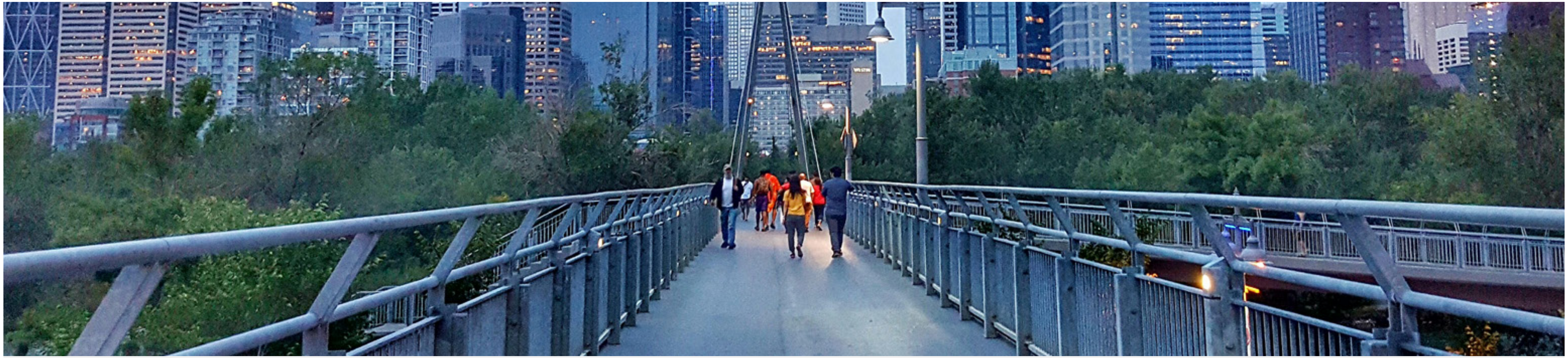
ARCADIS

Next generation thinking | Sustainable delivery

Interim financial statements 2020

This report contains the interim financial statements of Arcadis NV ('the Company' or 'the Group'), and consists of the interim management report and the interim financial statements, including risk assessment and the responsibility statement of the Executive Board. These interim financial statements have not been audited.

Performance highlights



Operational:

- Sustained focus on resilience: keeping our people safe and at work while providing continuity of services to clients
- Strong adoption of new ways of working reduced impact of COVID-19
- Measures to reduce cost and improve cash collection paying off

Second quarter financials:

- Organic net revenue decline of 3% to € 628 million
- Operating EBITA €49 million (Q2 2019: €50 million); operating margin 7.8% (Q2 2019: 7.7%)
- Excellent free cash flow of €165 million (Q2 2019: €60 million) mainly due to a significant reduction of working capital, improved invoicing efficiency in the US as well as COVID-19 related tax deferrals
- Net working capital 17.7% (Q1 2020: 19.2%); DSO to 87 days (Q1 2020: 95 days)

First half year financials:

- Organic net revenue growth flat at €1.3 billion
- Operating EBITA €97 million (2019: €98 million); operating margin 7.6% (2019: 7.7%)
- Free cash flow of €81 million (2019: €8 million) due to actions taken to improve cash collection
- Reduction of net debt to €316 million inclusive of ALEN debt repayment of €58 million
- Solid net debt/EBITDA ratio of 1.3 with strengthened liquidity
- Organic backlog stable at €2.0 billion with good order intake and no major cancellations

Key figures

In € millions	HALF YEAR			SECOND QUARTER		
Period ended 30 June	2020	2019	change	2020	2019	change
Gross revenues	1,703	1,707	0%	831	878	-5%
Organic growth	*0%*	*4%*		*-3%*	*5%*	
Net revenues	**1,286**	**1,275**	1%	**628**	**647**	-3%
Organic growth	*0%*	*2%*		*-3%*	*2%*	
EBITDA	**154**	**149**	3%	**78**	**74**	5%
EBITDA margin	*12.0%*	*11.7%*		*12.4%*	*11.4%*	
Adjusted EBITDA[1]	113	112	1%	57	56	2%
EBITA	**92**	**91**	1%	**47**	**46**	2%
EBITA margin	*7.2%*	*7.1%*		*7.5%*	*7.1%*	
Operating EBITA[2]	**97**	**98**	-1%	**49**	**50**	-1%
Operating EBITA margin	*7.6%*	*7.7%*		*7.8%*	*7.7%*	
Net income	62	37	68%			
Net income from operations (NIFO)	53	46	14%			
NIFO per share (in €)	0.59	0.53	11%			
Net working capital %	17.7%	16.2%				
Days sales outstanding	87	82				
Free cash flow	81	8		165	60	
Net debt	316	378				
Backlog net revenues (billions)	2.0	2.1				
Backlog organic growth	2%	3%				

1 Excluding IFRS 16 impact, used for net debt/EBITDA and FCF calculation
2 Excluding restructuring, acquisition & divestment costs

Interim management report

Arcadis (EURONEXT: ARCAD), the leading global Design & Consultancy organization for natural and built assets, reports a solid operating EBITA and a strong free cash flow in the second quarter despite a modest revenue decline of 3% as a consequence of COVID-19. Organic net revenue for the first half year was flat with an operating margin of 7.6% (2019: 7.7%).

Peter Oosterveer, CEO Arcadis comments: “In the second quarter we have continued with our focus on keeping our people safe and ensuring business continuity whilst further increasing our efforts on cash preservation. I am very proud of the resilience of all of our people across the globe, in particular about our ability to rapidly adopt the new ways of working and ensure the continuity of the work we perform for our clients during these still unprecedented times. The series of actions we implemented at the end of the first quarter to reduce our cost and preserve our cash, combined with additional measures taken this quarter, have paid off and has demonstrated our strong financial flexibility. I am therefore very pleased with the solid results and in particular with our strong free cash flow in this quarter.

Update on COVID-19

Although our backlog remains stable, we do see the impact of COVID-19 in some parts of the business, in particular in our work for private sector clients as well as in our architectural business where we have experienced a weaker demand. At the same time, we do see continued strong demand in the public sector in most of our regions for work in infrastructure and water resiliency. Overall, we have demonstrated a strong ability to adapt to the COVID-19 reality which gives us confidence for our performance in the second half of the year. We will however have to remain vigilant given the uncertainties related to the health developments in societies across the globe.

Well positioned for the future

The health and economic crisis caused by COVID-19 underscores the importance for societies to continue investments in enhancing the resilience and sustainability of our environments.

There is a clear necessity to be much better prepared for a future pandemic whilst not jeopardizing the need to mitigate and reduce the impacts of climate change. For us at Arcadis, it is imperative to further embrace resilience thinking as a window of opportunity for change. Therefore, we will continue to invest in the expertise of our people, in sustainable solutions and digital offerings as it supports social needs and makes economic sense. This combined with the quality of our people across the globe, our well diversified project portfolio for both private and public clients supported by our strong financial position, gives me confidence that we are well positioned for the future."

Revenues and income

Review of performance for the second quarter

Net revenues totaled €628 million for the second quarter with a modest organic decline of 3% due to the impact of COVID-19. Most of the impact was felt at CallisonRTKL, in Asia and in some of the smaller countries in Europe, while strong growth was achieved in Australia and Germany.

Operating EBITA was flat at €49 million (Q2 2019: €50 million) due to an overall solid performance and COVID-19 measures taken. The operating EBITA margin improved to 7.8% (Q2 2019: 7.7%), driven by margin improvement in North America, the UK and Australia, partly offset by lower margins in Asia and CallisonRTKL.

Review of performance for the first half year

Organic net revenue was flat in the first half year, with growth in most countries except for Asia, CallisonRTKL and Middle East.

Operating EBITA was almost flat at €97 million (H1 2019: €98 million). Operating EBITA margin decreased to 7.6% (H1 2019: 7.7%); a higher margin in Americas, Australia and in EMU was offset by a lower margin in Asia and CallisonRTKL. Non-operating costs were lower at €5 million (H1 2019: €7 million).

The income tax rate for the first half year was 34% (H1 2019: 35%), excluding impact ALEN. The weighted average annual income tax rate expected for the full financial year is ~29% (H1 2019: ~29%). The tax rate was impacted by, among other things, non-deductible expenses, updates to tax positions from previous years and changes in recognized deferred tax assets.

Net finance expense decreased to €16 million (H1 2019: €19 million) due to lower interest expense on loans and borrowings.

The total Expected Credit Loss on shareholder loans and corporate guarantees for ALEN was a net gain of €17 million (H1 2019: €5 million loss). Due to a steep devaluation of the Brazilian Real, Arcadis realized a gain of €17 million on the repayments of ALEN bank loans.

Income from associated companies was €0.5 million (H1 2019: €1 million).

Net income from operations increased by 14% to €53 million or €0.59 per share, compared to €46 million or €0.53 per share in the first half of 2019.

Review of performance for the first half year by segment

Americas (35% of net revenues)

Organic net revenue growth in North America was good. The operating EBITA margin improved driven by more work for public clients and a swift response to COVID-19 including cost control measures. Environment had a solid performance despite some revenue decline due to COVID-19. In the Water business there was a sound organic growth together with a strong pipeline of opportunities. Infrastructure revenue increased significantly due to work on long-term public projects.

Latin America had a continued organic growth with stable margins and a strong backlog driven by Infrastructure in Brazil.

Europe & Middle East (44% of net revenues)

In Continental Europe there was a solid performance in the Netherlands with a higher order intake from public clients. In most countries there was some revenue decline due to COVID-19 except in Germany that produced solid organic growth. The operating EBITA margin for Continental Europe improved driven by cost saving actions across the region.

UK's net revenues grew marginally due to growth in Infrastructure and Water, offsetting a decline in Buildings. The operating EBITA margin improved due to a good performance in Infrastructure and cost measures taken.

In the Middle East revenues declined slightly due to COVID-19 and the impact from the low oil price, however the operating EBITA margin improved due to cost control measures.

Asia Pacific (13% of net revenues)
Organic net revenue declined in Asia due to COVID-19 and its impact on commercial development. In the second quarter the business in China, Hong Kong, Macau and Vietnam returned to a more normalized situation, while in Singapore, Malaysia and the Philippines there are still challenges due to COVID-19. The operating EBITA margin for Asia in the first half year was flat due to a loss in the first quarter that was compensated for in the second quarter.

In Australia organic net revenue growth was strong with excellent operating EBITA margins as the infrastructure market continues to remain strong in the major urban areas.

CallisonRTKL (8% of net revenues)
The architectural sector is currently severely hit by COVID-19, with Retail most affected and to a lesser extent Residential and Workplace while the business in China started to recover. Cost control measures were taken to mitigate the impact from COVID-19.

Cash flow and balance sheet

Free cash flow in the second quarter was €165 million (Q2 2019: €60 million) leading to a YTD free cash flow of €81 million (H1 2019: €8 million). This is mainly the result of additional actions to reduce working capital and invoicing efficiency improvements in the US. In addition, the deferral of VAT and wage tax payments as allowed under government programs to reduce the impact of COVID-19 had a positive impact of approximately €33 million. EBITDA increased by 3% to €154 million (H1 2019: €149 million).

As a result of the cash collection in the second quarter the days sales outstanding decreased from 95 days in Q1 2020 to 87 days (H1 2019: 82 days) and net working capital as a percentage of gross revenues improved from 19.2% in Q1 to 17.7% (H1 2019: 16.2%).

Solid financial position and strengthened liquidity

Net debt was lower year-on-year at €316 million (H1 2019: €378 million) and significantly lower than in Q1 (€424 million) due to the strong cash collection. The net debt as per 30 June 2020 also includes an ALEN debt repayment of €58 million, a legacy issue for which Corporate guarantees had been provided to the relevant banks. This was lower than expected due to a significant foreign exchange gain of €17 million. The covenant leverage ratio further improved to 1.3 (H1 2019: 1.6), well within the 2020 strategic target range of between 1.0 and 2.0.

Further to the stronger cash position the total short-term credit facilities as at 30 June 2020 increased to €723 million (31 December 2019: €402 million), which includes all uncommitted credit facilities, bank guarantee facilities and surety bond lines with financial institutions of which €165 million (31 December 2019: €163 million) has been used. As from May 2020, the Company is found eligible to issue commercial paper under the COVID Corporate Financing Facility (CCFF) by the Bank of England for a maximum amount of £300 million (€331 million). Under this program Arcadis can issue commercial paper with the Bank of England as sole purchaser. The CCFF is considered an uncommitted credit facility and is not used.

Backlog

Backlog at the end of H1 2020 stood at €2.0 billion (H1 2019: €2.1 billion), representing 9 months of net revenues. Organic backlog growth year-to-date was 2% with 11% growth in Europe and the Middle East, broadly flat in the Americas, a 5% decline in Asia Pacific and 8% decline for CallisonRTKL.

Strategic priorities 2020

Arcadis' "Creating a sustainable future" strategy launched in 2017 is based on three pillars: People & Culture, Innovation & Growth, and Focus & Performance with strategic targets for 2020. Given the current uncertainties regarding the COVID-19 crisis it is reasonable to assume that not all of our strategic targets set for 2020 will be met.

Arcadis is advancing its vision for the future against a backdrop of market opportunities driven by global trends like urbanization, climate change resiliency and digitalization and stays committed to present its scheduled strategy update for the period 2021-2023 on 19 November 2020.

Financial calendar 2020

29 October 2020	Trading update Q3 2020
19 November 2020	Capital Markets Day

People

Health & Safety and wellbeing

Across the globe more than 100 Arcadis employees have tested positive for COVID-19 in the first half of this year. All of them have either recovered or are getting better. The number of Arcadians injured in the first half of 2020 was 13, an improvement compared to 2019 when 19 injuries occurred.

This resulted in a Total Recordable Case Frequency (TRCF) of 0.11 and a Lost Time Case Frequency (LTCF) of 0.06. In the COVID-19 period additional attention was given to wellbeing actions for employees with 75% completed in the first half, versus a plan of 40%.

Employee engagement

The additional attention to employee wellbeing worked, as evidenced in employee engagement research among approximately 10,000 employees at the end of June. Our people are more engaged with the employee net promoter score going up to 28, up 5 points since March, and 9 above the True Benchmark. A lot of our people appreciate the work flexibility we are offering during the pandemic. Attention was also given to ensure that our people remain connected to Arcadis.

Salaries and benefits

In some regions measures were taken utilizing leave balances, reduction or suspension of benefits and employment measures such as reduction of temporary staff, temporary unemployment measures (including making use of government subsidies), targeted work time reductions and lay-offs and selected temporary reduction in base salary to ensure business continuity and ensure employment of our people over the longer term.

In solidarity, the Arcadis Executive Leadership Team forfeited their 2020 short term incentive bonusses and will sacrifice 10% salary for a 6-month period. In addition, the senior leadership community were asked to accept a 10% salary reduction over a 6-month period effective per 1 May 2020.

Financial assistance

Arcadis has access to government subsidies in some regions for those technically unemployed because of the pandemic. These subsidies usually help employees access a certain % of their salary. Staff redundancies because of the pandemic have been minimal. Meanwhile, we have approximately 90% of all Arcadians working remotely and largely working from home.

Planet

Carbon footprint development

As the COVID-19 pandemic spread, Arcadis instigated travel restrictions to de-risk staff and client exposure and to not contribute to the spread of the virus.

As a result, the company experienced a significant reduction in air, rail, and car travel, which substantially improves the company's global carbon footprint. Where possible, lessons learned from the crisis will become part of our travel policy going forward, as we work towards becoming carbon neutral.

Communities

Community outreach intensified

Immediately after the outbreak of the COVID-19 crisis the Arcadis Shelter program worked with UN-Habitat to support response efforts. A dedicated team of experts has been working on questions related to COVID-19 developing ideas on how the planning and design of cities may be affected longer term. Online over 300 Arcadis colleagues responded on a call for support and joined to discuss COVID-19 issues, and over 100 Arcadis experts actively worked on papers to provide answers. In addition, a Rapid Response COVID-19 Helpdesk was advertised through the UN-Habitat network. Questions were handled from UN-Habitat and their partners as well as from the Shelter Academy alumni, with for example the Philippines, India, Brazil, Mongolia, and Myanmar. The themes range from sanitation, waste disposal, community organization, to creating awareness and giving access to basic services such as water, food, and energy.

In the newly launched Local Sparks community program, which is co-funded by Lovinklaan Foundation and KNHM, Arcadis maintained focus on giving back to the communities in which we live and work. Four large-scale projects spanning North America, Australia, the GECs, Latin America, and Europe were awarded over €100,000 in Local Sparks funding, matching regional contributions over two years, to improve quality of life in a variety of ways. Local Sparks has also awarded €23,500 to nineteen smaller-scale projects around the world.
While multiple projects have been delayed due to COVID-19, and one project cancelled, others have found success despite the new challenges.

Risk assessment

In the Annual Integrated Report 2019, we have extensively described risk categories and risk factors that could adversely affect our business and financial performance. These risk factors are deemed to be included by reference in this report.

In the first six months of 2020 the COVID-19 pandemic has presented material risk and uncertainties which might result in pressure on revenues or income in addition to existing, earlier identified risks.
A sustained global economic recession following COVID-19 may impact our future financial performance. Additionally, changes in the economic climate or relevant markets might lead to a different view on the future and a risk of material adjustments to the valuation of goodwill in certain of our CGUs. Given the dynamic situation, management is mitigating this risk by regularly updating our forecasts for the remainder of 2020 through to 2022 allowing multiple scenarios to be considered.

Additional risk(s) not known to us, or currently believed not to be material, may occur and could later turn out to have material impact on our business, financial objectives or capital resources.

Responsibility statement

This interim financial report contains the figures of Arcadis NV for the first half year of 2020, and consists of the first half year management report, segment reporting, Consolidated interim financial statements, and the responsibility statement of the Executive Board. The financial information in this report is unaudited.

In accordance with article 5:25d of the Financial Supervision Act (Wet of het Financieel Toezicht), the Executive Board of Arcadis NV hereby declares that to the best of its knowledge, the interim financial statements, which have been prepared in accordance with IAS 34 'Interim Financial Reporting', give a true and fair view of the assets, liabilities, financial position and profit or loss of Arcadis NV and its consolidated companies, and the first half year management report gives a fair view of the information pursuant to section 5:25d subsection 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Amsterdam, the Netherlands, 27 July 2020

Peter Oosterveer, Chairman of the Executive Board

Segment information

Americas

In € millions or %	HALF YEAR 2020	2019	change	SECOND QUARTER 2020	2019	change
Gross revenues	712	679	*5%*	350	360	*-3%*
Net revenues	452	426	*6%*	226	222	*2%*
Organic growth	*4%*			*1%*		
EBITA	38	36	*6%*			
Operating EBITA[1]	41	37	*11%*			
Operating EBITA margin	*9.0%*	*8.8%*				

[1] Excluding acquisition, restructuring and divestment costs

Asia Pacific

In € millions or %	HALF YEAR 2020	2019	change	SECOND QUARTER 2020	2019	change
Gross revenues	182	188	*-3%*	94	98	*-4%*
Net revenues	164	165	*-1%*	84	86	*-2%*
Organic growth	*2%*			*2%*		
EBITA	9	11	*-18%*			
Operating EBITA[1]	10	13	*-22%*			
Operating EBITA margin	*6.0%*	*7.6%*				

[1] Excluding acquisition, restructuring and divestment costs

Europe & Middle East

In € millions or %	HALF YEAR 2020	2019	change	SECOND QUARTER 2020	2019	change
Gross revenues	676	692	*-2%*	324	345	*-6%*
Net revenues	573	574	*0%*	271	283	*-4%*
Organic growth	*-1%*			*-4%*		
EBITA	38	35	*9%*			
Operating EBITA[1]	40	38	*5%*			
Operating EBITA margin	*7.0%*	*6.7%*				

[1] Excluding acquisition, restructuring and divestment costs

CallisonRTKL

In € millions or %	HALF YEAR 2020	2019	change	SECOND QUARTER 2020	2019	change
Gross revenues	133	148	*-11%*	63	76	*-17%*
Net revenues	98	111	*-12%*	47	57	*-18%*
Organic growth	*-13%*			*-18%*		
EBITA	6	9	*-33%*			
Operating EBITA[1]	7	10	*-30%*			
Operating EBITA margin	*6.8%*	*8.6%*				

[1] Excluding acquisition, restructuring and divestment costs

Consolidated interim financial statements

Consolidated Income statement

For the six-month period ended 30 June

In € thousands	Note	2020	2019
Gross revenues	6	**1,702,831**	**1,707,172**
Materials, services of third parties and subcontractors		(416,502)	(432,226)
Net revenues[1]		*1,286,329*	*1,274,946*
Personnel costs	7	(1,014,658)	(998,158)
Other operational costs		(122,845)	(131,389)
Depreciation and amortization		(61,738)	(57,229)
Amortization other intangible assets	11	(7,779)	(8,440)
Impairment charges	11	-	-
Other income		4,971	3,187
Total Operational costs		**(1,202,049)**	**(1,192,029)**
Operating income		**84,280**	**82,917**
Finance income		2,190	3,837
Finance expenses		(17,649)	(23,342)
Fair value change of derivatives		(317)	440
Net finance expense	8	**(15,776)**	**(19,065)**
Expected Credit Loss on shareholder loans and corporate guarantees	13	16,665	(5,061)
Result from investments accounted for using the equity method		481	671
Profit before income tax		**85,650**	**59,462**
Income taxes	9	(23,520)	(22,382)
Result for the period		**62,130**	**37,080**

Result attributable to:			
Equity holders of the Company (net income)		61,950	35,875
Non-controlling interests		180	1,205
Result for the period		**62,130**	**37,080**

Earnings per share (in €)			
Basic earnings per share	10	0.69	0.41
Diluted earnings per share	10	0.69	0.40

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2019 for the definition as used by Arcadis

The notes on pages 18 to 33 are an integral part of these Consolidated interim financial statements

Consolidated Statement of comprehensive income

For the six-month period ended 30 June

In € thousands	2020	2019
Other comprehensive income, net of income tax		
Result for the period	**62,130**	**37,080**
Items that may be subsequently reclassified to profit or loss:		
Exchange rate differences for foreign operations	(39,929)	3,299
Exchange rate differences for equity accounted investees	(49)	623
Effective portion of changes in fair value of cash flow hedges	534	536
Items that will not be reclassified to profit or loss:		
Changes related to post-employment benefit obligations	(13,748)	(8,796)
Other comprehensive income, net of income tax	**(53,192)**	**(4,338)**
Total Comprehensive income for the period	**8,938**	**32,742**
Total comprehensive income attributable to:		
Equity holders of the Company	8,760	31,562
Non-controlling interests	178	1,180
Total Comprehensive income for the period	**8,938**	**32,742**

The notes on pages 18 to 33 are an integral part of these Consolidated interim financial statements

In € thousands	Note	2020	2019
Net income from operations[1]			
Result for the period attributable to equity holders (net income)		61,950	35,875
Amortization identifiable intangible assets, net of taxes		6,612	6,978
Goodwill impairment charges, net of taxes	11	-	-
Valuation changes of acquisition-related provisions, net of taxes		191	1,106
M&A&D costs		-	1,441
Expected Credit loss on shareholder loans and corporate guarantees	13	(16,665)	-
Lovinklaan employee share purchase plan[2]		751	850
Net income from operations		**52,839**	**46,250**
Net income from operations per share[1] (in €)			
Basic earnings per share	10	0.59	0.53
Diluted earnings per share	10	0.59	0.52

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2019 for the definition as used by Arcadis

2 The Lovinklaan employee share purchase plan is controlled by the Lovinklaan Foundation, and the Company has no influence on this scheme. Accordingly, the Company treats the related share-based expense as non-operational

Consolidated Balance sheet

Before allocation of profit

In € thousands	Note	2020 30 June	2019 31 December
Assets			
Non-current assets			
Intangible assets and goodwill	11	1,050,176	1,079,793
Property, plant & equipment		91,980	100,735
Right-of-use assets	12	257,512	266,769
Investments accounted for using the equity method	13	7,974	7,528
Other investments		2,343	2,280
Deferred tax assets		20,698	22,892
Pension assets for funded schemes in surplus		2,148	3,706
Derivatives		1,417	1,240
Other non-current assets		23,208	27,595
Total Non-current assets		**1,457,456**	**1,512,538**
Current assets			
Inventories		155	201
Derivatives		5,367	6,252
Trade receivables	14	548,077	602,900
Contract assets (unbilled receivables)	15	615,690	669,849
Corporate tax receivables		18,124	23,189
Other current assets		76,429	51,453
Assets classified as held for sale		74	-
Cash and cash equivalents	16	264,548	296,895
Total Current assets		**1,528,464**	**1,650,739**
Total Assets		**2,985,920**	**3,163,277**

	Note	2020 30 June	2019 31 December
Equity and liabilities			
Shareholders' equity			
Total equity attributable to equity holders of the Company	17	**974,891**	**962,511**
Non-controlling interests		534	2,876
Total Equity		**975,425**	**965,387**
Non-current liabilities			
Provisions for employee benefits	18	61,891	49,493
Provisions for other liabilities and charges	19	17,202	23,057
Deferred tax liabilities		40,298	39,386
Loans and borrowings	20	458,976	460,583
Lease liabilities	12	205,452	215,461
Derivatives		579	822
Total Non-current liabilities		**784,398**	**788,802**
Current liabilities			
Contract liabilities (billing in excess of revenue)	15	273,556	285,044
Provision for onerous contracts (loss provisions)	15	92,783	90,545
Current portion of provisions	19	25,176	23,306
Corporate tax liabilities		33,234	42,349
Current portion of loans and short-term borrowings	20	124,458	150,206
Current portion of lease liabilities	12	76,400	75,661
Derivatives		4,026	4,657
Bank overdrafts		1,100	472
Accounts payable, accrued expenses and other current liabilities		595,364	736,848
Total Current liabilities		**1,226,097**	**1,409,088**
Total Liabilities		**2,010,495**	**2,197,890**
Total Equity and liabilities		**2,985,920**	**3,163,277**

The notes on pages 18 to 33 are an integral part of these Consolidated interim financial statements

Consolidated Statement of changes in equity

In € thousands	Attributable to equity holders of the Company							
	Share capital	Share premium	Hedge reserve	Translation reserve	Retained earnings	Shareholder equity	Non-controlling interests	Total equity
Balance at 31 December 2018	**1,780**	**372,501**	**(1,431)**	**(82,191)**	**651,261**	**941,920**	**2,199**	**944,119**
Impact of changes in accounting policies	-	-	-	-	5,773	5,773	-	5,773
Balance at 1 January 2019	**1,780**	**372,501**	**(1,431)**	**(82,191)**	**657,034**	**947,693**	**2,199**	**949,892**
Result for the period	-	-	-	-	35,875	35,875	1,205	37,080
Other comprehensive income:								
Exchange rate differences	-	-	-	3,947	-	3,947	(25)	3,922
Effective portion of changes in fair value of cash flow hedges	-	-	536	-	-	536	-	536
Taxes related to effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	-	-
Remeasurements on post-employment benefit obligations	-	-	-	-	(10,275)	(10,275)	-	(10,275)
Taxes related to remeasurements on post-employment benefit obligations	-	-	-	-	1,479	1,479	-	1,479
Other comprehensive income, net of income taxes	**-**	**-**	**536**	**3,947**	**(8,796)**	**(4,313)**	**(25)**	**(4,338)**
Total comprehensive income for the period	**-**	**-**	**536**	**3,947**	**27,079**	**31,562**	**1,180**	**32,742**
Transactions with owners of the Company:								
Acquisitions and transactions with non-controlling interests	-	-	-	-	-	-	460	460
Dividends to shareholders	-	(23,477)	-	-	(17,766)	(41,243)	(1,254)	(42,497)
Issuance of shares	29	23,448	-	-	-	23,477	-	23,477
Share-based compensation	-	-	-	-	5,287	5,287	-	5,287
Taxes related to share-based compensation	-	-	-	-	135	135	-	135
Purchase of own shares	-	-	-	-	(13,613)	(13,613)	-	(13,613)
Share options exercised	-	-	-	-	4,743	4,743	-	4,743
Total transactions with owners of the Company	**29**	**(29)**	**-**	**-**	**(21,214)**	**(21,214)**	**(794)**	**(22,008)**
Balance at 30 June 2019	**1,809**	**372,472**	**(895)**	**(78,244)**	**662,899**	**958,041**	**2,585**	**960,626**

In € thousands	Share capital	Share premium	Hedge reserve	Translation reserve	Retained earnings	Shareholder equity	Non-controlling interests	Total equity
	Attributable to equity holders of the Company							
Balance at 1 January 2020	**1,809**	**372,472**	**(545)**	**(48,418)**	**637,193**	**962,511**	**2,876**	**965,387**
Result for the period	-	-	-	-	61,950	61,950	180	62,130
Other comprehensive income:								
Exchange rate differences	-	-	-	(39,976)	-	(39,976)	(2)	(39,978)
Effective portion of changes in fair value of cash flow hedges	-	-	534	-	-	534	-	534
Taxes related to effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	-	-
Remeasurements on post-employment benefit obligations	-	-	-	-	(15,797)	(15,797)	-	(15,797)
Taxes related to remeasurements on post-employment benefit obligations	-	-	-	-	2,049	2,049	-	2,049
Other comprehensive income, net of income taxes	-	-	**534**	**(39,976)**	**(13,748)**	**(53,190)**	**(2)**	**(53,192)**
Total comprehensive income for the period	-	-	**534**	**(39,976)**	**48,202**	**8,760**	**178**	**8,938**
Transactions with owners of the Company:								
Acquisitions and transactions with non-controlling interests	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	(2,520)	(2,520)
Issuance of shares	-	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	5,774	5,774	-	5,774
Taxes related to share-based compensation	-	-	-	-	69	69	-	69
Purchase of own shares	-	-	-	-	(7,047)	(7,047)	-	(7,047)
Share options exercised	-	-	-	-	4,824	4,824	-	4,824
Total transactions with owners of the Company	-	-	-	-	**3,620**	**3,620**	**(2,520)**	**1,100**
Balance at 30 June 2020	**1,809**	**372,472**	**(11)**	**(88,394)**	**689,015**	**974,891**	**534**	**975,425**

The notes on pages 18 to 33 are an integral part of these Consolidated interim financial statements

Consolidated Cash flow statement

For the six-month period ended 30 June

In € thousands	Note	2020	2019
Cash flows from operating activities			
Result for the period		**62,130**	**37,080**
Adjustments for:			
Depreciation and amortization		61,738	57,229
Amortization other identifiable intangible assets		7,779	8,440
Impairment charges	11	-	-
Income taxes	9	23,520	22,382
Net finance expense	8	15,776	19,065
Expected Credit Loss on shareholder loans and corporate guarantees	13	(16,665)	5,061
Result from Investments accounted for using the equity method		(481)	(671)
Change in Inventories		41	25
Change in Contract assets and liabilities, provision for onerous contracts		39,994	(80,647)
Change in Trade receivables		46,268	45,952
Change in Accounts payable		(70,041)	(10,081)
Change in Net working capital		**16,262**	**(44,751)**
Change in Other receivables		(23,211)	(7,435)
Change in Current liabilities		25,255	(1,503)
Change in Other working capital		**2,044**	**(8,938)**
Change in Provisions		(3,802)	(4,399)
Share-based compensation	7	5,774	5,287
Gains/losses on derecognition of leases		685	-
Change in operational derivatives		1,498	-
Settlement of operational derivatives		(1,301)	(78)
Dividend received		-	968
Interest received		2,147	4,053
Interest paid		(15,444)	(16,956)
Corporate tax paid		(21,758)	(19,677)
Net cash from operating activities		**139,902**	**64,095**

	Note	2020	2019
Cash flows from investing activities			
Investments in (in)tangible assets		(17,328)	(20,240)
Proceeds from sale of (in)tangible assets		1,132	435
Investments in consolidated companies		(14,087)	(6,479)
Proceeds from sale of consolidated companies		-	-
Investments in/loans to associates and joint ventures	13	(58,784)	(8,138)
Proceeds from (sale of) associates and joint ventures		-	-
Investments in other non-current assets and other investments		(1,583)	(2,412)
Proceeds from (sale of) other non-current assets and other investments		4,745	1,797
Net cash (used in)/from investing activities		**(85,905)**	**(35,037)**
Cash flows from financing activities			
Transactions with non-controlling interest		-	-
Proceeds from exercise of options	17	4,824	4,743
Proceeds from issuance of shares		-	-
Purchase of own shares	17	(7,047)	(13,613)
Settlement of financing derivatives		(67)	1,974
New long-term loans and borrowings	20	70,000	229,777
Repayment of long-term loans and borrowings	20	(95,763)	(205,093)
New short-term borrowings	20	41,500	200,000
Repayment of short-term borrowings	20	(42,000)	(200,000)
Payment of lease liabilities	12	(43,091)	(35,919)
Dividends paid		(2,511)	(19,019)
Net cash (used in)/from financing activities		**(74,155)**	**(37,150)**
Net change in Cash and cash equivalents less Bank overdrafts		**(20,158)**	**(8,092)**
Exchange rate differences		(12,817)	(1,501)
Cash and cash equivalents less Bank overdrafts at 1 January		296,423	240,680
Cash and cash equivalents less Bank overdrafts at 30 June	16	**263,448**	**231,087**

The notes on pages 18 to 33 are an integral part of these Consolidated interim financial statements

Notes to the Consolidated interim financial statements

1 General information

Arcadis NV is a public company organized under Dutch law. Its statutory seat is Amsterdam and its principal office is located in Amsterdam, the Netherlands.

Arcadis NV and its consolidated subsidiaries ('Arcadis', 'the Group' or 'the Company') is a leading global Design & Consultancy firm for natural and built assets. Applying deep market sector insights and collective design, consultancy, engineering, project and management services, the Company works in partnership with clients to deliver exceptional and sustainable outcomes throughout the lifecycle of their natural and built assets.

The Consolidated interim financial statements as at and for the six-month period ended 30 June 2020 include the results of Arcadis NV, its subsidiaries, and the interests in associates and jointly controlled entities.

The Consolidated interim financial statements are unaudited.

2 Basis of preparation

Statement of compliance

The Consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', and should be read in conjunction with the annual Consolidated financial statements as at and for the year ended 31 December 2019, which are available upon request from the Company's registered office at Gustav Mahlerplein 97-103, 1082 MS Amsterdam, the Netherlands, or at www.arcadis.com and prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Consolidated interim financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual Consolidated financial statements as at and for the year ended 31 December 2019.

All amounts in this report are in thousands of euros, unless otherwise stated.

The Consolidated interim financial statements were authorized for issue by the Executive Board and Supervisory Board on 27 July 2020.

Significant accounting policies

The accounting policies applied, and methods of computation used in preparing these Consolidated interim financial statements are the same as those applied in the Company's Consolidated financial statements as at and for the year ended 31 December 2019. There are no significant changes in accounting policies but several amendments to International Financial Reporting Standards and interpretations became effective for annual periods beginning on or after 1 January 2020. However, these do not have a material impact on the Company's financial performance in the first six months of 2020 and the financial position as at 30 June 2020.

Accounting estimates and management judgements

The preparation of the Consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses as well as the information disclosed. Actual results may always differ from these estimates.

The impact of COVID-19 has increased estimation uncertainty. The Group has applied best judgment to make reasonable estimates. Financial forecasts that are the basis for the valuation of assets and liabilities have been closely monitored during 2020 and were updated where needed. Significant judgment has been exercised in preparing financial (cash flow) forecasts that were used for, amongst others, determining the carrying amount of Goodwill (see note 11) and the assessment of the going concern assumption (see note 21). The valuation of Trade Receivables and Contract assets and liabilities continue to be assessed on a case-by-case basis, with the Expected Credit Loss model being adjusted for the latest developments in the Probabilities of Default.

Seasonality

There is no high seasonal pattern included in the year-to-date figures, therefore no additional financial information is disclosed on the twelve-month period ended 30 June 2020.

Comparative figures

No material events occurred that resulted in a restatement of the comparative figures.

Exchange rates applied

	30 June 2020		31 December 2019		30 June 2019	
In €	Average	Period-end	Average	Period-end	Average	Period-end
US Dollar (US$)	0.91	0.89	0.89	0.89	0.89	0.88
Pound Sterling (GBP)	1.15	1.10	1.14	1.18	1.15	1.12
Chinese Yuan Renminbi (CNY)	0.13	0.13	0.13	0.13	0.13	0.13
Brazilian Real (BRL)	0.19	0.17	0.23	0.22	0.23	0.23
United Arab Emirates Dirham (AED)	0.25	0.24	0.24	0.24	0.24	0.24

The exchange rates applied during the Q1, Q2 and Q3 financial closes are determined ahead of the interim reporting dates and may therefore differ from the actual spot rates as at the interim reporting date. Applying spot-rates as at 30 June 2020 on the balance sheet would have increased the asset and liabilities base by, a non-signficant, €1.0 million with no impact on equity, mainly due to a change in the USD rate. The impact on the Consolidated income statement is insignificant as the effect on the average exchange rate for the half-year is limited.

3 Impact of COVID-19

The impact of the COVID-19 outbreak in the first quarter of the year was initially limited to China and Hong Kong, however, spread of the virus to other regions in the second quarter and measures taken by various governments in the rest of the world have adversely impacted the Group in the first six months of 2020. There is uncertainty on the long-term impact of the pandemic on Arcadis and its liquidity, but management seeks to obtain the best possible information to assess the risks, be agile and implement appropriate measures to respond.

Eight different workstreams were established in response to the pandemic, covering people, client care, financial impact, system continuity/IT, travel, communications, Global Excellence Centers and preparing Arcadis for the post-COVID world.

A large number of measures has been taken to monitor and prevent the effects of the COVID-19 virus, such as:

- Making use of government assistance where available
- Securing extra financing facilities, limiting cash outflows by cancelling the dividend to shareholders and stopping the share buy-back program
- A hiring freeze for employees
- Increased focus on working capital management and other cost cutting measures

The isolation of the COVID-19 impact on the results and positions for the six-month period ended 30 June 2020 is difficult, but the following is in our view relevant to understand the results disclosed in these Interim Financial Statements:

Income statement

- No significant restructuring provisions were recognized that are related to COVID-19, see note 19 on Provisions
- Approximately €7 million of government compensation for employees (on furlough) was received and is recognized as a credit on Personnel costs. Approximately, additional €7 million of Personnel costs were reduced by temporary salary reductions and lower pension contributions
- Insignificant other government grants (€0.6 million, recognized in Other income) and tax credits (€0.1 million) were received
- Insignificant rent concessions were received, and the Group has accounted for them as lease modifications, see note 12

Cash flow statement

- A favourable impact of approximately €33 million on cash flow from operating activities was realized due to deferral of tax payments and pension contributions. The majority of these deferrals need to be repaid in Q1 2021
- The cash outflow relating to share buy-backs was limited by stopping the program end of March 2020, and the proposed dividend was not paid out to shareholders as a measure to preserve cash

Balance sheet

- No material impairments of goodwill and/or other assets were identified. See note 11 for additional disclosures on impairment testing performed
- Significant falls in bond yields impacted the discount rates and thus valuation of the defined benefit pension plans, resulting in actuarial losses being recognized as explained in note 18
- Additional lines of credit were secured to ensure sustained liquidity, see note 21

These interim financial statements are prepared on a going concern basis, see also note 21.

4 Operating and reportable segments

Following IFRS 8, the Company has the following segments as at 30 June 2020:

Operating segment	Reportable segment
Americas	Americas (Americas)
Europe & Middle East	Europe & Middle East (EME)
Arcadis Gen	Europe & Middle East (EME)/Americas
Asia Pacific	Asia Pacific (APAC)
CallisonRTKL	CallisonRTKL

Results of Arcadis Gen are currently allocated approximately 50% in EME and 50% in Americas.

Reconciliation EBITA

The reconciliation of EBITA to total profit before income tax is as follows:

In € thousands	H1 2020	H1 2019
EBITA for reportable segments	**98,348**	**96,840**
Corporate and unallocated amounts	(6,289)	(5,483)
Amortization other intangible assets	(7,779)	(8,440)
Goodwill impairment charges	-	-
Operating income	**84,280**	**82,917**
Net finance expense	(15,776)	(19,065)
Expected Credit Loss on shareholder loans and corporate guarantees	16,665	(5,061)
Result from investments accounted for using the equity method	481	671
Profit before income tax	**85,650**	**59,462**

Geographical information

Geographical information differs from the segment information in this note due to CallisonRTKL, which is included in a separate reportable segment, but is geographically represented in all the geographical regions listed below.

	Net revenues by origin		(In)tangible assets	
in € millions	H1 2020	H1 2019	30 June 2020	31 Dec 2019
Americas	519	500	415	418
Europe & Middle East	587	593	549	720
Asia Pacific	180	182	178	45
Total	**1,286**	**1,275**	**1,142**	**1,183**

In € millions unless otherwise stated	Americas	EME	APAC	CallisonRTKL	Eliminations	**Total segments**	Corporate and unallocated amounts	**Total consolidated**
H1 2020								
External gross revenue	712.3	675.9	182.0	132.6	-	1,702.8	-	1,702.8
Inter-segment revenue	0.8	5.5	1.5	1.1	(8.9)	-	-	-
Total gross revenue	**713.1**	**681.4**	**183.5**	**133.7**	**(8.9)**	**1,702.8**	**-**	**1,702.8**
EBITA[1]	**40.5**	**41.1**	**10.3**	**6.4**	**-**	**98.3**	**(6.2)**	**92.1**
Total assets	**839.5**	**1,153.1**	**520.1**	**394.0**	**-**	**2,906.7**	**79.2**	**2,985.9**
Total liabilities	**794.0**	**594.1**	**192.8**	**145.5**	**-**	**1,726.4**	**284.1**	**2,010.5**

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2019 for the definition as used by Arcadis

In € millions unless otherwise stated	Americas	EME	APAC	CallisonRTKL	Eliminations	**Total segments**	Corporate and unallocated amounts	**Total consolidated**
H1 2019								
External gross revenue	679.1	691.6	188.3	148.2	-	1,707.2	-	1,707.2
Inter-segment revenue	1.3	5.4	1.6	1.5	(9.8)	-	-	-
Total gross revenue	**680.4**	**697.0**	**189.9**	**149.7**	**(9.8)**	**1,707.2**	**-**	**1,707.2**
EBITA[1]	**36.4**	**41.0**	**10.7**	**8.8**	**-**	**96.9**	**(5.5)**	**91.4**
Total assets	**909.9**	**1,052.9**	**507.9**	**364.0**	**-**	**2,834.7**	**134.9**	**2,969.6**
Total liabilities	**786.8**	**360.6**	**163.3**	**180.9**	**-**	**1,491.6**	**517.3**	**2,008.9**

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2019 for the definition as used by Arcadis

5 Consolidated interests

Business combinations

In January 2020, Arcadis acquired 100% of the shares in Over Morgen, a fast-growing Dutch consultancy company with 80 employees focusing on solving various societal challenges by creating sustainable societies through an integrated approach that combines area development and energy transition.

The consideration for the Over Morgen business combination amounted to €9.7 million, including an earn-out (subject to meeting certain targets in 2020) of €1.0 million. The net identifiable assets acquired amounted to €1.1 million and the goodwill to €8.6 million. The acquisition accounting is provisional. Due to the relatively limited size of Over Morgen, no further disclosures are provided.

The acquisition accounting of Enterprise Asset Management Solutions (EAMS) Group, acquired in March 2019, has been completed without material Purchase Price Allocation adjustments in the first six months of 2020.

Deferred consideration

As at 30 June 2020, the liability for contractual after-payments and earn-outs for acquisitions amounts to €5.3 million. The amount decreased by €6.6 million from the liability at 31 December 2019, being the result of €6.9 million of payments made during the first six months of 2020 relating to acquisitions by North America and Arcadis GEN, a favorable foreign exchange impact of €0.7 million and an increase in the liability by €1.0 million due to the acquisition of Over Morgen.

Of the total liability as at 30 June 2020, an amount of €1.1 million is due within one year.

6 Revenue

Disaggregation of revenues

The Executive Board monitors certain financial information based on four areas of expertise. The gross revenues for each of these areas included in the following table.

In € thousands	H1 2020	H1 2019
Infrastructure	377,060	361,569
Water	216,046	215,613
Environment	489,801	473,812
Buildings	619,924	656,178
Total	**1,702,831**	**1,707,172**

For revenue by reporting segment and geography see note 4.

Contract balances

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

In € thousands	30 June 2020	31 December 2019
Other non-current assets	1,291	1,570
Trade receivables	548,077	602,900
Contract assets (unbilled receivables)	615,690	669,849
Contract liabilities (billing in excess of costs)	(273,556)	(285,044)
Provision for onerous contracts (loss provisions)	(92,783)	(90,545)
Total	**798,719**	**898,730**

7 Share-based compensation

Long-term Incentive Plans

To stimulate the realization of long-term Company goals and objectives, Arcadis NV uses Long-Term Incentive Plans (LTIPs). Based on the 2019 Arcadis NV Long-Term Incentive Plan, the Company can grant equity-settled and cash-settled awards to eligible employees.

Restricted Share Unit (RSUs) granted in 2020

In the first six months of 2020 the following RSUs have been granted under the 2019 LTIP:

	Number of RSUs	Grant date	Vesting date[1]	Share price at grant date	Fair value at grant date
Annual grant EB/ELT	114,210	8 May 2020	ex-dividend date 2023	€12.76	€ 12.12/ €9.15
Annual grant other employees	242,934	8 May 2020	ex-dividend date 2023	€12.76	€12.12

1 Vesting is on the 5th business day after this date

In determining the fair value, the average of the Company's dividend yield was used over the last three years, as the dividend payout of 2020 (0%) was not considered representative of the future. The €9.15 fair value per share relates to the 1/3 of RSUs granted to EB and ELT members that is subject to meeting the Total Shareholder Return condition.

LTIP costs in H1 2020

The costs of RSUs are amortized over the vesting period, and included in 'Personnel costs'. In the first six months of 2020 an amount of €5.0 million (H1 2019: €4.4 million) is included for the RSUs granted to employees in 2020, 2019, 2018, and 2017 under the different LTIPs. This is excluding an amount of €0.9 million (H1 2019: €0.9 million) relating to the Employee Share Purchase Plan (ESPP), which is controlled by Lovinklaan Foundation and included in 'Other operational costs'.

The LTIP costs in the first six months of 2020 was mainly higher due to less forfeitures compared to the first six months of 2019 and higher cancellations (accelerated amortization).

Cash-settled awards granted in 2020

In the first six months of 2020, an amount of 4,109 cash-settled awards have been granted under the 2019 LTIP. These awards will vest at the same date as the granted equity-settled awards (RSUs).

8 Net finance expense

In € thousands	H1 2020	H1 2019
Interest income notional cash pools	1,837	3,405
Other interest income	353	432
Finance income	**2,190**	**3,837**
Interest expense on loans & borrowings	(10,884)	(13,302)
Interest expense notional cash pools	(1,303)	(3,804)
Other interest expense	(777)	(836)
Interest expense leases	(4,452)	(4,817)
Foreign exchange differences	(233)	(583)
Finance expense	**(17,649)**	**(23,342)**
Fair value changes of derivatives	(317)	440
Total	**(15,776)**	**(19,065)**

Arcadis utilizes notional cash pools, in which debit and credit balances both attract interest income and expense. The Finance income in the first six months of 2020 decreased to €2.2 million (H1 2019: €3.8 million) due to lower balances within these notional cash pools.

The Finance expense decreased to €17.6 million due to lower balances within notional cash pools and lower interest expenses on Loans & borrowings. The interest expense on Loans and borrowings of €10.9 million is lower in comparison to the same period last year due to a lower average Gross debt.

9 Income taxes

The effective income tax rate (income taxes divided by profit before income tax, excluding total result from investments accounted for using the equity method and total result from investment in ALEN) for the six-month period ended 30 June 2020 is 34.3% (H1 2019: 35.1%). Management's estimate of the weighted average annual income tax rate expected for the full financial year is 28.3%.

The effective tax rate differs from the corporate income tax rate in the Netherlands, primarily due to the net negative impact of de-recognition of deferred tax assets, non-deductible items, statutory tax rates in jurisdictions that the Company is operating in that are different than the Dutch statutory income tax rate and other reasons. The net negative impact was partially offset by changes in prior year adjustments.

For the purpose of these interim financial statements and consistent with the treatment in the Consolidated financial statements 2019, the losses on shareholder loans and corporate guarantees relating to ALEN are estimated as non-deductible.

10 Earnings per share

For calculating the earnings per share, the following numbers of average shares are used:

Number of shares	H1 2020	H1 2019
Average number of issued shares	90,442,091	89,362,148
Average number of treasury shares	(1,287,908)	(1,457,700)
Total average number of ordinary outstanding shares	**89,154,183**	**87,904,448**
Average number of potentially dilutive shares	653,056	1,360,962
Total average number of diluted shares	**89,807,239**	**89,265,410**

The average number of potentially dilutive shares is based on the average share price in the first six months of 2020 on the Euronext Amsterdam Stock Exchange and the outstanding exercisable options that were in the money.

For the calculation of earnings per share, no distinction is made between the different classes of shares.

The total earnings of the Group and the earnings per share are as follows:

In € thousands	H1 2020	H1 2019
Net income	61,950	35,875
Net income from operations[1]	52,839	46,250

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2019 for the definition as used by Arcadis.

In €	H1 2020	H1 2019
Earnings per share/Diluted earnings per share		
Net income	0.69/ 0.69	0.41/ 0.40
Net income from operations[1]	0.59/ 0.59	0.53/ 0.52

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2019 for the definition as used by Arcadis.

11 Intangible assets and goodwill

Goodwill

In the first six months of 2020, the Goodwill position has decreased to €929.0 million (31 December 2019: €948.5 million). This is the result of €8.8 million of additions due to business combinations and €28.3 million of deductions due to foreign exchange results. No goodwill impairment losses have been recognized in the six-month period ended 30 June 2020.

Impairment testing

Management identified COVID-19 as a triggering event in the first six months of 2020 and performed impairment tests on the carrying amount of the Goodwill as at 30 June 2020. The assumptions in the value-in-use calculation, which is a complex assessment and includes forward looking projections, are based on the latest available forecasts for 2020 and beyond and these developments are incorporated in the Weighted Average Cost of Capital.

Despite COVID-19, the carrying amounts of Goodwill are still considered recoverable as at 30 June 2020. The headroom of Middle East and CallisonRTKL remain limited and has declined for CallisonRTKL since end 2019.

The operational performance of the CGU Middle East in the first six months of 2020 was above expectation, which was the result of good billability and effective cost containment measures. The growth potential for the future, as also included in the assumptions for the 2019 annual impairment test, is still considered achievable based on the current backlog and with significant potential government investments in the region, for which Arcadis is well positioned.

The operational performance of CallisonRTKL in the first six months of 2020 was below expectation because of COVID-19. There is uncertainty in the forecasts for the Retail business in the longer term and opportunities for further diversification of the company's business services is currently under review.

Management is closely monitoring the developments in the business forecasts and the impact on the valuation of goodwill. Changes in the economic climate or relevant markets and/or outcomes of the currently ongoing strategy update process might impact the valuation of goodwill of these CGUs.

Other intangible assets

The other identifiable assets have decreased in the first six months of 2020 by €9.5 million due to amortization (€7.8 million) and foreign exchange results (€1.7 million). The investments in software have decreased by €0.7 million due to investments (€7.9 million) offset by depreciation (€8.2 million) and foreign exchange results (€0.4 million). The investments mainly relate to the software supporting the Arcadis Way and software developed by Arcadis Gen.

12 Right-of-use assets and lease liabilities

The movements in the Right-of-Use assets and lease liabilities in the first six months of 2020 are summarized below.

Right-of-use assets

In € thousands	Leased land and buildings	Leased furnitures and fixtures	Leased (IT) equipment	Leased vehicles	**Total**
Balance at 31 December 2019	**234,592**	**1,024**	**7,948**	**23,204**	**266,768**
Additions	25,826	222	769	5,298	32,115
Remeasurement	4,091	(3)	(2,203)	561	2,446
Depreciation charges	(30,978)	(232)	(707)	(6,005)	(37,922)
Acquisitions / disposals	(1,677)	(179)	11	(90)	(1,935)
Exchange rate differences	(3,768)	4	(113)	(83)	(3,960)
Balance at 30 June 2020	**228,086**	**836**	**5,705**	**22,885**	**257,512**

Lease liabilities

In € thousands	Lease liabilities
Balance at 31 December 2019	**291,122**
Additions	32,115
Remeasurement	847
Payments	(43,091)
Acquisitions/ disposals	549
Interest	4,453
Exchange rate differences	(4,143)
Balance at 30 June 2020	**281,852**
Current	76,400
Non-current	205,452
Total	**281,852**

COVID-19 impact

In a response to the COVID-19 pandemic, the IASB has issued amendments to IFRS16 Leases as a practical expedient to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions. Since the amendment has not been endorsed yet the practical relief has not been applied. Only a limited number of rent concessions have been received as at 30 June 2020 by the Company and these are accounted for as lease modifications.

The impact of COVID-19 on the future way of working is under review by the Global Workplace team. This could change the utilization of our leased assets, but has not resulted in significant changes in termination or renewal estimates as at 30 June 2020. No impairment is recognized on right-of-use assets in the first six months of 2019.

In accordance with the Company's accounting policy, the service element of leases is not included in the right-of-use asset and lease liabilities and any changes therefore do not impact the above figures.

13 Investments accounted for using the equity method

The most significant investments in associates and joint ventures are the same as reported in the Consolidated financial statements as at and for year ended 31 December 2019.

Arcadis Logos Energia S.A. (ALEN)

Arcadis Logos Energia S.A. (ALEN) is a material associate, which holds investments in several energy assets in Brazil. For more details on ALEN and its activities see the Consolidated financial statements as at and for year ended 31 December 2019. Below is a summary provided of the transactions relating to ALEN in the first six months of 2020.

Guarantees

In the first six months of 2020 the outstanding corporate guarantees relating to ALEN, and thus the on-balance sheet provision for the Expected Credit Losses, have significantly decreased from €92.8 million at 31 December 2019 to €14.3 million (BRL 85.5 million) at 30 June 2020. The decrease is mainly the result of bank repayments for a total amount of €58.0 million by Arcadis in the second quarter of 2020, a significant favorable foreign exchange impact of €23.8 million and accrued interest of €3.3 million. The lenders of ALEN have provided us release letters for the amounts repaid and therefore the corporate guarantees have been derecognized from the guarantees in note 22.

ALEN attempts to sell the assets in due course and given the uncertainty the Company expects that the remaining provision for Expected Credit Losses on corporate guarantees of €14.3 million is needed to cover the exposure on the remaining outstanding guarantees.

Shareholder loans

In the first six months of 2020, Arcadis has provided an additional shareholder loan of €0.5 million to ALEN to pay interest due on its bank loans. This new loan is for a period of no longer than one year and to be paid on immediate demand and fully impaired, resulting in a net balance sheet exposure on the shareholder loans of nil at 30 June 2020.

Other provision

The wind-down provision recognized in 2019 (as Other provision) of €10.0 million has been used in the first six months of 2020 for an amount of €0.4 million. At 30 June 2020 an amount of €9.6 million is remaining in the current portion of provisions.

Summary profit and loss impact in H1 2020

The total Expected Credit Loss on shareholder loans and corporate guarantees recognized in the first six months of 2020 amounted to €16.7 million and consisted of €16.1 million realized foreign exchange gains (incl. result of hedges of €3.1 million), €4.6 million unrealized foreign exchange gains and a €4.0 million loss related to accrued interest and additional shareholder loans.

14 Trade receivables

Trade receivables include items maturing within one year.

In € thousands	30 June 2020	31 December 2019	30 June 2019
Trade receivables	601,234	661,978	597,274
Provision for trade receivables (individually impaired bad debt)	(54,018)	(59,667)	(55,895)
Provision for trade receivables (Expected Credit Loss)	(760)	(685)	(755)
Receivables from associates	1,621	1,274	3,042
Total	**548,077**	**602,900**	**543,666**

Provision for Trade receivables

The ageing of Trade receivables and the related provision, excluding Receivables from associates, at reporting date is:

In € thousands	30 June 2020 Gross Receivables	30 June 2020 Provision bad debt	30 June 2020 Provision ECL	31 December 2019 Gross Receivables	31 December 2019 Provision bad debt	31 December 2019 Provision ECL
Not past due	333,180	(4,240)	(427)	381,034	(4,155)	(358)
Past due 0-30 days	89,228	(1,386)	(89)	102,464	(1,076)	(75)
Past due 31-60 days	43,327	(1,160)	(46)	39,828	(550)	(41)
Past due 61-120 days	35,442	(853)	(61)	27,195	(599)	(49)
Past due 121-364 days	39,254	(5,676)	(67)	47,489	(6,201)	(78)
More than 364 days past due	60,803	(40,703)	(70)	63,969	(47,087)	(85)
Total	**601,234**	**(54,018)**	**(760)**	**661,978**	**(59,668)**	**(685)**

The total provision for Trade receivables has developed as follows in the six-month period ended 30 June 2020:

In € thousands	2020
Balance at 1 January	**60,353**
Acquisitions/(divestments)	-
Additions charged to profit or loss	7,001
Release of unused amounts	(2,990)
Remeasurement Expected Credit Loss	76
Utilizations	(8,164)
Exchange rate differences	(1,498)
Balance at 30 June	**54,778**

15 Contract assets and liabilities

The balances of Contract assets and Contract liabilities, as well as the Provision for onerous contracts, are as follows:

In € thousands	30 June 2020 Contract assets	30 June 2020 Contract liabilities	30 June 2020 Provision for onerous contracts	30 June 2020 Net position	31 December 2019 Contract assets	31 December 2019 Contract liabilities	31 December 2019 Provision for onerous contracts	31 December 2019 Net position
Cumulative revenue	6,262,454	3,926,224	-	10,188,678	6,638,772	3,570,531	-	10,209,304
Loss provisions	-	-	(92,783)	(92,783)	-	-	(90,545)	(90,545)
Expected Credit Loss allowance	(41)	-	-	(41)	(62)	-	-	(62)
Billings to date	(5,646,723)	(4,199,780)	-	(9,846,503)	(5,968,861)	(3,855,575)	-	(9,824,435)
Total	**615,690**	**(273,556)**	**(92,783)**	**249,351**	**669,849**	**(285,044)**	**(90,545)**	**294,260**

16 Cash and cash equivalents

Restricted cash amounted to €25.4 million and is mainly composed of cash balances held in China (31 December 2019: €37.5 million). Arcadis has control over these balances, however, repatriation may be limited due to local regulatory requirements or restrictions. As a result, in some regions cash balances cannot be included in the global cash pooling structures or liquidity enhancement structures. In line with industry practice, Arcadis considers cash to be restricted if the Company is unable to repatriate cash within a defined period via either dividends, intercompany loans, or settlement of intercompany invoices.

As at 30 June 2020, no Cash and cash equivalents and Bank overdrafts have been offset (31 December 2019: nil).

17 Equity attributable to equity holders

The development of the number of shares issued/ outstanding in the six-month period ended 30 June 2020 is presented in the table below.

Number of shares	Ordinary shares	Priority shares	Treasury stock	Total issued shares
At 31 December 2019	**89,045,228**	**600**	**1,396,863**	**90,442,691**
Shares issued (stock dividend)	-	-	-	-
Repurchased shares	(471,216)	-	471,216	-
Exercised options	260,161	-	(260,161)	-
Vesting of RSUs	1,074,381	-	(1,074,381)	-
At 30 June 2020	**89,908,554**	**600**	**533,537**	**90,442,691**

Dividends

On 26 March 2020, the Company announced that it had decided to withdraw the dividend proposal from the agenda for the Annual General Meeting as a precautionary measure to preserve the cash position. As a result, no dividend was paid out in the first six months of 2020.

Purchase of shares

The Executive Board may, as mandated by the General Meeting of Shareholders and with approval from the Supervisory Board and Stichting Prioriteit Arcadis NV, purchase fully paid-up shares in Arcadis NV.
On 26 March 2020, the Company announced that it decided to stop the current share buy-back program that covers obligations from the Long-Term Incentive Plan as a cash preservation measure. The total shares purchased by the Company in 2020 before that date amounted to 471,216 shares, which at an average price of €14.95 per share resulted in a cash outflow of €7.0 million.

Exercise of options and vesting of RSUs

During the first six months of 2020, a number of 260,161 options granted were exercised, resulting in a cash inflow of €4.8 million. As at 30 June 2020, an number of 453,299 exercisable options were in the money.

A total of 1,074,381 shares were transferred to participants in the Long-Term Incentive Plan due to the vesting of the RSUs granted in April 2017. Due to the Total Shareholder Return position of Arcadis within the peer group these RSUs have vested for part of the participants at more than 100% of the grant.

18 Provisions for employee benefits

An actuarial loss (remeasurement) of €15.8 million (€13.7 million net of taxes) has been recognized in Other comprehensive income in the six-month period ended 30 June 2020 (H1 2019: €8.8 million).
The actuarial loss is mainly related to the defined benefit pension plans in the UK. The discount rates of the UK plans decreased from 2.10% per annum to 1.55% due to significant falls in bond yields, and adversely impacted the valuation of the pension schemes.

The total provision for employee benefits amounted to €68.7 million as at 30 June 2020, of which €6.8 million is a current.

19 Provisions for other liabilities and charges

The movements in the Provision for other liabilities and charges in the six-month period ended 30 June 2020 are as follows:

In € thousands	Restructuring	Litigation	Restoration	Other	**Total**
Balance at 31 December 2019	**2,219**	**15,445**	**4,296**	**17,793**	**39,753**
Acquisitions/(disposals)	-	-	-	-	-
Additions	2,003	1,852	45	445	4,345
Amounts used	(1,817)	(1,209)	-	(720)	(3,746)
Release of unused amounts	(1,309)	(1,396)	-	(665)	(3,370)
Exchange rate differences	(8)	(818)	(294)	(299)	(1,419)
Balance at 30 June 2020	**1,088**	**13,874**	**4,047**	**16,554**	**35,563**
Non-current	877	6,956	3,723	5,646	17,202
Current	211	6,918	324	10,908	18,361
Total	**1,088**	**13,874**	**4,047**	**16,554**	**35,563**

The current portion of Other provisions include €9.6 million related to ALEN, see note 13.

20 Loans and borrowings

Loans and borrowings as at period-end are as follows:

In € thousands	Interest rates between	30 June 2020	31 December 2019
Bank loans	1.3% - 5.0%	107,959	133,206
Loan notes issued to financial institutions	1.7% - 5.1%	454,772	455,822
Other long-term debt[1]	3.0% - 6.9%	4,203	4,761
Short-term borrowings	1.0% - 5.0%	16,500	17,000
Total loans and borrowings		**583,434**	**610,789**
Current[2]		124,458	150,206
Non-current		458,976	460,583
Total		**583,434**	**610,789**

1 Including retentions and expected after-payments not due within one year
2 Excluding after-payments for acquisitions

The movement in non-current loans and borrowings is as follows:

In € thousands	30 June 2020	31 December 2019
Balance at 1 January	**460,583**	**386,061**
New debt	70,000	264,081
Accrued interest	-	465
Redemptions	(763)	(2,934)
From current to non-current liabilities	-	430
Acquisitions (deferred consideration)	(556)	2,779
From long-term to current position other long-term	(70,000)	(192,399)
Exchange rate differences	(288)	2,100
Balance at period end	**458,976**	**460,583**

The movement in short-term debts and current portion of long-term debts is as follows:

In € thousands	30 June 2020	31 December 2019
Balance at 1 January	**150,206**	**202,163**
New debt	41,500	267,000
Redemptions	(137,000)	(513,526)
From long-term to current position other long-term	70,000	192,399
Exchange rate differences	(248)	2,170
Balance at period end	**124,458**	**150,206**

Interest rates

The interest rate ranges for the Loans and borrowings do not significantly differ compared to the ranges reported in the Consolidated financial statements 2019.

In May 2020, €70.0 million of Schuldschein notes were repaid in accordance with the repayment schedule. These repayments were funded by means of a drawdown under the €300.0 million Revolving Credit Facility maturing in December 2022. The drawing from the €300.0 million Revolving Credit Facility is classified as short-term as the amount is intended to be repaid within 12 months.

The vast majority of the loans that were secured with Corporate Guarantees from Arcadis NV for the associate ALEN were repaid in June 2020, see note 13. These repayments were funded from the operational cash flow.

Debt covenants

The debt covenant for long-term committed credit facilities states that the average Net Debt to EBITDA ratio is not to exceed the maximum ratio of 3.0, which is confirmed to all Lenders twice a year. As at 30 June 2020, the average Net Debt to EBITDA ratio calculated in accordance with agreements with the banks is 1.3 (31 December 2019: 1.4).

With effect from 31 December 2013, a lease-adjusted interest coverage ratio is also applicable in which EBITDA to Relevant Net Finance Expense (Net Finance Expense plus Operating Lease Expense) must exceed 1.75. As at 30 June 2020, the ratio calculated in accordance with agreements with the Lenders is 2.8 (31 December 2019: 2.7).

Credit facilities

The total short-term credit facilities amount to €723.0 million, which includes all uncommitted credit facilities, bank guarantee facilities and surety bond lines with financial institutions of which €165.3 million has been used as at 30 June 2020 (31 December 2019: €401.9 million and €163.3 million respectively).

The Company has short-term uncommitted credit facilities of €80.1 million with relationship banks and four bank guarantee facilities totaling €72.8 million (2019: €97.3 million and €73.2 million respectively). These short-term credit facilities are used for financing of working capital and for general corporate purposes of the Company.

As at 30 June 2020, the total amount of bank guarantees and letters of credit that were outstanding under the €72.8 million guarantee facilities amounted to €40.2 million (2019: €39.0 million). Additionally, there were other outstanding bank guarantees, letters of credit and surety bonds amounting to €123.6 million (2019: €107.3 million).

COVID Corporate Financing Facility (CCFF)

As from May 2020, the Company is found eligible to issue commercial paper under the COVID Corporate Financing Facility (CCFF) by the Bank of England for a maximum amount of £300 million (€331 million). Under this program Arcadis can issue commercial paper with the Bank of England as sole purchaser. The CCFF is considered an uncommitted credit facility.

21 Capital and financial risk management

In the first six months of 2020, there were limited changes in the Company's financial risk management objectives and policies due to COVID-19. Temporary crisis-response measures were implemented to the parameters and frequency of monitoring financial counterparty risk and the frequency and the depth of cash reporting, and cash flow forecasting was significantly increased.

COVID-19 caused uncertainties on a global scale. To mitigate this from a capital risk perspective, Arcadis was found eligible to the COVID Corporate Financing Facility (CCFF) by the Bank of England for a maximum amount of £300 million (€331 million). Under this program Arcadis can issue commercial paper with the Bank of England as sole purchaser. The maximum duration of the CCFF is 1 year from inception of the CCFF program in March 2020 (unless extended) with the potential for issuers to issue Commercial Paper for a maximum term of 364 days up until 1 day prior to the maturity of the program (February 2022). As at 30 June 2020, Arcadis did not issue commercial paper under this program.

Lines of Credit

In millions

Type	Interest/fees	Maturity	30 June 2020 Available			30 June 2020 Utilized			31 December 2019 Available		31 December 2019 Utilized	
			USD	GBP	EUR	USD	GBP	EUR	USD	EUR	USD	EUR
Term loan	USD LIBOR	Jan-24	87.5		77.7	87.5		77.7	87.5	78.0	87.5	78.0
Term loan	EURIBOR	Jan-24			25.0			25.0		25.0		25.0
Revolving Credit Facility	EURIBOR	Dec-22			300.0			45.0		300.0		0.0
Revolving Credit Facility	USD Libor	Jan-25	115.0		102.1	115.0		102.1	115.0	102.5	115.0	102.5
Committed facilities	EURIBOR	May-21			35.0			0.0		35.0		0.0
Uncommitted multi-currency facilities[1]	Floating	Various			80.1			1.5		97.3		17.0
US Private Placement notes	5.1%	Jun-21	110.0		97.7	110.0		97.7	110.0	98.0	110.0	98.0
Schuldschein notes	Fixed/floating	Various			140.0			140.0		210.0		210.0
Schuldschein notes	Fixed/floating	Various	83.0		73.7	83.0		73.7	83.0	74.0	83.0	74.0
COVID Corporate Financing Facility[1]	Floating	Feb-21		300.0	331.1		0.0	0.0				
Guarantee facility[1]	0.30% - 0.65%	Various			72.8			40.2		73.2		39.0
Other (loans)[1]	Various	Various			89.2			16.5		83.1		1.7
Other (bank guarantees and surety bonds)[1]	Various	Various			149.8			107.1		148.3		105.7

1 Short-term credit facility

In May 2020, €70 million of Schuldschein notes were repaid in accordance with the repayment schedule.
In the next 12 months the following facilities will expire:

- In October 2021, $70 million (€62.2 million) of Schuldschein notes
- In May 2021, the €35 million committed credit facility with ING Bank N.V.
- In June 2021, the US Private Placement Notes for an amount of $110 million (€ 97.7 million)

Fair value

The financial instruments carried at fair value are analyzed by valuation method, using the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value within the Company are categorized in Level 2. Except for the other investment in Techstars and the deferred consideration whereby a Level 3 valuation has been used. The valuation techniques and the inputs used in the fair value measurement did not change in the first six months of 2020 as compared to 2019.

The fair value of the Company's loans and borrowings has been estimated based on quoted market prices for the same or similar loans or on the current rates offered to the Company for debt with similar maturities.

Financial covenants

The financial covenants that are applicable to Arcadis as part of the documentation for the committed credit facilities include the Total Leverage ratio (maximum 3.0) and the Lease-adjusted Interest Coverage ratio (minimum 1.75). These ratios are included in the next tables.

In € millions	30 June 2020	31 December 2019
Long-term loans and borrowings	459.0	460.6
Current portion of loans and borrowings	124.5	150.2
Lease liabilities	205.5	215.5
Current portion of lease liabilities	76.4	75.7
Bank overdrafts	1.1	0.5
Total debt	**866.5**	**902.5**
Less: cash and cash equivalents	(264.5)	(296.9)
Net debt	**602.0**	**605.6**
Less: total lease liabilities	(281.9)	(291.2)
Less: non-current portion deferred consideration	(4.2)	(4.8)
Net debt according to debt covenants	**315.9**	**309.6**
EBITDA according to debt covenants [1]	**239.5**	**238.8**

1 EBITDA adjusted for share-based compensation and acquisition effects, in accordance with debt covenants. Non-GAAP performance measure, to provide transparency on the underlying performance of our business (reference is made to the Annual Integrated Report 2019 for the definition as used by Arcadis)

Ratios

In € millions	30 June 2020	31 December 2019
Net debt to EBITDA[1] (at period-end net debt)	1.3	1.3
Net debt to EBITDA[2] ratio according to debt covenants (at average net debt)	1.3	1.4
EBITDA to revelant net finance expence ratio (lease-adjusted interest coverage ratio)	2.8	2.7

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business (reference is made to the Glossary Financial & Non-Financial indicators in Annual Integrated Report 2019 for the definition as used by Arcadis).

The ratios as disclosed above are calculated based on the definitions as uniformly agreed with the different providers of committed credit facilities. The calculation of the average Net Debt to EBITDA ratio is based on the average Net Debt of Q2 2020 and Q4 2019. Throughout the first six months of 2020, Arcadis complied with all financial covenants.

Going concern assumption

Management has assessed the going concern assumption and exercised significant judgment in making reasonable estimates. Based on the latest available financial (cash flow) forecasts and sensitivity analysis performed on it, management concluded that there is no material uncertainty related to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

22 Commitments and contingent liabilities

The commitments as at 30 June 2020 for the drawn/ utilized guarantees and other commitments are summarized below.

In € millions	30 June 2020	31 December 2019
Bank guarantees	147,301	144,623
Corporate guarantees	176,355	265,877
Eliminations	(116,535)	(189,629)
Guarantees	**207,121**	**220,871**
Leases	746	763
Other commitments	17,300	17,733
Total	**225,167**	**239,367**

Lease contracts

The off-balance sheet leases at 30 June 2020 include short-term leases and low value leases.

Guarantees

Arcadis has issued corporate guarantees as security for credit facilities, bank guarantee facilities and surety bond lines. Bank guarantees and surety bonds are, amongst others, issued in relation to projects, advances received, tender bonds or lease commitments to avoid cash deposits. Bank guarantees or surety bonds issued for project performance can be claimed by clients where Arcadis fails to deliver in line with the agreed contract. In such cases, the liability of the bank should be no greater than the original liability on Arcadis and where the failure to perform arose due to an error or omission by Arcadis, the claim could be covered by the professional indemnity insurance cover.

The next tables summarize the outstanding corporate and bank guarantees. They reflect only items that have been drawn or utilized that are not already shown on the balance sheet. In June 2020, corporate guarantees related to the associate Arcadis Logos Energia S.A. (ALEN) have been released as the relevant loans have been repaid, see note 13.

In € millions	Corporate guarantees	Bank guarantees	Eliminations [1]	Total
Debt facility financing	24.6	-	(17.2)	7.4
Bank guarantee and surety bond financing	139.6	147.3	(87.4)	199.5
Other	12.1	-	(11.9)	0.2
Balance at 30 June 2020	**176.3**	**147.3**	**(116.5)**	**207.1**

1 To avoid double-counting and the overstatement of contingent obligations, only one instance of any off-balance sheet item is reported, e.g. if Arcadis NV has provided a corporate guarantee for a local bank guarantee facility, any claim for payment by a client on an outstanding bank guarantee can only be honored once. Included in these eliminations is also the liability already recognized for the expected credit loss on the guarantees issued in relation to ALEN (see note 13)

In € millions	Corporate guarantees	Bank guarantees	Eliminations [1]	Total
Debt facility financing	102.2	-	(94.6)	7.6
Bank guarantee and surety bond financing	151.7	144.6	(83.3)	213.0
Other	12.1	-	(11.7)	0.4
Balance at 31 December 2019	**266.0**	**144.6**	**(189.6)**	**221.0**

1 To avoid double-counting and the overstatement of contingent obligations, only one instance of any off-balance sheet item is reported, e.g. if Arcadis NV has provided a corporate guarantee for a local bank guarantee facility, any claim for payment by a client on an outstanding bank guarantee can only be honored once. Included in these eliminations is also the liability already recognized for the expected credit loss on the guarantees issued in relation to ALEN (see note 13)

The decrease in corporate guarantees is mainly due to release by the relevant banks of the ALEN related corporate guarantees. On 30 June 2020, only a part of the local bank guarantee facilities and local debt facilities have been used.

Other commitments

Other commitments as at 30 June 2020 do not significantly differ (in nature) from the Company's other commitments at 31 December 2019.

Contingent liabilities

In the first six months of 2020, the Company was involved in various legal and regulatory claims and proceedings as a result of its normal course of business, either as plaintiff or defendant. Provisions are recognized only when management believes it is probable that Arcadis will be held liable, the amount is reasonably estimable, and the claim has not been insured.

23 Related party transactions

From time to time Arcadis enters into related party transactions. These transactions are conducted on an at arm's length basis with terms comparable to transactions with third parties. Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated on consolidation.

The nature of the related party transactions conducted in the six-month period ended 30 June 2020 does not deviate in substance from the transactions as reflected in the Consolidated financial statements as at and for the year ended 31 December 2019.

The Company was no party to any material transaction or loans with parties who hold at least 10% of the shares in Arcadis NV. For transactions relating to ALEN see note 13.

24 Events after the balance sheet date

There were no material events after 30 June 2020 that would have changed the judgment and analysis by management of the financial condition of the Company as at 30 June 2020, or the result for the six-month period ended 30 June 2020.

Amsterdam, the Netherlands, 27 July 2020

The Executive Board

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