Sustainable solutions | Digital leadership | Focus and Scale

Interim financial statements 2021

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

Accelerated organic revenue growth and further margin and backlog improvement

- Rebound of major economies creates positive business outlook
- Further increased demand for Sustainable Solutions reinforces strategic choices

Second quarter results:

- Organic net revenue growth of 5.7% to €644 million (Q2 2020: €628 million)
- Operating EBITA +20% to €59 million, margin improved to 9.2% (Q2 2020: 7.8%)
- Net working capital at 14.3% (Q2 2020: 17.7%); DSO at 74 days (Q2 2020: 87 days)
- Solid free cash flow of €69 million (Q2 2020: €165 million)

First half year results:

- Organic net revenue growth of 3.0 % to €1.3 billion (gross revenues of €1.7 billion)
- Operating EBITA +21% to €117 million; margin improved to 9.2% (H1 2020: 7.6%)
- Net income from operations per share +52% to €0.90 (H1 2020: €0.59)
- Strong balance sheet with net debt/EBITDA ratio of 0.3x
- Organic backlog growth year-over-year 7.2%, year-to-date 4.2%

Key figures

in € millions Period ended 30 June	HALF YEAR 2021	 2020	 change	SECOND QUARTER 2021	 2020	 change
Gross revenues	1,660	1,703	*-3%*	848	831	*2%*
Organic growth	*2%*	*0%*		*6%*	*-3%*	
Net revenues	**1,276**	**1,286**	**-1%**	**644**	**628**	**3%**
Organic growth	*3%*	*0%*		*6%*	*-3%*	
EBITDA	**172**	**154**	**11%**	**86**	**78**	**11%**
EBITDA margin	*13.5%*	*12.0%*		*13.4%*	*12.4%*	
Adjusted EBITDA[1]	134	113	*18%*	68	57	*20%*
EBITA	**115**	**92**	**25%**	**58**	**47**	**24%**
EBITA margin	*9.0%*	*7.2%*		*9.0%*	*7.5%*	
Operating EBITA[2]	**117**	**97**	**21%**	**59**	**49**	**20%**
Operating EBITA margin	*9.2%*	*7.6%*		*9.2%*	*7.8%*	
Net income	78	62	*26%*			
Net income from operations (NIFO)	81	53	*53%*			
NIFO per share (in €)	0.90	0.59	52%			
Avg. number of shares (millions)	89.6	89.2				
Net working capital %	14.3%	17.7%				
Days sales outstanding	74	87				
Free cash flow	30	81	-63%	69	165	
Net debt[1]	107	316				
Backlog net revenues (billions)	2.1	2.0				
Backlog organic growth	4.2%	2.1%				

1 Adjusted EBITDA and Net debt are calculated according to bank covenants: lease liabilities are excluded

2 Excluding acquisition, restructuring and integration-related costs

Interim management report

Arcadis (EURONEXT: ARCAD), the leading global Design & Consultancy organization for natural and built assets, reports an organic net revenue growth of 5.7% and an operating EBITA margin of 9.2% for the second quarter. Organic net revenue growth for the first half year was 3.0% with an operating EBITA margin of 9.2%. Sustained good order intake is resulting in organic backlog growth of 7.2% year-over-year.

CEO Statement

Peter Oosterveer, CEO comments: "I am pleased with both the increased organic revenue growth and the improved margin, as well as with the further growth of our backlog. Although we are still experiencing the impact of the pandemic, we see growing demand from our clients for Arcadis services, to enable them to mitigate the impact of climate change and create more sustainable assets and livable communities.

Responding to the pandemic over the past 18 months has led to an even greater focus on cross sector and cross regional collaboration within Arcadis. We were able to increase the leverage of our global expertise across our businesses, generating additional benefits for our clients. Our new strategy, launched in late 2020, is therefore proving to be a timely and prudent springboard for consistently delivering scalable sustainable solutions. We have leveraged our digital leadership and focused on opportunities where we have the right to play and win. We are convinced that a more sustainable and equitable world can only be created if all involved are willing to maximize their collaboration and strive to deliver on aggressive targets.

The public stimulus programs have increased sustainable infrastructure funding in the US, the EU and the UK, as well as renewed focus by our clients on carbon reduction and environmental mitigation projects. Additionally, these programs have helped to secure new projects and maintain a healthy pipeline of opportunities. We expect this to continue given the clear objectives of these programs and the continued severe impact of the extreme weather conditions we have experienced in various geographies.

Our acceleration of organic net revenue growth and improved margin, combined with a strong order backlog and a positive business outlook, gives us confidence in our ability to deliver the strategic targets we have set for 2023."

Review of performance

Review of half year performance 2021

Operating EBITA increased by 21% to €117 million (H1 2020: €97 million). Operating EBITA margin improved to 9.2% (H1 2020: 7.6%); driven by strong performance in the Americas and in EME, compensating for lower margins in Asia Pacific and CallisonRTKL. Non-operating costs were lower at €3 million (H1 2020: €5 million).

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 former investment in ALEN) for the six-month period ended 30 June 2021 is 21.0% (H1 2020: 34.3%). The tax rate was impacted by, amongst other things, non-deductible expenses, updates to tax positions from previous years and changes in recognized deferred tax assets.

Net finance expense decreased to €13 million (H1 2020: €16 million). The interest expense on loans and borrowings of €7 million (H1 2020: €11 million) was reduced due to lower average gross debt and lower interest rates.

Net income from operations increased by 53% to €81 million or €0.90 per share, compared to €53 million or €0.59 per share in the first half of 2020.

Review of performance for the second quarter

Net revenues increased by 2.6% to €644 million for the second quarter, with an organic growth of 5.7% and a foreign exchange impact of -3.1%, mainly related to the weakening of the US Dollar. Operating EBITA increased by 20% to €59 million and operating EBITA margin improved to 9.2% (Q2 2020: 7.8%), driven by strong performance across most regions.

Review of performance for the first half year by Segment

Americas

(34% of net revenues)

in € millions	HALF YEAR			SECOND QUARTER		
Period ended 30 June	2021	2020	change	2021	2020	change
Gross revenues	669	712	*-6%*	349	350	*-1%*
Net revenues	432	452	*-4%*	223	226	*-2%*
Organic growth	*5%*			*7%*		
Operating EBITA	50	41	*22%*			
Operating EBITA margin	*11.5%*	*9.0%*				

North America continued to deliver very strong financial results. Organic net revenue growth increased in all business lines, despite two less working days in the first half year compared to 2020. The operating EBITA margin improved, driven by higher billability, higher quality of work and lower operating costs. Order intake remains robust, despite the pandemic. The Federal public stimulus plan, if passed, will create additional opportunities for further growth. Key priority is to retain and attract talent and to expand the usage of our Global Excellence Center to execute the work in the backlog.

In Latin America, the organic net revenue growth was excellent driven by infrastructure work in Brazil. The operating EBITA margin remains in line with last year.

Europe & Middle East

(48% of net revenues)

in € millions	HALF YEAR			SECOND QUARTER		
Period ended 30 June	2021	2020	change	2021	2020	change
Gross revenues	718	676	*6%*	360	324	*11%*
Net revenues	609	573	*6%*	303	271	*12%*
Organic growth	*6%*			*10%*		
Operating EBITA	55	40	*39%*			
Operating EBITA margin	*9.1%*	*7.0%*				

Organic net revenue growth in EME was mainly driven by significant growth in the UK and several countries in Continental Europe, compensating for an expected and planned modest decline in the Middle East. The operating EBITA margin improved due to the revenue growth, improved portfolio of projects and lower operational expenses.

The UK's strong performance in the first quarter continued in the second quarter with excellent organic net revenue growth driven by key clients in all business lines. We are well positioned and are benefitting from our strong market position and long-term plans such as the UK Government's "Build Back Better" stimulus program, as well as a range of 'green' policy initiatives to accelerate the decarbonization agenda in the country.

In Continental Europe we experienced steady organic net revenue growth in Belgium, Poland, and France combined with stable performance in the Netherlands. Our presence in several major countries positions us well for opportunities presented by government spending on infrastructure, energy transition and the released European Union Green Deal programs.

Revenues in the Middle East showed a planned decline, driven by our decision to reduce our footprint in the region.

Asia Pacific

(12% of net revenues)

in € millions Period ended 30 June	HALF YEAR 2021	2020	change	SECOND QUARTER 2021	2020	change
Gross revenues	173	182	-5%	89	94	-5%
Net revenues	159	164	-3%	82	84	-3%
Organic growth	*-3%*			*-2%*		
Operating EBITA	8	10	-14%			
Operating EBITA margin	*5.3%*	*6.0%*				

Net revenues in Asia declined due to a return to lockdowns in Malaysia, Singapore, Thailand and Vietnam, and its impact on the commercial development business. China performed relatively well with revenues in line with last year. The operating EBITA margin was negatively impacted by lower revenue and losses on a few projects.

Australia's operating EBITA continued to be strong, despite modest organic revenue decline year-on-year. Our focus continues to be on seizing major infrastructure opportunities in Sydney and Melbourne.

CallisonRTKL

(6% of net revenues)

in € millions Period ended 30 June	HALF YEAR 2021	2020	change	SECOND QUARTER 2021	2020	change
Gross revenues	99	133	-25%	51	63	-19%
Net revenues	76	98	-22%	37	47	-20%
Organic growth	*-15%*			*-11%*		
Operating EBITA	4	7	-43%			
Operating EBITA margin	*5.0%*	*6.8%*				

Organic net revenues are still under pressure due to COVID-19, affecting mainly retail and commercial sectors, especially in Asia. Order intake in the US is improving, driving a book-to-bill ratio greater than one.

Cash flow and working capital

Free cash flow for the first half year was solid at €30 million (H1 2020: €81 million). In 2020, the first half year free cash flow was exceptionally strong due to the cash program undertaken and a significant improvement in the invoicing process in the US following the Oracle implementation. Net working capital as a percentage of gross revenues improved to 14.3% (H1 2020: 17.7%) and Days Sales Outstanding decreased to 74 days (H1 2020: 87 days), resulting from our ongoing focus on timely cash collection.

Net debt was €107 million and significantly lower than H1 2020 (€316 million), driven by the strong cash collection in the last 12 months. Moreover, Arcadis invested €62 million in share buy back and distributed €31 million in dividend. The leverage ratio further improved to 0.3x.

In May 2021, €36.0 million of floating rate Schuldschein loans were repaid early, free of an interest penalty. In June 2021, the US Private Placement note of $110.0 million at 5.1% was fully reimbursed in accordance with the expected repayment schedule.

Order intake and backlog

Order intake in the first half year was €1.4 billion leading to a book-to-bill of 1.07. The book-to-bill ratio was greater than 1 in all regions, except for the Middle East, driven by our decision to reduce our footprint. Organic backlog increased with 7.2% year-over-year, and 4.2% year-to-date to €2.1 billion representing 10 months of net revenues. There were no material project cancellations in the quarter.

Strategic priorities 2021-2023

The update of our strategy in November 2020 sets the course for us to maximize our impact by developing resilient and future-proof solutions and creating value for all our stakeholders, clients, employees, shareholders and societies. This has also led to a new framework of improved targets for 2023 with both financial as well as non-financial objectives.

Financial objectives:

- Organic net revenue growth: mid-single digit
- Operating EBITA margin to exceed 10% of net revenues in 2023
- Net working capital as percentage of gross revenues: <15.0% and DSO (Days Sales Outstanding): <75 days
- Return on net working capital between 40%-50%
- Leverage: Net debt/EBITDA excluding leases between 1.0x and 2.0x

Non-financial objectives:

- Voluntary employee turnover: <10%
- Women in workforce: >40%
- Reduced emissions aligned with 1.5C science-based target initiative before 2030
- Carbon neutral operations: investing in high quality, certified abatement, and compensation programs from 2020
- Top-3 brand strength index in markets Arcadis serves
- Staff engagement: improving annually

Financial Calendar 2021

28 October 2021	Trading update Q3 2021
17 February 2022	Fourth quarter and full year results 2021

Risk assessment

In our Annual Integrated Report 2020, 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 2021 we have not identified new material risk types or uncertainties which might result in pressure on revenues or income in addition to existing, earlier identified risks. 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.

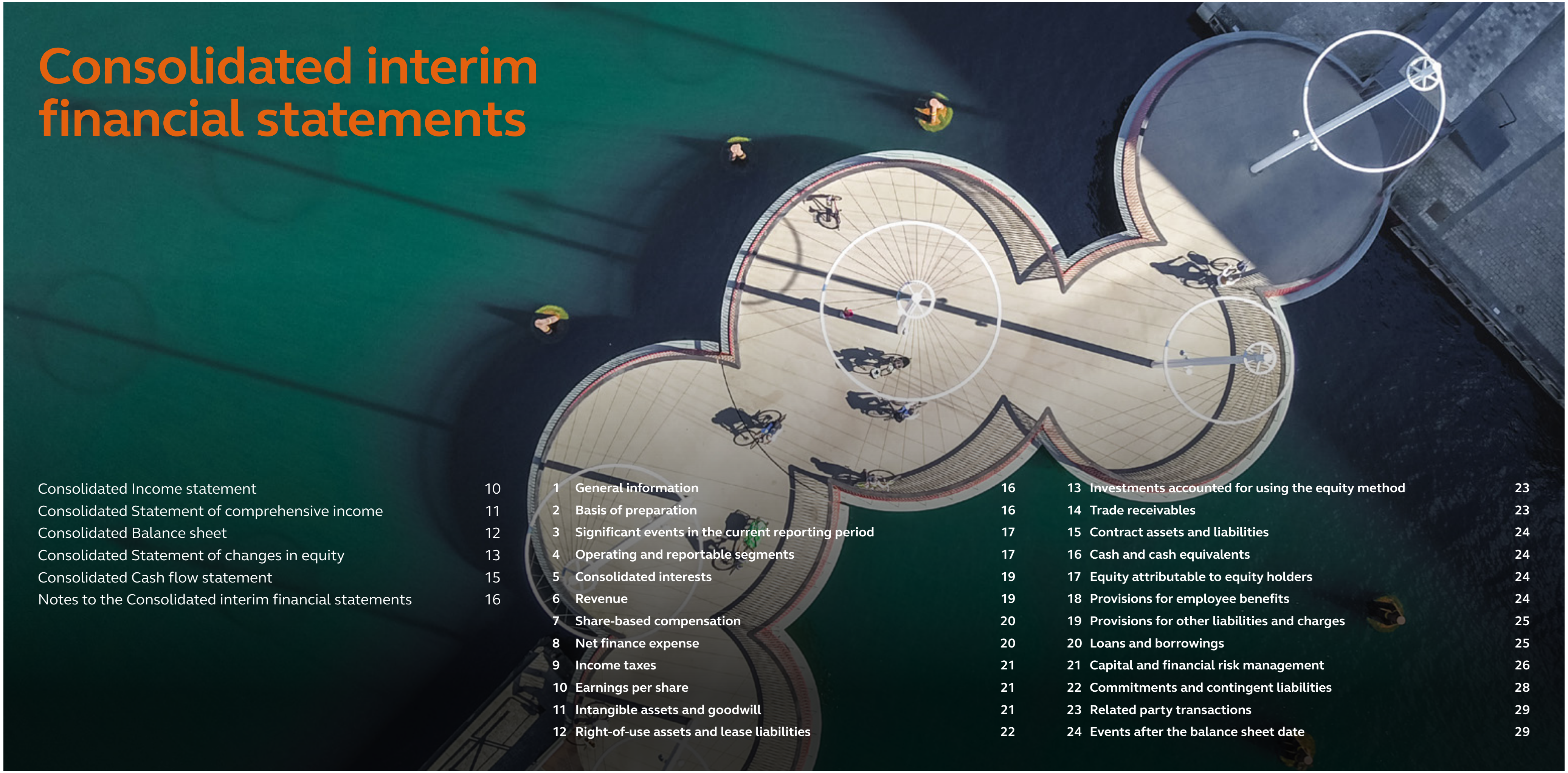
Responsibility statement

This interim financial report contains the figures of Arcadis NV for the first half year of 2021, 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, 28 July 2021

Peter Oosterveer, Chairman of the Executive Board
Virginie Duperat-Vergne, Chief Financial Officer



Consolidated interim financial statements

Consolidated Income statement

For the six-month period ended 30 June

In € thousands	Note	2021	2020
Gross revenues	6	**1,659,850**	**1,702,831**
Materials, services of third parties and subcontractors		(383,680)	(416,502)
Net revenues[1]		*1,276,170*	*1,286,329*
Personnel costs	7	(1,000,895)	(1,014,658)
Other operational costs		(107,533)	(122,845)
Depreciation and amortization		(57,298)	(61,738)
Amortization other intangible assets	11	(6,078)	(7,779)
Impairment charges	11	-	-
Other income		4,410	4,971
Total Operational costs		**(1,167,394)**	**(1,202,049)**
Operating income		**108,776**	**84,280**
Finance income		1,296	2,190
Finance expenses		(12,537)	(17,649)
Fair value change of derivatives		(1,282)	(317)
Net finance expense	8	**(12,523)**	**(15,776)**
Expected Credit Loss on shareholder loans and corporate guarantees	13	1,478	16,665
Result from investments accounted for using the equity method		593	481
Profit before income tax		**98,324**	**85,650**
Income taxes	9	(20,019)	(23,520)
Result for the period		**78,305**	**62,130**

Result attributable to:			
Equity holders of the Company (net income)		78,027	61,950
Non-controlling interests		278	180
Result for the period		**78,305**	**62,130**

Earnings per share (in €)			
Basic earnings per share	10	0.87	0.69
Diluted earnings per share	10	0.87	0.69

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2020 for the definition as used by Arcadis

The notes on pages 16 to 29 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	2021	2020
Other comprehensive income, net of income tax		
Result for the period	**78,305**	**62,130**
Items that may be subsequently reclassified to profit or loss:		
Exchange rate differences for foreign operations	29,050	(39,929)
Exchange rate differences for equity accounted investees	(35)	(49)
Effective portion of changes in fair value of cash flow hedges	428	534
Items that will not be reclassified to profit or loss:		
Changes related to post-employment benefit obligations	6,308	(13,748)
Other comprehensive income, net of income tax	**35,751**	**(53,192)**
Total Comprehensive income for the period	**114,056**	**8,938**
Total comprehensive income attributable to:		
Equity holders of the Company	113,812	8,760
Non-controlling interests	244	178
Total Comprehensive income for the period	**114,056**	**8,938**

The notes on pages 16 to 29 are an integral part of these Consolidated interim financial statements

In € thousands	Note	2021	2020
Net income from operations[1]			
Result for the period attributable to equity holders (net income)		78,027	61,950
Amortization identifiable intangible assets, net of taxes		5,104	6,612
Goodwill impairment charges, net of taxes	11	-	-
Valuation changes of acquisition-related provisions, net of taxes		-	191
M&A&D costs		(1,000)	-
Expected Credit loss on shareholder loans and corporate guarantees	13	(1,478)	(16,665)
Lovinklaan employee share purchase plan[2]		-	751
Net income from operations		**80,653**	**52,839**
Net income from operations per share[1] (in €)			
Basic earnings per share	10	0.90	0.59
Diluted earnings per share	10	0.90	0.59

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business, Reference is made to the Annual Integrated Report 2020 for the definition as used by Arcadis

2 The Lovinklaan employee share purchase plan existed until 2020 and was controlled by the Lovinklaan Foundation, The Company had no influence on this scheme and accordingly the Company treated the related share-based expense as non-operational

Consolidated Balance sheet

Before allocation of profit

In € thousands	Note	2021 30 June	2020 31 December
Assets			
Non-current assets			
Intangible assets and goodwill	11	905,103	886,448
Property, plant & equipment		86,669	84,338
Right-of-use assets	12	238,140	255,950
Investments accounted for using the equity method	13	8,129	7,900
Other investments		1,795	2,048
Deferred tax assets		24,397	20,141
Pension assets for funded schemes in surplus		-	-
Derivatives		3,386	4,624
Other non-current assets		24,352	22,581
Total Non-current assets		**1,291,971**	**1,284,030**
Current assets			
Inventories		804	251
Derivatives		3,903	5,923
Trade receivables	14	493,325	468,479
Contract assets	15	540,095	466,290
Corporate tax receivables		37,840	14,835
Other current assets		75,935	74,766
Assets classified as held for sale		71	70
Cash and cash equivalents	16	272,654	449,158
Total Current assets		**1,424,627**	**1,479,773**
Total Assets		**2,716,598**	**2,763,803**

	Note	2021 30 June	2020 31 December
Equity and liabilities			
Shareholders' equity			
Total equity attributable to equity holders of the Company		**939,267**	**911,383**
Non-controlling interests		(993)	(1,237)
Total Equity	17	**938,274**	**910,146**
Non-current liabilities			
Provisions for employee benefits	18	52,065	60,153
Provisions for other liabilities and charges	19	33,211	27,748
Deferred tax liabilities		53,483	42,543
Loans and borrowings	20	298,933	400,964
Lease liabilities	12	202,017	208,980
Derivatives		-	545
Total Non-current liabilities		**639,709**	**740,933**
Current liabilities			
Contract liabilities	15	321,217	295,740
Provision for onerous contracts	15	23,469	40,401
Current portion of provisions	18, 19	13,682	15,225
Corporate tax liabilities		30,780	25,902
Current portion of loans and short-term borrowings	20	64,624	99,402
Current portion of lease liabilities	12	59,825	69,377
Derivatives		5,982	5,351
Bank overdrafts	16	15,612	291
Accounts payable, accrued expenses and other current liabilities		603,424	561,035
Total Current liabilities		**1,138,615**	**1,112,724**
Total Liabilities		**1,778,324**	**1,853,657**
Total Equity and liabilities		**2,716,598**	**2,763,803**

The notes on pages 16 to 29 are an integral part of these Consolidated interim financial statements

Consolidated Statement of changes in equity

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 16 to 29 are an integral part of these Consolidated interim financial statements

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 2021	**1,809**	**372,472**	**194**	**(114,337)**	**651,245**	**911,383**	**(1,237)**	**910,146**
Result for the period	-	-	-	-	78,027	78,027	278	78,305
Other comprehensive income:								
Exchange rate differences	-	-	-	29,049	-	29,049	(34)	29,015
Effective portion of changes in fair value of cash flow hedges	-	-	571	-	-	571	-	571
Taxes related to effective portion of changes in fair value of cash flow hedges	-	-	(143)	-	-	(143)	-	(143)
Remeasurements on post-employment benefit obligations	-	-	-	-	8,287	8,287	-	8,287
Taxes related to remeasurements on post-employment benefit obligations	-	-	-	-	(1,979)	(1,979)	-	(1,979)
Other comprehensive income, net of income taxes	**-**	**-**	**428**	**29,049**	**6,308**	**35,785**	**(34)**	**35,751**
Total comprehensive income for the period	**-**	**-**	**428**	**29,049**	**84,335**	**113,812**	**244**	**114,056**
Transactions with owners of the Company:								
Acquisitions and transactions with non-controlling interests	-	-	-	-	-	-	-	-
Dividends to shareholders	-	(22,292)	-	-	(31,273)	(53,565)	-	(53,565)
Issuance of shares	12	22,280	-	-	-	22,292	-	22,292
Share-based compensation	-	-	-	-	2,775	2,775	-	2,775
Taxes related to share-based compensation	-	-	-	-	(1,421)	(1,421)	-	(1,421)
Purchase of own shares	-	-	-	-	(61,710)	(61,710)	-	(61,710)
Share options exercised	-	-	-	-	5,701	5,701	-	5,701
Total transactions with owners of the Company	**12**	**(12)**	**-**	**-**	**(85,928)**	**(85,928)**	**-**	**(85,928)**
Balance at 30 June 2021	**1,821**	**372,460**	**622**	**(85,288)**	**649,652**	**939,267**	**(993)**	**938,274**

The notes on pages 16 to 29 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	2021	2020
Cash flows from operating activities			
Result for the period		**78,305**	**62,130**
Adjustments for:			
Depreciation and amortization		57,298	61,738
Amortization other identifiable intangible assets		6,078	7,779
Impairment charges	11	-	-
Income taxes	9	20,019	23,520
Net finance expense	8	12,523	15,776
Expected Credit Loss on shareholder loans and corporate guarantees	13	(1,478)	(16,665)
Result from Investments accounted for using the equity method		(593)	(481)
Adjusted profit for the period (EBITDA[1])		172,152	153,797
Change in Inventories		(549)	41
Change in Contract assets and liabilities, provision for onerous contracts		(60,885)	39,994
Change in Trade receivables		(15,648)	46,268
Change in Accounts payable		15,594	(70,041)
Change in Net working capital		**(61,488)**	**16,262**
Change in Other receivables		(2,429)	(23,211)
Change in Current liabilities		19,057	25,255
Change in Other working capital		**16,628**	**2,044**
Change in Provisions		(887)	(3,802)
Share-based compensation	7	2,775	5,774
Gains/losses on derecognition of leases		(98)	685
Change in operational derivatives		245	1,498
Settlement of operational derivatives		212	(1,301)
Dividend received		717	-
Interest received		1,343	2,147
Interest paid		(9,652)	(15,444)
Corporate tax paid		(32,674)	(21,758)
Net cash from operating activities		**89,276**	**139,902**

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 the Annual Integrated report 2020

	Note	2021	2020
Cash flows from investing activities			
Investments in (in)tangible assets		(22,453)	(17,328)
Proceeds from sale of (in)tangible assets		509	1,132
Investments in consolidated companies		(727)	(14,087)
Proceeds from sale of consolidated companies		-	-
Investments in/loans to associates and joint ventures	13	(3,925)	(58,784)
Proceeds from (sale of) associates and joint ventures	13	-	-
Investments in other non-current assets and other investments		(2,932)	(1,583)
Proceeds from (sale of) other non-current assets and other investments		1,892	4,745
Net cash (used in)/from investing activities		**(27,636)**	**(85,905)**
Cash flows from financing activities			
Transactions with non-controlling interest		-	-
Proceeds from exercise of options	17	5,701	4,824
Proceeds from issuance of shares	17	-	-
Purchase of own shares	17	(61,710)	(7,047)
Settlement of financing derivatives		762	(67)
New long-term loans and borrowings	20	-	70,000
Repayment of long-term loans and borrowings	20	(127,400)	(95,763)
New short-term borrowings	20	20,000	41,500
Repayment of short-term borrowings	20	(28,676)	(42,000)
Payment of lease liabilities	12	(37,771)	(43,091)
Dividends paid		(31,273)	(2,511)
Net cash (used in)/from financing activities		**(260,365)**	**(74,155)**
Net change in Cash and cash equivalents less Bank overdrafts		**(198,725)**	**(20,158)**
Exchange rate differences		6,900	(12,817)
Cash and cash equivalents less Bank overdrafts at 1 January		448,867	296,423
Cash and cash equivalents less Bank overdrafts at 30 June		**257,042**	**263,448**

The notes on pages 16 to 29 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 Group 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 2021 include the interim financial statements 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 2020, 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 2020.

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 28 July 2021.

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 2020.

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 2021. We have applied the new amendments to the Consolidated interim financial statements 2021. However, these do not have a material impact on the Company's financial performance in the first six months of 2021 and the financial position as at 30 June 2021.

New guidance has recently been issued by the IASB relating to the treatment of configuration and customization costs in cloud computing arrangements. The Company is considering the requirements and is collecting all information necessary to reconsider previous accounting treatment of its Software as a Service arrangements before the end of 2021. The outcome might be that previously capitalized costs may be required to be expensed in the income statement and that such change needs to be applied retrospectively.

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 significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the Consolidated financial statements as at and for the year ended 31 December 2020.

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 2021.

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

Exchange rates applied

	30 June 2021		31 December 2020		30 June 2020	
In €	Average	Period-end	Average	Period-end	Average	Period-end
US Dollar (US$)	0.83	0.84	0.88	0.82	0.91	0.89
Pound Sterling (GBP)	1.15	1.17	1.12	1.12	1.15	1.10
Chinese Yuan Renminbi (CNY)	0.13	0.13	0.13	0.13	0.13	0.13
Brazilian Real (BRL)	0.15	0.17	0.17	0.17	0.19	0.17
United Arab Emirates Dirham (AED)	0.23	0.23	0.24	0.22	0.25	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 2021 on the balance sheet would have increased the asset base by €6.1 million, the liabilities by €3.3 million and increased the equity base with €2.8 million, mainly due to a change in the USD rates. The impact on the Consolidated income statement is insignificant as the effect on the average exchange rate for the half-year is limited.

3 Significant events in the current reporting period
The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

Payment of deferred liabilities
Due to COVID-19, the Company was allowed under government programs in 2020 to defer social and tax charge payments in mainly the United States and the United Kingdom. In the first six months of 2021 an amount of approximately €15.8 million of social and tax deferrals and €1.9 million of deferred pension payments were made in the United Kingdom, resulting in a reduction of the Other current liabilities.

Employee benefits
A significant increase in bond yields impacted the discount rates and resulted in actuarial gains of €6.3 million mainly coming from the defined benefit pension scheme in the UK being recognized in Other comprehensive income. For defined benefit pension plans, see note 18.

ALEN settlement
Full and final settlement of liabilities relating to ALEN upon payment of €3.9 million (of corporate guarantees) resulted in a gain in the Consolidated income statement of €2.5 million in total (see note 13 for further details). The cash outflow is presented in the Consolidated cash flow statement as 'Investments in/loans to associates and joint ventures'.

4 Operating and reportable segments
Following IFRS 8, the Company has the following segments as at 30 June 2021:

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 2021	H1 2020
EBITA for reportable segments	**130,006**	**98,348**
Corporate and unallocated amounts	(15,152)	(6,289)
Amortization other intangible assets	(6,078)	(7,779)
Goodwill impairment charges	-	-
Operating income	**108,776**	**84,280**
Net finance expense	(12,523)	(15,776)
Expected Credit Loss on shareholder loans and corporate guarantees	1,478	16,665
Result from investments accounted for using the equity method	593	481
Profit before income tax	**98,324**	**85,650**

In € millions unless otherwise stated	Americas	EME	APAC	CallisonRTKL	Eliminations	Total segments	Corporate and unallocated amounts	Total consolidated
H1 2021								
External gross revenue	669.3	718.2	173.0	99.4	-	1,659.9	-	1,659.9
Inter-segment revenue	0.6	2.7	1.6	2.8	(7.7)	-	-	-
Total gross revenue	**669.9**	**720.9**	**174.6**	**102.2**	**(7.7)**	**1,659.9**	**-**	**1,659.9**
EBITA[1]	**54.3**	**61.9**	**9.7**	**4.1**	**-**	**130.0**	**(15.2)**	**114.8**
Total assets	**788.0**	**1,083.6**	**476.8**	**296.5**	**-**	**2,644.9**	**71.7**	**2,716.6**
Total liabilities	**555.4**	**552.3**	**171.0**	**126.3**	**-**	**1,405.0**	**373.3**	**1,778.3**

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2020 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 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

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 2021	H1 2020	30 June 2021	31 Dec 2020
Americas	507	519	382	378
Europe & Middle East	617	587	503	498
Asia Pacific	152	180	107	95
Total	**1,276**	**1,286**	**992**	**971**

5 Consolidated interests

Business combinations

There were no business combinations during the six-month period ended 30 June 2021.

Deferred consideration

As at 30 June 2021, the liability for contractual after-payments and earn-outs for acquisitions amounts to €0.5 million (31 December 2020: €4.8 million). The amount decreased by €4.3 million as a result of payment made relating to the earn-out arrangement for Over Morgen (€1.1 million), release of earn-out liability of EAMS (€2.7 million) and contractual after payment of SEAMS (€0.4 million).

The total liability of €0.5 million as at 30 June 2021 is due within one year and relates to remaining contractual after payments to SEAMS.

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 are included in the following table.

In € thousands	H1 2021	H1 2020
Infrastructure	380,447	377,060
Water	197,887	216,046
Environment	454,316	489,801
Buildings	627,200	619,924
Total	**1,659,850**	**1,702,831**

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 2021	31 December 2020
Other non-current assets	948	1,190
Trade receivables	493,325	468,479
Contract assets	540,095	466,290
Contract liabilities	(321,217)	(295,740)
Provision for onerous contracts	(23,469)	(40,401)
Total	**689,682**	**599,818**

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 2021

In the first six months of 2021, 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	79,383	3 May 2021	ex-dividend date 2024	€ 34.64	€ 38.40/ € 33.14
Special incentive 2021	25,150	3 May 2021	ex-dividend date 2023	€ 34.64	€ 33.62
Annual grant other employees	161,866	3 May 2021	ex-dividend date 2024	€ 34.64	€ 33.14

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

The fair value (€38.40) of the RSUs granted to EB and ELT members subject to meeting a Total Shareholder Return condition (1/3) was determined using a Monte Carlo simulation model, which considers the market conditions expected to impact Arcadis' TSR performance in relation to the peer group.

The special incentives are not subject to market-based performance conditions. Vesting of the special incentives is subject to continued employment during the two-year vesting period.

LTIP costs in H1 2021

The costs of RSUs are amortized over the vesting period and are included in 'Personnel costs'. In the first six months of 2021, an amount of €2.8 million (H1 2020: €5.0 million) is included for the RSUs granted to employees in 2021, 2020, 2019 and 2018 under the different LTIPs. The cost was lower than prior year, mainly due to a decrease in the number of annual grants given to employees under the 2019 LTIP.

Cash-settled awards granted in 2021

In the first six months of 2021, a number of 2,934 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 2021	H1 2020
Interest income notional cash pools	1,164	1,837
Other interest income	132	353
Finance income	**1,296**	**2,190**
Interest expense on loans & borrowings	(7,280)	(10,884)
Interest expense notional cash pools	(1,377)	(1,303)
Other interest expense	(777)	(777)
Interest expense leases	(3,507)	(4,452)
Foreign exchange differences	404	(233)
Finance expense	**(12,537)**	**(17,649)**
Fair value changes of derivatives	(1,282)	(317)
Total	**(12,523)**	**(15,776)**

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 2021 decreased to €1.3 million (H1 2020: €2.2 million) due to lower interest rates within these notional cash pools.

The Finance expense decreased to €12.5 million due to lower interest rates within notional cash pools and lower interest expenses on Loans & borrowings. The interest expense on Loans and borrowings of €7.3 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 former investment in ALEN) for the six-month period ended 30 June 2021 is 21.0% (H1 2020: 34.3%). Management's estimate of the weighted average annual income tax rate expected for the full financial year is around 28%.

The effective tax rate differs from the corporate income tax rate in the Netherlands, primarily due to the net negative impact of a rate change in the United Kingdom, non-recoverable withholding taxes, non-deductible items and statutory tax rates in jurisdictions that the Company is operating in that are different than the Dutch statutory income tax rate. The net negative impact was mainly offset by changes in prior year adjustments.

10 Earnings per share

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

Number of shares	H1 2021	H1 2020
Average number of issued shares	90,578,412	90,442,091
Average number of treasury shares	(1,025,776)	(1,287,908)
Total average number of ordinary outstanding shares	**89,552,636**	**89,154,183**
Average number of potentially dilutive shares	537,712	653,056
Total average number of diluted shares	**90,090,348**	**89,807,239**

The average number of potentially dilutive shares is based on the average share price in the first six months of 2021 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 2021	H1 2020
Net income	78,027	61,950
Net income from operations[1]	80,653	52,839

[1] Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2020 for the definition as used by Arcadis.

In €	H1 2021	H1 2020
Earnings per share/Diluted earnings per share		
Net income	0.87/0.87	0.69/0.69
Net income from operations[1]	0.90/0.90	0.59/0.59

[1] Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2020 for the definition as used by Arcadis.

11 Intangible assets and goodwill

Goodwill

In the first six months of 2021, the Goodwill position has increased to €805.5 million (31 December 2020: €781.6 million). This is the result of €23.9 million of additions due to foreign exchange results. No goodwill impairment losses have been recognized in the six-month period ended 30 June 2021.

Impairment testing

The operational performance of CallisonRTKL in the first six months of 2021 was below expectation because of certain underperforming projects coupled with slow recovery from COVID-19. There is uncertainty in the forecasts for the Commercial and Retail business in the longer term, and a strategy review is underway to improve the operational performance of the cash generating unit ('CGU').

As a result, impairment testing was performed on CallisonRTKL as a cash generating unit ('CGU'). This involves assumptions in the value-in-use calculation, which is a complex assessment and includes forward looking projections that are based on the latest available forecasts for 2021 and beyond and these developments are incorporated in the Weighted Average Cost of Capital.

Despite the mentioned challenges, the carrying amounts of Goodwill are still considered recoverable as at 30 June 2021. 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 the CGU.

Other intangible assets

In the first six months of 2021, the Other identifiable assets position decreased to €29.1 million (31 December 2020: €34.2 million). This is the result of €6.1 million amortization and €1.0 million foreign exchange results.

The investments in Software increased to €49.5 million (31 December 2020: €37.4 million) due to investments (€20.2 million) and foreign exchange results (€0.2 million) offset by depreciation (€8.3 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 2021 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 1 January 2020	**234,592**	**1,024**	**7,948**	**23,205**	**266,769**
Additions and remeasurements	63,105	304	(1,162)	12,065	74,312
Depreciation charges	(61,579)	(416)	(1,346)	(11,614)	(74,955)
Disposals	(1,729)	(170)	6	723	(1,170)
Exchange rate differences	(8,423)	(55)	(177)	(351)	(9,006)
Movement 2020	**(8,626)**	**(337)**	**(2,679)**	**823**	**(10,819)**
At 31 December 2020	**225,966**	**687**	**5,269**	**24,028**	**255,950**
Additions and remeasurements	9,870	4	26	5,288	15,188
Depreciation charges	(29,225)	(157)	(512)	(5,662)	(35,556)
Disposals	(1,897)	7	9	(18)	(1,899)
Exchange rate differences	4,248	9	34	166	4,457
Movement H1 2021	**(17,004)**	**(137)**	**(443)**	**(226)**	**(17,810)**
Balance at 30 June 2021	**208,962**	**550**	**4,826**	**23,802**	**238,140**

Lease liabilities

In € thousands	30 June 2021	31 December 2020
Balance at 1 of January	**278,357**	**291,122**
Additions and remeasurements	12,929	72,923
Payments	(37,770)	(82,888)
Acquisitions / disposals	-	1,498
Interest	3,507	7,881
Exchange rate differences	4,819	(12,179)
Closing balance	**261,842**	**278,357**
Current	59,825	69,377
Non-current	202,017	208,980
Total	**261,842**	**278,357**

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 at 30 June 2021. One specific lease extension resulted in €9.5 million increase in Right-of-use assets and the lease liability. No impairment is recognized on Right-of-use assets in the first six months of 2021.

In accordance with the Company's accounting policy, the service element of leases is not included in the Right-of-use assets and lease liabilities and 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 2020.

Arcadis Logos Energia S.A. (ALEN)

Until 2020, Arcadis Logos Energia S.A. (ALEN) was a material associate of the Company, see also the Consolidated financial statements 2020.

Discussions with the lenders (to which the Company had issued corporate guarantees) and the purchaser of ALEN, resulted in the full and final settlement of all liabilities relating to ALEN in the second quarter of 2021. The financial impact of this is summarized below.

Guarantees

In the past, Arcadis, in its capacity of shareholder in ALEN, has provided corporate guarantees to the lenders of ALEN for loans to ALEN and its affiliates. In the first six months of 2021, the remaining corporate guarantees of €5.4 million relating to ALEN have been fully settled. The Company has paid €3.9 million (BRL 24.1 million) and received full and irrevocable release under – and termination of – the corporate guarantees. This resulted in a recognized gain of €1.5 million on the Expected Credit Loss on shareholder loans and corporate guarantees line in the Consolidated income statement.

The corporate guarantees have been derecognized from the guarantees in note 22.

Other provision

The other provision of €1.0 million that remained outstanding on 31 December 2020 has been released in the first six months of 2021 to Operating income, as the Company has been released from any and all – existing or future – liabilities in relation to ALEN and the sale made in August 2020.

14 Trade receivables

Trade receivables include items maturing within one year.

In € thousands	30 June 2021	31 December 2020
Trade receivables	542,816	518,342
Provision for trade receivables (individually impaired bad debt)	(49,162)	(51,029)
Provision for trade receivables (Expected Credit Loss)	(618)	(631)
Receivables from associates	289	1,797
Total	**493,325**	**468,479**

Provision for Trade receivables

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

	30 June 2021			31 December 2020		
In € thousands	Gross Receivables	Provision bad debt	Provision ECL	Gross Receivables	Provision bad debt	Provision ECL
Not past due	351,046	(4,735)	(157)	340,014	(4,183)	(171)
Past due 0-30 days	60,003	(554)	(211)	58,703	(919)	(30)
Past due 31-60 days	28,222	(439)	(67)	22,519	(442)	(18)
Past due 61-120 days	25,129	(666)	(90)	21,869	(807)	(33)
Past due 121-364 days	29,638	(4,801)	(42)	32,336	(9,304)	(27)
More than 364 days past due	48,778	(37,967)	(51)	42,901	(35,374)	(352)
Total	**542,816**	**(49,162)**	**(618)**	**518,342**	**(51,029)**	**(631)**

The total provision for Trade receivables has developed as follows in the six-month period ended 30 June 2021:

In € thousands	30 June 2021	31 December 2020
Opening balance	**51,660**	**60,353**
Acquisitions/(divestments)	-	64
Additions charged to profit or loss	1,211	20,995
Release of unused amounts	(2,154)	(11,687)
Remeasurement Expected Credit Loss	13	(53)
Utilizations	(1,926)	(14,542)
Exchange rate differences	976	(3,470)
Closing balance	**49,780**	**51,660**

15 Contract assets and liabilities

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

	30 June 2021				31 December 2020			
In € thousands	Contract assets	Contract liabilities	Provision for onerous contracts	Net position	Contract assets	Contract liabilities	Provision for onerous contracts	Net position
Cumulative revenue	5,794,739	4,004,768	-	9,799,507	5,808,276	3,870,448	-	9,678,724
Loss provisions	-	-	(23,469)	(23,469)	-	-	(40,401)	(40,401)
Expected Credit Loss allowance	(584)	-	-	(584)	(39)	-	-	(39)
Billings to date	(5,254,059)	(4,325,985)	-	(9,580,044)	(5,341,947)	(4,166,188)	-	(9,508,135)
Total	**540,095**	**(321,217)**	**(23,469)**	**195,410**	**466,290**	**(295,740)**	**(40,401)**	**130,149**

16 Cash and cash equivalents

Restricted cash amounted to €17.3 million and is mainly composed of cash balances held in China (31 December 2020: €21.2 million). The Group has control over these balances, however, repatriation may be limited due to restrictive local regulatory requirements or high costs involved. As a result, in some regions cash balances cannot be included in the global cash pooling 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 2021, no Cash and cash equivalents and Bank overdrafts have been offset (31 December 2020: nil).

17 Equity attributable to equity holders

The development of the number of shares issued/ outstanding in the six-month period ended 30 June 2021 is presented in the table below.

Number of shares	Ordinary shares	Priority shares	Treasury stock	Total issued shares
At 31 December 2020	**90,118,714**	**600**	**323,377**	**90,442,691**
Shares issued (stock dividend)	616,854	-	-	616,854
Repurchased shares	(1,887,956)	-	1,887,956	-
Exercised options	502,514	-	(502,514)	-
At 30 June 2021	**89,350,126**	**600**	**1,708,819**	**91,059,545**

Dividends

Dividend for the year ended 31 December 2020 was paid in May 2021. Based on the number of shares outstanding and a declared dividend of €0.60 per share, the total dividend amounted to €53.6 million (including priority shares). An amount of €31.3 million was paid in cash and €22.3 million in stock.

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. In the first six months of 2021, the Company repurchased 1,887,956 shares as part of the share buy-back program to cover obligations from the Long-Term Incentive Plan. The average price was €33.47 per share and resulted in a cash outflow of €61.7 million.

Exercise of options and vesting of RSUs

During the first six months of 2021, 311,442 options granted were exercised, resulting in a cash inflow of €5.7 million. As at 30 June 2021, an amount of 407,073 exercisable options were in the money.

A total of 191,072 shares were transferred to participants in the Long-Term Incentive Plan due to the vesting of the RSUs granted in April 2018. 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 gain (remeasurement) of €8.3 million (€6.3 million, net of taxes) has been recognized in Other comprehensive income in the six-month period ended 30 June 2021 (H1 2020: €13.7 million loss, net of taxes). The actuarial gain is mainly related to the defined benefit pension plans in the UK. The discount rates of the UK plans increased from 1.40% per annum in December 2020 to 1.95% during the period due to significant rise in bond yields, and favorably impacted the valuation of the pension schemes.

The total provision for employee benefits amounts to €57.4 million as at 30 June 2021, of which €5.4 million is a current portion of the provision.

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 2021 are as follows:

In € thousands	Restructuring	Litigation	Restoration	Other	Total
Balance at 1 January 2020	**2,219**	**15,445**	**4,296**	**17,793**	**39,753**
Additions	5,432	20,133	946	2,265	28,776
Amounts used	(4,126)	(8,780)	(100)	(625)	(13,631)
Release of unused amounts	(1,377)	(5,232)	(337)	(9,626)	(16,572)
Reclassifications	-	-	1,703	(1,744)	(41)
Exchange rate differences	(32)	(922)	(246)	(251)	(1,451)
Balance at 31 December 2020	**2,116**	**20,644**	**6,262**	**7,812**	**36,834**
Additions	2,144	6,123	544	253	9,063
Amounts used	(800)	(47)	-	(169)	(1,016)
Release of unused amounts	(433)	(1,481)	-	(2,094)	(4,008)
Reclassifications	-	-	(59)	79	20
Exchange rate differences	23	263	137	172	596
Balance at 30 June 2021	**3,050**	**25,502**	**6,884**	**6,053**	**41,489**
Non-current	1,254	22,643	5,439	3,875	33,211
Current	1,796	2,859	1,445	2,178	8,278
Total	**3,050**	**25,502**	**6,884**	**6,053**	**41,489**

20 Loans and borrowings

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

In € thousands	Interest rates between	30 June 2021	31 December 2020
Bank loans[1]	1.3% - 3.8%	64,624	90,726
Loan notes issued to financial institutions	1.7% - 3.8%	298,929	397,366
Other long-term debt[2]	3.0% - 6.9%	4	3,598
Short-term borrowings	0.3% - 1.0%	-	8,676
Total loans and borrowings		**363,557**	**500,366**
Current[3]		64,624	99,402
Non-current		298,933	400,964
Total		**363,557**	**500,366**

1 Interest range after USPP repayment
2 Including retentions and expected after-payments not due within one year
3 Excluding after-payments for acquisitions

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

In € thousands	30 June 2021	31 December 2020
Balance at 1 January	**400,964**	**460,583**
New debt	391	220,247
Accrued interest	(564)	(136)
Redemptions	(35,728)	(128,990)
From current to non-current liabilities	-	-
Acquisitions (deferred consideration)	-	-
From long-term to current position other long-term	(67,831)	(142,304)
Exchange rate differences	1,701	(8,436)
Balance at end of the period	**298,933**	**400,964**

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

In € thousands	30 June 2021	31 December 2020
Balance at 1 January	**99,402**	**150,206**
New debt	20,000	41,500
Redemptions	(120,349)	(224,571)
From long-term to current position other long-term	64,318	142,304
Exchange rate differences	1,253	(10,037)
Balance at end of the period	**64,624**	**99,402**

Interest rates
In May 2021, €36.0 million of floating rate Schuldschein loans were repaid early, without an interest penalty. In June 2021, the US Private Placement note of $110.0 million at 5.1% was repaid in accordance with the repayment schedule. These repayments were funded from cash and available, undrawn committed credit facilities and they resulted in a difference in interest rate ranges for the Loans and borrowings compared to the ranges reported in the Consolidated financial statements 2020.

Financial covenants
The leverage covenant for the newly issued €150.0 million Schuldschein loans in October 2020 prescribes that the average Net Debt to EBITDA ratio is not to exceed the maximum ratio of 3.5. This leverage covenant is aligned to IFRS 16. No other financial covenants exist for these loans. At 30 June 2021, the average Net Debt to EBITDA ratio calculated in accordance to these Schuldschein loans is 0.9 (31 December 2020: 1.3).

The leverage covenant for the other long-term committed credit facilities prescribes 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. At 30 June 2021, the average Net Debt to EBITDA ratio calculated in accordance with agreements with the banks is 0.3 (31 December 2020: 0.7). These financial covenant ratios are not impacted by IFRS 16.

A lease-adjusted interest coverage ratio is also applicable to the syndicated credit facilities and the 2015 Schuldschein loans, in which EBITDA to Relevant Net Finance Expense (Net Finance Expense plus Operating Lease Expense) must exceed 1.75. At 30 June 2021, the ratio calculated in accordance with agreements with the Lenders is 3.6 (31 December 2020: 3.2).

Credit facilities
The total short-term credit facilities amount to €351.1 million, which includes all uncommitted credit facilities, bank guarantee facilities and surety bond lines with financial institutions of which €138.3 million has been used as at 30 June 2021 (31 December 2020: € 681.9 million and € 142.0 million respectively).

The Company has short-term uncommitted credit facilities of €117.0 million with relationship banks and four bank guarantee facilities totaling €72.7 million (2020: €452.4 million and €72.8 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 2021, the total amount of bank guarantees and letters of credit that were outstanding under the €72.7 million guarantee facilities amounted to €38.7 million (2020: €37.4 million). Additionally, there were other outstanding bank guarantees, letters of credit and surety bonds amounting to €99.2 million (2020: €95.0 million).

COVID Corporate Financing Facility (CCFF)
The CCFF established by the Bank of England for a maximum amount of £300.0 million (€331.0 million) expired in February 2021. Arcadis did not make use of the facility during its tenor.

21 Capital and financial risk management
In the six-month period ended 30 June 2021 there were no changes in the Company's financial risk management objectives and policies, and in the nature and extent of risk arising from financial instruments compared to prior year.

The COVID Corporate Financing Facility (CCFF) by the Bank of England for a maximum amount of £300 million (€350.2 million), which was in place since May 2020, expired in the first half year of 2021 and Arcadis did not make any use of this facility during its lifetime.

Lines of Credit

In millions								30 June 2021						31 December 2020
Type	Interest/fees	Maturity			Available			Utilized			Available			Utilized
			GBP	USD	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD	EUR
Term loan	USD LIBOR	Jan-24		US$87.5	€73.3		US$87.5	€73.3		US$87.5	€71.6		US$87.5	€71.6
Term loan	EURIBOR	Jan-24			€25.0			€25.0			€25.0			€25.0
Revolving Credit Facility	EURIBOR	Dec-22			€300.0						€300.0			€0.0
Revolving Credit Facility	USD LIBOR	Jan-25		US$115.0	€96.4					US$115.0	€94.1			€0.0
Committed facilities	EURIBOR				€0.0						€35.0			€0.0
Uncommitted multi-currency facilities	Floating	Various			€117.0						€117.0			€8.7
US Private Placement notes	5.1%	Jun-21			€0.0					US$110.0	€90.0		US$110.0	€90.0
Schuldschein notes	Fixed/floating	Various			€254.0			€254.0			€290.0			€290.0
Schuldschein notes	Fixed/floating	Various		US$13.0	€10.9		US$13.0	€10.9		US$13.0	€10.6			€10.6
Guarantee facility	0.30% - 0.65%	Various			€72.7			€38.7			€72.8			€37.4
Other (loans)	Various	Various			€19.5			€0.3			€19.1			€0.9
Other (bank guarantees and surety bonds)	Various	Various			€141.9			€99.2			€137.7			€95.0
Covid Corporate Financing Facility	Floating	May-21			€0.0				£300.0		€335.4	£0.0		€0.0

In May 2021, the €35 million committed credit facility with ING Bank N.V. expired and was not prolonged.
In May 2021, €36.0 million of floating rate Schuldschein loans were repaid early, without an interest penalty.
In June 2021, the US Private Placement Notes for an amount of $110 million (€92.2 million) were repaid in accordance with the repayment schedule.

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 2021 as compared to 2020.

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 majority of the committed credit facilities include the Total Leverage ratio (maximum 3.0) and the Lease-adjusted Interest Coverage ratio (minimum 1.75). The Total Leverage ratio (maximum 3.5) of the €150.0 million Schuldschein loan issued in October 2020 is based on IFRS 16 figures. These ratios are included in the next tables.

In € millions	Note	30 June 2021	31 December 2020
Long-term loans and borrowings	20	298.9	401.0
Current portion of loans and borrowings	20	64.6	99.4
Lease liabilities	12	202.1	209.0
Current portion of lease liabilities	12	59.8	69.4
Bank overdrafts	16	15.6	0.3
Total debt		**641.0**	**779.1**
Less: cash and cash equivalents	16	(272.7)	(449.2)
Net debt		**368.3**	**329.9**
Less: total lease liabilities	12	261.8	(278.3)
Less: non-current portion deferred consideration		-	(3.6)
Net debt according to debt covenants		**106.5**	**48.0**
EBITDA according to debt covenants[1]		**293.6**	**271.1**

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 2020 for the definition as used by Arcadis)

Ratios

In € millions	30 June 2021 (IAS 17)	30 June 2021 (IFRS 16)	31 December 2020 (IAS 17)	31 December 2020 (IFRS 16)
Net debt to EBITDA (at period-end net debt)	0.4	1.0	0.2	0.9
Net debt to EBITDA ratio according to debt covenants (at average net debt)	0.3	0.9	0.7	1.3
EBITDA to revelant net finance expence ratio (lease-adjusted interest coverage ratio)	3.6		3.2	

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 Q4 2020 and Q2 2021. Throughout the first six months of 2021, 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, 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 2021 for the drawn/utilized guarantees and other commitments are summarized below.

Summary of commitments

In € thousands	30 June 2021	31 December 2020
Short-term leases	899	818
Low-value leases	159	257
Total committed off-balance leases	**1,058**	**1,075**

In € thousands	30 June 2021	31 December 2020
Bank guarantees	137,965	132,449
Corporate guarantees	151,801	148,910
Eliminations	(88,982)	(90,582)
Guarantees	**200,784**	**190,777**
Leases	1,058	1,075
Other commitments	20,766	20,766
Total	**222,608**	**212,618**

Lease contracts

The off-balance sheet leases at 30 June 2021 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, advance payments 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 tables below summarizes 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 € millions	Corporate guarantees	Bank guarantees	Eliminations[1]	Total
Debt facility financing	7.6	-	(0.5)	7.1
Bank guarantee and surety bond financing	132.2	138.0	(76.6)	193.6
Other	12.1	-	(11.9)	0.2
Balance at 30 June 2021	**151.9**	**138.0**	**(89.0)**	**200.9**

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.

In € millions	Corporate guarantees	Bank guarantees	Eliminations[1]	Total
Debt facility financing	13.0	-	(6.1)	6.9
Bank guarantee and surety bond financing	123.9	132.4	(72.6)	183.7
Other	12.1	-	(11.9)	0.2
Balance at 31 December 2020	**149.0**	**132.4**	**(90.6)**	**190.8**

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.

On 30 June 2021, only a part of the local bank guarantee facilities and local debt facilities have been used.

Other commitments

Other commitments as at 30 June 2021 do not significantly differ (in nature) from the Company's Other commitments at 31 December 2020.

Contingent liabilities

In the first six months of 2021, 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 would probably fall outside of respective insurance cover.

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 2021 does not deviate in substance from the transactions as reflected in the Consolidated financial statements as at and for the year ended 31 December 2020.

The Company was not a 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 2021 that would have changed the judgment and analysis by management of the financial condition of the Company as at 30 June 2021, or the result for the six-month period ended 30 June 2021.

Amsterdam, the Netherlands, 28 July 2021

The Executive Board

Arcadis NV
Gustav Mahlerplein 97-103
1082 MS Amsterdam, the Netherlands
Tel +31 20 201 10 11
Fax +31 20 201 10 03
E-mail ir@arcadis.com
www.arcadis.com

Chamber of Commerce Amsterdam, the Netherlands
Trade registry no. 09051284, VAT nl 0062.92.700.B.01