Sustainable solutions | Digital leadership | Focus and scale

ARCADIS

Interim financial statements 2022

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

Arcadis reports solid set of results and sees continued strong client demand

- Accelerated organic net revenue growth of 8.1%[1], total net revenues of €729M
- Improved operating EBITA margin of 9.3% (Q2’ 21: 9.1%)
- Free Cash flow of €41M (Q2 ’21: €68M)
- Strong client demand results in organic backlog growth of 5.9%[1]
- Net Working Capital improved to 13.3%, Days Sales Outstanding down to 69 days
- Intended acquisition of IBI Group to strengthen our Digital Leadership, enhance geographic presence in North America, and add strategic complementary capabilities to Places and Mobility

[1] Underlying growth excluding the impact of currency movements, acquisitions or footprint reductions, such as the Middle East, winddowns or divestments

Interim management report

Amsterdam, 28 July 2022 – Arcadis (EURONEXT: ARCAD) reports organic net revenue growth of 8.1%, with an improved operating EBITA margin of 9.3%, and sees continued strong client demand resulting in organic backlog growth of 5.9% for the second quarter.

CEO Statement

Peter Oosterveer, CEO comments: "I am pleased to report a solid set of results in the first half of 2022, fueled by growing client demand across our three Global Business Areas. This demand led to an organic net revenue growth of 8.1%, continued strong order intake, resulting in an organic backlog growth of 5.9%, and a healthy pipeline of opportunities.

Our new operating model, launched in January 2022 and focused on the Global Business Areas (GBAs): Resilience, Places and Mobility, is yielding the expected results. We are seeing increased global collaboration, and scaling and cross selling of services across the business areas, which is helping to serve our clients more efficiently and effectively. We delivered continued strong performance particularly with clients in transportation, energy & resources, and industrial manufacturing, driving margin improvement to 9.3% for the quarter, while making further investments in Digital solutions for clients, and in the attraction, retention and development of key industry talent.

As we look to the remainder of the year, we are encouraged by increasing order intake from clients to support their Net Zero ambitions, the increased focus on global electric vehicle roll-out and the need for sustainable industrial manufacturing solutions, particularly in North America. In the current geopolitical reality, both public and private clients are looking to reduce their energy dependencies, leading to a growing appetite for energy transition solutions and sustainability advisory. The recently announced intended acquisition of the Canadian IBI Group will bring increased presence in the highly attractive North American market, enhances our Digital capabilities and positions us well for further acceleration of our profitable growth, all fully supporting our strategic agenda.

We will keep continue to closely watch the geo-political situation as well as the economic developments and outlook. I am confident that with the accelerated demand we are experiencing combined with the pipeline of private and public sector opportunities and our financial discipline, we are on track to deliver our strategic targets."

Key figures

in € millions Period ended 30 June 2022	Half year 2022	 2021	 change	Second quarter 2022	 2021	 change
Gross revenues	1,847	1,660	*11%*	968	848	*14%*
Net revenues	**1,418**	**1,276**	**11%**	**729**	**644**	**13%**
Organic growth[1]	*6.9%*			*8.1%*		
EBITDA	**178**	**167**	**7%**	**91**	**83**	**10%**
EBITDA margin	*12.6%*	*13.1%*		*12.5%*	*12.9%*	
EBITA	**130**	**113**	**15%**	**65**	**57**	**13%**
EBITA margin	*9.2%*	*8.9%*		*8.9%*	*8.9%*	
Operating EBITA[2]	**133**	**116**	**14%**	**68**	**58**	**16%**
Operating EBITA margin	*9.3%*	*9.1%*		*9.3%*	*9.1%*	
Net income	86	77	*12%*	44	31	*40%*
Net income from Operations (NIFO)[3]	93	80	16%	47	32	49%
Avg. number of shares (millions)	89.2	89.6	0%	89.2	89.6	0%
Net working capital %	13.3%	14.3%				
Days Sales Outstanding (days)	69	74				
Free Cash Flow	-10	29	-135%	41	68	-40%
Net Debt	283	368	-23%			
Backlog net revenues (billions)	2,331	2,125	10%			
Backlog organic growth (year on year)[1]	5.9%					

1 Underlying growth excluding the impact of currency movements, acquisitions or footprint reductions, such as the Middle East, winddowns or divestments
2 Excluding restructuring, acquisition & divestment costs
3 Net income before non-recurring items (e.g. valuation changes of acquisition-related provisions, acquisition & divestment costs, expected credit loss on shareholder loans and corporate guarantees and one-off pension costs)

Review of the second quarter 2022

Net revenues totaled €729 million and increased organically by 8.1%, driven by all GBAs. Growth was very strong in the UK, North America, and Australia, with Continental Europe and Brazil contributing as well. Organic growth was slightly offset by a decline in Greater China, as a result of ongoing lockdowns. The currency impact was 7.0%, mainly driven by a strong US Dollar. The operating EBITA improved to 9.3% (Q2 2021: 9.1%), driven by a better year-on-year performance from Places. Globally, the margin improved while we increased our investments in both Digital Solutions and People, and our operating expenses normalized.

Review of the half year 2022

Net revenues totaled €1,418 million and increased organically by 6.9%, driven by all GBAs. The currency impact was 5.9% driven by a strong US Dollar. Non-operating costs were in line with last year and driven by restructuring costs for the wind-down of our business in the Middle East. The income tax rate was 28% (Q2 2021: 21%) and was impacted by, amongst others, non-deductible expenses and non-taxable income from divestitures. Net finance expenses decreased to €5.6 million (HY 2021: €12.5 million), driven by a lower net debt position. Net income from operations increased by 16% to €93 million (HY 2021: €80 million), or €1.04 per share (HY 2021: €0.89), driven by higher revenues, and lower interest expenses.

Operational highlights

Resilience

42% of net revenues

in € millions	Half year			Second quarter		
Period ended 30 June 2022	2022	2021	change	2022	2021	change
Net revenues	589	513	*14.9%*	308	261	*17.8%*
Organic growth (%)[1]	*7.7%*			*8.5%*		
Operating EBITA	60	55	*7.8%*			
Operating EBITA margin (%)	10.1%	10.8%				
Backlog net revenues (millions)	842	746				
Backlog organic growth (year on year)[1]	*5.5%*					

1 Excluding acquisition, restructuring and integration-related costs

Resilience showed continued solid revenue and backlog growth for the second quarter, driven by both public and private clients in North America, UK, Australia and Brazil. Client demand and performance continues to be strong in environmental restoration, e.g. caused by clients adhering to their environmental obligations and tightening regulation around PFAS. The current economic and geopolitical unrest has further driven public as well as private investments in climate adaptation, energy transition and water optimization, which was reflected in solid organic backlog growth. The margin for the half year was in line with our strategic margin target set for 2023, and driven by good performance from North America and Europe. The margin decrease versus last year was to a large extent driven by increased investments in Digital Solutions and People, as we continue to invest in attracting and retaining key industry talent to execute our growing backlog.

Places

33% of net revenues

in € millions	Half year			Second quarter		
Period ended 30 June 2022	2022	2021	change	2022	2021	change
Net revenues	463	447	*3.7%*	235	228	*3.1%*
Organic growth (%)[1]	*3.1%*			*5.1%*		
Operating EBITA	41	30	*36%*			
Operating EBITA margin (%)	8.9%	6.8%				
Backlog net revenues (millions)	968	961				
Backlog organic growth (year on year)[1]	*3.1%*					

1 Excluding acquisition, restructuring and integration-related costs

Places demonstrated good revenue growth in the second quarter in particular driven by UK, North America and Australia, further supported by good growth in Continental Europe and partially offset by COVID-19 lockdowns in China and CallisonRTKL. Key clients in Industrial Manufacturing (e.g. Life Sciences, Automotive and Technology), Government and Energy & Resources, were main contributors to the revenue and backlog growth, as they made investments in creating sustainable manufacturing facilities, EV giga factories, energy efficient data centres or resilient public transport places. The margin improved year-on-year and was driven by strong performance, and a higher contribution from UK and North America, last year's margin was impacted by losses on projects in Asia. We see a healthy pipeline of opportunities across a resilient client and solutions portfolio, with very strong demand and investments in EV giga factory space for support in permitting, D&E and program management, but also increasing capex investments in industrial manufacturing driving resource efficiency and productivity.

Mobility

25% of net revenues

in € millions Period ended 30 June 2022	Half year 2022	 2021	 change	Second quarter 2022	 2021	 change
Net revenues	366	317	*15.4%*	187	155	*20.2%*
Organic growth (%)[1]	*10.2%*			*11.1%*		
Operating EBITA	35	33	*6.6%*			
Operating EBITA margin (%)	9.5%	10.3%				
Backlog net revenues (millions)	521	418				
Backlog organic growth (year on year)[1]	*11.9%*					

1 Excluding acquisition, restructuring and integration-related costs

Revenue and backlog growth was very strong in Mobility for the first half year, particularly for public and private clients in the UK and Australia, with additional contribution from North America and Continental Europe. Highways and Rail clients increasingly looked to improve efficiency and reliability of travel with the use of digital tools to reduce disruption and congestion, ultimately lowering cost and improving quality of life. The client demand for New Mobility was also strong, with increased investments in additional capacity for EV charging infrastructure, amongst others. We experienced increased GBA cross selling as Mobility clients look for Resilience solutions, driving transport decarbonization for highways, ports, airports, and rail. The margin was very strong in UK and Australia, and slightly offset by performance in Greater China, again caused by ongoing lockdowns. The margin decrease versus last year was driven by increased investments in Digital Solutions and People, as well as the ramp up of large projects.

Balance sheet & cash flow

Net working capital as a percentage of annualized gross revenues improved to 13.3% (Q2 2021: 14.3%) and Days Sales Outstanding (DSO) improved to 69 days (Q2 2021: 74 days), resulting from disciplined working capital management. Both well within the strategic targets set for 2023. The balance sheet strengthened year-on-year, resulting in a significantly lower net debt of €283 million (Q2 2021: €368 million).

Free cash flow was €41 million during the second quarter (Q2 2021: €68 million), improved EBITDA performance versus last year, was offset by cash outflow from high unbilled receivables, a result of a sharp increase in gross revenues for June 2022, as well as changes in other working capital, driven by prepaid IT expenses.

Strategic highlights

On July 18, 2022, Arcadis announced the acquisition of IBI Group: a forward thinking, technology-driven design firm, which will:

- Accelerate Arcadis' Digital Leadership strategy with technology driven industry talent from IBI Group and enable Arcadis to combine all of its digitally enabled client solutions and software products in a new fourth Global Business Area "Intelligence"
- Complement and strengthen our position in North America, leveraging on the Global Key Client program and use of GECs.
  - Our **Places** clients in Industrial Manufacturing, Government and Energy & Resources are key drivers of revenue and backlog growth, which will be a strong match with IBI Buildings' expertise in master planning, smart city design and structural & electrical engineering (e.g. in Automotive and Aerospace)
  - In our **Mobility** GBA we see very strong demand across our client base with, for example, a critical ask for more efficient and reliable Highways and Rail solutions and public transport places. IBI Group's solutions such as Transport Planning and -Engineering and -Management with a strong digitally-enabled solutions and state of the art Transport Information Systems are expected to improve our client proposition
  - Our **Resilience** GBA will benefit from increasing further scale through IBI Group's water and wastewater as well as its environmental services activities
- Provide a strong position in the highly attractive Canadian market

During the first half 2022 and as part as its 'Focus and Scale' strategic axis, Arcadis divested its activities in Czech Republic, Slovakia, and Thailand. Given the limited financial size of these businesses, these divestments have no significant impact on group metrics.

Financial calendar

27 October 2022	2022 Q3 Trading update
16 February 2023	2022 Q4 & full year Results

Risk assessment

In our Annual Integrated Report 2021, 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 2022 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.

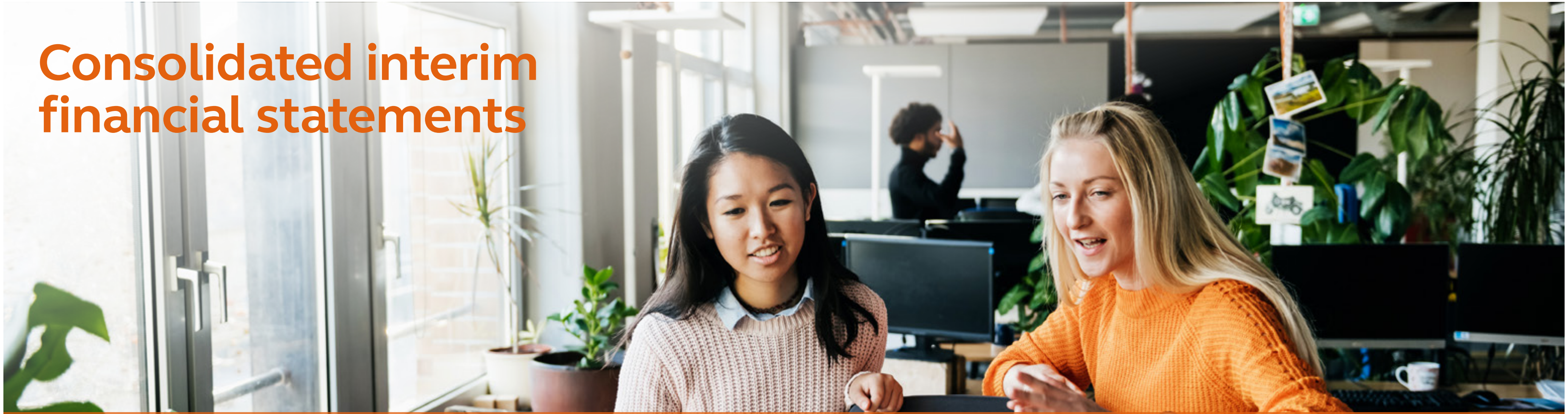
Responsibility statement

This interim financial report contains the figures of Arcadis NV for the first half year of 2022, 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 2022

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	2022	2021 Restated [1]
Gross revenues	6	**1,847,036**	**1,659,850**
Materials, services of third parties and subcontractors		(429,386)	(383,680)
Net revenues[2]		*1,417,650*	*1,276,170*
Personnel costs	7	(1,121,661)	(1,003,249)
Other operational costs		(123,283)	(111,781)
Depreciation and amortization		(50,566)	(52,075)
Amortization other intangible assets	11	(4,733)	(6,078)
Impairment charges	11	-	-
Other income		8,039	4,410
Total Operational costs		**(1,292,204)**	**(1,168,773)**
Operating income		**125,446**	**107,397**
Finance income		2,242	1,296
Finance expenses		(6,527)	(12,537)
Fair value change of derivatives		(1,369)	(1,282)
Net finance expense	8	**(5,654)**	**(12,523)**
Expected Credit Loss on shareholder loans and corporate guarantees	13	-	1,478
Result from investments accounted for using the equity method		204	593
Profit before income tax		**119,996**	**96,945**
Income taxes	9	(33,736)	(19,786)
Result for the period		**86,260**	**77,159**
Result attributable to:			
Equity holders of the Company (net income)	10	86,328	76,881
Non-controlling interests	10	(68)	278
Result for the period		**86,260**	**77,159**
Earnings per share (in €)			
Basic earnings per share		0.97	0.86
Diluted earnings per share		0.97	0.85

1 Restated in accordance with IAS 8, see note 3

2 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2021 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	2022	2021 Restated [1]
Other comprehensive income, net of income tax		
Result for the period	**86,260**	**77,159**
Items that may be subsequently reclassified to profit or loss:		
Exchange rate differences for foreign operations	46,435	29,049
Exchange rate differences for equity accounted investees	(102)	(34)
Effective portion of changes in fair value of cash flow hedges	133	428
Items that will not be reclassified to profit or loss:		
Changes related to post-employment benefit obligations	(209)	6,308
Other comprehensive income, net of income tax	**46,257**	**35,751**
Total Comprehensive income for the period	**132,517**	**112,910**
Total comprehensive income attributable to:		
Equity holders of the Company	132,687	112,666
Non-controlling interests	(170)	244
Total Comprehensive income for the period	**132,517**	**112,910**

1 Restated in accordance with IAS 8, see note 3

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

Non-GAAP performance measure

In € thousands	Note	2022	2021 Restated [1]
Net income from operations [2]			
Result for the period attributable to equity holders (net income)		86,328	76,881
Amortization identifiable intangible assets, net of taxes		4,221	5,104
Goodwill impairment charges, net of taxes	11	-	-
Valuation changes of acquisition-related provisions, net of taxes		-	-
M&A&D costs		2,406	(1,000)
Expected Credit loss on shareholder loans and corporate guarantees	13	-	(1,478)
Net income from operations		**92,955**	**79,507**
Net income from operations per share [2] **(in €)**			
Basic earnings per share	10	1.04	0.89
Diluted earnings per share	10	1.04	0.88

1 Restated in accordance with IAS 8, see note 3

2 Non-GAAP performance measure, to provide transparency on the underlying performance of our business, Reference is made to the Annual Integrated Report 2021 for the definition as used by Arcadis

Consolidated Balance sheet

Before allocation of profit

In € thousands	Note	2022 30 June	2021 31 December
Assets			
Non-current assets			
Intangible assets and goodwill	11	890,449	866,206
Property, plant & equipment		82,575	82,551
Right-of-use assets	12	226,431	228,987
Investments accounted for using the equity method	13	8,710	18,844
Other investments		2,301	2,152
Deferred tax assets		27,731	24,674
Pension assets for funded schemes in surplus		29,054	26,564
Derivatives		-	1,297
Other non-current assets		23,699	22,213
Total Non-current assets		**1,290,950**	**1,273,488**
Current assets			
Inventories		357	233
Derivatives		10,786	5,810
Trade receivables	14	538,139	521,855
Contract assets (unbilled receivables)	15	632,590	500,268
Corporate tax receivables		20,233	27,146
Other current assets		79,002	56,655
Cash and cash equivalents	16	218,354	351,003
Total Current assets		**1,499,461**	**1,462,970**
Total Assets		**2,790,411**	**2,736,458**

	Note	2022 30 June	2021 31 December
Equity and liabilities			
Shareholders' equity			
Total equity attributable to equity holders of the Company		**1,043,588**	**1,022,788**
Non-controlling interests		(1,392)	(1,148)
Total Equity	17	**1,042,196**	**1,021,640**
Non-current liabilities			
Provisions for employee benefits	18	52,716	53,572
Provisions for other liabilities and charges	19	42,149	34,390
Deferred tax liabilities		41,771	44,869
Loans and borrowings	20	187,210	187,510
Lease liabilities	12	190,781	192,509
Derivatives		2,537	-
Total Non-current liabilities		**517,164**	**512,850**
Current liabilities			
Contract liabilities (billing in excess of revenue)	15	416,075	380,787
Provision for onerous contracts (loss provisions)	15	22,211	26,092
Current portion of provisions	18,19	13,543	13,095
Corporate tax liabilities		28,266	19,087
Current portion of loans and short-term borrowings	20	33,016	76,057
Current portion of lease liabilities	12	62,675	62,506
Derivatives		8,447	4,836
Bank overdrafts	16	27,550	91
Accounts payable, accrued expenses and other current liabilities		619,268	619,417
Total Current liabilities		**1,231,051**	**1,201,968**
Total Liabilities		**1,748,215**	**1,714,818**
Total Equity and liabilities		**2,790,411**	**2,736,458**

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 2022	**1,809**	**372,460**	**649**	**(51,616)**	**699,486**	**1,022,788**	**(1,148)**	**1,021,640**
Result for the period	-	-	-	-	86,328	86,328	(68)	86,260
Other comprehensive income:								
Exchange rate differences	-	-	-	46,435	-	46,435	(102)	46,333
Effective portion of changes in fair value of cash flow hedges	-	-	168	-	-	168	-	168
Taxes related to effective portion of changes in fair value of cash flow hedges	-	-	(35)	-	-	(35)	-	(35)
Remeasurements on post-employment benefit obligations	-	-	-	-	(249)	(249)	-	(249)
Taxes related to remeasurements on post-employment benefit obligations	-	-	-	-	40	40	-	40
Other comprehensive income, net of income taxes	**-**	**-**	**133**	**46,435**	**(209)**	**46,359**	**(102)**	**46,257**
Total comprehensive income for the period	**-**	**-**	**133**	**46,435**	**86,119**	**132,687**	**(170)**	**132,517**
Transactions with owners of the Company:								
Translation reserve release due to disposal of subsidiaries	-	-	-	(1,155)	-	(1,155)	-	(1,155)
Acquisitions and transactions with non-controlling interests	-	-	-	-	-	-	36	36
Dividends to shareholders	-	-	-	-	(116,364)	(116,364)	(99)	(116,463)
Issuance of shares	-	-	-	-	-	-	(11)	(11)
Share-based compensation	-	-	-	-	4,432	4,432	-	4,432
Taxes related to share-based compensation	-	-	-	-	55	55	-	55
Purchase of own shares	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	1,145	1,145	-	1,145
Total transactions with owners of the Company	**-**	**-**	**-**	**(1,155)**	**(110,732)**	**(111,887)**	**(74)**	**(111,961)**
Balance at 30 June 2022	**1,809**	**372,460**	**782**	**(6,336)**	**674,873**	**1,043,588**	**(1,392)**	**1,042,196**

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]	**1,809**	**372,472**	**194**	**(114,337)**	**607,506**	**867,644**	**(1,237)**	**866,407**
Result for the period	-	-	-	-	76,881	76,881	278	77,159
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**	**83,189**	**112,666**	**244**	**112,910**
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)**	**604,767**	**894,382**	**(993)**	**893,389**

1 Restated in accordance with IAS 8, see note 3

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	2022	2021 Restated [1]
Cash flows from operating activities			
Result for the period		**86,260**	**77,159**
Adjustments for:			
Depreciation and amortization		50,566	52,075
Amortization other identifiable intangible assets		4,733	6,078
Impairment charges	11	-	-
Income taxes	9	33,736	19,786
Net finance expense	8	5,654	12,523
Gain on disposal of subsidiaries		(2,345)	-
Gains/losses on derecognition of leases		(303)	(98)
Expected Credit Loss on shareholder loans and corporate guarantees	13	-	(1,478)
Result from Investments accounted for using the equity method		(204)	(593)
Adjusted profit for the period (EBITDA)[2]		**178,097**	**165,452**
Change in Inventories		(457)	(549)
Change in Contract assets and liabilities, provision for onerous contracts		(89,910)	(60,885)
Change in Trade receivables		4,176	(15,648)
Change in Accounts payable		(26,327)	15,594
Change in Net Working Capital		**(112,518)**	**(61,488)**
Change in Other receivables		(25,126)	(2,429)
Change in Current liabilities		8,310	19,057
Change in Other Working Capital		**(16,816)**	**16,628**
Change in Provisions		14	(887)
Share-based compensation	7	4,432	2,775
Change in operational derivatives		886	245
Settlement of operational derivatives		(521)	212
Dividend received		10,427	717
Interest received		2,238	1,343
Interest paid		(7,277)	(9,652)
Corporate tax paid		(20,616)	(32,674)
Net cash (used in)/from operating activities		**38,346**	**82,671**

1 Restated in accordance with IAS 8, see note 3

2 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 2021

	Note	2022	2021 Restated [1]
Cash flows from investing activities			
Investments in (in)tangible assets		(15,523)	(15,848)
Proceeds from sale of (in)tangible assets		1,809	509
Investments in consolidated companies		(7,294)	(727)
Proceeds from sale of consolidated companies		5,098	-
Investments in/loans to associates and joint ventures	13	(24)	(3,925)
Proceeds from (sale of) associates and joint ventures	13	-	-
Investments in other non-current assets and other investments		(4,419)	(2,932)
Proceeds from (sale of) other non-current assets and other investments		3,648	1,892
Net cash (used in)/from investing activities		**(16,705)**	**(21,031)**
Cash flows from financing activities			
Transactions with non-controlling interest		-	-
Proceeds from exercise of options	17	1,145	5,701
Proceeds from issuance of shares	17	(11)	-
Purchase of own shares	17	-	(61,710)
Settlement of financing derivatives		(2,009)	762
New long-term loans and borrowings	20	-	-
Repayment of long-term loans and borrowings	20	(63,375)	(127,400)
New short-term borrowings	20	70,558	20,000
Repayment of short-term borrowings	20	(50,567)	(28,676)
Payment of lease liabilities	12	(35,173)	(37,771)
Dividends paid		(116,463)	(31,273)
Net cash (used in)/from financing activities		**(195,895)**	**(260,367)**
Net change in Cash and cash equivalents less Bank overdrafts		**(174,254)**	**(198,727)**
Exchange rate differences		14,146	6,902
Cash and cash equivalents less Bank overdrafts at 1 January		350,912	448,867
Cash and cash equivalents less Bank overdrafts at 30 June	16	**190,804**	**257,042**

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 2022 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 2021, 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 2021.

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 2022.

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 2021. 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 2022. We have applied the new amendments to the Consolidated interim financial statements 2022, however, these do not have a material impact on the Company's financial performance in the first six months of 2022 and the financial position as at 30 June 2022.

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 2021.

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 2022.

Comparative figures

Comparative figures for consolidated profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows have been restated to reflect the impact of change in accounting policy on treatment of configuration and customization costs in Cloud computing arrangements. This policy change was effected in second half of 2021 due to which interim financial statements of 2021 were not restated. Consolidated balance sheet is not restated as the year ended 2021 figures were already restated in the Annual Integrated Report of 2021. See note 3 for further details.

Exchange rates applied

	30 June 2022		31 December 2021		30 June 2021	
In €	Average	Period-end	Average	Period-end	Average	Period-end
US Dollar (US$)	0.95	0.91	0.85	0.88	0.83	0.84
Pound Sterling (GBP)	1.16	1.19	1.16	1.19	1.15	1.17
Chinese Yuan Renminbi (CNY)	0.14	0.14	0.13	0.14	0.13	0.13
Brazilian Real (BRL)	0.18	0.18	0.16	0.16	0.15	0.17
United Arab Emirates Dirham (AED)	0.26	0.25	0.23	0.24	0.23	0.23

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 2022 on the balance sheet would have increased the asset base by €2.9 million, the liabilities by €1.5 million and increased the equity base with €1.4 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 Change in accounting policies

Following the IFRS Interpretations Committee (IFRIC) agenda decision on Cloud computing arrangements in March 2021, the Group has reconsidered its accounting treatment of configuration and customization cost in Cloud computing arrangements, such as Oracle Cloud implemented as part of the Arcadis Way. The retrospective application of the change in accounting treatment has been processed in the Annual Integrated Report 2021.

The retrospective application of the change in accounting treatment resulted in restatements in accordance with IAS 8. The tables below summarize the adjustments recognized for each individual account impacted in the first half year 2021. Accounts that were not affected by the change have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Restated Consolidated income statement for the first half year 2021 (condensed)

	H1 2021 Reported	Restatement	H1 2021 Restated
Personnel costs	**(1,000,895)**	**(2,354)**	**(1,003,249)**
Other operational costs	(107,533)	(4,248)	(111,781)
Depreciation and amortization	(57,298)	5,223	(52,075)
Total Operational costs	**(1,167,394)**	**(1,379)**	**(1,168,773)**
Operating income	**108,776**	**(1,379)**	**107,397**
Profit before income tax	**98,324**	**(1,379)**	**96,945**
Income taxes	(20,019)	233	(19,786)
Result for the period	**78,305**	**(1,146)**	**77,159**

Restated Consolidated cash flow statement for the first half year 2021 (condensed)

	H1 2021 Reported	Restatement	H1 2021 Restated
Cash flow from operating activities	**89,276**	**(6,605)**	**82,671**
Cash flow from investing activities	(27,636)	6,605	(21,031)
Cash flow from financing activities	(260,367)	-	(260,367)
Cash and cash equivalents less Bank overdrafts	**(198,727)**	**-**	**(198,727)**

4 Operating and reportable segments

The Group has conducted an analysis, in accordance with IFRS 8 “operating segments”, to determine its segment reporting.

The operating segment reporting follows the internal reporting used by the “Chief Operating Decision Maker” (“CODM”, being the Executive Leadership Team of the Group), to manage the business, assess the performance based on the available financial information and to allocate resources. The most important performance measures are EBITA (earnings before interest, tax, amortization of identifiable intangible assets, and impairment charges) and operating EBITA, as management believes this is key in evaluating the results of the segments relative to other companies that operate within the same industry. However, “CODM” also receives information about the segments’ net revenue.

The information used by management to monitor progress, and for decision-making about operational matters is based on the three GBAs and is no longer based on the geographic basis of the operating companies or the specific nature of the services (for CallisonRTKL). Accordingly, following IFRS 8, the Company has the following reportable segments as at 30 June 2022: Resilience, Places and Mobility that replaces the previous reportable segments (Americas, EME, APAC, CallisonRTKL).

The operating segments are aligned with the new operating model of the Group, effective from the 1 January 2022 as the Company has fully organized itself into Global Business Areas (, see Annual Integrated Report 2021 page 27 for a description of the activities of each of those GBAs). The operating segments are equal to the reportable segment as there is no aggregation applied.

In € millions unless otherwise stated	Resilience	Places	Mobility	Total segments	Corporate	Total consolidated
H1 2022						
Net revenue [1]	588.9	463.2	365.6	1,417.7	-	1,417.7
EBITA [1]	58.8	40.0	34.3	133.1	(2.9)	130.2
Operating EBITA [1]	59.6	41.2	34.6	135.4	(2.9)	132.5

In € millions unless otherwise stated	Resilience	Places	Mobility	Total segments	Corporate	Total consolidated
H1 2021						
Net revenue [1]	512.5	446.7	316.9	1,276.2	-	1,276.2
EBITA [1]	54.1	27.8	32.9	114.9	(1.5)	113.4
Operating EBITA [1]	55.3	30.3	32.5	118.2	(1.8)	116.4

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2021 for the definition as used by Arcadis

Reconciliation EBITA

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

In € thousands	H1 2022	H1 2021
EBITA for reportable segments	**133,079**	**114,975**
Corporate EBITA	(2,900)	(1,500)
Amortization other intangible assets	(4,733)	(6,078)
Goodwill impairment charges	-	-
Operating income	**125,446**	**107,397**
Net finance expense	(5,654)	(12,523)
Expected Credit Loss on shareholder loans and corporate guarantees	-	1,478
Result from investments accounted for using the equity method	204	593
Profit before income tax	**119,996**	**96,945**

Geographical information

Geographical information differs from the segment information due to the change in operating model effective 1 January 2022.

	Net revenues by origin	
in € millions	H1 2022	H1 2021
Americas	552	507
Europe & Middle East	669	617
Asia Pacific	197	152
Total	**1,418**	**1,276**

5 Consolidated interests

Business combinations

In February 2022, Arcadis acquired 70% shares in Water Platform Company, a Dutch based software company that owns HydroNET. HydroNET is a platform developed by HydroLogic aimed at supporting customers with intelligent water services and digital capabilities. Arcadis will use its worldwide network to develop and accelerate the international roll-out of the HydroNET platform.

The consideration for Water Platform Company business combination amounted to €3.5 million, including a deferred consideration of €0.8 million. The net identifiable assets acquired amounted to €0.1 million and the goodwill amounted to €3.4 million. The acquisition accounting is provisional. Due to the relatively limited size of Water Platform Company, no further disclosures are provided.

Business divestments

The Company disposed its subsidiaries in Arcadis Czech and its branch in Slovakia and Arcadis Thailand during the six months period ended 30 June 2022. The net proceeds from sale of entities are €5 million and a gain on disposal of subsidiaries amounted to €2.3 million (non-operating). Due to the limited size of disposal, no further disclosures are provided.

6 Revenue

Disaggregation of revenues

The management monitors the financial information based on the three Global Business Areas. The net revenue for each of the three Global Business Areas are included in note 4.

Contract balances

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

In € thousands	30 June 2022	31 December 2021
Other non-current assets	1,681	2,104
Trade receivables	538,139	521,855
Contract assets (Unbilled receivables)	632,590	500,268
Contract liabilities (Billing in excess of costs)	(416,075)	(380,787)
Provision for onerous contracts (Loss provisions)	(22,211)	(26,092)
Total	**734,124**	**617,348**

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 2022

In the first six months of 2022, 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	73,387	16 May 2022	ex-dividend date 2025	€ 36.92	€ 35.29/€ 35.14
Annual grant other employees	195,024	16 May 2022	ex-dividend date 2025	€ 36.92	€ 35.14

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

The fair value (€35.29) 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.

LTIP costs in H1 2022

The costs of RSUs are amortized over the vesting period and are included in 'Personnel costs'. In the first six months of 2022, an amount of €4.4 million (H1 2021: €2.8 million) is included for the RSUs granted to employees in 2022, 2021, 2020 and 2019. The cost is higher than prior year, mainly due to vesting of 2019 EB/ELT annual grants more than 100% which is attributable to better performance on Total Shareholder return, Earnings per share and Sustainalytics measures.

Cash-settled awards granted in 2022

In the first six months of 2022, a number of 1,803 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 2022	H1 2021
Interest income on notional cash pools	2,011	1,164
Other interest income	231	132
Finance income	**2,242**	**1,296**
Interest expense on loans & borrowings	(4,067)	(7,280)
Interest expense on notional cash pools	(1,809)	(1,377)
Other interest expense	(786)	(777)
Interest expense leases	(3,094)	(3,507)
Foreign exchange differences	3,299	404
Finance expense	**(6,527)**	**(12,537)**
Fair value change of derivatives	(1,369)	(1,282)
Total	**(5,654)**	**(12,523)**

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 2022 increased to €2.2 million (H1 2021: €1.3 million) due to higher interest rates within these notional cash pools.

The Finance expense decreased to €6.5 million due to lower interest expenses on Loans & borrowings, partly offset by higher interest rates within notional cash pools. The interest expense on Loans and borrowings of €4.1 million is lower in comparison to the same period last year (€7.3 million) 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) for the six-month period ended 30 June 2022 is 28.2% (H1 2021: 21.0%). 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 non-recoverable withholding taxes and non-deductible items. The net negative impact was mainly offset by non-taxable income from divestitures and statutory tax rates in jurisdictions that the Company is operating in that are different than the Dutch statutory income tax rate.

10 Earnings per share

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

Number of shares	H1 2022	H1 2021
Average number of issued shares	90,442,091	90,578,412
Average number of treasury shares	(1,275,513)	(1,025,776)
Total average number of ordinary outstanding shares	**89,166,578**	**89,552,636**
Average number of potentially dilutive shares	73,093	537,712
Total average number of diluted shares	**89,239,671**	**90,090,348**

The average number of potentially dilutive shares is based on the average share price in the first six months of 2022 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 2022	H1 2021[1]
Net income	86,328	76,881
Net income from operations [2]	92,955	79,507

1 Restated in accordance with IAS 8, see note 3
2 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2021 for the definition as used by Arcadis

In €	H1 2022	H1 2021[1]
Earnings per share/Diluted earnings per share		
Net income	0.97/0.97	0.86/0.85
Net income from operations [2]	1.04/1.04	0.89/0.88

1 Restated in accordance with IAS 8, see note 3
2 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2021 for the definition as used by Arcadis

11 Intangible assets and goodwill

Restructuring of the Goodwill: Goodwill reallocation due to the new reporting structure

As a consequence of the new GBA reporting structure, the goodwill has been re-allocated following IAS 36.87 applying a two step approach: first step allocation of 100% of CallisonRTKL goodwill to Places (CallisonRTKL is a former operating segment fully integrated into Places), second step allocation of the remaining amount to the GBAs based on the relative values.

Goodwill

In the first six months of 2022, the Goodwill position has increased to €860.2 million (31 December 2021: €830.6 million). This is the result of €26.9 million of additions due to foreign exchange results. No triggering event has been identified, therefore no goodwill impairment test has been conducted in the six-month period ended 30 June 2022.

Other intangible assets

In the first six months of 2022, the Other identifiable assets position decreased to €19.8 million (31 December 2021: €24.2 million). This is the result of €4.7 million amortization partially offset by €0.3 million foreign exchange results.

The investments in Software decreased to €10.5 million (31 December 2021: €11.3 million) due to amortization (€3.2 million) which has been partially offset by investment (€2.5 million).

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 2022 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 2021	**225,966**	**687**	**5,269**	**24,028**	**255,950**
Additions and remeasurements	25,460	48	5	9,830	35,343
Depreciation charges	(54,200)	(273)	(1,066)	(11,145)	(66,684)
Acquisitions/(disposals)	(5,152)	(44)	7	(682)	(5,871)
Exchange rate differences	12,631	16	(2,713)	315	10,249
Movement 2021	**(21,261)**	**(253)**	**(3,767)**	**(1,682)**	**(26,963)**
At 31 December 2021	**204,705**	**434**	**1,502**	**22,346**	**228,987**
Additions and remeasurements	19,988	18	(15)	4,405	24,396
Depreciation charges	(26,738)	(86)	(549)	(5,463)	(32,836)
Acquisitions/(disposals)	(59)	(28)	552	(466)	(1)
Exchange rate differences	5,582	21	38	244	5,885
Movement H1 2022	**(1,227)**	**(75)**	**26**	**(1,280)**	**(2,556)**
Balance at 30 June 2022	**203,478**	**359**	**1,528**	**21,066**	**226,431**

Lease liabilities

In € thousands	30 June 2022	31 December 2021
Balance at 1 of January	**255,015**	**278,357**
Additions and remeasurements	23,727	29,009
Payments	(35,173)	(68,850)
Acquisitions/(disposals)	(181)	-
Interest	3,094	6,618
Exchange rate differences	6,974	9,881
Closing balance	**253,456**	**255,015**
Current	62,675	62,506
Non-current	190,781	192,509
Total	**253,456**	**255,015**

Compared to the pre COVID-19 situation the way of working is changing, which creates opportunities to revisit the office space utilization. Lease extension and termination options are only included in the lease term if it is reasonably certain that a lease will be extended or terminated. Arcadis decided not to exercise extension option and early terminate one specific lease which resulted in a remeasurement decrease of €11 million in Right-of-use asset and lease liability. This has been partially offset by €9 million increase in Right-of-use asset and lease liability due to lease extensions exercised on some leases. No impairment is recognized on Right-of-use assets in the first six months of 2022.

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 2021.

There are no loans to associates or joint ventures outstanding as at 30 June 2022 (2021: nil). The joint ventures have share capital consisting solely of ordinary shares, which are held indirectly by the Group, and are non-listed shares. As such there is no available quoted market price for the shares. The decrease in the investment using equity method is mainly due to dividend received from an associate amounting to €10 million during the period.

14 Trade receivables

Trade receivables include items maturing within one year.

In € thousands	30 June 2022	31 December 2021
Trade receivables	590,560	572,951
Provision for trade receivables (individually impaired bad debt)	(54,471)	(52,497)
Provision for trade receivables (Expected Credit Loss)	(471)	(689)
Receivables from associates	2,521	2,090
Total	**538,139**	**521,855**

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 2022 Gross Receivables	Provision bad debt	Provision ECL	31 December 2021 Gross Receivables	Provision bad debt	Provision ECL
Not past due	383,129	(4,596)	(300)	386,174	(4,218)	(244)
Past due 0-30 days	63,950	(997)	(33)	65,439	(1,314)	(33)
Past due 31-60 days	30,258	(1,262)	(12)	28,408	(906)	(18)
Past due 61-120 days	25,989	(1,740)	(15)	17,622	(607)	(12)
Past due 121-364 days	31,941	(6,327)	(23)	22,570	(5,756)	(12)
More than 364 days past due	55,293	(39,549)	(88)	52,738	(39,696)	(370)
Total	**590,560**	**(54,471)**	**(471)**	**572,951**	**(52,497)**	**(689)**

The total provision for Trade receivables has developed as follows in the six-month period ended 30 June 2022:

In € thousands	30 June 2022	31 December 2021
Opening balance	**53,186**	**51,660**
Acquisitions/(divestments)	(292)	-
Additions charged to profit or loss	2,817	8,333
Release of unused amounts	(1,727)	(5,551)
Remeasurement Expected Credit Loss	(218)	57
Utilizations	(1,298)	(3,977)
Exchange rate differences	2,474	2,664
Closing balance	**54,942**	**53,186**

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 2022 Contract assets	Contract liabilities	Provision for onerous contracts	Net position	31 December 2021 Contract assets	Contract liabilities	Provision for onerous contracts	Net position
Cumulative revenue	6,538,891	4,912,819	-	11,451,710	4,977,727	4,239,210	-	9,216,937
Loss provisions	-	-	(22,211)	(22,211)	-	-	(26,092)	(26,092)
Expected Credit Loss allowance	(485)	-	-	(485)	(530)	-	-	(530)
Billings to date	(5,905,816)	(5,328,894)	-	(11,234,710)	(4,476,929)	(4,619,997)	-	(9,096,926)
Total	**632,590**	**(416,075)**	**(22,211)**	**194,304**	**500,268**	**(380,787)**	**(26,092)**	**93,389**

16 Cash and cash equivalents

Restricted cash amounted to €27.6 million and is composed of cash balances mainly held in China and Brazil (31 December 2021: €30.4 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, the cash balances of some countries cannot be fully included in the global cash pooling or liquidity enhancement structures. In line with industry practice, the Company considers cash outside of global cash pooling or liquidity enhancement structures to be restricted if the Group is unable to repatriate cash within a defined period via either dividends, intercompany loans, or settlement of intercompany invoices.

As at 30 June 2022, no Cash and cash equivalents and Bank overdrafts have been offset (31 December 2021: nil).

17 Equity attributable to equity holders

The development of the number of shares issued/outstanding in the six-month period ended 30 June 2022 is presented in the table below.

Number of shares	Ordinary shares	Priority shares	Treasury stock	Total issued shares
At 31 December 2021	**89,009,239**	**600**	**1,432,852**	**90,442,691**
Shares issued (stock dividend)	-	-	-	-
Repurchased shares	-	-	-	-
Exercise shares and options	555,429	-	(555,429)	-
At 30 June 2022	**89,564,668**	**600**	**877,423**	**90,442,691**

Dividends

Dividend for the year ended 31 December 2021 was paid in May 2022. Based on the number of shares outstanding and a declared dividend of €0.70 per share and a special dividend of €0.60 per share, the total dividend amounted to €116.4 million (including priority shares). All dividend was paid in cash.

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 2022, no shares were repurchased.

Exercise of options and vesting of RSUs

During the first six months of 2022, 53,247 options granted were exercised, resulting in a cash inflow of €1.1 million. As at 30 June 2022, an amount of 42,140 exercisable options were in the money.

A total of 502,182 shares were transferred to participants in the Long-Term Incentive Plan due to the vesting of the RSUs granted in April 2019. 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 €0.2 million (€0.2 million, net of taxes) has been recognized in Other comprehensive income in the six-month period ended 30 June 2022 (H1 2021: €6.3 million gain, net of taxes). The actuarial loss 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 H1 2021 due to significant rise in bond yields, and favorably impacted the valuation of the pension schemes in 2021.

The total provision for employee benefits amounts to €57.5 million as at 30 June 2022, of which €4.7 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 2022 are as follows:

In € thousands	Restructuring	Litigation	Restoration	Other	Total
Balance at 1 January 2021	**2,116**	**20,644**	**6,262**	**7,812**	**36,834**
Additions	3,623	11,410	-	2,117	17,150
Amounts used	(2,758)	(1,933)	-	(1,321)	(6,012)
Release of unused amounts	(798)	(2,798)	-	(3,379)	(6,975)
Reclassifications	-	-	(1,172)	1,652	480
Exchange rate differences	81	353	(251)	220	403
Balance at 31 December 2021	**2,264**	**27,676**	**4,839**	**7,101**	**41,880**
Additions	2,755	7,704	600	490	11,549
Amounts used	(1,644)	(611)	-	(669)	(2,924)
Release of unused amounts	(553)	(781)	-	(225)	(1,559)
Reclassifications	-	-	470	889	1,359
Exchange rate differences	290	476	37	(190)	613
Balance at 30 June 2022	**3,112**	**34,464**	**5,946**	**7,396**	**50,918**
Current	3,196	4,440	1,133	-	8,769
Non-current	(84)	30,024	4,813	7,396	42,149
Total	**3,112**	**34,464**	**5,946**	**7,396**	**50,918**

20 Loans and borrowings

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

In € thousands	Interest rates between	30 June 2022	31 December 2021
Short-term bank loans	1.2% - 3.8%	-	75.531
Long-term bank loans	1.2% - 2.6%	186,989	187,507
Other long-term debt [1]	3.0% - 6.9%	221	4
Short-term borrowings	0% - 4.2%	33,016	525
Total loans and borrowings		**220,226**	**263,567**
Current [2]		33,016	76,057
Non-current		187,210	187,510
Total		**220,226**	**263,567**

1 Including retentions and expected deferred consideration not due within one year, amounting to €0.2 millon (2021: €0.0 million)
2 Excluding after-payments for acquisitions , see note 5

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

In € thousands	30 June 2022	31 December 2021
Balance at 1 January	**187,510**	**400,964**
New debt	70,000	-
Accrued interest	120	(560)
Redemptions	-	(37,267)
From current to non-current liabilities	-	-
Acquisitions (deferred consideration)	200	-
From long-term to current position other long-term	(70,061)	(177,947)
Exchange rate differences	(559)	2,320
Balance at end of the period	**187,210**	**187,510**

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

In € thousands	30 June 2022	31 December 2021
Balance at 1 January	**76,057**	**99,402**
New debt	-	20,566
Redemptions	(114,060)	(225,317)
From long-term to current position other long-term	70,061	177,947
Exchange rate differences	958	3,459
Balance at end of the period	**33,016**	**76,057**

Long Term loans

In May 2022, €64.0 million of floating rate Schuldschein loans were repaid in accordance with the repayment schedule. The repayment was funded from cash, available undrawn uncommitted credit facilities and the Revolving Credit Facility. In May 2022, €70.0 million was drawn from the Revolving Credit Facility, of which €50.0 million was repaid before the end of June 2022.

Financial covenants

The leverage covenant for the €500 million syndicated Revolving Credit Facility and for the Schuldschein loans issued in October 2020 prescribes that the average net debt to EBITDA ratio is not to exceed the maximum of 3.5x, which is confirmed to the Lenders twice a year. This leverage covenant is aligned to IFRS 16. No other financial covenants exist for these credit facilities.

At 30 June 2022, the average Net Debt to EBITDA ratio calculated in accordance to the definitions in the €500 million syndicated Revolving Credit Facility and Schuldschein loans is 0.6x (31 December 2021: 0.8x).

The leverage covenant for the Schuldschein loans issued in 2015 prescribes that the average Net Debt to EBITDA ratio is not to exceed the maximum ratio of 3.0x, which is confirmed to all Lenders twice a year. At 30 June 2022, the average Net Debt to EBITDA ratio calculated in accordance with agreements with the banks is -0.1x (31 December 2021: 0.0x). These financial covenant ratios are not impacted by IFRS 16.

The lease-adjusted interest coverage ratio for the Schuldschein loans issued in 2015 prescribes that EBITDA to Relevant Net Finance Expense (Net Finance Expense plus Operating Lease Expense) must exceed 1.75x. At 30 June 2022, this ratio calculated in accordance with agreements with the lenders is 4.3x (31 December 2021: 3.8x).

Credit facilities

The total short-term credit facilities amount to €338.2 million, which includes all uncommitted credit facilities, bank guarantee facilities and surety bond lines with financial institutions of which €163.9 million has been used as at 30 June 2022 (31 December 2021: €329.6 million and €142.1 million, respectively).

The Group has short-term uncommitted credit facilities of €100.0 million with relationship banks and three bank guarantee facilities totaling €51.2 million (31 December 2021: €100.0 million and €63.7 million, respectively). These short-term credit facilities are used for financing of working capital and for general corporate purposes of the Group.

As at 30 June 2022, the total amount of bank guarantees and letters of credit that were outstanding under the €51.2 million guarantee facilities amounted to €44.1 million (31 December 2021: €42.1 million). Additionally, there were other outstanding bank guarantees, letters of credit and surety bonds amounting to €91.6 million (31 December 2021: €99.2 million).

21 Capital and financial risk management

In the six-month period ended 30 June 2022 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.

Lines of Credit

In millions		30 June 2022				31 December 2021			
Type	Interest/fees	Available		Utilized		Available		Utilized	
		USD	EUR	USD	EUR	USD	EUR	USD	EUR
Revolving Credit Facility	EURIBOR		€500.0		€20.0		€500.0		€0.0
Uncommitted multi-currency facilities	Floating		€100.0		€22.7		€100.0		€0.0
Schuldschein notes	Fixed/floating		€190.0		€190.0		€254.0		€254.0
Schuldschein notes	Fixed/floating	US$13.0	€12.4	US$13.0	€12.4	US$13.0	€11.4	US$13.0	€11.4
Guarantee facility	0.30% - 0.65%		€51.2		€44.1		€63.7		€42.1
Other (loans)	Various		€28.5		€5.5		€24.0		€0.9
Other (bank guarantees and surety bonds)	Various		€158.5		€91.6		€141.9		€99.2

In May 2022, €64.0 million of floating rate Schuldschein loans 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);
- 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 2022 compared to 2021.

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

Financial covenants set under the contracts of the committed credit facilities that are applicable to Arcadis include the Total Leverage ratio (maximum 3.0x and 3.5x) and the lease-adjusted Interest Coverage ratio (minimum 1.75x). The Total Leverage ratio for the €500.0 million Revolving Credit Facility and the Schuldschein loans issued in 2020 has a maximum of 3.5x, which is based on IFRS 16. These ratios are included in the next tables.

In € millions	Note	30 June 2022	31 December 2021
Long-term loans and borrowings	20	187.2	187.5
Current portion of loans and borrowings	20	33.0	76.1
Lease liabilities	12	190.8	192.5
Current portion of lease liabilities	12	62.6	62.5
Bank overdrafts	16	27.6	0.1
Total debt		**501.2**	**518.7**
Less: cash and cash equivalents	16	(218.4)	(351.0)
Net debt		**282.8**	**167.7**
Less: non-current portion deferred consideration		(0.2)	-
Net debt according to debt covenants		**282.6**	**167.7**
EBITDA according to debt covenants[1]		**355.2**	**342.7**

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 Glossary Financial & Non-Financial indicators in the Annual Integrated Report 2021 for the definitions as used by Arcadis)

Ratios

In € millions	30 June 2022 (IAS 17)	30 June 2022 (IFRS 16)	31 December 2021 (IAS 17)	31 December 2021 (IFRS 16)
Net debt to EBITDA ratio according to debt covenants (at average net debt, Total Leverage Ratio)	(0.1)	0.6	-	0.8
EBITDA to revelant net finance expence ratio (lease-adjusted interest coverage ratio)	4.3	-	3.8	-

The ratios as disclosed above are calculated based on the definitions as agreed with and aligned between 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 2021 and Q2 2022. Throughout the first six months of 2022, Arcadis complied with all financial covenants.

Going concern assumption

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

22 Commitments and contingent liabilities

The commitments as at 30 June 2022 for the drawn/utilized guarantees and other commitments are summarized below.

Summary of commitments

In € thousands	30 June 2022	31 December 2021
Short-term leases	753	636
Low-value leases	278	113
Total committed off-balance leases	**1,031**	**749**

In € thousands	30 June 2022	31 December 2021
Bank guarantees	159,925	141,263
Corporate guarantees	158,128	163,005
Eliminations	(104,248)	(92,715)
Guarantees	**213,805**	**211,553**
Leases	1,031	749
Other commitments	4,094	8,350
Total	**218,930**	**220,652**

Lease contracts

The off-balance sheet leases at 30 June 2022 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. Guarantees or guarantee-like items issued by a financial intermediary (such as bank guarantees and surety bonds) can be 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. 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 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 € millions	Corporate guarantees	Bank guarantees	Eliminations[1]	Total
Debt facility financing	7.6	-	-	7.6
Bank guarantee and surety bond financing	138.6	159.9	(92.3)	206.2
Other	11.9	-	(12.0)	(0.1)
Balance at 30 June 2022	**158.1**	**159.9**	**(104.3)**	**213.8**

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.

In € millions	Corporate guarantees	Bank guarantees	Eliminations[1]	Total
Debt facility financing	7.6	-	-	7.6
Bank guarantee and surety bond financing	143.4	141.3	(80.7)	204.0
Other	12.1	-	(12.0)	0.1
Balance at 31 December 2021	**163.1**	**141.3**	**(92.7)**	**211.7**

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 2022, only a part of the local bank guarantee facilities and local debt facilities have been used.

Other commitments

Other commitments as at 30 June 2022 do not significantly differ (in nature) from the Company's Other commitments at 31 December 2021.

Contingent liabilities

In the first six months of 2022, 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 2022 does not deviate in substance from the transactions as reflected in the Consolidated financial statements as at and for the year ended 31 December 2021.

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.

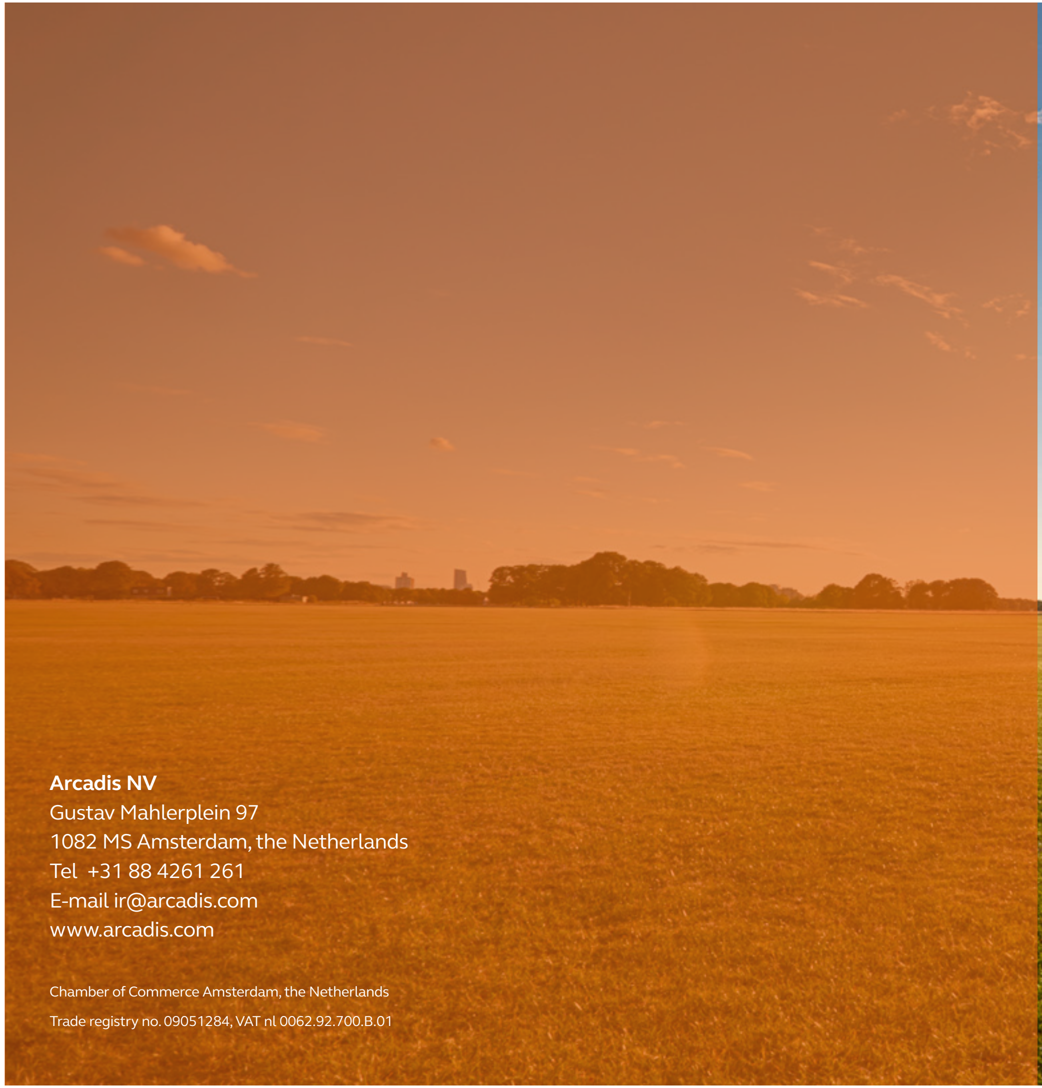
24 Events after the balance sheet date

On 18 July 2022, Arcadis and IBI Group Inc. have jointly announced that they have entered into an agreement for Arcadis to acquire all issued and outstanding shares of IBI Group for C$19.50 per share. The acquisition of IBI Group represents an aggregate consideration of approximately C$873 million (c. €664 million).

The transaction is unanimously supported by IBI Group's Board of Directors and IBI Group's largest shareholder, the IBI Group Management Partnership, which has entered into a voting support agreement to support and vote in favour of the transaction. Completion of the transaction, which will be implemented by way of a plan of arrangement under the Canada Business Corporations Act, is subject to certain customary closing conditions. The transaction is expected to be completed in the second half of 2022.

Amsterdam, the Netherlands, 27 July 2022

The Executive Board



Arcadis NV
Gustav Mahlerplein 97
1082 MS Amsterdam, the Netherlands
Tel +31 88 4261 261
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