Interim financial statements 2023

ARCADIS

People and culture | Sustainable solutions | Digital leadership | Focus and scale

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

Continued strong client demand and improved operational performance

Second quarter results

- Record net revenue of €945 million, with strong organic growth of 9.0%[1]
- Improved operating EBITA margin[2)] of 9.8% (Q2‘22: 9.3%)
- Integration of Arcadis IBI and Arcadis DPS on track, revenue and cost synergies materializing
- Order intake of €976 million resulted in record net backlog of €3.2 billion. Organic backlog growth at 1.1% quarter-to-date (Q2’22: -0.9%)
- Successfully placed €225 million sustainability linked Schuldschein, concluding refinancing
- Free Cash Flow of €-26 million (Q2’22: €41m), Net Working Capital % of 12.4%, (Q2’22: 13.3%)
- On track to achieve strategic targets set for 2021-2023

1 Underlying growth excluding the impact of currency movements, acquisitions or footprint reductions, such as the Middle East, winddowns or divestments
2 Excluding restructuring, integration, acquisition & divestment costs

Interim management report

Amsterdam, 27 July 2023 – Arcadis, the leading global Design & Consultancy organization for natural and built assets, sees continued growing client demand across all of its Global Business Areas, resulting in record Q2 Net Revenue of €945 million with an organic growth of 9.0% and improved operating EBITA margin of 9.8% (Q2'22: 9.3%).

Alan Brookes, CEO Arcadis, said:
"Arcadis delivered another strong quarter driven by high client demand particularly in industrial manufacturing, environmental remediation, and innovative mobility solutions. The integration of Arcadis IBI and Arcadis DPS is progressing well and will be finalized before year end, with significant project wins from our combined complementary expertise. Cost synergies are also expected to exceed our initial expectations. The company's focus on digital innovation and operational discipline has led to significant order intake and opportunities to further scale and standardize ensuring we remain on track to meet our 2021 – 2023 strategic targets by the end of this year.
In my first two months as CEO, I have remained close to the business and strengthened my executive leadership team by bringing in the GBA leads. The need for sustainable and digitally enabled solutions remains high on our clients' agenda, and I am convinced that with the talent and expertise within the organization, we are well positioned to capitalize on these future growth opportunities."

Key figures

in € millions Period ended 30 June 2023	Half year 2023	 2022	 change	Second quarter 2023	 2022	 change
Net revenues	**1,886**	**1,418**	**33%**	**945**	**729**	**30%**
Organic growth (%)[1]	10.6%			9.0%		
Operating EBITDA[2]	**241**	**183**	**31%**	**120**	**94**	**27%**
Operating EBITA[2]	**185**	**133**	**40%**	**93**	**68**	**36%**
Operating EBITA margin (%)	*9.8%*	*9.3%*		*9.8%*	*9.3%*	
Net income	80	86	-8%	38	44	-13%
NIfO per share[3]	1.15	1.04	10%			
Net Working Capital (%)	12.4%	13.3%				
Free Cash Flow	-134	-10		-26	41	
Net Debt	1,186	283	319%			
Order intake	2,039	1,500	36%	976	716	36%
Backlog net revenues	3,249	2,331	39%			
Backlog organic growth (%, ytd)[1]	5.0%	3.6%				
Backlog organic growth (%, qtd)[1]	1.1%	-0.9%				
Voluntary employee turnover[4]	12.6%	15.9%				

1 Underlying growth excluding impact of FX, acquisitions, footprint reductions (e.g. Middle East), winddowns or divestments
2 Excluding restructuring, integration, 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)
4 Voluntary turnover excludes Middle East as these operations are being wound down

Review of the second quarter 2023

Net revenues totaled €945 million, increasing organically by 9.0%, driven by all Global Business Areas (GBAs). Growth was particularly strong in America and UK & Ireland, with Continental Europe and Australia also contributing, slightly offset by a decline in the Greater China region, as a result of a continued challenging business environment. A -2.6% currency impact was driven by a weakening US and Canadian Dollar against the Euro. Operating EBITA improved to 9.8% (Q2'22: 9.3%).

Order intake increased by 36% year on year to €976 million, outperforming total revenue growth of 30% and resulting in a Book to Bill of 1.03. The net revenue organic backlog growth was 1.1% quarter to date, in line with the seasonal pattern and well above last year's -0.9%.

Review of the half year 2023

Net revenues totaled €1,886 million, increasing organically by 10.6% (currency impact -1.1%), driven by all GBAs. Non-operating costs were €16 million, driven by restructuring costs from the wind-down of Middle East operations, integration costs and the impact of a non-cash liquidation of assets sold last year. The operating EBITA margin increased to 9.8% (HY'22: 9.3%) driven by a step up in Resilience and Places. The effective income tax rate of 35% (HY'22: 28%) was impacted by non-deductible items and de-recognition of deferred tax assets. The weighted average annual income tax rate for the full financial year is expected to be between 28% and 30%. Net finance expenses were €27 million (HY'22: €6 million), driven by a higher debt position. Net Income from Operations increased by 11% to €103 million (HY'22: €93 million), or €1.15 per share (HY'22: €1.04), driven by higher revenues.

Order intake increased by 36% year on year to a record level of €2,039 million, outperforming total revenue growth of 33% and resulting in a Book to Bill of 1.08. The net revenue organic backlog growth of 5.0% year to date, is in line with the seasonal pattern and well above last year's 3.6%.

Operational highlights

Resilience
(36% of net revenues)

in € millions		Half year			Second quarter	
Period ended 30 June 2023	2023	2022	change	2023	2022	change
Net revenues	678	589	15%	346	308	13%
Organic growth[1]	12.6%			11.4%		
Operating EBITA	76	60	27%			
Operating EBITA margin (%)[2]	11.2%	10.1%				
Order intake	779	628	24%	356	290	23%
Net revenues in backlog	999	842	19%			
Backlog organic growth (%, ytd)[1]	10.9%	4.5%				
Backlog organic growth (%, qtd)[1]	0.8%	-2.4%				

1 Underlying growth excluding impact of FX, acquisitions, footprint reductions (e.g. Middle East), winddowns or divestments
2 Excluding restructuring, integration, acquisition & divestment costs

Resilience showed solid revenue and backlog growth driven by public and private clients in all large markets. Strong client demand, especially in environmental restoration, water optimization and energy transition, continued to drive a very solid pipeline of opportunities. Our digital innovation and product offering coupled with our focus on sustainability continued to differentiate Arcadis in the market. A solid operating margin for the half year was driven by good performance in North America. We continued to invest in digital products and partnerships to tap the wide range of opportunities in the growing markets, such as water optimization.

Places

(40% of net revenues)

in € millions Period ended 30 June 2023	Half year 2023	 2022	 change	Second quarter 2023	 2022	 change
Net revenues	760	463	64%	372	235	58%
Organic growth[1]	5.0%			2.7%		
Operating EBITA	70	41	69%			
Operating EBITA margin (%)[2]	9.2%	8.9%				
Order intake	792	502	58%	385	243	59%
Net revenues in backlog	1,574	968	63%			
Backlog organic growth (%, ytd)[1]	2.2%	3.6%				
Backlog organic growth (%, qtd)[1]	0.9%	-0.1%				

1 Underlying growth excluding impact of FX, acquisitions, footprint reductions (e.g. Middle East), winddowns or divestments
2 Excluding restructuring, integration, acquisition & divestment costs

Good revenue and backlog growth in Places was driven by North America, UK and Continental Europe, while we increased selectivity in project intake at Arcadis DPS, and continued to refocus towards project, rather than cost, management in China. Industrial manufacturing onshoring clients were supported from construction through to the production phase, providing support in navigating the complexities when planning, processes, people and plants come together. In order to address the increased client demand for creating Net Zero Facilities and Sustainable Communities, we engaged in ecosystem partnership opportunities, especially on energy optimization. Margin improvement was driven by strong performance of Arcadis IBI in North America and Industrial Manufacturing performance in Continental Europe, while slightly hampered by the Middle East performance. When excluding Middle East, Operating margin would have been 9.9% for the first half year.

Mobility

(22% of net revenues)

in € millions Period ended 30 June 2023	Half year 2023	 2022	 change	Second quarter 2023	 2022	 change
Net revenues	403	366	10%	204	187	9%
Organic growth[1]	13.5%			11.3%		
Operating EBITA	38	35	9%			
Operating EBITA margin (%)[2]	9.4%	9.5%				
Order intake	423	370	14%	212	183	16%
Net revenues in backlog	560	521	7%			
Backlog organic growth (%, ytd)[1]	3.9%	2.0%				
Backlog organic growth (%, qtd)[1]	2.1%	0.3%				

1 Underlying growth excluding impact of FX, acquisitions, footprint reductions (e.g. Middle East), winddowns or divestments
2 Excluding restructuring, integration, acquisition & divestment costs

Revenue growth continued to be very strong driven by North America, UK and Continental Europe. Highways and Rail clients increasingly looked for data-driven solutions as the infrastructure market was marked by growing innovation and complexity. The demand for New Mobility services accelerated as clients benefitted from federal funding, especially in North America and Australia. GBA cross-selling and revenue synergies materialized. The margin was strong in North America, Continental Europe and Australia, while the year-on-year margin decline was driven by losses related to the winding down of activities in the Middle East. When excluding Middle East, Operating margin would have been 10.3% for the first half year.

Intelligence

(2% of net revenues)

in € millions Period ended 30 June 2023	Half year 2023	Second quarter 2023
Net revenues	45	23
Operating EBITA	4	
Operating EBITA margin (%)[2]	9.6%	
Order intake (millions)	45	23
Net revenues in backlog (millions)	115	
Backlog organic growth (%, ytd)[1]	0.2%	
Backlog organic growth (%, qtd)[1]	0.2%	

1 Underlying growth excluding impact of FX, acquisitions, footprint reductions (e.g. Middle East), winddowns or divestments
2 Excluding restructuring, integration, acquisition & divestment costs

Good revenue growth was complemented by new order intake from large, key clients, mostly in North America and the UK. Mature software products in traffic and travel management, such as TravelIQ combined with emerging transit software products CurbIQ and HotSpot resulted in good revenues from key clients in major US cities. Enterprise Decision Analytics products drove synergy wins in combination with existing GBA's for port authorities, urban utilities and other infrastructure sectors. Our priority remained investing in product development, integration and organizational set-up. This resulted in an improved margin of 9.6% versus 2022 year-end of 9.1%.

Balance sheet & cash flow

Net working capital as a percentage of annualized gross revenues improved to 12.4% (Q2 2022: 13.3%) and Days Sales Outstanding (DSO) was 66 days (Q2 2022: 69 days), as a result of disciplined working capital management - both well within the strategic targets set for 2021-2023. A €225 million sustainability linked Schuldschein loan was successfully placed in the quarter, completing the refinancing process of the bridge loan. Net debt increased to €1,186 million, leading to a Net Debt / Operating EBITDA ratio of 2.4x and for full year 2023 expected to remain within the strategic target range of 1.5-2.5x. Free cash flow was €-134 million for the first half year (Q2'22: €-10 million), in line with seasonality, and impacted by a €-74 million cash out related to a change in US tax law. The Free Cash Flow in the second quarter of €-26 million, was fully in line with last year's €41 million, excluding this tax cash out.

Integration on track with cost synergies identified and actioned

The Integration of Arcadis IBI and Arcadis DPS is on track with both cost and revenue synergies wins materializing. €20 million in cost synergies have already been identified, exceeding our initial target of €18 million, to be delivered by end 2024. We expect to deliver €4 million by the end of 2023 to be generated through the integration and rationalisation in workplace; IT integration and platform improvements within technology; as well as the rationalisation of overheads, insurance and support driving operational synergies.

Material events

Schuldschein loan

Arcadis successfully placed a €225 million sustainability linked Schuldschein loan to be used towards repaying the outstanding bridge loan of 2022. The facility has a maturity of three years with two tranches: €40 million at a fixed interest rate of 5.1% and €185 million at a floating interest rate at six-month Euribor with a margin of 135bps. p.a. Refinancing process of the bridge loan, initially placed at €750 million for the acquisitions of Arcadis IBI and Arcadis DPS, is therefore completed, following the successful issuance of an inaugural Eurobond of €500 million in February 2023.

Change in US Tax and Jobs Act Section 174

In 2022, the US Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures immediately in the year incurred and requires taxpayers to amortize such expenditures over five years for tax purposes. Total cash out in full year 2023 will approximately be €97 million.

Detailed financial tables

in € millions Period ended 30 June 2023	Half year 2023	2022	change	Second quarter 2023	2022	change
Gross revenues	2,477	1,847	34%	1,260	968	30%
Net revenues	1,886	1,418	33%	945	729	30%
Organic growth (%)[1]	10.6%			9.0%		
Operating EBITDA[2]	241	183	31%	120	94	27%
Operating EBITDA margin (%)	12.8%	12.9%		12.7%	12.9%	
EBITA	169	130	29%	82	65	26%
EBITA margin (%)	8.9%	9.2%		8.7%	8.9%	
Operating EBITA[2]	185	133	40%	93	68	36%
Operating EBITA margin (%)	9.8%	9.3%		9.8%	9.3%	
Net Income	80	86	-8%	38	44	-13%
Net Income from Operations (NIfO)[3]	103	93	11%	53	47	12%
NIfO per share	1.15	1.04	10%			
Avg. number of shares (millions)	89.7	89.2	1%	89.8	89.2	1%
Net Working Capital (%)	12.4%	13.3%				
Days Sales Outstanding (days)	66	69				
Free Cash Flow	-134	-10		-26	41	-164%
Net Debt	1,186	283	319%			
Order intake	2,039	1,500	36%	976	716	36%
Backlog net revenues	3,249	2,331	39%			
Backlog organic growth (%, ytd)[1]	5.0%	3.6%				
Backlog organic growth (%, qtd)[1]	1.1%	-0.9%				
Voluntary employee turnover[4]	12.6%	15.9%				

1 Underlying growth excluding impact of FX, acquisitions, footprint reductions (e.g. Middle East), winddowns or divestments
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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)
4 Voluntary turnover excludes Middle East as these operations are being wound down

Financial calendar

- 16 October 2023, 2023 Q3 Trading Update
- 22 February 2024, 2023 Q4 & Full Year Results

Risk assessment

In our Annual Integrated Report 2022, 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 2023 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.

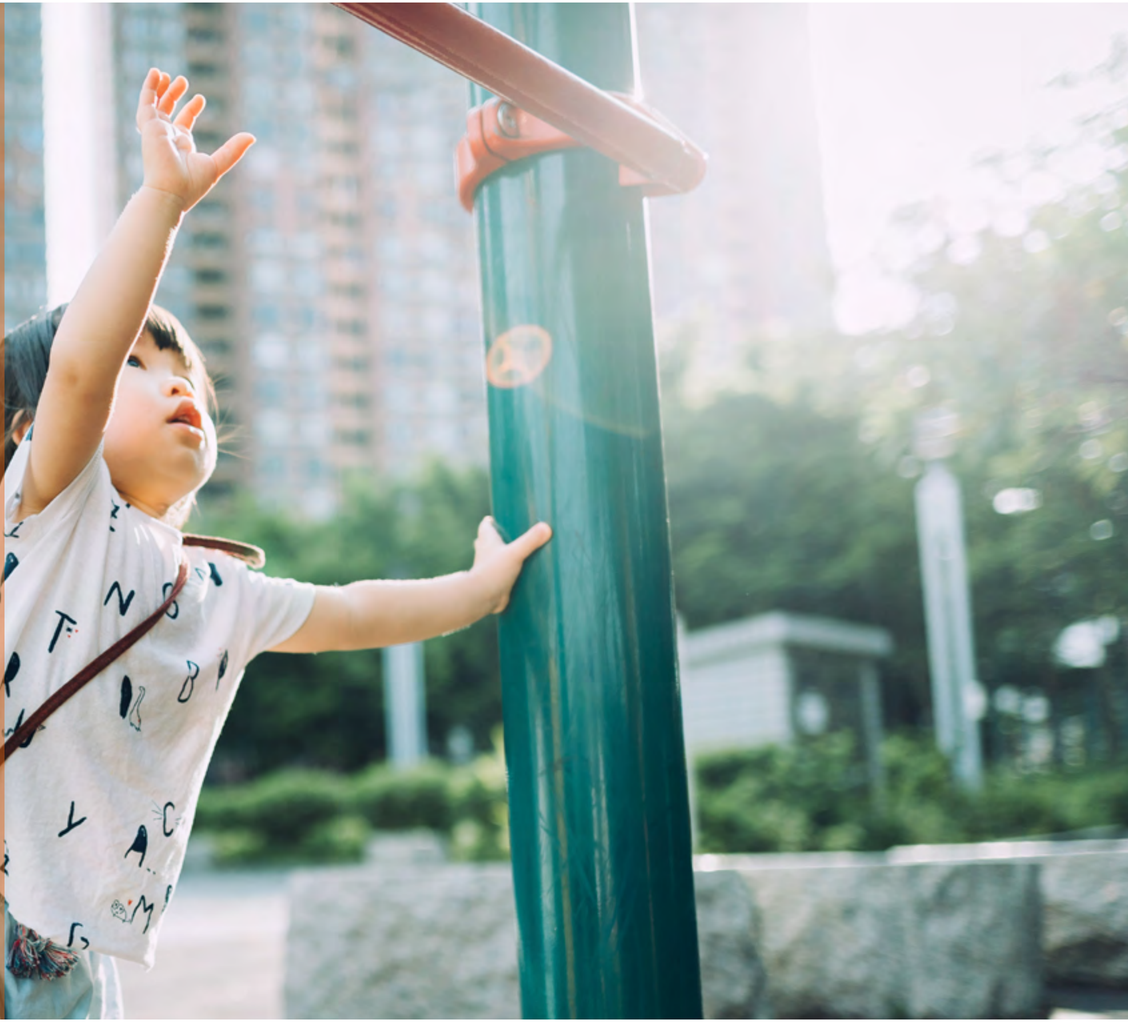
Responsibility statement

This interim financial report contains the figures of Arcadis NV for the first half year of 2023, and consists of the first half year management report, segment reporting, interim condensed consolidated 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 condensed consolidated financial statements, which have been prepared in accordance with IAS 34 'Interim Financial Reporting', give a true and fair view of the assets, liabilities, financial position and profit or loss of Arcadis NV and its consolidated companies, and the first half year management report gives a fair view of the information pursuant to section 5:25d subsection 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Amsterdam, the Netherlands, 27 July 2023

Alan Brookes, Chairman of the Executive Board
Virginie Duperat-Vergne, Chief Financial Officer

Interim condensed consolidated financial statements



Interim condensed consolidated income statement

For the six-month period ended 30 June

In € thousands	Note	2023	2022
Gross revenues	6	**2,477,468**	**1,847,036**
Materials, services of third parties and subcontractors		(591,765)	(429,386)
Net revenues[1]		*1,885,703*	*1,417,650*
Personnel costs	7	(1,487,668)	(1,121,661)
Other operational costs		(174,610)	(123,283)
Depreciation and amortization		(55,646)	(50,566)
Amortization other intangible assets	11	(18,940)	(4,733)
Other income		931	8,039
Total Operational costs		**(1,735,933)**	**(1,292,204)**
Operating income		**149,770**	**125,446**
Finance income		7,174	2,242
Finance expenses		(29,260)	(6,527)
Fair value change of derivatives		(5,298)	(1,369)
Net finance expense	8	**(27,384)**	**(5,654)**
Result from investments accounted for using the equity method		349	204
Profit before income tax		**122,735**	**119,996**
Income taxes	9	(43,145)	(33,736)
Result for the period		**79,590**	**86,260**

Result attributable to:			
Equity holders of the Company (net income)		79,742	86,328
Non-controlling interests		(152)	(68)
Result for the period		**79,590**	**86,260**

Earnings per share (in €)			
Basic earnings per share	10	0.89	0.97
Diluted earnings per share	10	0.89	0.97

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2022 for the definition as used by Arcadis

The notes on pages 17 to 32 are an integral part of these Interim condensed consolidated financial statements

Interim condensed consolidated statement of comprehensive income

For the six-month period ended 30 June

In € thousands	2023	2022
Other comprehensive income, net of income tax		
Result for the period	**79,590**	**86,260**
Items that may be subsequently reclassified to profit or loss:		
Exchange rate differences for foreign operations	2,277	45,280
Reclassification in income statement	*348*	*(1,155)*
Changes in other comprehensive income	*1,929*	*46,435*
Exchange rate differences for equity accounted investees	29	(102)
Effective portion of changes in fair value of cash flow hedges	10	133
Items that will not be reclassified to profit or loss:		
Changes related to post-employment benefit obligations	(1,456)	(249)
Taxes related to remeasurements on post-employment benefit obligations	226	40
Other comprehensive income, net of income tax	**1,086**	**45,102**
Total Comprehensive income for the period	**80,676**	**131,362**

Total comprehensive income attributable to:		
Equity holders of the Company	80,799	131,532
Non-controlling interests	(123)	(170)
Total Comprehensive income for the period	**80,676**	**131,362**

The notes on pages 17 to 32 are an integral part of these Interim condensed consolidated financial statements

Non-GAAP performance measure

In € thousands	Note	2023	2022
Net income from operations[1]			
Result for the period attributable to equity holders (net income)		79,742	86,328
Amortization identifiable intangible assets, net of taxes		14,021	4,221
Disposal and M&A costs, net result from divestments		9,385	2,406
Net income from operations		**103,148**	**92,955**
Net income from operations per share[1] **(in €)**			
Basic earnings per share	10	1.15	1.04
Diluted earnings per share	10	1.15	1.04

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2022 for the definition as used by Arcadis

Interim condensed consolidated balance sheet

Before allocation of profit

In € thousands	Note	2023 30 June	2022 31 December Revised[1]
Assets			
Non-current assets			
Intangible assets and goodwill	11	1,570,246	1,596,962
Property, plant & equipment		105,615	109,490
Right-of-use assets	12	256,667	275,613
Investments accounted for using the equity method	13	10,005	11,633
Other investments		3,240	3,609
Deferred tax assets		105,926	71,910
Pension assets for funded schemes in surplus		12,381	10,417
Other non-current assets		22,199	20,889
Total Non-current assets		**2,086,279**	**2,100,523**
Current assets			
Inventories		325	265
Derivatives		6,252	15,943
Trade receivables	14	700,549	728,799
Contract assets (unbilled receivables)	15	704,347	635,556
Corporate tax receivables		45,271	17,840
Other current assets		103,351	73,956
Cash and cash equivalents	16	289,614	272,754
Total Current assets		**1,849,709**	**1,745,113**
Total Assets		**3,935,988**	**3,845,636**

In € thousands	Note	2023 30 June	2022 31 December Revised[1]
Equity and liabilities			
Shareholders' equity			
Total equity attributable to equity holders of the Company		**1,057,922**	**1,039,431**
Non-controlling interests		(2,132)	(2,009)
Total Equity	17	**1,055,790**	**1,037,422**
Non-current liabilities			
Provisions for employee benefits	18	40,843	41,652
Provisions for other liabilities and charges	19	38,991	36,794
Deferred tax liabilities		33,360	44,323
Loans and borrowings	20	898,440	901,935
Lease liabilities	12	219,484	235,947
Total Non-current liabilities		**1,231,118**	**1,260,651**
Current liabilities			
Contract liabilities (billing in excess of revenue)	15	469,242	481,872
Provision for onerous contracts (loss provisions)	15	17,626	24,228
Current portion of provisions	18,19	14,880	20,989
Corporate tax liabilities		67,727	63,478
Current portion of loans and short-term borrowings	20	246,640	56,230
Current portion of lease liabilities	12	70,109	71,816
Derivatives		10,286	21,904
Bank overdrafts	16	42,357	15,156
Accounts payable, accrued expenses and other current liabilities		710,213	791,890
Total Current liabilities		**1,649,080**	**1,547,563**
Total Liabilities		**2,880,198**	**2,808,214**
Total Equity and liabilities		**3,935,988**	**3,845,636**

1 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of IBI Group recognized as at 31 December 2022. See note 2.

The notes on pages 17 to 32 are an integral part of these Interim condensed consolidated financial statements

Interim condensed consolidated statement of changes in equity

	Attributable to equity holders of the Company							
In € thousands	Share capital	Share premium	Hedge reserve	Translation reserve	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
Balance at 1 January 2023[1]	**1,809**	**372,460**	**778**	**(46,039)**	**710,423**	**1,039,431**	**(2,009)**	**1,037,422**
Result for the period	-	-	-	-	79,742	79,742	(152)	79,590
Other comprehensive income	-	-	10	2,277	(1,230)	1,057	29	1,086
Total comprehensive income for the period	**-**	**-**	**10**	**2,277**	**78,512**	**80,799**	**(123)**	**80,676**
Transactions with owners of the Company:								
Acquisitions and transactions with non-controlling interests	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	(66,266)	(66,266)	-	(66,266)
Issuance of shares	-	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	3,430	3,430	-	3,430
Taxes related to share-based compensation	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	528	528	-	528
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**(62,308)**	**(62,308)**	**-**	**(62,308)**
Balance at 30 June 2023	**1,809**	**372,460**	**788**	**(43,762)**	**726,627**	**1,057,922**	**(2,132)**	**1,055,790**

[1] Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of IBI Group recognized as at 31 December 2022. See note 2.

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In € thousands	Share capital	Share premium	Hedge reserve	Translation reserve	Retained earnings	Shareholders' 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	-	-	133	45,280	(209)	45,204	(102)	45,102
Total comprehensive income for the period	**-**	**-**	**133**	**45,280**	**86,119**	**131,532**	**(170)**	**131,362**
Transactions with owners of the Company:								
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	**-**	**-**	**-**	**-**	**(110,732)**	**(110,732)**	**(74)**	**(110,806)**
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 17 to 32 are an integral part of these Interim condensed consolidated financial statements

Interim condensed consolidated cash flow statement

For the six-month period ended 30 June

In € thousands	Note	2023	2022
Cash flows from operating activities			
Result for the period		**79,590**	**86,204**
Adjustments for:			
Depreciation and amortization		55,646	50,566
Amortization other identifiable intangible assets		18,940	4,733
Income taxes	9	43,145	33,736
Net finance expense	8	27,384	5,654
Result from Investments accounted for using the equity method		(349)	(204)
Adjusted profit for the period (EBITDA)[1]		**224,356**	**180,689**
Change in Inventories		(56)	(457)
Change in Contract assets and liabilities, provision for onerous contracts		(89,001)	(89,910)
Change in Trade receivables		25,535	4,176
Change in Accounts payable		(64,860)	(26,327)
Change in Net Working Capital		**(128,382)**	**(112,518)**
Change in Other receivables		(35,453)	(25,126)
Change in Current liabilities		(19,986)	8,310
Change in Other Working Capital		**(55,439)**	**(16,816)**
Change in Provisions		(7,903)	14
Share-based compensation	7	3,430	4,432
Gains/ losses on divestments		2,431	(2,345)
Gains on derecognition of leases		(20)	(303)
Change in operational derivatives		(305)	886
Settlement of operational derivatives		697	(521)
Dividend received		2,000	10,427
Interest received		7,462	2,238
Interest paid		(20,988)	(7,277)
Corporate tax paid		(105,390)	(20,616)
Net cash (used in)/ from operating activities		**(78,051)**	**38,290**

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 2022.

	Note	2023	2022
Cash flows from investing activities			
Investments in (in)tangible assets		(19,145)	(15,523)
Proceeds from sale of (in)tangible assets/ reversal of non-cash items		423	1,809
Investments in consolidated companies		(1,073)	(7,294)
Proceeds from sale of consolidated companies		7,225	5,098
Investments in/ loans to associates and joint ventures	13	(47)	(24)
Investments in other non-current assets and other investments		(2,069)	(4,419)
Proceeds from (sale of) other non-current assets and other investments		1,227	3,648
Net cash (used in)/ from investing activities		**(13,459)**	**(16,705)**
Cash flows from financing activities			
Proceeds from exercise of options	17	528	1,145
Proceeds from issuance of shares	17	-	(11)
Settlement of financing derivatives		(6,887)	(2,009)
New long-term loans and borrowings	20	495,565	-
Repayment of long-term loans and borrowings	20	(500,000)	(63,375)
New short-term borrowings	20	190,000	70,558
Repayment of short-term borrowings	20	-	(50,567)
Payment of lease liabilities	12	(38,028)	(35,173)
Dividends paid/ received		(66,266)	(116,463)
Net cash (used in)/ from financing activities		**74,912**	**(195,895)**
Net change in Cash and cash equivalents less Bank overdrafts		**(16,598)**	**(174,310)**
Exchange rate differences		6,257	14,146
Cash and cash equivalents less Bank overdrafts at 1 January		257,598	350,912
Cash and cash equivalents less Bank overdrafts at 30 June	16	**247,257**	**190,748**

The notes on pages 17 to 32 are an integral part of these Interim condensed consolidated financial statements

Notes to the interim condensed consolidated 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 interim condensed consolidated financial statements as at and for the six-month period ended 30 June 2023 include the interim financial statements of Arcadis NV, its subsidiaries, and the interests in associates and jointly controlled entities.

The interim condensed consolidated financial statements are unaudited.

2 Basis of preparation

Statement of compliance

The Interim condensed consolidated 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 2022, which are available upon request from the Company's registered office at Gustav Mahlerplein 97, 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 Interim condensed consolidated 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 2022.

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

The Interim condensed consolidated financial statements were authorized for issue by the Executive Board and Supervisory Board on 26 July 2023.

Significant accounting policies

The accounting policies applied, and methods of computation used in preparing these Interim condensed consolidated financial statements are the same as those applied in the Company's Consolidated financial statements as at and for the year ended 31 December 2022.

New standards, interpretations and amendments adopted by the Group

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 2023. The new amendments do not have a material impact on the Company's financial performance in the first six months of 2023 and the financial position as at 30 June 2023.

- **IFRS 17 – Insurance Contracts**
  In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  The amendments had no impact on the Group's interim condensed consolidated financial statements.

- **Definition of Accounting Estimates - Amendments to IAS 8**
  The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. The amendments also clarifies how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's interim condensed consolidated financial statements.
- **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**
  The amendments to IAS 1 and IFRS Practice Statement 2 ‘Making Materiality Judgements’ provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Group's interim condensed consolidated financial statements.
- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**
  The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Accounting estimates and management judgements

The preparation of the Interim condensed consolidated 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 2022.

Seasonality

There is no high seasonal pattern included in the year-to-date figures, therefore no additional financial information is disclosed on the six-month period ended 30 June 2023.

Exchange rates applied

	30 June 2023		31 December 2022		30 June 2022	
In €	Average	Period-end	Average	Period-end	Average	Period-end
US Dollar (USD)	0.93	0.92	0.95	0.93	0.91	0.95
Pound Sterling (GBP)	1.14	1.17	1.17	1.13	1.19	1.16
Australian Dollar (AUD)	0.63	0.61	0.66	0.63	0.66	0.66
Chinese Yuan Renminbi (CNY)	0.13	0.13	0.14	0.13	0.14	0.14
Canadian Dollar (CAD)	0.69	0.70	0.73	0.69	0.72	0.73
Brazilian Real (BRL)	0.18	0.19	0.18	0.18	0.18	0.18
United Arab Emirates Dirham (AED)	0.25	0.25	0.26	0.25	0.25	0.26

The exchange rates applied during the Q1 and Q2 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 2023 on the balance sheet would have decreased the asset base by €9.1 million, decreased the liabilities by €8.0 million and decreased the equity base with €1.1 million, mainly due to a change in the GBP and 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.

Revision of comparative information

The provisional amounts of IBI Group published as of 31 December 2022 has been revised due to the further fair value adjustments noted during the measurement period. IFRS 3.49 requires Arcadis to recognise adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, Arcadis has revised comparative information for prior periods presented in financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

The table below summarizes the adjustments recognized for each individual account which impacted published balance sheet for the year ended 31 December 2022. Accounts that were not affected by the revision have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided.

Revised consolidated balance sheet for year ended 31 December 2022

In € thousands	Published	Revised Amounts	Revised
Intangible assets and goodwill	1,553,873	43,089	1,596,962
Trade receivables	747,392	(18,593)	728,799
Contract assets (unbilled receivables)	644,859	(9,303)	635,556
Total assets	**3,830,443**	**15,193**	**3,845,636**
Shareholders' equity	(1,039,347)	1,925	(1,037,422)
Deferred tax liabilities	(30,271)	(14,052)	(44,323)
Provisions	(16,921)	(4,068)	(20,989)
Accounts payable, accrued expenses and other current liabilities	(792,891)	1,002	(791,890)
Total equity and liabilities	**(3,830,443)**	**(15,193)**	**(3,845,636)**

3 Change in accounting policies

There are no significant changes in accounting policies adopted during the six month period ended 30 June 2023.

4 Operating and reportable segments

The operating segment reporting follows the internal reporting used by the “Chief Operation 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 segment’s net revenue.

Finance expenses, finance income, and fair value change of derivatives are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Segment assets and liabilities are not included in the measures used for allocating resources and assessing segment performance. The Group discloses the goodwill by segment which corresponds to the Groups of CGUs for impairment testing purpose. Hereafter, the Groups of CGU’s for the purpose of testing for impairment of goodwill, defined at the level of the operating segments are referred to as the CGU or the CGU’s (in case of multiple groups of CGU’s).

Therefore, the information used by the “CODM” to monitor progress, and for decision-making about operational matters is based on the four GBAs.

The operating segments are aligned with the operating model of the Group, effective from the 1 January 2022, as the Company, has fully organized itself into three Global Business Areas. In October 2022 a fourth GBA has been created following the acquisition of IBI Group, this led the Group to create the GBA “Intelligence”, after analysis, the Group concluded that this GBA constituted an operating segment as for the three other ones. The operating segments are equal to the reportable segment and accordingly there is no aggregation applied.

In € millions	Resilience	Places	Mobility	Intelligence	Total segments	Corporate	Total consolidated
H1 2023							
Gross revenue	950.6	1,019.3	477.5	58.3	2,505.7	(28.2)	2,477.5
Materials, services of third parties and subcontractors	(272.7)	(259.7)	(74.0)	(13.6)	(620.0)	28.2	(591.8)
Net revenue[1]	677.9	759.6	403.5	44.7	1,885.7	-	1,885.7
EBITA[1]	71.5	59.9	35.9	4.0	171.3	(2.7)	168.6
Operating EBITA[1]	75.7	69.8	37.9	4.3	187.7	(2.7)	185.0

In € millions	Resilience	Places	Mobility	Intelligence	Total segments	Corporate	Total consolidated
H1 2022							
Gross revenue	832.9	578.9	435.6	-	1,847.4	(0.4)	1,847.0
Materials, services of third parties and subcontractors	(244.0)	(115.7)	(70.0)	-	(429.7)	0.3	(429.4)
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

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2022 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 2023	H1 2022
EBITA for reportable segments	**171,300**	**133,079**
Corporate EBITA	(2,700)	(2,900)
Amortization other intangible assets	(18,940)	(4,733)
Operating income	**149,660**	**125,446**
Net finance expense	(27,384)	(5,654)
Result from investments accounted for using the equity method	349	204
Profit before income tax	**122,625**	**119,996**

Geographical information

	Net revenues by origin[1]	
in € millions	H1 2023	H1 2022
Americas	862	552
Europe & Middle East	844	669
Asia Pacific	180	197
Total	**1,886**	**1,418**

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2022 for the definition as used by Arcadis

5 Consolidated interests

Business combinations

Acquisition of IBI Group

On 27 September 2022, the Group acquired 100% of the voting shares of IBI Group Inc., a listed company based in Canada. IBI Group is a technology-driven design firm with global architecture, engineering, planning and technology expertise. This acquisition aims to create a global leader for planning, designing and building the resilient cities of tomorrow.

For the six months period ended 30 June 2023, IBI Group contributed gross revenue of €218.4 million and €3.7 million to profit before income tax. The profit before tax for the first six-month period of the year includes €14.3 million of amortization relating to the identifiable intangible assets recognized as part of the PPA.

Assets acquired and liabilities assumed

The table below presents the provisional fair value of the assets acquired and the liabilities assumed at the acquisition date of 27 September 2022, compared to the preliminary figures reported during year ended 31 December 2022 and the adjustments made during the six-month period ended 30 June 2023. At this stage, the management is not expecting significant changes in the fair value assessment and will benefit from the measurement period, i.e 12 months from acquisition date, to adjust for the final fair values in the consolidated financial statements for the year ended 31 December 2023.

In € thousands	Preliminary	Adjustment	Adjusted
Assets			
Intangible assets	55,452	76,125	131,577
Property, plant & equipment	16,427	-	16,427
Right-of-use assets	45,197	-	45,197
Other investments	1,603	-	1,603
Other non-current assets	4,127	-	4,127
Deferred tax assets	-	-	-
Trade receivables	116,894	(18,593)	98,301
Contract assets (unbilled receivables)	54,814	(9,303)	45,511
Corporate tax receivables	4,880	-	4,880
Other current assets	19,699	-	19,699
Cash and cash equivalents	26,826	-	26,826
	345,919	**48,229**	**394,148**
Liabilities			
Deferred tax liabilities	(10,070)	(14,746)	(24,816)
Loans and borrowings	(51,770)	-	(51,770)
Lease liabilities	(46,693)	-	(46,693)
Contract liabilities (billing in excess of revenue)	(56,007)	-	(56,007)
Corporate tax liabilities	(1,683)	-	(1,683)
Provisions	-	(4,068)	(4,068)
Accounts payable, accrued expenses and other current liabilities	(73,964)	1,001	(72,963)
Bank overdrafts	(5,607)	-	(5,607)
	(245,794)	**(17,813)**	**(263,607)**
Total identifiable net assets at fair value	**100,125**	**30,416**	**130,541**
Goodwill arising on acquisition	472,760	(30,416)	442,344
Cash settlement of unreplaced awards	(15,770)	-	(15,770)
Cash consideration transferred	**(557,115)**	**-**	**(557,115)**

Intangible assets identified relate primarily to customer relationships and backlog. Management applied the excess earnings method using discounted cash flow models to value customer relationships acquired. Management's significant estimates and assumptions in applying this methodology included forecast revenues and margins attributable to the customer relationships (in excess of backlog), rates of attrition and discount rates.

The determination of the backlog fair value has been completed in 2023 and a value close to the preliminary assessment has been measured.

The goodwill is attributable to the workforce and the synergies with the acquired business. It has been allocated to the CGUs that the group uses for impairment testing of goodwill: Places, Mobility, Resilience, and Intelligence. It will not be deductible for tax purposes.

The acquisition date fair value of the trade receivables amounts to €98.3 million. The gross amount of trade receivables is €120.7 million, of which €22.4 million are expected to be uncollectable at the date of acquisition.

Acquisition of DPS Group

On 1 December 2022, the Group acquired 100% of the voting shares of DPS Engineering Holdings Limited, a non-listed company based in Ireland. No changes have been made to the fair values of the identifiable assets and liabilities during the interim financial period. No additional disclosure is provided on the opening balances as it corresponds to the information already disclosed in the Arcadis Annual Integrated Report 2022. The Group is currently performing the fair value assessment of assets and liabilities and has one year from the acquisition date to complete the assessment.

For the six months period ended 30 June 2023, DPS Group contributed gross revenue of €336.3 million and €16.0 million to profit before income tax.

Acquisition of Giftge Consult

In September 2022, Arcadis acquired 100% of the voting shares in Giftge Consult, a non-listed company based in Germany. No changes have been made to the fair values of the identifiable assets and liabilities during the interim financial period. No additional disclosure is provided on the opening balances as it corresponds to the information already disclosed in the Arcadis Annual Integrated Report 2022. The Group will finalise the fair value assessment during the measurement period i.e 12 months from acquisition date and report the final opening balances in the annual financial statement for the year ended 31 December 2023.

Business divestments

In February 2023, the Group divested two subsidiaries of Callison RTKL Inc. operating in US and Canada. The net proceeds from the sale of these entities amounted to €7.1 million and the net gain on the disposal amounted to €1.8 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 four Global Business Areas. The revenue for each of the four 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 2023	31 December 2022[1]
Other non-current assets	1,351	1,633
Trade receivables	700,549	728,799
Contract assets (Unbilled receivables)	704,347	635,556
Contract liabilities (Billing in excess of costs)	(469,242)	(481,872)
Provision for onerous contracts (Loss provisions)	(17,626)	(24,228)
Total	**919,379**	**859,888**

1 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of IBI Group recognized as at 31 December 2022. See note 2.

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 2023 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 2023

In the first six months of 2023, the following RSUs have been granted under the 2023 LTIP:

	Number of RSUs	Grant date	Vesting date[1]	Share price at grant date	Fair value at grant date
Annual grant EB/ELT	68,403	16 May 2023	16 May 2026	€ 39.52	€ 30.51/ € 37.18
Annual grant other employees	175,202	16 May 2023	16 May 2026	€ 39.52	€ 37.18

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

The fair value (€30.51) 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 2023

The costs of RSUs are amortized over the vesting period and are included in 'Personnel costs'. In the first six months of 2023, an amount of €3.4 million (H1 2022: €4.4 million) is included for the RSUs granted to employees in 2023, 2022, 2021 and 2020. The lower cost during the year as compared to prior year is mainly due to the additional vesting of 2019 annual grants in the prior year.

Cash-settled awards granted in 2023

In the first six months of 2023, a number of 3,008 cash-settled awards have been granted under the 2023 LTIP. These awards will vest at the same date as the granted equity-settled awards (RSUs).

8 Net finance expense

In € thousands	H1 2023	H1 2022
Interest income on notional cash pools	6,870	2,011
Other interest income	304	231
Finance income	**7,174**	**2,242**
Interest expense on loans and borrowings	(21,336)	(4,067)
Interest expense on notional cash pools	(6,961)	(1,809)
Other interest expense	(560)	(786)
Interest expense leases	(4,357)	(3,094)
Foreign exchange differences	3,954	3,229
Finance expense	**(29,260)**	**(6,527)**
Fair value change of derivatives	(5,298)	(1,369)
Total	**(27,384)**	**(5,654)**

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 2023 increased to €7.2 million (H1 2022: €2.2 million) due to higher interest rates within these notional cash pools.

The finance expense increased to €29.3 million because of a higher average Gross debt, used to finance the acquisitions in the second half of 2022, and due to higher average interest rates on those loans & borrowings compared to H1 2022.

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 2023 is 35.3% (H1 2022: 28.2%). Management's estimate of the weighted average annual income tax rate expected for the full financial year is between 28% and 30%.

The effective tax rate differs from the corporate income tax rate in the Netherlands, primarily due to statutory tax rates in jurisdictions that the Company is operating in that are different than the Dutch statutory income tax rate, movements in derecognition of deferred tax assets, non-deductible items, non-recoverable withholding taxes, and prior year adjustments.

In 2022, the US Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures immediately in the year incurred and requires taxpayers to amortize such expenditures over five years for tax purposes. This provision resulted in a current tax payable per the end of 2022 of approximately €47.0 million and a net deferred tax asset increase of €47.0 million. In 2023, an additional payable has been recognized in current tax for an amount of €27.8 million together with an additional deferred tax asset of €27.8 million. An amount of €68.2 million was paid during the first six-month period of the year.

10 Earnings per share

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

Number of shares	H1 2023	H1 2022
Average number of issued shares	90,442,091	90,442,091
Average number of treasury shares	(766,480)	(1,275,513)
Total average number of ordinary outstanding shares	**89,675,611**	**89,166,578**
Average number of potentially dilutive shares	20,351	73,093
Total average number of diluted shares	**89,695,962**	**89,239,671**

The average number of potentially dilutive shares is based on the average share price in the first six months of 2023 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 2023	H1 2022
Net income	79,590	86,328
Net income from operations[1]	103,148	92,955

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2022 for the definition as used by Arcadis

In €	H1 2023	H1 2022
Earnings per share/Diluted earnings per share		
Net income	0.89/ 0.89	0.97/ 0.97
Net income from operations[1]	1.15/ 1.15	1.04/ 1.04

1 Non-GAAP performance measure, to provide transparency on the underlying performance of our business. Reference is made to the Annual Integrated Report 2022 for the definition as used by Arcadis

11 Intangible assets and goodwill

	Goodwill[1]	Other intangible assets[1]	Software	Intangibles under development	Total
Cost	830,619	272,080	74,114	-	1,176,813
Accumulated amortization	-	(247,871)	(62,736)	-	(310,607)
Balance at 1 January 2022	**830,619**	**24,209**	**11,378**	-	**866,206**
Additions	-	-	6,141	1,138	7,279
Acquisitions of subsidiaries	653,027	49,116	6,513	-	708,656
Disposals	(6,769)	-	(311)	-	(7,080)
Amortization charges	-	(15,130)	(6,972)	-	(22,102)
Impairment charges	-	-	-	-	-
Reclassifications	-	-	-	(35)	(35)
Exchange rate differences	6,286	(4,383)	(954)	-	949
Movement 2022	**652,544**	**29,603**	**4,417**	**1,103**	**687,667**
Cost	1,483,163	316,813	85,503	1,103	1,886,582
Accumulated amortization	-	(263,001)	(69,708)	-	(332,709)
At 31 December 2022 (published)	**1,483,163**	**53,812**	**15,795**	**1,103**	**1,553,873**
Revised amounts	(30,416)	73,505	-	-	43,089
At 31 December 2022 (restated)	**1,452,747**	**127,317**	**15,795**	**1,103**	**1,596,962**
Additions	-	-	4,167	-	4,167
Acquisitions of subsidiaries	-	-	-	-	-
Disposals	(8,265)	-	(247)	-	(8,512)
Amortization charges	-	(18,940)	(2,930)	-	(21,870)
Impairment charges	-	-	-	-	-
Reclassifications	-	-	-	-	-
Exchange rate differences	5,452	(6,305)	352	-	(501)
Movement H1	**(2,813)**	**(25,245)**	**1,342**	**-**	**(26,716)**
Cost	1,449,934	386,633	89,775	1,103	1,927,445
Accumulated amortization	-	(284,561)	(72,638)	-	(357,199)
Balance at 30 June 2023	**1,449,934**	**102,072**	**17,137**	**1,103**	**1,570,246**

1 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of IBI Group recognized as at 31 December 2022. See note 2.

Goodwill

In the first six months of 2023, the Goodwill position has decreased to €1,449.9 million (31 December 2022: €1,452.7 million revised). This is the result of €8.3 million decrease related to divestments during the period which has been partially offset by exchange rate difference of €5.5 million. No triggering event has been identified during the period, therefore no goodwill impairment test has been conducted in the six-month period ended 30 June 2023.

Other intangible assets

In the first six months of 2023, the Other identifiable assets position decreased to €102.1 million (31 December 2022: €127.3 million revised). This is the result of €18.9 million amortization and €6.3 million foreign exchange results. Software increased to €17.1 million (31 December 2022: €15.8 million) due to additions of €4.2 million partially offset by amortization (€2.9 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 2023 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 2022	**204,705**	**434**	**1,502**	**22,346**	**228,987**
Additions and remeasurements	40,118	(69)	52	7,947	48,048
Depreciation charges	(55,230)	(159)	(1,144)	(10,801)	(67,334)
Acquisitions/ divestments	66,848	80	1,016	(156)	67,788
Derecognitions	(277)	(36)	-	(84)	(397)
Exchange rate differences	(1,720)	22	48	171	(1,479)
Movement 2022	**49,739**	**(162)**	**(28)**	**(2,923)**	**46,626**
At 31 December 2022	**254,444**	**272**	**1,474**	**19,423**	**275,613**
Additions and remeasurements	8,184	(11)	254	7,750	16,177
Depreciation charges	(29,170)	(51)	(226)	(5,507)	(34,954)
Acquisitions/ divestments	-	-	-	-	-
Derecognitions	(301)	13	2	(140)	(426)
Exchange rate differences	235	(2)	(5)	29	257
Movement H1 2023	**(21,052)**	**(51)**	**25**	**2,132**	**(18,946)**
Balance at 30 June 2023	**233,392**	**221**	**1,499**	**21,555**	**256,667**

Lease liabilities

In € thousands	30 June 2023	31 December 2022
Balance at 1 of January	**307,763**	**255,015**
Additions and remeasurements	16,177	48,380
Payments	(38,028)	(70,610)
Acquisitions/ divestments	-	69,191
Interest	4,357	7,263
Exchange rate differences	(676)	(1,476)
Closing balance	**289,593**	**307,763**
Current	70,109	71,816
Non-current	219,484	235,947
Total	**289,593**	**307,763**

During the period, right-of-use assets decreased due to depreciation charges during the period amounting to €35.0 million. This is partially offset by additions and remeasurements as a result of new offices leases and vehicle leases in central Europe and lease extensions exercised during the period. No impairment is recognized on right-of-use assets in the first six months of 2023.

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 2022.

There are no loans to associates or joint ventures outstanding as at 30 June 2023 (2022: 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 €2 million during the period.

14 Trade receivables

Trade receivables include items maturing within one year.

In € thousands	30 June 2023	31 December 2022[1]
Trade receivables	766,766	780,524
Provision for trade receivables (individually impaired bad debt)	(67,480)	(53,702)
Provision for trade receivables (Expected Credit Loss)	(669)	(790)
Receivables from associates	1,932	2,767
Total	**700,549**	**728,799**

1 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of IBI Group recognized as at 31 December 2022. See note 2.

Provision for Trade receivables

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

	30 June 2023			31 December 2022[1]		
In € thousands	Gross Receivables	Provision bad debt	Provision ECL	Gross Receivables	Provision bad debt	Provision ECL
Not past due	488,797	(3,231)	(198)	509,257	(3,310)	(329)
Past due 0-30 days	92,295	(691)	(34)	86,360	(953)	(32)
Past due 31-60 days	36,325	(848)	(14)	49,840	(1,878)	(10)
Past due 61-120 days	34,855	(860)	(74)	33,093	(374)	(77)
Past due 121-364 days	38,500	(4,716)	(227)	38,488	(4,662)	(224)
More than 364 days past due	75,994	(57,134)	(122)	63,486	(42,525)	(118)
Total	**766,766**	**(67,480)**	**(669)**	**780,524**	**(53,702)**	**(790)**

1 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of IBI Group recognized as at 31 December 2022. See note 2.

The total provision for Trade receivables has developed as follows in the six-month period ended 30 June 2023:

In € thousands	30 June 2023	31 December 2022[1]
Opening balance	**54,492**	**53,186**
Acquisitions/ divestments	18,593	2,359
Additions charged to profit or loss	2,251	2,885
Release of unused amounts	(5,507)	(2,467)
Remeasurement Expected Credit Loss	-	101
Utilizations	(1,195)	(2,630)
Exchange rate differences	(485)	1,059
Closing balance	**68,149**	**54,492**

1 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of IBI Group recognized as at 31 December 2022. See note 2.

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 2023				31 December 2022[1]			
In € thousands	Contract assets	Contract liabilities	Provision for onerous contracts	Net position	Contract assets	Contract liabilities	Provision for onerous contracts	Net position
Cumulative revenue	6,139,715	4,388,642	-	10,528,357	6,398,231	5,310,863	-	11,709,094
Loss provisions	-	-	(17,626)	(17,626)	-	-	(24,228)	(24,228)
Expected Credit Loss allowance	291	209	-	500	(83)	-	-	(83)
Billings to date	(5,435,659)	(4,858,093)	-	(10,293,752)	(5,762,592)	(5,792,735)	-	(11,555,327)
Total	**704,347**	**(469,242)**	**(17,626)**	**217,479**	**635,556**	**(481,872)**	**(24,228)**	**129,456**

1 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of IBI Group recognized as at 31 December 2022. See note 2.

16 Cash and cash equivalents

Restricted cash amounted to €19.2 million and is composed of cash balances mainly held in China and United Arab Emirates (31 December 2022: €29.6 million). The Group has control over these balances, however, repatriation may be limited due to restrictive local regulatory and judicial 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.

At 30 June 2023, the cash balance of the captive insurance company named White Rock Insurance (Netherlands) Pcc Limited was €14.9 million (31 December 2022: €19.7 million).

As at 30 June 2023, no Cash and cash equivalents and Bank overdrafts have been offset (31 December 2022: nil).

17 Equity attributable to equity holders

The development of the number of shares issued/ outstanding in the six-month period ended 30 June 2023 is presented in the table below.

Number of shares	Ordinary shares	Priority shares	Treasury stock	Total issued shares
At 31 December 2022	**89,572,574**	**600**	**869,517**	**90,442,691**
Shares issued (stock dividend)	-	-	-	-
Repurchased shares	-	-	-	-
Exercise shares and options	387,598	-	(387,598)	-
At 30 June 2023	**89,960,172**	**600**	**481,919**	**90,442,691**

Dividends

Dividend for the year ended 31 December 2022 was paid in May 2023. Based on the number of shares outstanding and a declared dividend of €0.74 per share, the total dividend amounted to €66.3 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 2023, no share was repurchased.

Exercise of options and vesting of RSUs

During the first six months of 2023, 25,200 options granted were exercised, resulting in a cash inflow of €0.5 million. As at 30 June 2023, the share option program has expired and there are no more share options outstanding.

A total of 362,398 shares were transferred to participants in the Long-Term Incentive Plan due to the vesting of the RSUs granted in April 2020. Due to the Total Shareholder Return, sustainability performance and earnings per share position of Arcadis within the peer group these RSUs have vested for part of the participants at more than 150% of the grant.

18 Provisions for employee benefits

An actuarial loss (remeasurement) of €1.2 million (H1 2022: €1.2 million, net of taxes) has been recognized in Other comprehensive income in the six-month period ended 30 June 2023 (H1 2022: €0.2 million loss, 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 4.9% per annum in December 2022 to 5.3% per annum during H1 2023 due to rise in bond yields, and unfavorably impacted the valuation of the pension schemes in 2023.

The total provision for employee benefits amounts to €26.7 million as at 30 June 2023, of which €0.3 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 2023 are as follows:

In € thousands	Restructuring	Litigation[1]	Restoration	Other	Total
Balance at 1 January 2022	**2,264**	**27,676**	**4,839**	**7,101**	**41,880**
Additions	6,618	7,927	866	1,399	16,810
Amounts used	(3,138)	(2,238)	(330)	(803)	(6,509)
Release of unused amounts	(286)	(2,689)	(1)	(654)	(3,630)
Reclassifications	-	-	354	(101)	253
Exchange rate differences	37	288	(119)	(132)	74
Balance at 31 December 2022 (published)	**5,495**	**30,964**	**5,609**	**6,810**	**48,878**
Revised amounts	-	4,068	-	-	4,068
Balance at 31 December 2022 (revised)	**5,495**	**35,032**	**5,609**	**6,810**	**52,946**
Additions	1,856	1,999	410	529	4,794
Amounts used	(3,579)	(1,311)	(465)	(213)	(5,568)
Release of unused amounts	(569)	(1,597)	(197)	(362)	(2,725)
Reclassifications	(738)	-	342	915	519
Exchange rate differences	(46)	118	(19)	71	124
Balance at 30 June 2023	**2,419**	**34,241**	**5,680**	**7,750**	**50,090**
Current	2,411	6,116	359	2,213	11,099
Non-current	8	28,125	5,321	5,537	38,991
Balance at 30 June 2023	**2,419**	**34,241**	**5,680**	**7,750**	**50,090**

1 Revised in accordance with IFRS 3.49 to reflect the adjustments to the provisional opening balances of IBI Group recognized as at 31 December 2022. See note 2.

20 Loans and borrowings

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

In € thousands	Interest rates between	30 June 2023	31 December 2022
Short-term bank loans	1.2% - 3.5%	56,640	56,230
Long-term bank loans	1.2% - 3.7%	379,903	878,680
Debentures	6.5%	20,554	20,121
Senior unsecured notes	4.9%	496,125	-
Other long-term debt [1]	3.0% - 6.9%	1,858	3,134
Short-term borrowings	0% - 4.4%	190,000	-
Total loans and borrowings		**1,145,080**	**958,165**
Current		246,640	56,230
Non-current		898,440	901,935
Total		**1,145,080**	**958,165**

1 Including retentions and expected deferred consideration not due within one year, amounting to €1.9 million (31 December 2022: €3.1 million)

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

In € thousands	30 June 2023	31 December 2022
Balance at 1 January	**901,935**	**187,510**
New debt	495,565	747,277
Accrued interest	-	-
Redemptions	(500,000)	(19,256)
Acquisitions (deferred consideration)	(1,277)	47,198
From long-term to current position other long-term	-	(56,921)
Other	1,783	-
Exchange rate differences	433	(3,873)
Balance at end of the period	**898,439**	**901,935**

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

In € thousands	30 June 2023	31 December 2022
Balance at 1 January	**56,230**	**76,057**
New debt	190,000	195,545
Acquisitions	-	13,686
Redemptions	-	(284,907)
Other	410	(731)
From long-term to current position other long-term	-	(56,921)
Exchange rate differences	-	(341)
Balance at end of the period	**246,640**	**56,230**

Principal financing and debt reduction transactions during the interim period

In February 2023, Arcadis carried out a bond issue of €500 million maturing February 2028, bearing annual interest at 4.875%. Following the bond issuance, Arcadis repaid partially the Bridge Loan Facility by an amount of €500 million over the total balance of €750 million.

In addition, the Company has drawn €190 million under the Revolving Credit Facility and €35 million under the uncommitted facilities from core banks, as of 30 June 2023.

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.

As of 30 June 2023, the average Net Debt to EBITDA ratio calculated in accordance with the definitions in the €500 million syndicated Revolving Credit Facility and all Schuldschein loans is 2.7x (31 December 2022: 1.6x).

Credit facilities

The total short-term credit facilities amount to €364.7 million, which includes all uncommitted credit facilities, bank guarantee facilities and surety bond lines with financial institutions of which €183.0 million has been used as of 30 June 2023 (31 December 2022: €379.7 million and €158.3 million respectively).

The Group has short-term uncommitted credit facilities of €120.0 million with relationship banks and three bank guarantee facilities totaling €76.2 million (31 December 2022: €120.0 million and €76.2 million respectively). These short-term credit facilities are used for financing of working capital and for general corporate purposes of the Group.

As of 30 June 2023, the total amount of bank guarantees and letters of credit that were outstanding under the €76.2 million guarantee facilities amounted to €41.3 million (31 December 2022: €41.3 million). Additionally, there were other outstanding bank guarantees, letters of credit and surety bonds amounting to €106.7 million (31 December 2022: €107.1 million).

Lines of Credit

In millions					30 June 2023				31 December 2022
Type	Interest/fees		Available		Utilized		Available		Utilized
		CAD	EUR	CAD	EUR	CAD	EUR	CAD	EUR
Bridge Loan Facility	EURIBOR		€ 750.0		€ 250.0		€ 750.0		€ 750.0
Revolving Credit Facility	EURIBOR		€ 500.0		€ 190.0		€ 500.0		€ 0.0
Debentures IBI	6.5%	CA$29.3	€ 20.6	CA$29.3	€ 20.6	CA$29.3	€ 20.1	CA$29.3	€ 20.1
Senior unsecured notes	4.875%		€ 500.0		€ 500.0				
Committed facilities	EURIBOR		€ 0.0		€ 0.0		€ 0.0		€ 0.0
Uncommitted multi-currency facilities	Floating		€ 120.0		€ 35.0		€ 120.0		€ 0.0
Schuldschein notes	Fixed/floating		€ 190.0		€ 190.0		€ 190.0		€ 190.0
Guarantee facility	0.30% - 0.65%		€ 76.2		€ 41.3		€ 76.2		€ 41.3
Other (loans)	Various		€ 19.2		€ 0.0		€ 33.7		€ 9.9
Other (bank guarantees and surety bonds)	Various		€ 149.3		€ 106.7		€ 149.8		€ 107.1

In February 2023, Arcadis carried out a bond issue of €500 million maturing February 2028, bearing annual interest at 4.875%. Following the bond issuance, Arcadis repaid partially the Bridge Loan Facility by an amount of €500 million over the total balance of €750 million.

In addition, the Company has drawn €190 million under the Revolving Credit Facility and €35 million under the uncommitted facilities from relationship banks, as of 30 June 2023.

21 Capital and financial risk management

In the six-month period ended 30 June 2023 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.

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 investments in Techstars and Switch Energy, 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 2023 compared to 2022.

The fair value of loans and receivables is based on the present value of future principal and interest cash flows, discounted at the Group specific market rate of interest at reporting date. For financial leases the market rate of interest is determined by reference to similar lease agreements.

Financial covenants

Financial covenants set under the contracts of the committed credit facilities that are applicable to Arcadis include the Total Leverage ratio (maximum 3.5x). The Total Leverage ratio for the €500.0 million Revolving Credit Facility and all Schuldschein loans 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 2023	31 December 2022
Long-term loans and borrowings	20	898.4	901.9
Current portion of loans and borrowings	20	246.6	56.2
Lease liabilities	12	219.5	235.9
Current portion of lease liabilities	12	70.1	71.8
Bank overdrafts	16	42.4	15.2
Total debt		**1,477.0**	**1,281.0**
Less: cash and cash equivalents		(289.6)	(272.8)
Net debt		**1,187.4**	**1,008.2**
Less: non-current portion deferred consideration		(1.8)	(3.1)
Net debt according to debt covenants		**1,185.6**	**1,005.1**
EBITDA according to debt covenants[1]		**411.7**	**412.3**

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 2022 for the definitions as used by Arcadis)

Ratios

In € millions	30 June 2023	31 December 2022
Net debt to EBITDA ratio according to debt covenants (at average net debt, Total Leverage Ratio)	2.7	1.6

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 2022 and Q2 2023. Throughout the first six months of 2023, 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 2023 for the drawn/ utilized guarantees and other commitments are summarized below.

Summary of commitments

In € thousands	30 June 2023	31 December 2022
Short-term leases	733	1,151
Low-value leases	431	340
Total committed off-balance leases	**1,164**	**1,491**

In € thousands	30 June 2023	31 December 2022
Bank guarantees	156,937	151,563
Corporate guarantees	163,284	177,580
Eliminations	(120,678)	(114,102)
Guarantees	**199,543**	**215,041**
Leases	1,164	1,491
Other commitments	1,049	953
Total	**201,756**	**217,485**

Lease contracts

The off-balance sheet leases at 30 June 2023 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. Were 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	3.5	-	-	3.5
Bank guarantee and surety bond financing	120.2	156.9	(81.1)	196.0
Other	39.6	-	(39.6)	-
Balance at 30 June 2023	**163.3**	**156.9**	**(120.7)**	**199.5**

[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	3.6	-	-	3.6
Bank guarantee and surety bond financing	135.8	151.6	(75.9)	211.5
Other	38.2	-	(38.2)	-
Balance at 31 December 2022	**177.6**	**151.6**	**(114.1)**	**215.1**

[1] To avoid double-counting and the overstatement of contingent obligations, only one instance of any off-balance sheet item is reported, e.g. if Arcadis NV has provided a corporate guarantee for a local bank guarantee facility, any claim for payment by a client on an outstanding bank guarantee can only be honored once.

On 30 June 2023, only a part of the local bank guarantee facilities and local debt facilities have been used.

Other commitments

Other commitments as at 30 June 2023 do not significantly differ (in nature) from the Company's Other commitments at 31 December 2022.

Contingent liabilities

In the first six months of 2023, the Company was involved in various legal and regulatory claims and proceedings as a result of its normal course of business, either as plaintiff or defendant. Provisions are recognized only when management believes it is probable that Arcadis will be held liable, the amount is reasonably estimable, and the claim has not been insured.

23 Related party transactions

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

The nature of the related party transactions conducted in the six-month period ended 30 June 2023 does not deviate in substance from the transactions as reflected in the Consolidated financial statements as at and for the year ended 31 December 2022.

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 July 2023, Arcadis raised €225 million of new Schuldschein debt, which has been used to refinance €40 million of maturing Schuldschein debt (originally due in October 2023, but repaid in July 2023) and €185 million of bridge loan financing.

Aside from the information above, there are no other subsequent events, that would have changed the judgement and analysis by management of the financial condition of the Company at 30 June 2023, or the result for the period ended 30 June 2023.

Amsterdam, the Netherlands, 26 July 2023

The Executive Board

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