the financial year 2023 will also contain an outside-in analysis.



Corporate Social Responsibility

Introduction to the ESG framework

In 2022, we further implemented our Corporate Social Responsibility (CSR) policy as we can and want to play an active role in the transition to a sustainable society. Together with our clients, suppliers, professionals and partners, we support the UN Sustainable Development Goals (SDGs) and we actively contribute to these goals.

We also aim to increase our social impact and reduce our CO_2 footprint in our value chain. We do this by establishing policies with strong targets on four CSR axes.

For each axis, we have determined the activities through which we can make the greatest impact on people, the environment and society (see also our materiality analysis). To determine the content of our policy, we looked at a number of leading frameworks, such as GRI (Global Reporting Initiative).

We also followed the recommendations of EcoVadis, a well-known universal scorecard for CSR. In 2022 we were awarded with a silver medal for our CSR policy and actions. This was a good result, but by making our policy more concrete, we want to improve our score on all subjects.

	CSR Axes	Material topics	Relevant SDGs	Ecovadis
Environmental	Sustainability	Climate action	12 Responsible consumption and production; 13 Climate action	Environmental
		Supply chain management		Sustainable procurement
Social	Decent work & lifelong learning	Inspiring professionals & suppliers through work	4 Quality education; 8 Decent work and economic growth	Labour & human rights
		Decent work & economic growth		
		Digital equality		
	Diversity & inclusion	Diversity	5 Gender equality; 10 Reduced inequalities	Labour & human rights
Governance	Governance & ethics	Data protection, privacy and cybersecurity	8 Decent work and economic growth	Ethics

Sustainability

As an HR tech solutions provider, we have a relatively limited impact on the environment, but where we can make an impact we will do so. Our two sustainability-related material topics are climate action and supply chain management.

Climate action

Despite our relatively small carbon footprint, we are determined to do what we can to reduce it. Most of our impact relates to minimising our energy consumption, electrifying our fleet, reducing the use of fossil fuels, reducing GHG emissions, using green energy sources, separating waste, and a climate-neutral building.

We also contribute to the Paris Agreement goals to limit global warming to well below 2°C above pre-industrial levels and make efforts to limit warming to 1.5°C. This is why we have committed ourselves as a group to the Science-Based Target initiative (SBTi) and set a science-based 'near-term target' in 2022 to contribute to limiting global warming to well below 2°C.

CO_2 footprint

We report on our CO_2 footprint in accordance with the Greenhouse Gas Protocol. We will continue to improve the completeness and accuracy of our environmental data. In 2022, for example, we did not yet have insight into the full set of data of our scope 3.

By 2023, insight into scope 3 will be completed. As our organisation is constantly subject to growth and change due to our ambitious buy & build strategy, we have chosen to measure our footprint against our turnover as of 2023. In doing so, we will adjust the data for inflation.

	2022			2021 (Base year)		
Scope 1 (direct emissions)	**Amount**	**Unit**	**Emissions in tCO_2**	**Amount**	**Unit**	**Emissions in tCO_2**
Gas consumption	5,814	m^3	12.2	91,795	m^3	172.9
Fuel consumption vehicles - diesel	4,119	litres	13.4	9,498	litres	31
Fuel consumption vehicles - petrol	140,109	litres	395.2	72,582	litres	202
Declared kilometers (Business)	198,931	km	38.4	N/A		N/A
Total scope 1			**459**			**406**
Scope 2 (indirect emissions)	**Amount**	**Unit**	**Emissions in tCO_2**	**Amount**	**Unit**	**Emissions in tCO_2**
Electricity consumption - grey	39,183	kWh	17.3	492,861	kWh	274
Electricity consumption - green	488,714	kWh	0	19,883	kWh	0
Electricity consumption - vehicles	35,284	kWh	16.1	14,805	kWh	8.2
Total scope 2			**33**	**282**	**282**	**282**
Scope 3 (remaining emissions)	**Amount**	**Unit**	**Emissions in tCO_2**	**Amount**	**Unit**	**Emissions in tCO_2**
Public transport (Commuting)	279,788	km	5.6	66,622	km	1
Declared kilometers (Commuting)	290,385	km	56.0	283,915	km	55.4
Industrial waste	60,803	kg	58.7	N/A		N/A
Total scope 3			**120**			**56**
Total emissions in tCO_2			**612**			**744**

2030

We commit to reducing absolute scope 1 and scope 2 GHG emissions by 23% by 2030 from a 2021 base year, and to measuring and reducing our scope 3 emissions. This is an absolute reduction of 2.6% per year.
In order to achieve this, we have taken reduction measures concerning energy sources, our sites and our mobility policy. To further develop and professionalise our CSR policy and complete our data collection, we have set targets for 2023-2025. This will also prepare us for the Corporate Sustainability Reporting Directive (CSRD).

Reduction matters

To illustrate what we have done to reduce our impact, here are some examples:

- We have installed LED lighting with motion sensors at all sites.
- Our headquarters are located in a carbon-neutral park and have a sustainable cradle-to-cradle design with A-Label and BREEAM-NL Excellent sustainability certificate.
- The carpet in our headquarters is made from bio-based raw materials by Interface, whose products carry the Environmental Product Declaration (EPD) label issued by an external party. Thanks to this carpet, we avoided over 17,000 kg of CO_2 emissions, which is equivalent to the emissions of a car driving a distance of 68,742 kilometres.
- As a result of the pandemic, people have been working from home more often and meetings with customers are also more frequently held online. We will continue to encourage and facilitate working from home. As of January 2023, a professional recording studio has become available at our headquarters to make major corporate presentations and webinars look more professional and enable everyone to follow them.

Main targets 2023-2025

In the coming years, we will:

- Complete scope 3 insights collection and implement our reduction strategy. We will also add waste at all sites to scope 3 by looking at averages based on historical consumption data per employee. In addition, we will establish and implement a policy on waste.
- Tighten our mobility policy and establish KPIs for the ratio of cars vs employees as well as for the ratio of electric cars vs conventional cars.
- Make the emissions relating to the pool of flexible professionals working through HeadFirst transparent for every client. We will share this information with our clients so that they in turn have insight into their own scope 3 emissions.

Supply chain management

We aim to ensure that the procurement of goods and services takes place in a socially and environmentally responsible manner and in conformity with the organisation's business principles.

A good example is the choice of a new caterer starting as of February 2023. Their vision is shaped by ‘Code Green’. They are committed to reducing their environmental impact, pursuing this by choosing sustainable products and materials (and also not wasting them where possible) in accordance with the 'eat sustainably' plan for a sustainable planet. Through a climate monitor, they measure the environmental impact (CO_2 emissions) of their products based on the greenhouse gases released while growing, processing and transporting them.

The next step will be to formalise this process by including objectives, KPIs and assessment procedures.

Main targets 2023-2025

In the coming years, we will:

- Examine which requirements we will need to impose on our suppliers and draw up a checklist.
- Draw up a supplier sustainability Code of Conduct.
- Determine which suppliers should perform a sustainability assessment and what this assessment should entail.
- Develop and roll out a supplier assessment procedure.
- Include social and environmental clauses in agreements.

Decent work & lifelong learning

For us, decent work and lifelong learning mean that we continue to develop our employees while also providing development opportunities to professionals. In this way, we are increasing sustainable employability. In addition, it means making sure that our working conditions are good and that we will go the extra mile to achieve this. Our efforts are clearly appreciated, as we are now also a certified 'Great Place to Work'!

Inspiring professionals & suppliers through work

We consider the mental health and well-being of our people, suppliers and candidates as a basic necessity in life and a prerequisite to enjoy a healthy work-life balance. That is why we take good care of everyone's health and safety.

To demonstrate compliance with health and safety legislation, we follow our health and safety policy plan and carry out an annual RI&E (Risk Inventory & Evaluation). Any risks are immediately addressed by our Facility team.

We strive to inspire, support and retain people by offering access to sport activities, training and courses, as well as free webinars and lectures.

Initiatives

- 'Learn every day', one of our core values, inspires people to remain employable in the rapidly changing labour market by continuously developing themselves. This applies both to our own employees and professionals working through HeadFirst Group.
- The learning and development platform MyCademy provides employees and professionals (Select Academy) with premium access to courses, e-books, training and knowledge-sharing sessions in various learning paths. In addition, employees can follow training or courses outside the MyCademy curriculum in the interest of their current or future position.
- There is a gym at the head office, which is free for everyone to use. At set hours, an instructor is present to help with exercises. Employees can also participate in bootcamp training every week.

This topic is strongly linked to the material topic 'Decent work & economic growth'. In the future, we aim to make a clearer distinction between the two topics and determine different policies and goals.

Decent work & economic growth

We contribute to a developing and skilled workforce by offering personal development services and career partner solutions to our (flex) workers. These solutions include income stability, personal mentoring, training and career planning. We use new digital HR solutions and tools in order to attract the right people.

We want to take good care of our employees and are very concerned with their mental health. Especially in the period during and after the pandemic, it became evident that there is a big role for the organisation to care for both the physical and mental health of our people. In that context, many initiatives have been rolled out.

Initiatives

One such initiative is our partnership with OpenUp, a mental health scale-up based in Amsterdam and Berlin. Together we introduced a platform (app) that engages the entire organisation in mental health. Its motto is 'always a psychologist at hand – everywhere and on every subject'. Through the app, employees can consult a psychologist after checking in, for a big or small issue, whether private or work-related. It is available to all HeadFirst employees free of charge and without restriction.

We promote the physical health of our employees by offering healthy breakfast and lunch options. Our carefully selected caterer encourages choosing healthy food by providing information about the benefits and displaying it prominently on the buffet line. HeadFirst Group reimburses 35% of the cost of breakfast and lunch.

Our employees clearly appreciate this and other initiatives, as evidenced by the 'Great Place to Work' certificate we obtained in 2022. To achieve it, we went through an extensive process with the Great Place to Work organisation, in which we demonstrated that (1) all employees enjoy working for us, (2) there is trust in the organisation, and (3) employees exude pride for being part of it.

Targets 2023 – 2025

Our employees are our top priority. This is evident from the many great initiatives launched in recent years. Drafting or expanding policies is still a work in progress.

In the coming years, we will:

1. Draft policies on child labour, forced labour and human trafficking;
2. Expand our whistleblowing procedure, including reporting on corruption and/or bribery and information security issues and seeking certification for our labour & human rights system;
3. Develop reports on the average number of training hours per employee;
4. Prepare documentation on health & safety indicators for temporary employees.

Digital equality

To prevent a 'digital gap', we believe that everyone in the community, regardless of demographics, socioeconomic background, and digital and information technology experience and competencies, deserves access to digital technologies and the skills to use them.

This topic was assessed as one of the most material topics in our materiality analysis. It also aligns closely with our vision and policy of not excluding anyone and giving everyone a chance. As a matter of fact, we feel that a focus on digital equality as such is actually too limited. Instead, we would prefer to consider it as part of our social return policy.

To create more employment opportunities for people at a labour market disadvantage, in September 2022, we launched our 'Social Return Action Plan'. In this plan, we brought together all social return initiatives within the HeadFirst Group so that we can ensure a more inclusive labour market by working together. Through our Social Return Action Plan, we create an efficient, sustainable and valuable partnership with our clients and social partners, focusing on the strength of our organisation: connecting professionals and clients.

Diversity & inclusion

As an HR tech solutions provider, we consider it our social responsibility to create an inclusive, equal and safe environment. We accept this responsibility not only with respect to our own employees, but also our clients, professionals and suppliers. An inclusive culture is paramount in this, providing room for diversity while also fostering a sense of unity.

Diversity

The workforce of HeadFirst Group is diverse in terms of gender, age, origin, motivation and life experience. Every person is equal but also unique. We take these differences into account. You can see that in the data points shown on page 44. The male/female balance in the organisation is equal. Our management team is also diverse in gender: 46% are women. The diversity in terms of age remain almost the same as last year: the number of employees in the under-40 category is almost equal (53%) to the 40-and-over category (47%). We are satisfied with these data points and are taking actions to further strenghten diversity and inclusion in our organisation.

Diversity is the cornerstone of all our corporate value statements. We aim to fulfil the following objectives:

- Talent: we provide equitable opportunities to recruit, retain and develop talent that sparks our innovation.
- Workplace: we celebrate individual uniqueness and are inclusive in the way we work.
- Marketplace: we represent diversity when we go to the market and foster inclusion across our stakeholders. We reduce inequalities by not discriminating on grounds of gender, age, ethnicity, religious beliefs, parental status, education, physical and mental ability, and sexual orientation.

To further develop our internal and external services in the area of diversity and inclusion, in 2021, we established the 'Diversity & Inclusion Taskforce' within the HeadFirst Group. Members of this Taskforce come from different levels and departments in the organisation and act as drivers and confidential advisors on topics such as LGBTQIA+, cultural diversity, religion, gender equality, age and disabilities.

For the next two years (2023-2025), the Taskforce has identified a number of themes to further flesh out our diversity policy both internally and externally. One of the themes concerns our digital platform. For example, with the system we have and based on AI, we are looking into how we can prevent prejudice (e.g., based on a foreign-looking name). We also want to use our external communication and knowledge sessions to involve clients and suppliers in our diversity policy.

We monitor the inclusiveness of our working atmosphere by conducting an inclusion survey twice a year. We want to improve our current rating of inclusive corporate culture (7.8) to 8 this year. We have also set several targets for internal diversity figures (see KPIs).

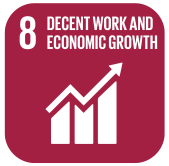
Initiative: 'Diversity in Business' charter
Through our affiliation to the Socio-Economic Council's 'Diversity in Business' charter in 2022, the Diversity & Inclusion Taskforce is obliged to report every year on internal satisfaction in terms of inclusive corporate culture and internal diversity figures. This ensures our attention, focus and commitment to diversity and inclusion objectives.

D&I in Recruitment & Selection
Our external diversity and inclusion strategy focuses in particular on the recruitment and selection process. Continued attention to unconscious biases and preferences from recruiters and hiring managers is therefore needed to remain open to diverse perspectives.

Targets 2023-2025 and KPIs in 2023
In the coming years, we will:
- Develop a plan of action for the Diversity in Business charter;
- Extend our reporting structure;
- Provide D&I training;
- Provide training for D&I members;
- Organise knowledge sessions for clients and suppliers.

In 2023, we will expand the KPIs to include:
1. The rate of individuals on the organisation's board of directors in several diversity categories;
2. The rate of employees per employee category in several diversity categories;
3. The ratio of base salary and remuneration of women compared to men for each employee category;
4. The total number of discrimination incidents during the reporting period.

Governance & ethics



We have a clear governance structure in which the organisational chart, business strategy and its translation into objectives, goals, strategies and measures (OGSMs) for each department are the starting point. Based on set KPIs for each department, it monitors whether the organisation is on track to achieve its business objectives. The governance model further contains policies on business continuity, privacy, and quality and information security.

Data protection, privacy and cyber security
We are responsible for the integrity and protection of all personal data we store within business processes and IT systems. We continuously invest in cyber security-related processes and systems.

With investments in compliance resources, business processes and technology, the group complies with relevant statutory GDPR principles. Ownership of GDPR lies with the legal department. The group also has a privacy officer, who owns the retention policy, personal data processing policy and security incident and data breach policy and procedure.

For all ISO certifications, policies have been communicated both internally and externally. They can be found on our intranet. The 27001, 9001 and 14001 management systems ensure that we continuously work on quality, information security and environmental objectives.

In 2022, we redeveloped the onboarding procedure of in-house employees. This is a generic scheme for all employees in which a set programme is followed for 10 weeks in addition to the induction programme in the department itself. During these 10 weeks, employees are trained on different matters, such as our code of conduct and information security.

As Governance & ethics is a relatively new theme within our CSR policy, the targets for this theme are mainly related to developing and establishing policies.

Targets 2023-2025
In the coming years, we will:
- Develop, build and implement policies on corruption, bribery and business ethics:
  - Measures and procedures in place to prevent corruption and or bribery;
  - Conduct periodic risk assessments on corruption & bribery.
- Draft policies on fraud, conflict of interest, verification procedure of sensitive transactions.
- Maintain ISO (9001, 27001, 14001), NEN, Bovib and EcoVadis certifications.
- Implement GRC tool or use teams to structure Governance & Risk management.
- Create a programme for third-party anti-corruption and information security due diligence.
- Implement awareness or training programmes on anti-corruption and bribery issues for employees.

Focus on the things that really matter

As an experienced project manager, Maarten Weijers is responsible for construction and maintenance projects in the field of Dynamic Traffic Management (DTM). As an independent entrepreneur, he has full control over his professional development and the assignments he takes on. And because HeadFirst takes care of the contractual and administrative side of things, Maarten can focus on his business.

Combining mission-critical IT and tangible infrastructure

"With a background in electrical engineering, I started my career at Fokker Aircraft. My work quickly shifted from purely technical to more coordinating roles, and my love for project management was born. I moved on to various other companies, gradually expanding my project management skills, specialising mainly in mobility projects and DTM for organisations such as Rijkswaterstaat and Croon TBI Techniek. After several successful projects, in 2012, I felt the time was right to start my own business, Prodius Managementbureau."

> "HeadFirst Group acts as my 'back office'. For me, this collaboration is perfect."
>
> **Maarten Weijers**
> Independent professional

"DTM uses automated real-time roadside management systems to monitor and improve traffic flow on the road," explains Maarten enthusiastically. "I use this technology to control camera systems and roadside dynamic route information panels, for example. I'm currently the technical manager within the Rijkswaterstaat programme responsible for the management and maintenance of such DTM systems. My work is a great combination of mission-critical information technology and tangible infrastructure. And I literally see the results of my work when I'm on the road."

My relationship manager is always there for me

"In my daily work, HeadFirst acts as my 'back office'. For me, this collaboration is perfect. It allows me to focus on my assignments and business, maintaining my network and actively following developments. HeadFirst takes care of invoicing, business insurance and other administrative issues. It has all been running very smoothly for years, and if I have any questions, I just call my personal relationship manager, who is always there for me."

"As a specialist with a large network, I can do my own acquisition. But in general, I see a growing role for HeadFirst in actively finding scarce professionals and experts. For example, in my field, we work with highly specialised systems. It's important that candidates fully understand their impact on traffic flow and safety. But such subject matter specialists are currently extremely difficult to find. If HeadFirst, with its huge network and available data and matching tools, can help such high-flyers land in the right place, everyone will benefit."

> "I can focus on my business, maintaining my network and actively following developments."

2022 results

HeadFirst Group is proud to present its gross invoice value of € 1,953 billion (2021: € 1,547 billion), which reflects the organic growth of our business both from new customers as well as increased volumes with existing customers. We would not have been able to achieve this great result without our amazing and passionate employees, loyal clients, committed partners, suppliers and mission-critical professionals.

We saw strong growth in the demand of our solutions throughout the year, despite a slower start in early 2022. We accomplished double-digit growth rates for our net revenue in Q4 following increasing growth trends during the year.

All our business lines contributed to the acceleration of our net revenue growth in 2022, with very strong performance of our MPS and P&P service offerings.

The resilience of our business model from our portfolio mix and our strong presence in the niche of highly skilled professionals, including many IT professionals, led to a growth acceleration post the pandemic of 2020 and 2021. Revenue growth was 26%, compared to 3% in 2021, following growth in our MSP proposition and volume growth in our Intermediary proposition. Gross-profit growth accelerated to 10% from 7% in 2021. We managed to realise a strong underlying EBITDA performance, with EBITDA increasing by 5%.

We continued to invest in our organisation to further improve our service levels for customers. In addition, we continued to optimise our processes and implemented innovative solutions such as RPA, enabling more efficient ways of working and anticipating on an increased performance in 2023, which will be necessary to fully focus on our personal touch to further enhance customer and employee satisfaction.

We are proud to have a solid financial position with a strong equity of € 141 million and a solvency of 25%. This qualifies as solid for our type of business, which has a large amount of current assets and liabilities going through the books.

We continued to retain business by renewals and win further tenders in 2022, demonstrating our clients' appreciation of our services and providing us with a solid outlook at the start of 2023.

1,953 ↑26%
Gross invoice value
2021: 1,547
2020: 1,520

46 ↑10%
Gross profit
2021: 41
2020: 40

25 ↑5%
EBITDA
2021: 24
2020: 22

Human Resources

HeadFirst Group: Great Place to Work

As an employer, HeadFirst Group has undergone rapid development in recent years, guided by our three core values: customer first, learn every day, and connecting people. Involvement, fun and ownership are central to our organisation.

We encourage our employees to be entrepreneurial through personal development and by giving them responsibility. And our internal Lean programme, which is based on the principle that improvement initiatives come from the entire organisation instead of just from the top, places our employees at the wheel of continuous improvement.

To encourage our staff continue to learn and develop, we launched the HeadFirst Group Academy in 2021. This provides an online learning environment, which was widely used during the pandemic. In 2022, usage decreased slightly (by 5.4%), due to significantly more in-class training (302 training sessions). HeadFirst Group invested € 250,000 in the personal development of its employees in 2022, an increase of 108% compared to the previous year.

The mental health of our employees is also essential to us. That is why we have joined forces with OpenUp, an organisation whose mission is to make mental well-being accessible to everyone. OpenUp offers tools that make you more resilient and help you in your personal development, such as a health check-in, 1-on-1 consultations with certified psychologists, master classes and group sessions, mindfulness consultations and online programmes, articles and manuals.

Since we moved into our new headquarters in Hoofddorp in early 2022, we have had our own HeadFirst Group Theatre at our disposal. We have used this for our employees for company parties, knowledge events and inspiration sessions. For these inspiration sessions, we have partnered with Leqture, who arranged several motivational speakers on topics such as storytelling, reframing, unconscious bias, high performance, and how to perform tricks to make your brain work even better.

All this has been greatly appreciated: in 2022, we were officially certified as a Great Place to Work (GPtW). This was a tremendous recognition of who we want to be as an employer. In the GPtW survey, our employees rated us highly on the themes of fair treatment, diversity & inclusion, responsibility and independence within the job. We will enthusiastically work on the areas for improvement that emerged from the GPtW survey.

In 2023, we expect our employee base to develop in line with the growth of our business volumes.

> “We encourage our employees to be enterpreneurial through personal development and by giving them responsibility.”

General

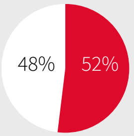
401 ↑ 32.8%
Number of employees (at year end)
2021: 302
2020: 201

34
Colleagues transferred to other internal positions
2021: 14

Diversity

Male/female balance in general

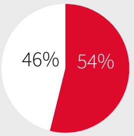
- Female
- Male



2021: 49%, 51%

Male/female balance within management

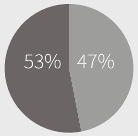
- Female
- Male



2021: 43%, 57%

Age range

- under-40
- 40-and-over



2021: 52%, 48%

Learning and development

€ 250,000 ↑ 108%
Company investment in personal development
2021: € 120,000

347
Online training courses attended by our employees
2021: 367

302
In-class training courses attended by our employees

Others

3,47%
Absenteeism due to sickness
2021: 3.26%
2020: 1.95%

9.5
GPtW survey: fair treatment regardless of gender, religion or nature

9.0
GPtW survey: physically safe and pleasant environment to work in

8.6
GPtW survey: management gives trust and responsibility to employees

Our headquarters

In January 2022, we moved into our new head office in Hoofddorp. It is an inspiring place, where connecting people is key. The office reflects our leading position as an HR tech solutions provider and it helps us to underline our sustainability ambitions.

General

- Situated in a premium location, at Park 20|20 in Hoofddorp (1,000 metres from the A4 motorway and 400 metres from Hoofddorp railway station).
- 3,700 m^2 surface area.
- 1,500 m^2 theatre, bar, restaurant and sports area (ground floor + 1st floor).
- 2,200 m^2 office space (2nd to 4th floors).
- 132 (flex) workstations with adjustable desks.

Facilities

- Theatre with space for three hundred guests.
- Bar for connecting and celebrating.
- Restaurant (including barista).
- 15 technogym machines in sports area.
- 624 hours of sports instructor guidance per year (for workouts and boot camps).
- 17 meeting rooms with modern facilities for hybrid conferencing.
- 3 coffee corners.

Sustainability

- Cradle-to-cradle company building with energy label A and BREEAM-NL Excellent sustainability certificate.
- Rainwater harvesting with smart blue-green roofs (e.g., used to flush toilets).
- Recycling water with greywater system.
- Green electricity from Greenchoice.
- CO_2-neutral floor covering from Interface.
- Caterer Leo Love Good Food: 100% sustainable products.
- Cleaning of premises with cold water and ecological cleaning agents.

Look for a drone view in our office!

Have a look in our theater!

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, creating a healthy balance between risks and potential opportunities. HeadFirst Group identifies four risk categories: strategic, operational, financial and compliance and also considers other elements such as prevention of fraud. The consideration of a healthy balance differs for each risk category.

> “Compliance by design is one of HeadFirst Group's key services to its clients.”

Risk profile

The next paragraph comprises a categorised overview of the risks that we believe are currently the most relevant considering 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 situation. The sequence of the risks does not reflect an order of importance, vulnerability or materiality.

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. 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 will require their workforce to be flexible. This will result 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.

As a risk management measure and 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. HeadFirst Group operates in a data-driven world, and as an intermediary, HeadFirst Group needs to ensure that its clients, professionals and suppliers can entrust HeadFirst Group 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 HeadFirst Group's organisation professionalism in this regard, HeadFirst Group believes it is of added value to be certified under ISO 27001.

Changing laws and regulations

One of the major strategic risks is politically and socially 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.

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 ISO 9001 certificate enables us to demonstrate our trustworthiness, thus strengthening 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 the best talent, 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. Regular employee surveys help HeadFirst Group to monitor the engagement of its employees and investigate employees' needs in a structured manner. These surveys are 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 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 (1) an open market approach, (2) close ties with a closed community, and (3) 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.

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 2020, we entered into a financing arrangement with Coface. In 2022, this agreement was extended until 2027. 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 that derivative financial instruments should only be considered if current and future interest rate risks are not within the acceptable risk levels of management. The 3-month EURIBOR has been monitored on a monthly basis. The recent increase in the 3-month EURIBOR resulted in a re-evaluation of HeadFirst Group's financing and hedging strategy. It was deemed to be favourable to buy a derivative (interest rate cap with a term of 3 years) to mitigate the interest rate risk. Hedge accounting will be applied when 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 is at the core of the services provided by HeadFirst Group. HeadFirst Group applies a zero-tolerance policy to all compliance risks.”

Compliance risks

Compliance is at the core 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. New regulations require an ongoing critical review of existing training, policies, and procedures to stay compliant.

Automating repetitive tasks

Marijn van de Poel is Managing Director of Ciphix. This innovative company's mission is to 'take the robot out of the human'. "With some 60 specialists, we automate as many routine tasks and cognitive decisions for our clients as possible," explains Marijn. "Using Hyperautomation technologies such as Robotic Process Automation (RPA), Artificial Intelligence (AI), Process Mining and Low-Code, we develop 'digital assistants', so that our clients' employees can focus on more important and more interesting aspects of their work."

"The latter is crucial. Everyone is struggling with staff shortages nowadays, so it's a real waste if you let well-qualified employees spend time on repetitive work. People are much happier if they can work on new challenges and customer requests. It's what stimulates and inspires them. If people spend less time on routine jobs, the work will be more fun and interesting, and they will enjoy working for you. That's what we aim for at Ciphix."

Balance between tech and touch

Marijn explains how this works in practice, describing the first digital assistants Ciphix introduced at HeadFirst Group. "HeadFirst Group handles tens of thousands of hiring transactions every year. These are complex processes, involving an application, publication, matching, and finally a contract. In 2022, with the help of digital assistant Benthe, we fully automated the uploading of assignments. This has made the whole process flawless and much faster, and recruiters now have more time left for the matching process itself. It really creates a better balance between tech and touch, as they call it at HeadFirst Group."

> "The process is flawless and much faster, and recruiters now have more time left for the matching process itself."
>
> **Marijn van de Poel**
> Ciphix

> Our tech solutions enable you to accelerate and achieve the perfect balance between tech and touch.

Onboarding digital colleagues

"Together with HeadFirst Group, we're already looking ahead. For example, we're considering ways in which AI could make faster and smarter analyses of the data in applications and CVs, supporting recruiters in terms of content. It's just one of the possibilities, and the great thing is that HeadFirst Group is completely in the lead. Our technical solutions can help you achieve your goals, but as an organisation you do need the right mindset to want to work differently."

"So why do we use personal names for digital assistants? That's a very deliberate choice, because it helps us to make our solutions more recognisable and bring a bit of the 'human into the robot'. New software with a techy name doesn't mean much to most people. No one likes SAP or Office, but everyone loves Benthe!"

Leadership

HeadFirst Group is managed by the Board of Directors, consisting of Marion van Happen and Jan-Pieter van Vreeswijk. They form a full board with Chairman of the Board Han Kolff and the non-executives.

Marion van Happen: CEO

Marion is CEO of HeadFirst Group. She has over twenty years' experience in HR services, recruitment and staffing in various commercial and senior management positions in the Netherlands and abroad. Before joining HeadFirst Group, Marion was Chief Operating Officer at RGF Staffing the Netherlands (formerly USG People) and Managing Director of Unique. In the role of CEO, she directs the strategic, operational and commercial activities of the organisation.

Jan-Pieter van Vreeswijk: CFO

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

Governance structure

Business lines		
MSP services (Staffing MS & ProUnity)	RPO & IT talent sourcing (Sterksen)	Intermediary services / MSP light (HeadFirst, Between & Yellow Friday)
IT talent sourcing (StarApple & StackOps)	P&P services (Striive)	Smart matching (Striive)

Supporting staff		
Operational excellence		
Operations	Finance	Legal
Business control	Control, reporting & treasury	Quality & compliance
Strategy support		
Digital & IT	Marketing & communication	HR
Sales	Bids & tenders	Facility

Outlook for 2023

In 2023, we will move forward to the next world of work. The world we believe in is increasingly tech-enabled, without bias and regardless of contract form. To get there, we have used the OGSM methodology to translate our multi-year strategy into a 1-page annual plan for 2023. To give the right themes the attention they deserve, we have defined a number of strategic topics that will receive the most attention internally: digital transformation, performance management, Lean improvement, corporate social responsibility (CSR) and strategic sales. Finally, mergers and acquisitions (M&A), with clear rationales, also form part of our strategy.

> “The world we believe in is increasingly tech-enabled, without bias and regardless of type of contract.”

Perfect balance between tech and touch

The perfect balance between tech and touch exists. We believe that through the smart use of automation and AI, it will be possible to fully digitalise the end-to-end process of sourcing, matching, contracting and paying professionals, so that we can add personal touches at the moments where they really add value. We bring this together in our new brand Striive. This calls for a digital transformation of our organisation, which we will enforce in 2023. We are creating a Digital Core Team, within which we will set up a customer experience management department, from which our entire organisation will learn to think and act more from the customer’s perspective to meet their needs. Our digital delivery team will take responsibility for building a perfect tech ecosystem. And to ensure a good go-to-market of our products, we will strengthen our online marketing team.

Permanent scarcity calls for creativity

As we outlined in the trends section, we are going to have many more years of scarcity in the labour market, especially under the pressure of an ageing population. Economists are seeing signs of a minor recession, but it is not expected to be so severe as to bring relief to the labour market. Talent scarcity will force organisations to be as creative as possible. This requires new alternatives, such as recruiting talent (both permanent and flex) from abroad or from underrepresented talent pools, or hiring fully remote workers. The trend of Total Talent Acquisition will take off in 2023, as organisations can no longer afford the ‘luxury’ of excluding scarce talent by type of contract.

HR tech solutions providers, like HeadFirst Group, will need to be creative too. With all the different solutions to labour market issues available in our group, we will be able to show such creativity. Our solutions are most easily explained on the axes of tech and (human) touch, indicating which services are strongly tech-driven and which are strongly human-driven. By combining these services as building blocks, we can offer a solution for every client’s demand.

Corporate social responsibility

As a leading HR services provider and growing platform, HeadFirst Group takes its role in the labour market and society seriously. In 2022, we brought together the corporate social responsibility (CSR) initiatives within our various brands at group level. This resulted in an EcoVadis silver medal, which places us among the top 25% of companies in terms of CSR assessed by EcoVadis. This is a great result, which we hope to surpass with a gold medal in the near future. We aim to achieve this by finalising a complete CSR policy, drawn up along four axes: (1) sustainability, (2) decent work & lifelong learning, (3) diversity & inclusion, and (4) governance & ethics. In each of these areas, we are developing new initiatives and making choices about how we – with our employees, clients, suppliers and independent professionals – will contribute to a more beautiful world.

Dutch labour market legislation challenges

Over the past years, the Dutch labour market has consistently shifted to a more flexible labour market. There are now 1.2 million independent professionals in our country. The Assessment of Employment Relationships (Deregulation) Act (Wet deregulering beoordeling arbeidsrelaties, DBA) originally attempted to tackle pseudo self-employment under these freelancers. The current Minister of Social Affairs and Employment wants to put an end to the ambiguity, opting for an approach using the criterion of 'embedding in the client's organisation', which is based on the premise that a hired professional should not do the same work as someone in permanent employment. The implementation (and misinterpretation) of that criterion could have major consequences for the flexible labour market.

In line with our public affairs agenda, we continue to campaign for a good solution that combats psuedo self-employment at the lower end of the labour market, while allowing conscious self-employed workers at the top of the market to conduct their business without restrictions.

Next steps towards the leading platform in 2025

We described how our strategy is made up of five bold steps towards becoming the leading platform in 2025 in the Netherlands and abroad. In order to implement this strategy, we used the OGSM methodology to identify the following key points for 2022 for the five steps.

1. **Clear tech roadmap**
   Make the transition from Select to Striive, with its new front end, develop the best matching tools in the market, digitalise our customer journeys and, based on the principle of customer experience management, constantly improve the customer journey.
2. **Data-driven organisation**
   Enrich insight into workload and performance through deeper field steering, continuous lean improvement, and end-to-end measurement funnels and conversion.
3. **Next-level services**
   Improve client and supply services enhancing customer success journeys, boost the Professionals services for professionals who do not work through one of our brands, set up automated matchmaking and sourcing strategy using smart tooling, create most valuable vetted talent pools, and expand our role as a substantive advisory partner for clients.
4. **Leading platform in the Netherlands**
   Target 'direct clients' with end-to-end digital service model (Striive), create the most valuable talent pool in the market, and implement our contracting 3.0 vision.
5. **Expansion into European markets**
   Achieve organic growth through current clients with international potential combined with targeted acquisitions.

Financial objectives 2023

HeadFirst Group is an ambitious company with great potential. The outlook for 2023 is positive, but also depends on our ability to attract candidates in a scarce labour market. We have set ambitious targets for 2023, expecting to increase our business results in terms of revenue, gross profit and EBITDA.

We continue to invest in our digital strategy to develop our organisation from HR service provider to a platform company. In addition, we expect to incur costs related to the further optimisation of our internal organisation, as well as costs related to our M&A strategy.

About this report

Reporting standards

With this report, we provide insight into the activities, sustainability strategy and financial performance of HFBG Holding B.V. The report covers the calendar year 2022 and was published on 31 March 2023. For the non-financial information included in this report, we used the GRI Standard 2021 as our starting point. As a group, we have committed ourselves to the Science-Based Target initiative (SBTi) and set a science-based 'near-term target' in 2022 to contribute to limiting global warming to well below 2°C.

Scope of the report

This report covers the HeadFirst Group, including all our consolidated entities. Our financial and non-financial results are presented in this report and relate to all consolidated entities for the period of 1 January up to and including 31 December 2022, unless stated otherwise.

Materiality analysis

In 2022, we conducted our first materiality analysis to identify which of our activities have the most impact on people, the environment and society: this is the inside-out perspective or impact materiality. As this was our first analysis, we decided to conduct the analysis with regard to our financial materiality at a later stage (2023).

To determine the material topics, we started by identifying a broad range of potential material Environmental, Social and Governance (ESG) issues. This resulted in a longlist that was presented to the members of 'the core team'.

This team consists of representatives of several departments within HeadFirst Group. The main 8 categories were discussed as well as the topics and the definitions within these categories:

1. Environmental;
2. Training and education;
3. Diversity and equal opportunities;
4. Occupational health & safety;
5. Digitalisation;
6. Supply chain (upstream and downstream);
7. Human rights in the supply chain;
8. Governance.

Using 'Mentimeter', each member ranked the topics based on the longlist for the degree of impact that the company has on people, the environment and society. This resulted in the elimination of several topics and a shortlist consisting of 24 topics, which was approved by a board member.

Internal stakeholders, being members of the core team, were then asked to prioritise the items on the shortlist based on the degree of impact that HeadFirst has on people, the environment and society. Colleagues from several departments were asked to do the same based on their engagement with external stakeholders. This resulted in a list of 7 most material topics linked to ESG.

The topics are:

1. Climate action (environmental)
2. Supply chain management (environmental)
3. Inspiring professionals & suppliers through work (social)
4. Decent work & economic growth (social)
5. Diversity (social)
6. Digital equality (social)
7. Data protection, privacy and cyber security (governance)

These topics were also approved by a board member.

We are currently still in the process of setting all KPIs or qualitative and/or quantitative disclosures relating to the material topics. This is an ongoing process; new KPIs and qualitative and/or quantitative disclosures will be reported in the future. Our annual report for the financial year 2023 will also show our outside-in analysis. Going forward, we will continue to perform (minor) updates of our double materiality analysis.

Value creation

A value creation model is presented showing input capitals, the way HeadFirst adds value with its business model, resulting in the output and outcome/value we create for our people, the environment and society.

Assurance

The financial statements are covered by our auditor's opinion.

Financial statements

Contents

Consolidated statement of profit or loss and comprehensive income

For the period ended 31 December 2022

(x € 1,000)	Note	2022		September 17, 2020 – December 31, 2021	
Gross invoice value	1		1,952,840		1,626,797
Net revenue	2		1,058,403		809,140
Cost of sales	3		(1,012,502)		(765,767)
Gross margin			**45,901**		**43,373**
Employee benefits	4	21,085		17,420	
Amortisation of intangible assets		8,293		8,493	
Depreciation of tangible assets		2,369		2,069	
Other operating costs	5	5,791		3,415	
Total operating expenses			**37,538**		**31,397**
Operating result			**8,363**		**11,976**
Financial income	6	4,136		4,091	
Financial expenses	6	(11,815)		(13,538)	
Financial income and expenses			**(7,679)**		**(9,447)**
Result before tax			**684**		**2,529**
Income tax	7		(557)		(1,010)
Result after tax	9		**127**		**1,519**
Profit for the year			**127**		**1,519**

(x € 1,000)	Note	2022	September 17, 2020 – December 31, 2021
Items that may be reclassified subsequently to profit or loss			
Fair value gain/(loss) arising on hedging instruments during the period	8	37	-
		37	**-**
Comprehensive income	9	**164**	**1,519**

Notes 1 to 30 are part of these financial statements.

Consolidated statement of financial position

As at 31 December 2022

before profit appropriation

Assets

(x € 1,000)	Note	31 December 2022	31 December 2021
Intangible assets	10	208,976	209,431
Property, plant and equipment	11	12,356	10,966
Financial assets	12	639	682
Derivative financial instruments	13	2,407	-
Deferred tax assets	14	631	486
Non-current assets		**225,009**	**221,565**
Current part of financial assets	15	40,876	40,626
Trade receivables	16	31,163	22,077
Receivables from participations	17	61,894	45,300
Other receivables	18	159,649	100,185
Cash and cash equivalents	19	49,043	60,979
Current assets		**342,625**	**269,167**
Total Assets		**567,634**	**490,732**

Equity and liabilities

(x € 1,000)	Note	31 December 2022	31 December 2021
Share capital		2	2
Share premium reserve		102,542	102,542
Loans qualified as equity		36,283	36,283
Cash flow hedge reserve		37	-
Retained earnings		1,519	-
Result for the year	9	127	1,519
Equity	20	**140,510**	**140,346**
Lease liabilities	21	8,674	8,108
Deferred tax	22	15,029	16,495
Other long-term liabilities	23	11,697	14,996
Non-current liabilities		**35,400**	**39,599**
Current part of long-term loans	24	4,964	9,823
Liabilities to finance institutions	26	7,238	25,112
Trade payables		195,864	136,033
Taxes and social securities	25	5,693	9,043
Other current liabilities	26	177,965	130,776
Current liabilities		**391,724**	**310,787**
Total equity and liabilities		**567,634**	**490,732**

Notes 1 to 30 are part of these financial statements.

Consolidated statement of changes in equity
For the period ended 31 December 2022

before profit appropriation

(x € 1,000)	Issued and paid-up capital	Share premium reserve	Loans qualifying as equity	Other reserves	Result for the year	Retained earnings	Cash flow hedge reserve	Total
Balance as at 1 January 2022	**2**	**102,542**	**36,283**	**-**	**1,519**	**-**	**-**	**140,346**
Adjustments:								
Transfer of cash flow hedging (gains)/ losses and cost of hedging to the initial carrying amount of hedged items	-	-	-	-	-	-	37	37
Profit for the year	-	-	-	-	(1,392)	1,519	-	127
Sub-total	**-**	**-**	**-**	**-**	**(1,392)**	**1,519**	**37**	**164**
Balance as at 31 December 2022	**2**	**102,542**	**36,283**	**-**	**127**	**1,519**	**37**	**140,510**

Notes 1 to 30 are part of these financial statements.

Consolidated cash flow statement

For the period ended 31 December 2022

before profit appropriation

(x € 1,000)	Note	2022	2022	September 17, 2020 – December 31, 2021	September 17, 2020 – December 31, 2021
Result before tax			**684**		**2,529**
Adjustments:					
Amortisation of intangible assets	10	8,293		8,493	
Depreciation of property, plant and equipment	11	2,369		2,069	
Financial income and expenses	6	7,500		9,447	
Book value recognised common control transaction		(6,241)		-	
Operating cash flows before movements in working capital			**11,921**		**20,009**
Changes in working capital:					
Movements in trade receivables	16	(9,086)		(22,077)	
Movements in receivables from participants	17	(16,594)		(45,298)	
Movements in other receivables	15, 18	(59,714)		(140,811)	
Movements in current liabilities (excluding Liabilities of a financing nature)	26	99,087		285,137	
Cash generated by operations			**13,693**		**76,951**
Gross cash flow from operation activities			**26,298**		**99,489**
Interest paid	6		(11,421)		(13,538)
Interest received	6		4,136		4,091
Current tax			(557)		(472)
Cash flow from operating activities			**18,456**		**89,570**

(x € 1,000)	Note	2022	2022	September 17, 2020 – December 31, 2021	September 17, 2020 – December 31, 2021
Investments in intangible assets	10	(1,733)		(217,923)	
Investments in property, plant and equipment	11	(3,819)		(13,044)	
Investments in financial assets	12	(639)		(1,168)	
Disposal of property, plant and equipment	11	279		9	
Cash flow from investing activities			**(5,912)**		**(232,126)**
Proceeds from equity		-		138,825	
Proceeds from non-current liabilities	21 to 23	(4,199)		39,599	
Proceeds from liabilities to finance institutions	26	(17,874)		25,112	
Cash paid due to acquisition of derivative financial instruments used to hedge liabilities arising from financing activities	13	(2,407)		-	
Rounding		(1)		(1)	
Cash flow from financing activities			**(24,480)**		**203,535**
Net cash flow			**(11,936)**		**60,979**
Cash and cash equivalents					
Balance as at 1 January			60,979		-
Net cash flow			(11,936)		60,979
Balance as at 31 December			**49,043**		**60,979**

The notes on pages 38 to 69 form part of these financial statements.

Notes to the consolidated financial statements

General

General information

HFBG Holding B.V. (Chamber of Commerce: 80349269) has its registered office at Taurusavenue 18, 2132 LS Hoofddorp, The Netherlands.

HFBG Holding B.V. was incorporated on 17 September 2020. The first financial year was an extended financial year ending on 31 December 2021. The comparative financial statements show the operational result for the period 17 September 2020 to 31 December 2021.

On 30 December 2022, Beryllium B.V. transferred its shares in Sterksen Holding B.V. and its subsidiary Sterksen B.V. to HFBG Holding B.V. The figures of Sterksen Holding B.V. and its subsidiary have been included in the consolidated figures of HFBG Holding B.V. as of 31 December 2022. For more details, see section Transaction under common control.

The activities of HFGB Holding B.V. and its subsidiaries (hereinafter referred to as 'HeadFirst Group') can be described as full-service HR provider. We bring together suppliers of professionals, independent professionals and clients to fulfil a wide range of job offers. Services we provide include Intermediary (IM), Managed Service Provider (MSP), Recruitment Process Outsourcing (RPO) and Total Talent Management (TTM).

The following subsidiaries are included in these consolidated financial statements:

Subsidiaries	Registered office	Interest in 2022
HeadFirst Source Holding B.V.	Hoofddorp	100%
Source + N.V.	Hoofddorp	100%
Source Automation Luxembourg SA	Luxembourg, Luxembourg	100%
Source Automation Belgium BV	Machelen, Belgium	100%
Source Automation B.V.	Hoofddorp	100%
Source Payroll Services B.V.	Hoofddorp	100%
Oyster Coast B.V.	Hoofddorp	100%

Subsidiaries	Registered office	Interest in 2022
Source Flex Solutions B.V.	Hoofddorp	100%
HeadFirst Finance 1 B.V.	Hoofddorp	100%
HeadFirst Group Beheer B.V	Hoofddorp	100%
HeadFirst Houdstermaatschappij B.V.	Hoofddorp	100%
HeadFirst B.V.	Hoofddorp	100%
HeadFirst IT B.V.	Hoofddorp	100%
Associates B.V.	Hoofddorp	100%
Designated Professionals B.V.	Hoofddorp	100%
Proud Holding B.V.	Hoofddorp	100%
Proud ICT B.V.	Hoofddorp	100%
Myler Holding B.V.	Hoofddorp	100%
Myler B.V.	Hoofddorp	100%
Myler IP B.V.	Hoofddorp	100%
Jenrick Nederland B.V.	Hoofddorp	100%
Jenrick Payroll Services B.V.	Hoofddorp	100%
Headfirst Germany GmbH	München	100%
Staffing MS Holding B.V.	Rotterdam	100%
Staffing Management Services B.V.	Rotterdam	100%
Staffing MS Broker B.V.	Rotterdam	100%
HeadFirst Poland SpZoo	Warsaw	100%
Between Staffing Group B.V.	Hoofddorp	100%
Between Staffing B.V.	Hoofddorp	100%
Between Belgium B.V.	Machelen	100%
Between HR Solutions B.V.	Hoofddorp	100%
Between Staffing Nederland B.V.	Hoofddorp	100%
Fast Flex B.V.	Hoofddorp	100%
Fast Flex Sourcing B.V.	Hoofddorp	100%

Subsidiaries	Registered office	Interest in 2022
EXPR B.V.	Hoofddorp	100%
JobCatcher B.V.	Hoofddorp	100%
Yellow Friday B.V.	Hoofddorp	100%
Sterksen Holding B.V.	Breda	100%
Sterksen B.V.	Breda	100%

Basis of accounting

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS), and in accordance with Article 2:362, Paragraph 9 of the Dutch Civil Code.

The financial statements have been prepared on the basis of historical cost, except for the valuation of certain assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability if market participants were to take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions within the scope of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as the value in use in IAS 36 Impairment of Assets. The principal accounting policies adopted are set out below.

Functional and presentation currency

The financial statements are presented in euros, which is the functional currency of HeadFirst Group. All amounts in the tables have been rounded to the nearest thousand (€ 1,000), unless stated otherwise. As a result, there may be reconciling differences in tables.

Going concern

Based on the capital position at year-end 2022 and the expectations in the budgets for 2023 the directors have, at the time of approving the financial statements, a reasonable expectation that HeadFirst Group has adequate resources to continue in operational existence for the foreseeable future. HeadFirst Group continues to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee;
- Has the ability to use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

All balances, transactions, assets and liabilities, as well as any unrealised profits on transactions within HeadFirst Group, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain acquisition.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates, and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates, with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value, and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest had been disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Leases

The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Only if this is applicable will the Group recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs, including (i) the risk-free rate based on government bond rates, (ii) a country-specific risk adjustment, (iii) a credit risk adjustment based on bond yields, and (iv) an entity-specific adjustment if the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Cash flow statement

The cash flow statement is prepared using the indirect method and the operating cash flow is derived from profit or loss as well as other movements between the opening and closing balance sheet. The cash and cash equivalents item in the cash flow statement excludes current account debts to credit institutions, which are recognised under current liabilities. The amount payable to credit institutions under the factoring agreement is accounted for separately under cash flows from financing activities.

Related parties

The majority shareholder, subsidiaries, the Board of Directors, senior management or family members of those persons qualify as related parties of HeadFirst Group.

Related-party transactions are performed at market-based prices. Transactions with members of the Board of Directors, senior management or family members of those persons are disclosed in note 28 ‘Related-party transactions’. No loans have been provided to the Board of Directors, senior management or family members of those persons.

Estimation uncertainty

In applying the accounting policies, the directors may be required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. This applies to the other receivables and other liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. If the estimates turn out to be incorrect, the impact will be minimal and immaterial.

Critical judgements in applying the Group’s accounting policies

There are no critical judgements made, apart from those involving estimations, that the directors have made in the process of applying the Group’s accounting policies and that have any significant effect on the amounts recognised in financial statements.

Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

New and amended IFRS Standards that are effective for the current year

New and amended IFRS Standards that are effective for the current year are:
(i) Reference to the Conceptual Framework (Amendments to IFRS 3);
(ii) Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16);
(iii) Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37);
(iv) Annual Improvements to IFRS Standards 2018–2020.

HeadFirst concludes that the adoption of the new Standard and amendments to the existing Standards listed above do not have a material impact on the financial statements 2022.

New and revised IFRS Standards adopted by the EU in issue but not yet effective

At the date of these financial statements, HeadFirst has not applied the following new standard and amendments to the existing Standards that have been issued and adopted by the EU but are not yet effective in the EU:

- IFRS 17: Insurance contracts
- Amendment IAS 1: Disclosure of accounting policies
- Amendment IAS 8: Definition of accounting estimates
- Amendment to IAS12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

HeadFirst concludes that the adoption of the new Standard and amendments to the existing Standards listed above have not a material impact on the financial statements 2022.

Income statement

Revenue recognition

Gross invoice value

The gross invoice value relates to the amounts invoiced to customers of HeadFirst Group for services provided, regardless of whether it acts as agent or principal. In view of the required insight, presentation at the top of the income statement is preferred. This information and the developments relating to it are essential in assessing the changes in the balances of trade receivables and trade payables. It is also customary in the sector to state the gross invoice value.

(Net) revenue measurement and revenue recognition

Revenue is the fair value of the consideration received for providing services within the ordinary business operations of HeadFirst Group. Revenue is presented net of turnover tax, discounts and similar amounts, and after elimination of intra-group transactions. HeadFirst Group recognises revenue if the amount of the revenue can be reliably determined, if it is probable that the future economic benefits will flow to the entity, and if the specific criteria for each activity of HeadFirst Group are met, as described below. For all services of HeadFirst Group, the delivery obligation is realised progressively over time. The method that is applied to determine progress is based on the ‘output method’, i.e. time elapsed. This method provides the most faithful depiction of the realisation of the services to the client.

Contracting

Contracting comprises the administrative, contractual as well as financial handling of agreements between clients and independent contractors or suppliers carrying out the assignment. HeadFirst Group acts as agent in these situations. The consideration for HeadFirst Group is recognised as net revenue during the period in which the time is recorded at the rate agreed with HeadFirst Group.

Payrolling of professionals
In a few cases, HeadFirst Group employs professionals on the basis of temporary employment contracts for the duration of the assignment. In this situation, HeadFirst Group acts as 'principal'. The added value of the service provision is realised during the entire period in which the work is performed by the professional. HeadFirst Group recognises the revenue from the payrolling of professionals on a gross basis.

Matchmaking
Matchmaking comprises searching for, selecting and placing professionals based on a job profile or an assignment description provided by clients. HeadFirst Group places the professionals with the client and guarantees the quality of the professional for the duration of the assignment. HeadFirst Group acts as principal regarding these assignments. The time recorded at the rate agreed with HeadFirst Group is recognised as revenue on a gross basis.

MSP
MSP comprises the independent administrative, contractual and financial handling as well as providing a cashier service with regard to agreements between clients and independent contractors or suppliers carrying out the assignment. HeadFirst Group acts as agent in these situations. The consideration for HeadFirst Group is recognised as net revenue for the period in which the time is recorded at the rate agreed with HeadFirst Group.

Broker
Broker is an MSP service that comprises the independent administrative, contractual and financial handling with regard to agreements between clients and independent contractors or suppliers carrying out the assignment. HeadFirst Group acts as Broker in these situations. The time recorded at the rate agreed with HeadFirst Group is recognised as revenue on a gross basis.

Other services
HeadFirst Group offers additional services to suppliers and independent professionals. Amongst other things, these additional services comprise accelerated payment of invoices, access to knowledge sessions, and discounts on training programmes, insurance and mobility products.

Cost of sales
Costs of purchase, mainly including wages/salaries and temporary hiring of third parties, are attributed to the financial year in which the related income is recognised.

Other operating costs
Short-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Defined contribution plan
The pension plan for the employees of the companies is a defined contribution plan. HeadFirst Group pays defined contributions to pension insurers and has no further payment obligations other than these defined contributions. The contributions are recognised as an expense when they are due and attributed to the period to which they relate.

Severance payments
Severance payments are recognised as an expense when HeadFirst Group can no longer withdraw the offer of those benefits or, if earlier, when HeadFirst Group recognises the costs for the restructuring. If the severance payments are not expected to be settled wholly within twelve months of the reporting date, they are discounted and recognised as a non-current liability.

Taxes
Corporate income tax comprises corporate income tax payable and receivable for the reporting period as well as deferred corporate income tax. Corporate income tax is accounted for in profit or loss, except insofar as it relates to a business combination, or to items that are recognised directly in equity or other comprehensive income.

Current corporate income tax
Current corporate income tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year as well as any adjustments to the tax payable or receivable in respect of previous years. The corporate income tax is calculated on the accounting result before tax on the basis of the current tax rates, taking account of tax facilities.

Current tax assets and liabilities are offset only if the general principle for offsetting is satisfied.

The position for current corporate income tax is also classified in the financial statements as corporation tax receivable/debt. As Beryllium B.V. is the head of the tax entity for corporate tax purposes, final settlement will be processed through Beryllium B.V.'s current account.

Deferred corporate income tax
Deferred corporate income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes on the one hand and the amounts for tax purposes of those items on the other. Deferred tax liabilities are not recognised for:
- Temporary differences relating to the initial recognition of assets or liabilities in a transaction which does not involve a business combination and which affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and joint ventures, insofar as HeadFirst Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future;
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be offset.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable for the related tax benefit to be realised; such reductions are reversed as soon as it is probable that taxable profits will increase again in future.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that future taxable profits will be available against which they can be offset.

Deferred income taxes are measured on the basis of the tax rates (25,8%) that are expected to be applicable when the temporary differences reverse, based on tax rates that are enacted or substantively enacted at the reporting date.

The measurement of deferred income taxes reflects the tax consequences that would follow from the manner in which HeadFirst Group expects to recover or settle the carrying amount of the assets and liabilities at the end of the reporting period.

Deferred tax assets and liabilities are offset only if the general principle for offsetting is satisfied.

Balance sheet

Intangible assets

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives, which are disclosed in note 10. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally generated intangible assets – research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:
- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The way in which the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

After initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). After initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The following depreciation terms are applied within the HeadFirst Group:

- Customer database: 10 years
- Brand name: 10 years
- Software: 3-10 years
- Internally generated software 3-10 years

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Property, plant and equipment

Right-of-use assets

When entering into an agreement, HeadFirst Group assesses whether it gives HeadFirst Group the right to determine the use of an asset ('control') during a certain period, in exchange for which HeadFirst Group pays a consideration to a third party. The agreement is then classified as a lease, and HeadFirst Group recognises a right-of-use asset in the balance sheet as well a lease liability on commencement of the contract. Right-of-use assets are measured at the present value of lease obligations, comprising the following components:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease rebates received;
- Any initial direct costs;
- Estimated restoration costs.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the useful life. This useful life is derived from the strategic useful life of the asset applied by management. Right-of-use assets are periodically adjusted in the event of remeasurements of the lease liability and impairment (if applicable).

Other tangible fixed assets

Other tangible fixed assets, such as fixtures and fittings, are measured at cost net of accumulated depreciation and accumulated impairment if applicable.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The depreciation rate used for other tangible fixed assets is 20%.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

In testing for impairment, the recoverable amount is determined for the relevant asset or for the relevant cash-generating unit to which it belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. If the carrying amount is higher than the recoverable amount, the asset is written down to the lower recoverable amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at Fair Value Through Other Comprehensive Income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;

By default, all other financial assets are measured subsequently at Fair Value Through Profit or Loss (FVTPL).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'finance income - interest income' line item.

(ii) Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Impairment of financial assets
HeadFirst Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

HeadFirst Group recognises lifetime Expected Credit Losses (hereafter: ECL) when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that may occur within 12 months of the reporting date.

(i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date, with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:
- Actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, such as a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- Actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor which results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, HeadFirst Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the above, HeadFirst Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if it is determined that the financial instrument will have low credit risk at the reporting date. A financial instrument is considered to have low credit risk if:
- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term;
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and reassesses them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes, as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- If there is a breach of financial covenants by the debtor;
- If information developed internally or obtained from external sources indicates that the debtor will be unlikely to pay its creditors, including the HeadFirst Group.

Irrespective of the above analysis, HeadFirst Group will consider a default to have occurred if a financial asset is more than 90 days past due, unless HeadFirst Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty on the part of the issuer or the borrower;
- A breach of contract, such as a default or past due event (see (ii) above);
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- A likeliness that the borrower will face bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example if the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

Financial assets measured at amortised cost

HeadFirst Group considers evidence of impairment for these assets at both the level of individual assets and the collective level. All individually significant assets are individually assessed for impairment. Assets found not to be individually impaired are then collectively assessed for any impairment that has been incurred but which cannot yet be identified individually.

Assets that are not individually significant are collectively assessed for impairment as well. Collective assessment is performed by grouping together assets with similar risk characteristics. In assessing collective impairment, HeadFirst Group uses historical trends for the timing of recoveries and the amount of losses incurred.

The outcomes are adjusted if management considers the current economic and credit conditions to be such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the expected future cash flows, discounted at the original effective interest rate of the asset. Losses are recognised in profit or loss and reflected in an allowance account. If HeadFirst Group believes that there are no realistic prospects of recovering the asset, the relevant amounts will be written off. If the amount of the impairment loss decreases and this decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the previously recognised impairment loss will be reversed through profit or loss.

Non-financial assets

At each reporting date, the carrying amounts of the non-financial assets of HeadFirst Group, except for inventories and deferred tax assets, are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset will be estimated. The recoverable amount of goodwill is estimated each year.

For impairment testing, assets are grouped together into the smallest identifiable group of assets that generates cash flows from continuing use which are largely independent of the cash inflows of other assets or cash-generating units (CGU). Goodwill acquired in a business combination is allocated to CGUs or groups of CGUs which are expected to benefit from t he synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In determining the value in use, the present value of the estimated future cash flows is calculated using a pre-tax discount rate that reflects both current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss will be recognised if the carrying amount of an asset or the CGU to which the asset belongs exceeds the estimated recoverable amount.

Impairment losses are recognised in profit or loss under amortisation and depreciation. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment losses in respect of goodwill are not reversed. For other assets, an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount which would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. They are measured at fair value, which approximates their carrying amount. Cash and cash equivalents have a term of less than one year. Unless stated otherwise, cash and cash equivalents are at the free disposal of the company.

Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Equity

The issued capital comprises the nominal amounts paid up on the issued shares. The share premium reserve comprises the amounts paid on issued shares, to the extent that those payments exceed the nominal value of the relevant shares. Retained earnings are an accumulation of the annual net profit (the portion of profit attributable to the shareholders) less the dividend distributed. The other reserves mainly comprise retained earnings.

Ordinary shares of HeadFirst Group are part of equity.

The purchase price of repurchased shares is deducted from other reserves until they are cancelled or reissued. The dividend distributable to holders of ordinary shares will be recognised as a liability as soon as the General Meeting of Shareholders has approved the dividend proposal.

Derivative financial instruments

The Group has entered into a derivative financial instrument to manage its exposure to interest rate risk using the Coface financing facility.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless HeadFirst has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

HeadFirst Group designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

At the inception of a hedge relationship, HeadFirst Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transaction. Furthermore, at the inception of the hedge relationship and on an ongoing basis, HeadFirst Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk. This is the case if the hedging relationship meets all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that HeadFirst Group actually hedges and the quantity of the hedging instrument that HeadFirst Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the HeadFirst Group will adjust the hedge ratio of the hedging relationship (i.e. rebalance the hedge) so that it meets the qualifying criteria again.

The hedged item is time period related, and the amount accumulated in the cost of the hedging reserve is reclassified to profit or loss on a rational basis. The Group applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. Furthermore, if HeadFirst Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount will be immediately reclassified to profit or loss. Movements in the hedging reserve in equity are detailed in note 13.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the financial income and expense line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, if the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity will be removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer will not affect other comprehensive income.

Furthermore, if HeadFirst Group expects that some or all of the loss accumulated in the cash flow will not be able to be recovered in the future, that amount will be immediately reclassified to profit or loss. The Group will discontinue hedge accounting only if the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances of the hedging instrument expiring or being sold, terminated or exercised. The discontinuation will be accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time will remain in equity and be reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Non-current liabilities

For deferred taxation, see the accounting policy for ‘Income taxes’.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

(i) Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is the contingent consideration of an acquirer in a business combination.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability’s credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in note 29.

(ii) Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not measured at FVTPL are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and items paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

HeadFirst Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Transaction under common control

As at 30 December 2022, Beryllium B.V., the parent company of HFBG Holding B.V., transferred its interest in Sterken Holding B.V. and its subsidiary Sterksen B.V. (hereafter: Sterksen) to HFBG Holding B.V. in exchange for cash.

On 16 March 2021, Sterksen was acquired by Beryllium with the effective date of acquisition being 1 January 2021. Sterksen was founded in 2002 and is a recruitment services provider, with a focus on IT and technology recruitment, recruitment outsourcing and interim services across various industries. As such, its business is divided between IT Search involving the recruitment of IT professionals and full-service recruitment process outsourcing, as well as contracting and interim placement of freelancers. The benefits of the acquisition were:

- Strengthening the market position in Total Talent Management;
- Broadening and improving the client portfolio, including client synergies;
- Opportunities for selling additional professional and partner services.

Due to the internal reorganization of the HeadFirst Group structure, it was decided to transfer the equity interest in Sterksen to HFBG Holding B.V.

The following table presents a summary of the common control transaction as of 30 December 2022:

(x € 1,000)	Book value
Subsidiary	2,069
Customer relationships	1,032
Trade names	465
Total asset	**3,566**
Deferred tax liability	(374)
Total book value at Beryllium B.V. as at 30 December 2022	**3,192**
Goodwill	4,608
Total transaction amount	**7,800**

The goodwill is attributable to the profitability of the acquired activities. It is not deductible for corporate income tax purposes.

Financial risk management

The use of financial instruments is the result of HeadFirst Group's operating activities. The financial instruments of HeadFirst Group include cash and cash equivalents, accounts receivable, other receivables, accounts payable, derivative financial instruments and other debts.

With regard to the use of financial instruments, HeadFirst Group is exposed to the following risks:

Credit risk

The maximum risk exposure for HeadFirst Group is the carrying amount of the financial assets recognised in the balance sheet.

The credit risk arises from cash and cash equivalents, from deposits at banks and financial institutions, and from transactions with debtors. For banks and financial institutions only independently rated parties with a minimum rating of 'A' are accepted. In 2022, some banks that were previously accepted fell below the minimum 'A' rating. The company has performed a risk analysis and does not at this time consider it necessary to terminate the relationships with these banks because the long-term outlook for the banks is considered stable according to all credit rating agencies.

The credit risk arises mainly from debtors. HeadFirst Group has a debtor portfolio of creditworthy customers spread across various industries. In recent years, the amounts written off on debtors have been very low compared with the revenue achieved. Management assesses debtors' creditworthiness based on financial position, past experience and other factors. Individual risk limits are defined on the basis of internal or external classifications, in accordance with the criteria set by management. The use of the credit limits is regularly assessed. As a result, management believes that the credit risk is managed by adequate debtor management and credit insurance.

For more information, see note 16 'Trade receivables' and note 18 'Other receivables'.

Liquidity risk

Cash flow analyses are performed by operating companies and HeadFirst Group as a whole. HeadFirst Group monitors the liquidity requirement to hold sufficient liquidities for operating activities or to obtain liquidities on a timely basis by financing without exceeding externally set limits. To that end, HeadFirst Group performs adequate liquidity risk management, consisting of the retention of sufficient cash and cash equivalents, the availability of financing by means of committed credit facilities and pledging trade receivables.

Surpluses in excess of the necessary liquidity requirement within operational entities can be transferred within HeadFirst Group, where they can be invested in other activities of HeadFirst Group.

Management manages the rolling forecasts of the liquidity position on the basis of expected cash flows. In general, this activity is performed on a local level at the operating companies, within the parameters and limits set by HeadFirst Group. Those limits are determined while taking into account the liquidity of the market in which the relevant company operates. HeadFirst Group's liquidity management also comprises forecasting cash flows and holding sufficient liquidities on that basis. A significant part of this process is also monitoring the development of the accounts receivables level, the amount of the factoring facility, and credit management in order to monitor working capital in combination with the liquidity forecasts.

The table below presents an analysis of the financial liabilities of the Group allocated between the various periods for which cash outflows are expected on the basis of the contractual obligations. These cash flows are non-discounted.

Financial group liabilities as at 31 December 2022

(x € 1,000)	Liabilities to financing institutions	Private loans	Lease liability	Other liabilities	Total
< 3 months	7,238	-	446	380,281	387,965
Between 3 months and 12 months	-	500	978	2,268	3,746
Between 1 and 2 years	-	-	1,337	2,956	4,293
Between 2 and 5 years	-	-	2,192	8,754	10,946
> 5 years	-	-	5,146	-	5,146
Total	**7,238**	**500**	**10,099**	**394,259**	**412,096**
Adjustments of financial liabilities and future interest not recognised in the carrying amount	-	-	-	-	-
Balance as at 31 December 2022	**7,238**	**500**	**10,099**	**394,259**	**412,096**

Other current liabilities include the financing under the factoring facility, presented under repayment within 3 months. This liability is equal to the amount of the balance of accounts receivable that is covered by the factoring agreement and in effect continues until 2027.

Currency risk

Transactions with foreign customers and suppliers, as well as transactions with subsidiaries take place in euros and occasionally pounds sterling. HeadFirst Group currently does not use financial instruments to hedge currency risks. HeadFirst Group buys and sells foreign currencies, especially pounds sterling, directly upon receipt or payment. The receivable and payable invoices outstanding have a payment term of 30 days. Consequently, the currency risk in relation to these current receivables and liabilities is limited. As at 31 December 2022, the amount outstanding of accounts receivable in foreign currencies was € 1,030,124 and the amount outstanding of accounts payable was € 767,548. The currency risk from a 1% difference in the exchange rate is € 2,000. Outstanding accounts receivable and payable are settled simultaneously. The effect of an exchange rate increase or decrease is therefore limited, as it affects both at the same time.

Interest rate risk sensitivity analysis
In September 2022, HeadFirst Group entered into a purchase agreement with Rabobank to buy an interest rate cap. The interest rate cap was bought to mitigate the risk of the increasing interest rate on the Coface financing facility, up to a maximum funding of € 150 million. The interest rate on the Coface facility is 2.25% + 3-month Euribor. The notional amount of the interest rate cap is € 2,585,000, with a term of 3 years, effective from 1 October 2022. The hedged cap rate is 3%. This means that HeadFirst will receive a payment for each month the 3-month Euribor exceeds 3%. It is expected that this will be the case in early 2024. An effectiveness rate of 100% is expected since the facility will be used for at least € 150 million at any moment, and that the reference rate of the interest rate cap will be equal to the reference rate of the Coface financing facility.

A sensitivity analysis was prepared on the basis of the interest rate exposure at the end of the financial year. The impact on profit of a 1% decrease or increase in the interest rate would have been € 490,000. The interest rate risk is limited to the loan provided in relation to the agreement with the financing party, for which the interest rate is based on Euribor. As a result of changes in the fair value of the interest rate cap classified as FVTOCI, other comprehensive income would decrease/increase in the same direction as the fair value change due to the anticipated 100% effectiveness.

HeadFirst Group's objective in managing assets is to continue operating as a going concern and to generate returns for shareholders and benefits for other stakeholders as well as to retain an optimum capital structure and to minimise the costs of capital.

The strategy for the capital structure was not changed during 2022 compared to the business combinations' combined strategy for 2021. This strategy is targeted at a ratio between 10% and 20% of equity compared to total assets. A lower equity-total assets ratio in relation to the strategy may entail that access to the capital market is hampered, that the company will have to pay higher interest on borrowed capital, and that the company's rating will be downgraded, as a result of which it will not be eligible to being awarded tenders in public tenders and credit insurers cease to include the company in their cover. Due to the new business combination, the ratio as at 31 December 2022 was above the targeted ratio.

The ratios of equity to total assets are:

(x € 1,000)	31 December 2022	31 December 2021
Total equity	140,510	140,346
Total assets	567,634	490,732
Ratio of equity/total assets	**24.8%**	**28.6%**

Income statement

1 Gross invoice value

(x € 1,000)	2022	September 17, 2020 – December 31, 2021
Contracting	749,412	725,099
Matchmaking	566,286	520,208
Broker	461,908	264,994
MSP	156,150	101,991
Payroll	8,898	8,671
Other	10,186	5,834
Total	**1,952,840**	**1,626,797**

The gross invoice value relates to the amounts invoiced to customers of HeadFirst Group for services provided, regardless of whether it acts as agent or principal. In view of the required insight, presentation at the top of the income statement is preferred. This information and the developments relating to it are essential in assessing the changes in the balances of trade receivables and trade payables. It is also customary in the sector to state the gross invoice value.

2 Net revenue

(x € 1,000)	2022	September 17, 2020 – December 31, 2021
Matchmaking	566,286	520,208
Broker	461,908	264,994
Payroll	8,898	8,671
Contracting	8,451	7,369
MSP	2,673	2,064
Other	10,186	5,834
Total	**1,058,402**	**809,140**

3 Cost of sales

(x € 1,000)	2022	September 17, 2020 – December 31, 2021
Matchmaking	546,674	497,039
Broker	455,671	260,924
Payroll	8,345	7,804
Other	1,812	-
Total	**1,012,502**	**765,767**

Cost of sales comprises the purchasing costs for matchmaking, including wages/salaries and temporary hiring of third parties, for which HeadFirst Group acts as 'principal' and which are allocated to the financial year in which the associated revenue is recognised.

4 Employee benefits

(x € 1,000)	2022	September 17, 2020 – December 31, 2021
Wages and salaries	20,786	19,057
Less: Staffing cost under cost of sales	(8,345)	(7,804)
Subtotal for internal staff	**12,441**	**11,253**
Social security contributions	1,901	1,741
Pension costs	472	475
Other staffing costs	6,271	3,951
Total	**21,085**	**17,420**

Staffing costs relate almost entirely to short-term employee benefits. The pension plan is a defined contribution plan. The pension contributions paid are charged to profit or loss.

Employees

As at 31 December 2022, the total number of employees was 279 (2021: 208), sub-classified as follows.

- Direct and sales: 164 (2021: 119), of which 6 (2021: 1) in Belgium.
- Support and back office: 113 (2021: 78), of which 4 (2021: 7) in Belgium
- Management: 2 (2021: 3)

External staff

As at 31 December 2022, the number of external staff was 53 (2021: 58).

5 Other operating costs

(x € 1,000)	2022	September 17, 2020 – December 31, 2021
Premises and office costs	955	713
Sales and marketing costs	806	370
IT costs	1,369	1,409
Other operating expenses	2,661	923
Total	**5,791**	**3,415**

The other operating costs include no significant amounts for short-term leases and leases of assets with a low market value.

Auditor's remuneration

(x € 1,000)	2022	September 17, 2020 – December 31, 2021
Audit of financial statements	185	213
Additional audit fees	-	9
Other auditor's fees	33	58
Total	**218**	**280**

The fees for the audit of the financial statements comprise the total fees for the financial year to which the financial statements relate, regardless of whether the procedures were already performed by the external auditor during the financial year. Flynth Audit B.V. served as group auditor for HeadFirst Group. For statutory purposes, we used local auditors in other countries than the Netherlands.

6 Financial income and expenses

Financial income

(x € 1,000)	2022	September 17, 2020 – December 31, 2021
Interest on loans to related parties	4,136	4,091
Total	**4,136**	**4,091**

Financial expenses

(x € 1,000)	2022	September 17, 2020 – December 31, 2021
Interest on loan to related parties	4,764	6,484
Interest and similar costs	6,614	6,623
Other financial expenses	258	431
Total	**11,636**	**13,538**

The other financial expenses contains the amortization of the interest rate cap. For more details please refer to note 13.

7 Income taxes

(x € 1,000)	2022	September 17, 2020 – December 31, 2021
Current year	1,918	2,915
Prior year	541	(89)
Release of deferred taxes	(1,902)	(1,816)
Total	**557**	**1,010**

The tax on the ordinary activities can be specified as follows :

(x € 1,000)	2022	September 17, 2020 – December 31, 2021
Result before tax	**684**	**2,529**
Amount of tax based on applicable statutory rate of 25.8%	176	632
Prior year taxation	541	(110)
Effect of lower income tax rate	-	(1)
Effect of permanent differences	68	836
Non-deductible amortisation of intangible assets	(328)	(1,878)
Effect of temporary differences	8	1,490
Different income tax rates other jurisdictions	29	-
Other differences	63	41
Actual tax amount	**557**	**1,010**
Effective tax rate	81.4%	39.9%

The calculation of the income taxes item is based on the tax burden that will actually be levied at the companies where it is charged to profit or loss. HeadFirst Group is part of a fiscal unity for corporate income taxes. Head of the fiscal unity is Beryllium B.V. The profits of the companies that form a fiscal unity can be set off against tax loss carry forwards.

The corporate income tax of previous years consists of already declared corporate income tax of previous years in consolidated subsidiaries. The applicable statutory tax rate is 25.8% (2021: 25%). The effective tax rate for 2022 is 81.4% (2021: 39.9%). The effective tax rate increased compared to prior year due to the decline in taxable income and lower amount of tax deductions.

8 Items that may be reclassified subsequently to profit or loss

The total amount of items that may be reclassified subsequently to profit or loss is € 37,000. This amount fully relates to the fair value adjustment on the interest rate cap for which cash flow hedge accounting is applied. Please refer to note 13.

9 Profit appropriation and dividend

Pending the approval of the financial statements by the general meeting, the profits for 2022 of € 127,000 has been accounted for within equity and is at the disposal of the shareholders to be added in whole or in part to the other reserves or to be distributed in whole or in part.

No dividend distributions were made to the shareholders of the company in 2022.

Balance sheet

10 Intangible assets

Reporting period

(x € 1,000)	Goodwill	Customer database	Brand name	Other	Total
Costs	138,940	44,943	24,378	15,895	224,156
Accumulated amortisation		(4,690)	(2,531)	(7,504)	(14,725)
Carrying amount as at 1 January 2022	**138,940**	**40,253**	**21,847**	**8,391**	**209,431**
Movements:					
Book value recognised	4,608	1,032	465	-	6,105
Investments	-	-	-	1,733	1,733
Amortisation	-	(4,494)	(2,438)	(1,361)	(8,293)
Cost of disposal	-	-	-	-	-
Accumulated amortisation on disposal	-	-	-	-	-
Other	-	-	-	-	-
	4,608	**(3,462)**	**(1,973)**	**372**	**(455)**
Carrying amount as at 31 December 2022	**143,548**	**36,791**	**19,874**	**8,763**	**208,976**
Amortisation rate(s)	-	10%	10%	10-33%	

(x € 1,000)	Goodwill	Customer database	Brand name	Other	Total
Costs	143,548	45,975	24,843	17,628	231,994
Accumulated amortisation	-	(9,184)	(4,969)	(8,865)	(23,018)
Carrying amount as at 31 December 2022	**143,548**	**36,791**	**19,874**	**8,763**	**208,976**

The intangible assets comprise capitalised goodwill and the identifiable intangible assets on past acquisitions as well as the internally capitalised development expenses. All activities of past acquisitions are fully integrated as of 2022. As a result, the previously independent businesses can no longer be tracked separately and are considered to be a single cash-generating unit.

Impairment testing is based on a calculation of value in use (DCF analysis). The cash flow forecasts are based on plausible and substantiated assumptions made by local management. Analytical reviews of revenue developments and margins realised were used in preparing the forecasts. A projection period of 5 years was applied in the calculation of value in use, beyond that a 1.5% year-on-year cash flow growth was applied. The margin to be achieved for the forecast years was based on historically achieved margins, less a margin. The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

- Forecast sales growth rates
- Operating profits
- Cash conversion

The weighted average discount rate is 11.6%. The annual impairment test performed resulted in no impairments.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for the cash generating unit to which goodwill is allocated. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. A 28% underperformance on forecasted EBITDA for the coming five years is considered reasonably possible based on the EBITDA performance of 2022 and would reduce headroom but not result in an impairment trigger. A 5.4% increase of the weighted average cost of capital would reduce the headroom but also not result in an impairment trigger. This does not result in an impairment trigger. Any cash flow forecasts used in the impairment analysis are based on plausible and substantiated assumptions made by management.

Other
The other intangible assets consist mainly of development costs and software. The development costs concern costs for the development of our platform 'Select'.

11 Property, plant and equipment

Reporting period

(x € 1,000)	Right of use assets	Lease-hold Improve-ment	Other	Total
Costs	12,445	1,681	1,825	15,951
Accumulated amortisation	(3,072)	(809)	(1,104)	(4,985)
Carrying amount as at 1 January 2022	**9,373**	**872**	**721**	**10,966**
Movements:				
Book value recognised	137	-	-	137
Investments	1,945	1,178	696	3,819
Depreciation	(1,744)	(318)	(307)	(2,369)
Cost of disposal	(1,772)	-	(312)	(2,084)
Accumulated depreciation on disposal	1,648	-	311	1,959
Other	23	(13)	(82)	(72)
	237	**847**	**306**	**1,390**
Carrying amount as at 31 December 2022	**9,610**	**1,719**	**1,027**	**12,356**
Amortisation rate(s)	10%	10%	10-20%	
Costs	12,618	2,859	2,209	17,686
Accumulated depreciation	(3,008)	(1,148)	(1,174)	(5,330)
Carrying amount as at 31 December 2022	**9,610**	**1,711**	**1,035**	**12,356**

The recognized book value concerns the business combination under common control of Sterksen B.V.

Other
The other property, plant and equipment mainly consist of hardware and inventory.

Right-of-use assets
The following right-of-use assets are included in the balance sheet:

(x € 1,000)	Buildings	Other	Total
Costs	10,136	2,309	12,445
Accumulated depreciation	(1,700)	(1,372)	(3,072)
Carrying amount as at 1 January 2022	**8,436**	**937**	**9,373**
Movements:			
Investments	886	1,083	1,969
Depreciation	(1,344)	(265)	(1,608)
Cost of disposal	(1,473)	(285)	(1,757)
Accumulated depreciation on disposal	1,473	161	1,633
Other	-	-	-
	(458)	**694**	**237**
Carrying amount as at 31 December 2022	**7,978**	**1,631**	**9,610**
Costs	9,548	3,107	12,656
Accumulated depreciation	(1,570)	(1,476)	(3,047)
Carrying amount as at 31 December 2022	**7,978**	**1,631**	**9,610**

12 Financial assets

The financial assets consists of security deposits.

Financial assets

(x € 1,000)	Other	Total
Carrying amount as at 1 January 2022	**682**	**682**
Movements:		
Other	(43)	(43)
	(43)	**(43)**
Carrying amount as at 31 December 2022	**639**	**639**

13 Derivative financial instruments

The derivative financial instrument relates to the interest rate cap, for more details please refer to section "Financial risk management". The interest rate cap is considered to be a time period related hedged item, for which hedge accounting is being applied. The amortisation term is three years, in accordance with the contractual term of the interest rate cap.

(x € 1,000)	Total
Carrying amount as at 1 January 2022	**-**
Movements:	
Investment	2,585
Depreciation	(215)
FV adjustment	37
Carrying amount as at 31 December 2022	**2,407**

The fair value adjustment is recognized under other comprehensive income in equity in line with the cash flow hedging accounting guidelines. The cash flow hedge is considered to be 100% effective as of 31 December 2022.

14 Deferred tax assets

Assets

(x € 1,000)	31 December 2022	31 December 2021
Carrying amount as at 1 January	**486**	
Movements:		
New consolidations	-	782
Utilisation	51	(262)
Other	94	(34)
	145	**486**
Carrying amount as at 31 December	**631**	**486**

The recognised deferred tax assets are dependent on future taxable profits. Based on results forecast for each relevant entity, management considered it probable that sufficient future taxable profits will be generated to utilise deferred tax assets. The expected term of the deferred tax assets is longer than one year.

Year (x € 1,000)	Tax loss	Expires in
2018	261	2027

Financial instruments

Assets - Reporting period

(x € 1,000)	Note	Financial assets at amortised cost	Financial assets at FVTOCI	Total
Financial assets	12, 15	41,515	-	41,515
Derivative financial instruments	13	-	2,407	2,407
Trade receivables	16	31,163	-	31,163
Receivables from participants	17	61,894	-	61,894
Other receivables	18	159,649	-	159,649
Subtotal		**294,221**	**2,407**	**296,628**
Cash and cash equivalents	19	49,043	-	49,043
Carrying amount as at 31 December 2022		**343,264**	**2,407**	**345,671**

As the terms of the trade and other receivables fall within the twelve months after the balance sheet date, the nominal value of these receivables will be virtually equal to amortised cost. The fair value does not differ materially from the carrying amount.

Liabilities - Reporting period

(x € 1,000)	Note	Liabilities at amortised cost	Liabilities at FVTPL	Total
Long-term liabilities	21, 23	20,372	-	20,372
Short-term liabilities	24, 25, 26	391,724	-	391,724
Carrying amount as at 31 December 2022		**412,096**	**-**	**412,096**

Cash flow hedges

Hedging instruments	Average contracted fixed interest rate		Notational principal value		Carrying amount of hedging instrument		Change in fair value	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Less than 1 year	-	n/a	-	n/a	-	n/a	-	n/a
1-2 years	-	n/a	-	n/a	-	n/a	-	n/a
2-5 years	3%	n/a	150,000	n/a	2,407	n/a	37	n/a
More than 5 years	-	n/a	-	n/a	-	n/a	-	n/a

The hedging instrument is an single interest cap bought on 22 September 2022 with an effective date of 1 October 2022 and a termination date of 1 October 2025. Consequently, no comparative figures are available.

The interest cap settles on a monthly basis starting 1 November 2022. The floating rate on the interest cap is the EUR-EURIBOR 3 months without spread on the first day of each month. The difference between the fixed and the floating interest rate is settled on a net basis.

Hedged items	Nominal amount of hedged item liabilities		Change in fair value		Balance in cash flow hedge reserve for continuing hedges		Balance in cash flow hedge reserve for which hedge accounting is no longer applied	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Variable rate financing facility	150,000	n/a	37	n/a	37	n/a	0	n/a

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve to profit and loss:

Hedged items	Current period hedge gains (losses)recognised in OCI		Amount of hedge ineffectiveness recognised in P&L		Due to hedged future cash flows no longer expected to occur		Due to hedged item affecting P&L	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Variable rate financing facility	37	n/a	0	n/a	0	n/a	0	n/a

The line item of the profit and loss account in which amounts of hedge ineffectiveness are recognized are other gains and losses.
The line item of the profit and loss account where reclassification adjustments are recognized is finance costs.

The interest cap contract exchanging floating rate interest amounts for fixed rate interest amounts is designated as cash flow hedge to reduce cash flow exposure resulting from variable interest rate on financing facilities. The interest cap and the interest payments on the financing facility occur simultaneously and the amount accumulated in equity is reclassified to profit and loss over the period that the floating rate interest payments on the financing facility affect profit and loss.

15 Current part of financial assets

Current part of financial assets

(x € 1,000)	Loans	Total
Carrying amount as at 1 January 2022	**40,626**	**40,626**
Movements:		
New loans	250	250
	250	**250**
Carrying amount as at 31 December 2022	**40,876**	**40,876**

The current part of financial assets includes loans and other receivables from participants with a remainder term of less than one year. The loans were issued in 2018 and 2019, all with an initial term of 3 years and an agreed interest rate of 9% and 15%. The loans were extended in the current year for the term of one year ending on 31 December 2023. All assets (to be acquired) of participants have been pledged as security on the loans; part of these assets are the shares of HeadFirst Group Source Holding B.V.

16 Trade receivables

The trade receivables have a term of less than one year.

No external credit ratings are available for the debtors. The relatively large number of debtors ensures sufficient risk diversification; the debtors mainly comprise corporate clients.

The ageing of the trade receivables of the continuing operations is as follows:

(x € 1,000)	31 December 2022	31 December 2021
Between 1 and 30 days	23,269	13,246
Between 31 and 60 days	4,499	7,011
Between 61 and 90 days	2,402	587
Older than 90 days	992	1,233
Carrying amount	**31,163**	**22,077**

Several customers apply a payment term of 90 days. The accounts receivable older than 90 days primarily relate to these customers. No provision is recognised for this purpose, as these receivables have largely been received in 2023. At the date of preparing the financial statements, almost all items have been paid in full and the provision for doubtful debts was based on the creditworthiness of the debtors and the assessment of the individual items for the items still outstanding. For bad debts, we have taken out an insurance to cover these items.

17 Receivables from participants

The other receivables from participants have a term of less than one year. An interest rate of 2.5% is charged. No repayment obligations and securities have been agreed. The fair value does not differ materially from the carrying amount.

18 Other receivables

(x € 1,000)	31 December 2022	31 December 2021
Revenues to be invoiced	158,571	99,512
Corporate income tax	127	-
Other receivables and prepayments	951	673
Carrying amount as at 31 December	**159,649**	**100,185**

By 1 February 2023, most of the unbilled revenue had been invoiced, and on the date of preparing the financial statements, most of it has been received in full.

19 Cash and cash equivalents

Cash and cash equivalents include an amount of € 12,626,854 on guarantee accounts. The amounts on these guarantee accounts are not at HeadFirst Group's free disposal. HeadFirst Group banks with financial institutions with at least an A (Moody's) rating.

20 Equity

See note 36 to the company financial statements for disclosures on equity.

21 Lease liabilities

HeadFirst Group's lease portfolio as at 31 December 2022 comprises fewer than 100 active lease contracts, mainly relating to property leases and vehicles. Approximately 90% of the value of the lease liability derives from buildings.

Contracts are negotiated on an individual basis and they contain a wide range of conditions, such as clauses for early termination and extension rights. They can contain both lease and non-lease components, in connection with which HeadFirst Group has elected not to include the service element in leases (e.g. fuel, insurance) in the right-of-use asset and the lease liability.

Termination clauses and extension rights are included in various property leases within HeadFirst Group. They are used to maximise operational flexibility in managing the assets that are used in the activities of HeadFirst Group. In determining the lease term, the management considers all facts and circumstances related to exercising an extension right or not exercising a termination clause. Both options are only included in the lease term if it is reasonably certain that the lease will be extended or not be terminated.

Factors that are considered in terminating or extending leases include:
- Penalties;
- Improvements in ground leases;
- Costs and disruptions of the processes at the substituted asset that is leased.

Lease liabilities decrease as a consequence of payments and increase as a consequence of interest expenses, but they are also affected by lease modifications (e.g. extensions, early termination) and new leases. Extension options are only included in the lease liability if the Group is reasonably certain that it will be able to exercise its right; new leases are recognised on the commencement date. The lease liabilities may therefore vary over time, even if the number of leased assets does not change.

(x € 1,000)	31 December 2022	31 December 2021
Carrying amount as at 1 January	**9,414**	**-**
Movements:		
New consolidations	-	2,448
Book value recognised	137	-
Additions	1,924	8,975
Terminations	(139)	(232)
Lease payments	(1,748)	(1,937)
Interest rate allocations	283	160
Other movements	227	-
	685	**9,414**
Carrying amount as at 31 December	**10,098**	**9,414**
Current part of the lease liabilities	(1,424)	(1,306)
Carrying amount as at 31 December	**8,674**	**8,108**

22 Deferred tax liabilities

The deferred tax liabilities relate to the values attributed to the intangible assets as well as the property, plant and equipment following past acquisitions. The deferred taxation is calculated at 25,8%.

These deferred tax liabilities can be broken down as follows:

(x € 1,000)	31 December 2022	31 December 2021
Carrying amount as at 1 January	**16 ,495**	**-**
Movements:		
New consolidations	-	3
Acquisitions	-	18,405
Book value recognised	374	-
Movements through profit and loss	(1,840)	(1,913)
	1,466	
Carrying amount as at 31 December	**15,029**	**16,495**

23 Other long-term liabilities

(x € 1,000)	Total
Carrying amount as at 1 January 2022	**14,996**
Repayments	(259)
Carrying amount as at 31 December 2022	**14,737**
Reclassified to short-term liabilities	(3,040)
As at 31 December 2022	**11,697**

The interest rate is 1%. No part of this debt matures after more than 5 years.

24 Current part of long-term loans

The interest on the private loan is 6%. The principal amount of the private loans was € 15,500,000. In November 2022 we have repaid € 7,500,000. The remainder is still outstanding and expected to be repaid in 2023.

(x € 1,000)	31 December 2022	31 December 2021
Lease liabilities	1,424	1,306
Private loans	500	8,000
Other liabilities	3,040	517
Total	**4,964**	**9,823**

Summary of long-term private loans

	31 December 2022	
(x € 1,000)	Nominal value	Carrying amount
Related-party loans	500	500
Total	**500**	**500**

25 Taxes and social securities

(x € 1,000)	31 December 2022	31 December 2021
Value added tax	4,937	4,429
Wage tax and social securities	756	691
Corporate income tax	-	3,900
Other	-	23
	5,693	**9,043**

26 Other current liabilities

(x € 1,000)	31 December 2022	31 December 2021
Liabilities to financing institutions	7,238	25,112
Cost of external hiring payable	172,729	125,778
Other	5,236	4,998
	185,203	**155,888**

Amounts owed to credit institutions
Staffing MS Holding B.V. and its subsidiaries have entered into a current account credit agreement with the bank. The maximum facility is € 400,000. The agreement was first entered into on 1 October 2017 and is tacitly renewed each year. The fee is 1-month Euribor plus a spread of 2.35%. If the 1-month Euribor rate is negative, it is deemed to be 0%. With a view to the nature of the agreement, this liability has been classified as current.

HeadFirst Group has a joint and several liability to the facility. The current assets of all Staffing MS entities have been pledged as security.

Liabilities to financing institutions
On 2 December 2020, the following selling entities and the finance party concluded an agreement (Receivable Purchase Agreement):

- HeadFirst B.V
- Source Automation B.V.
- Source Automation Belgium BV
- Oyster Coast B.V.
- Myler B.V.
- Jenrick Nederland B.V.
- Between Staffing Nederland B.V.
- Fast Flex B.V.
- Fast Flex Sourcing B.V.

Under this agreement, HeadFirst Group sells 100% of the value of the outstanding receivables, including the associated credit risk to the financing party under certain conditions. 90% is funded in advance, the remaining 10% is funded upon payment by the debtor. This remaining 10% is therefore a short-term receivable under other receivables.

A credit facility has been granted to HeadFirst Group up to 90% of the receivables sold to the financing institution, with a maximum of € 190 million. At year-end 2022, an amount of € 184 million is in use of the facility. The annual interest payment is 3-month Euribor with a mark-up.

The agreement has been extended to 2027. Given the nature of the agreement, it is classified as current.

27 Off-balance-sheet rights and obligations

Contingent liabilities

Obligations pursuant to vicarious tax liability
Pursuant to statutory provisions on vicarious tax liability, the company is jointly and severally liable for the payment of employee insurance contributions and national insurance contributions as well as of payroll and turnover tax when subcontracting work or hiring workers, respectively. The potential amount of the liability cannot be reliably estimated. No claims have been submitted to date with regard to this liability.

Bank guarantees
Bank guarantees have been issued and amount to € 476,000.

Fiscal unity
HFBG Holding B.V. forms part of a fiscal unity for the purposes of corporate income tax and value added tax. HFBG Holding B.V. is jointly and severally liable for the corporate income tax and value added tax of the fiscal unity as a whole. The head of the fiscal unit is Beryllium B.V.

28 Related-party transactions

During the period ended 31 December 2022, all transactions with related parties were performed at arm's length. The following are related parties of HeadFirst Group:

- Beryllium B.V.;
- Star Apple Holding B.V.;
- ProUnity N.V.;
- Open Technologies B.V.;
- The members of the Board of Directors and family.

Related-party transactions (reporting period)

(x € 1,000)	Transactions	Balance at year end
Loans granted (assets)	-	40,626
Recharged in current accounts	21,341	61,967
Loans granted (equity)	-	36,283
Regular business	(893)	-

Remuneration of key management (operational management)
The total remuneration for the key management (Board of Directors under the articles of association of HeadFirst Group) in 2022 was € 540,000. The remuneration consists almost wholly of short-term employee benefits.

29 Fair value

Derivative financial instruments that are recognised at fair value can be subclassified into various levels on the basis of the information used to measure fair value. The Group applies the following levels:

- Quoted prices in active markets for identical instruments based on the prices quoted on a stock exchange at the measurement date; (level 1)
- Quoted prices for similar instruments or other valuation techniques for which significant input factors are based on observable market data (such as swap prices, exchange rates); again, the markets are required to be active (observable inputs); (level 2)
- Valuation techniques for which the significant input factors are based on unobservable market data (unobservable inputs). (level 3)

There were no shifts between levels 1 and 2 and/or valuation techniques during the year. HeadFirst Group accounts for changes between the levels during the year.

Reporting period

(x € 1,000)	Note	Carrying amount			
		Held to maturity	Loans and receivables	Other financial liabilities	Total
Financial assets not at fair value					
Current assets	15 to 19	-	342,625	-	342,625
Financial assets	12	-	639	-	639
As at 31 December 2022		**-**	**343,264**	**-**	**343,264**
Financial liabilities not at fair value					
Liabilities to financing institutions	26	-	-	7,238	7,238
Private loans	24	-	-	500	500
Other long-term loans	21, 23	-	-	20,372	20,372
Current liabilities	24, 26	-	-	383,986	383,986
As at 31 December 2022				**412,096**	**412,096**

(x € 1,000)	Note	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets not at fair value					
Current assets		-	-	-	-
Derivative financial instruments	13	2,407	-	-	2,407
As at 31 December 2022		**2,407**	**-**	**-**	**2,407**
Financial liabilities not at fair value					
Liabilities to financing institutions		-	-	-	-
Private loans		-	-	-	-
Trade payables		-	-	-	-
As at 31 December 2022		**-**	**-**	**-**	**-**

Fair value is measured based on the mark-to-market model with observable inputs.

30 Events after balance sheet date

There are no events after balance sheet date that require reporting.

Company profit and loss

For the period ended 31 December 2022

(x € 1,000)	Note		2022		September 17, 2020 – December 31, 2021
Employee benefits		-		849	
Amortisation of intangible assets		7,362		7,651	
Depreciation of property, plant and equipment		-		345	
Other operating costs	32	1,882		760	
Total operating expenses			**9,244**		**9,605**
Operating result			**(9,244)**		**(9,605)**
Financial income		(13)		-	
Financial expenses		5,488		7,555	
Financial income and expenses			**(5,475)**		**(7,555)**
Result before tax			**(14,719)**		**(17,160)**
Income tax			(8)		(3,745)
Result after tax			**(14,727)**		**(13,415)**
Share in result of participations			14,854		14,934
Result after tax			**127**		**1,519**

Company balance sheet as at 31 December 2022

before profit appropriation

Assets

(x € 1,000)	Note	31 December 2022		31 December 2021	
Intangible assets	33	203,651		204,909	
Property, plant and equipment		9,323		8,160	
Financial assets	34	7,681		270	
Non-current assets			**220,655**		**213,339**
Trade receivables		300		-	
Amounts due from participants	38	17,102		-	
Other receivables		6,747		2,238	
Cash and cash equivalents		1		6	
Current assets			**24,150**		**2,244**
Total assets			**244,805**		**215,583**

Equity and liabilities

(x € 1,000)	Note	31 December 2022		31 December 2021	
Share capital		2		2	
Loans qualified as equity		36,283		36,283	
Share premium reserve		102,542		102,542	
Cash flow hedge reserve		37		-	
Retained earnings		1,519		-	
Result for the year		127		1,519	
Equity	36		**140,510**		**140,346**
Other provisions	34	15,795		25,396	
Provisions			**15,795**		**25,396**
Lease liabilities		7,601		7,096	
Deferred tax		15,026		16,493	
Non-current liabilities			**22,627**		**23,589**
Current part of long-term loans		554		7,966	
Trade payables		1,723		238	
Amounts owed to Group companies	37	62,950		13,998	
Amounts owed to participants	38	-		1,812	
Taxes and social securities		35		11	
Other current liabilities		611		2,227	
Current liabilities			**65,873**		**26,252**
Total equity and liabilities			**244,805**		**215,583**

Notes 31 to 38 are part of these financial statements.

Notes to the company financial statements

HFBG Holding B.V. (Chamber of Commerce: 80349269) has its registered office at Taurusavenue 18, 2132 LS Hoofddorp, The Netherlands.

HFBG Holding B.V. was incorporated on 17 September 2020. The first financial year was an extended financial year ending on 31 December 2021. The comparative income statement shows the operational result for the period 17 September 2020 to 31 December 2021.

For the description of the activities and the corporate structure, see the notes to the consolidated financial statements.

Accounting policies

The company financial statements of HFBG Holding B.V. have been prepared in accordance with the statutory provisions of Part 9 of Book 2 of the Dutch Civil Code. Use has been made for that purpose of the possibility provided by Section 362(8) of Book 2 of the Dutch Civil Code to apply the accounting policies (including the accounting policies for the presentation of financial instruments as equity or debt) that are used in the consolidated financial statements.
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union. For a description of those accounting policies, see the accounting policies for the consolidated financial statements.
The accounting policies for the company financial statements are the same as those for the consolidated financial statements. If no accounting policies are specified, reference is made to the accounting policies stated in the consolidated financial statements.

Participating interests

Participating interests in Group companies and other companies over which HFBG Holding B.V. is able to exercise control or for which it provides the central management are recognised at net asset value. The change in equity is determined by measuring the assets, provisions and liabilities, and by calculating the profit or loss in accordance with the accounting policies that are applied in the consolidated financial statements.

Subsidiaries over which control can be exercised or for which HeadFirst Group Source provides the central management are recognised at net asset value. The net asset value is determined by measuring the assets, provisions and liabilities, and by calculating the profit or loss in accordance with the accounting policies that are applied in the consolidated financial statements. If the share in losses exceeds the carrying amount of the subsidiary, further losses are not recognised unless security has been provided on behalf of the subsidiary, or liabilities have been entered into or payments made on behalf of the subsidiary. In that case, a provision is recognised for such liabilities. Gains or losses on transactions with subsidiaries are eliminated in proportion to the interest in those subsidiaries to the extent that they were not realised by transactions with third parties. Losses are not eliminated if the transaction with a subsidiary shows that an asset is impaired.

31 Employees

As at 31 December 2022, the total number of employees was 2.

32 Other operating costs

Other operating costs include, amongst other things, the remuneration of the Executive Board and the auditor's remuneration. For the remuneration of the Board, see note 28, and for the auditor's remuneration, see note 5 to the consolidated financial statements.

33 Intangible assets

Reporting period

(x € 1,000)	Goodwill	Customer database	Brand name	Other	Total
Costs	138,939	44,943	24,378	4,300	212,560
Accumulated amortisation	-	(4,690)	(2,531)	(430)	(7,651)
Carrying amount as at 1 January 2022	**138,939**	**40,253**	**21,847**	**3,870**	**204,909**
Movements:					
Investments	4,607	1,032	465	-	6,104
Amortisation	-	(4,494)	(2,438)	(430)	(7,362)
	4,607	**(3,462)**	**(1,973)**	**(430)**	**(1,258)**
Carrying amount as at 31 December 2022	**143,546**	**36,791**	**19,874**	**3,440**	**203,651**
Amortisation rate(s)	-	10%	10%	10-20%	
Costs	143,546	45,975	24,843	4,300	218,664
Accumulated amortisation	-	(9,184)	(4,969)	(860)	(15,013)
Carrying amount as at 31 December 2022	**143,546**	**36,791**	**19,874**	**3,440**	**203,651**

34 Financial assets

(x € 1,000)	31 December 2022	31 December 2021
Subsidiaries	7,360	-
Other	321	270
Carrying amount as at 31 December	**7,681**	**270**

Subsidiaries

(x € 1,000)	31 December 2022	31 December 2021
Carrying amount as at 1 January 2022	**(25,396)**	**-**
Movements:		
Investments	2,070	(40,330)
Share in result of participations	14,854	14,934
Other movements	37	-
	16,961	**(25,396)**
As at 31 December	**(8,435)**	**(25,396)**
Reclass to provisions	15,795	25,396
Carrying amount as at 31 December	**7,360**	**-**

Other

(x € 1,000)	31 December 2022	31 December 2021
Carrying amount as at 1 January 2022	**270**	**-**
Movements:		
Security deposits	62	270
Other	(11)	-
	51	**270**
Carrying amount as at 31 December	**321**	**270**

35 Financial instruments

Assets (reporting period)

(x € 1,000)	Financial assets at amortised costs	Financial assets at FVTOCI	Total
Financial assets	273	-	273
Trade receivables	300	-	300
Other receivables	17,522	-	17,522
Cash and cash equivalents	1	-	1
Carrying amount as at 31 December 2022	**18,097**	**-**	**18,097**

As the terms of the trade and other receivables are less than 12 months after the balance sheet date, the nominal value of these receivables will be virtually equal to amortised cost. The fair value does not differ materially from the carrying amount.

Liabilities (reporting period)

(x € 1,000)	Liabilities at amortised costs	Liabilities at fair value through profit and loss	Total
Long-term liabilities	7,601	-	7,601
Short-term liabilities	65,838	-	65,838
Carrying amount as at 31 December 2022	**73,439**	**-**	**73,439**

For disclosures on the financial risks, see section "Financial risk management"

36 Equity

Company statement of changes in equity

before profit appropriation

(x € 1.000)	Issued and paid-up capital	Share premium reserve	Loans quali-fying as equity	Cash flow hedge	Retained earnings	Result for the year	Total
Balance as at 17 September 2020	**2**	**-**	**-**	**-**	**-**	**-**	**2**
Adjustments							
New loans	-	-	36,283	-	-	-	36,283
Contribution	-	102,542	-	-	-	-	102,542
Comprehensive income	-	-	-	-	-	1,519	1,519
	-	**102,542**	**36,283**	**-**	**-**	**1,519**	**140,344**
Balance as at 1 January 2022	**2**	**102,542**	**36,283**	**-**	**-**	**1,519**	**140,346**
Adjustments							
Profit appropriation	-	-	-	-	1,519	(1,519)	-
Result for the year	-	-	-	-	-	127	127
Cash flow hedge reserve	-	-	-	37	-	-	37
	-	**-**	**-**	**37**	**-**	**127**	**164**
Balance as at 31 December 2022	**2**	**102,542**	**36,283**	**37**	**1,519**	**127**	**140,510**

Issued and paid-up capital

The authorised capital of HFBG Holding B.V. amounts to € 1,500, divided into 150,000 shares of € 0.01 each. All shares in issued and paid-up capital are pledged to Kartesia SA.

Share premium reserve

The share premium reserve represents the premium paid in excess of the nominal value of the shares at the time of issuing new shares or exercising share options. The contribution in share premium reserve is due to the acquisition of HeadFirst Source Holding B.V. and its subsidiaries.

Loans qualifying as equity

The terms of these loans are defined in such a way that they qualify as equity:
- There is no contractual repayment obligation, as HeadFirst Group has the right, but not the obligation, to repay the loan, and it is allowed to postpone repayment indefinitely;
- The loan is due only in the event of liquidation;
- The early repayment condition (full or partial sale of HeadFirst Group) will apply in rare circumstances but is unlikely to occur and will be at the sole initiative of HeadFirst Group (in control of the company).

Other reserves

Each year, the Board of Directors proposes to the General Meeting what part of the profit is to be distributed and what part is to be added to the other reserves. The undistributed part of the profit is at the disposal of the General Meeting of Shareholders and can be distributed as dividend.

Profit appropriation and dividend

Pending the approval of the financial statements by the general meeting, the profit for the financial year ending 2022 of € 127,000 has been accounted for within equity and is at the disposal of the shareholders to be added in whole or in part to the other reserves or to be distributed in whole or in part.

No dividend distributions were made to the shareholders of the company in 2022.

37 Amounts owed to Group companies

The amounts owed to Group companies concern the net position of all current account positions with all Group companies. The individual positions all have an indefinite term with a notice period of 3 months, after which the receivables are immediately due and payable. The interest rate is 2.5%. The positions are netted as the Group acts as one in the financing agreement.

38 Amounts owed to participations

The amounts owed to participations concern the net position of current account positions. The individual positions all have an indefinite term with a notice period of 3 months, after which the receivables are immediately due and payable. The interest rate is 2.5%. The positions are netted as the Group acts as one in the financing agreement.

39 Signature

H.J.M. van Happen - Schunselaar
CEO

J. van Vreeswijk
CFO

Name: HFBG Holding B.V.
Place: Hoofddorp
Date: March 31, 2023

Other information

Articles of Association provisions governing profit appropriation

Article 19 – Profit and distribution:

1. The general meeting of shareholders is authorised to appropriate the profit determined through the adoption of the financial statements and to establish its distribution, insofar as the equity exceeds the reserves required to be held pursuant to the law or the articles of association.
2. A resolution to distribute will not have any consequences until such time as the management has given its approval. The management will only refuse to give approval if it is aware or should reasonably have been able to anticipate that the company will not be able to continue to pay its due debts after the distribution.
3. When calculating the amount to be paid on each share, only the amount of the mandatory payments on the nominal amount of the shares shall be taken into account.

Independent auditor's report

To: The shareholders of HFBG Holding B.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of HFBG Holding B.V. based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of HFBG Holding B.V. as at December 31, 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted
  by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- The accompanying company financial statements give a true and fair view of the financial position of HFBG Holding B.V. as at December 31, 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2022;
2. The following statements for 2022: profit and loss and comprehensive income, changes in equity and cash flows; and
3. The notes comprising material accounting policy information.

The company financial statements comprise:

1. The company balance sheet as at December 31, 2022;
2. The company profit and loss account for 2022; and
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of HFBG Holding B.V. in accordance with the Wet toezicht accountants-organisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud with the following procedures:

- Obtained an understanding of HFBG Holding B.V. and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control. We refer to section 'risk management' of the management report for management's disclosures thereon;
- Inquired with management and others within the company;
- Evaluated fraud risk factors with respect to financial reporting fraud and misappropriation of assets to consider whether those factors indicate a risk of material misstatement due to fraud. These fraud risk factors include, among others, the possibility of fraud risks in the company's revenue recognition, in the disbursement process and in the accounting estimates;
- Evaluated the relevant aspects of the system of internal control as well as, among others, the company's code of conduct and whistle blower procedures;
- Evaluated the design and implementation and, where considered appropriate, tested operating effectiveness of internal controls designed to mitigate fraud risks.

Following these procedures, and the presumed risks under the prevailing auditing standards, we considered the fraud risks in relation to:

Risk of management override of controls

As part of our audit procedures to respond to this risk, we:

- Evaluated whether the selection and application of accounting policies by the company, particularly those related to subjective measurements and significant and/or complex transactions may be indicative of fraudulent financial reporting;
- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We selected journal entries applying unique identifying characteristics which include, among others, entries made to unrelated, unusual or seldom-used accounts, entries recorded at the end of the period or as post-closing entries and entries containing round numbers or consistent ending numbers. We also incorporated elements of unpredictability in this part of our audit procedures;
- Evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud;
- Performed a retrospective evaluation of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements;
- For significant transactions outside of the normal course of business, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting.

Risk of overstatement of revenue due to the inconsistent application of revenue recognition principles, the recognition of manual journal entries in revenue and/or the recognition of an overstated accounting estimate for unbilled revenue

We responded to this risk by performing the following audit procedures:

- Evaluated whether the revenue recognition policies of the company may be indicative of fraudulent financial reporting and whether these policies are applied consistently compared to prior year financial statements;
- Tested manual journal entries recorded in the revenue accounts in the general ledger and other adjustments made in the preparation of the financial statements and the revenue included therein;
- Evaluated whether the accounting estimate for unbilled revenue as at December 31, 2022, indicates a possible bias that may represent a risk of material misstatement due to fraud by performing subsequent audit procedures in the new fiscal year to test whether this unbilled revenue is invoiced and collected.

Audit approach going concern

Management disclosed in note 'going concern' to the consolidated financial statements that it has applied the going concern basis of accounting in the preparation of the financial statements.

We have obtained management's assessment of the company's ability to continue as a going concern, which includes a budget and cashflow forecast for at least twelve months after the date of these financial statements. As part of our audit procedures, we:

- Evaluated whether management's assessment contains all relevant information of which we became aware as a result of our audit and discussed with management the main principles and assumptions of its assessment and considered, among other things, the financial position at the balance sheet date and expected future financial results and cashflows;
- Evaluated whether management has identified events or circumstances that may cast significant doubt on the company's ability to continue as a going concern (hereafter: going concern risks);
- Evaluated the budget and cash flow forecast for the period of at least 12 months from the date of preparation of the financial statements taking into account developments in the industry and our knowledge from the audit;
- Inquired of management as to its knowledge of going concern risks beyond the period of management's assessment;
- Analyzed the current and required financing for HFBG Holding B.V.'s business operations to continue in going concern (including achieving the covenants);
- Considered the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group companies. Decisive were the size and/or the risk profile of the group companies or operations. On this basis, we selected group companies for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

's Hertogenbosch, 31 March 2023.

Flynth Audit B.V.
On behalf:

Signed on the original by: B.A.S.A Gulicher RA

Registered offices and auditor

Registered office of the company

Taurusavenue 18, Hoofddorp, The Netherlands

Visiting addresses

HeadFirst Group
Taurusavenue 18
2132 LS Hoofddorp
www.headfirst.nl
E. info@headfirst.nl
T. +31 (0) 23-5685630

Staffing Management Services
Oostmaaslaan 71
3063 AN Rotterdam
www.staffingms.com
E. info@staffingms.com
T. +31 (0) 10-7600900

Sterksen B.V.
Haagweg 389
4813 XC Breda
www.sterksen.com
E. info@sterksen.com
T. +31 (0) 88 0442000

Source Luxembourg
1, Côte d'Eich
L-1450 Luxembourg - Luxembourg
www.source.eu
E. info@lu.source.eu
T. +35 (0) 22848781088

Source Belgium
Culliganlaan 2
1831 Diegem - Belgium
www.source.eu
E. info@be.source.eu
T. +32 (0) 27217545

HeadFirst Poland
ul. Towarowa 28
00-839 Warsaw - Polen

E. info@headfirst.nl
T. +31 (0) 23-5685630

Between Staffing Group
Taurusavenue 18
2132 LS Hoofddorp
www.between.com
E. info@between.com
T. +31 (0) 20-5840853

Auditor

Flynth Audit B.V.
Pettelaarpark 86
5216 PP Den Bosch

Colophon

Publication of HeadFirst Group

Date
31 March 2023

Text and editing
HeadFirst Group
Baxter Communications, Hilversum

Coordination
Report Company, Soest

CSR consultancy
Kort IR, Baarn

Concept & Design
CF Report, Amsterdam

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

HeadFirst Group