majorel

Going Further.

ANNUAL REPORT AND ACCOUNTS 2022

DRIVEN TO GO FURTHER

Contents

Introduction

1. Introduction

We're a global CX leader. Clients say that our agile culture makes us special, which means that doing business with us is easy. As experts in customer experience management, we've seen it all, so we're able to ensure the reliability our clients need and the care their customers deserve. Our team members love nothing more than to just get things done, secure in the knowledge that we strive to be the best home for their talent. Our spirit is relentless, resilient, and resourceful, and this is what drives us to go further.

82,000+ Team members	70+ languages	45 countries
End-to-end CXM	Tech-human augmentation	Global and local

Majorel: Driven to go further. www.majorel.com

Financial highlights

Revenue

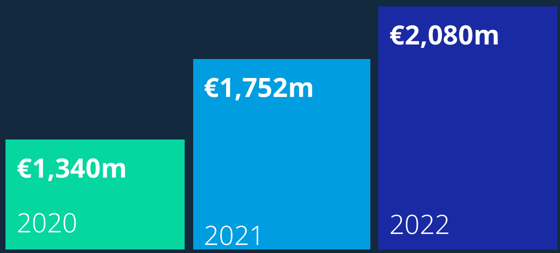
+16% compared to 2021

€2,100m

Net revenue[1]

+19% compared to 2021

€2,080m



Operating EBITDA[1]

+18% compared to 2021

€369m

Operating EBITDA margin[1]

-10bps compared to 2021

17.8%

Group profit

+113% compared to 2021

€170m

Earnings per share (EPS)[2]

€1.69

[1] For more information, see APM section on page 79.
[2] For more information, see Glossary of Terms section on page 85; see the Note 9 on page 114.

Business highlights

PROGRESS IN ALL FIVE STRATEGIC KPIS

Client mix:
Share of Global Internet 52%

vs. our mid-term target of >50%.
(FY 2021: 45%)

Client mix:
Share of Telco 9%

vs. our mid-term target of ~10%.
(FY 2021: 12%)

Product mix:
Share of Content Services, Trust & Safety 23%

vs. our mid-term target of 20-25%.
(FY 2021: 21%)

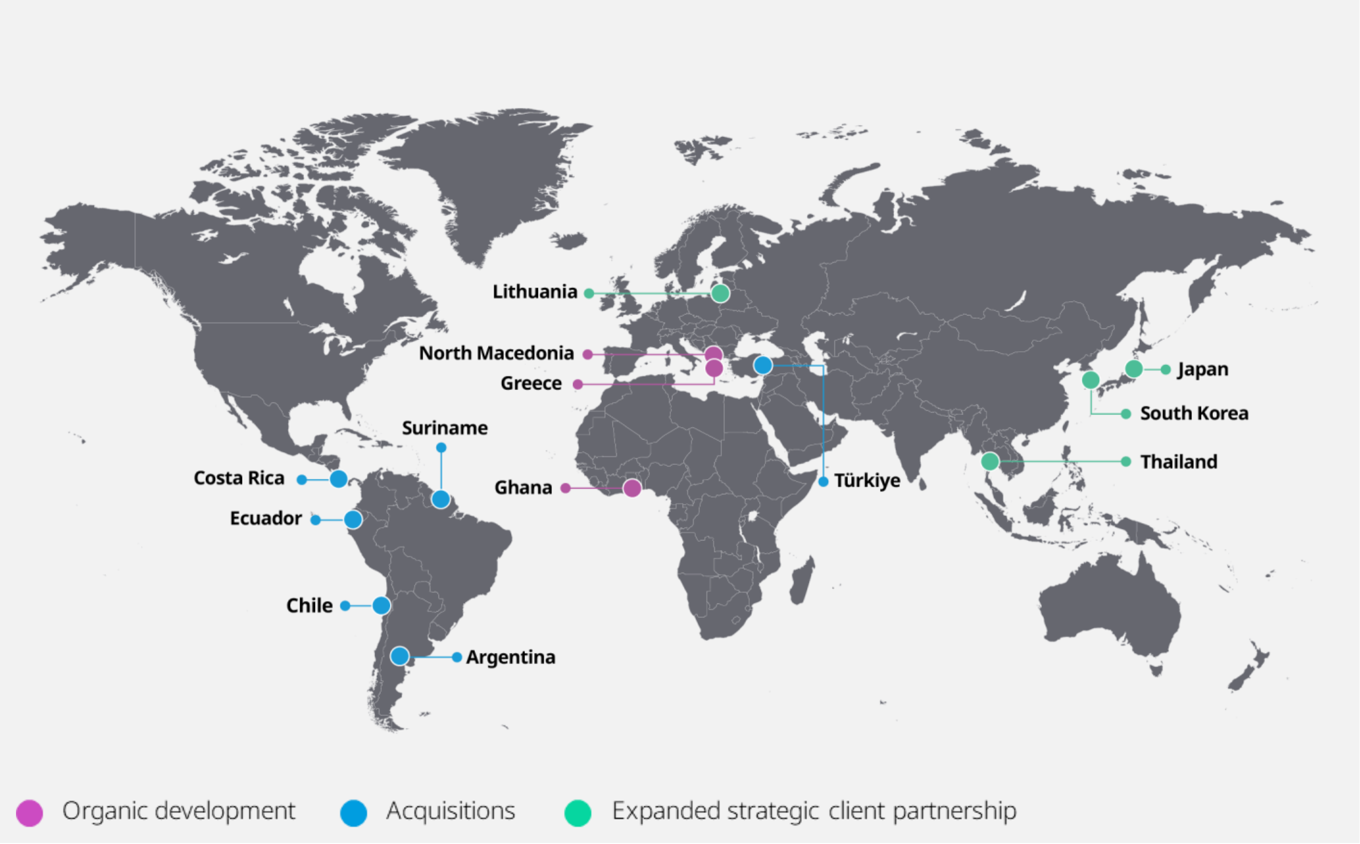
Product mix:
Share of Tech & Expert Services 9%

vs. our mid-term target of 10-15%.
(FY 2021: 9%)

Delivery mix:
Share of offshore delivery 43%

vs. our mid-term target of 45-50%.
(FY 2021: 39%)

GEOGRAPHIC EXPANSION – 13 COUNTRIES ADDED IN 2022



Directors' Report

2. Directors' Report

2.1 MAJOREL AT A GLANCE

Our unique spirit is "Driven to go further".

Majorel team members are differentiated by a particular kind of drive that sums up our culture. We are relentless, resourceful, resilient, agile, energetic, and focused. We are driven to go further to deliver the continuous improvement that our clients need, the simplicity that customers expect and the humanity that defines the right brand experience.

We have very high standards about the way we do business across the world – it's all about doing the right thing and acting with integrity – which is captured in our Code of Conduct. Acting with integrity brings respect in our everyday dealings with each other and our business partners, and creates solid relationships based on mutual trust.

We offer our clients, and their customers, reliability, and agility in a constantly changing world, and strive to be the best home for talent.

2.1.1 Mission, vision, and values

Our mission

is to deliver amazing services that we are proud of and our clients value - by combining talent, process, and technology.

Our vision

is to be the most client-centric company in our industry by nurturing long-term, meaningful relationships and making a positive impact to the world around us.

Our shared values

Creativity, Excellence and Respect - bind us together as One Team and underpin everything we do.

Today's rapidly changing world is sometimes challenging. But with our spirit of true entrepreneurship and adaptability, and our drive to go further, we view it as an opportunity to innovate by getting the best from people and technology.

We constantly strive for the best. We know that doing so is pursuing a moving target. It takes full commitment to go the extra mile.

Mutual respect and trust are the hallmark of every successful business. And it's the same at Majorel. We know that challenges are met, and ambitions achieved through teamwork: not only amongst our colleagues, but in partnership with our clients too.

2.1.2 Our history

The Company's roots date back some 30 years, to 1992, giving us a deep reservoir of knowledge and experience to draw upon for our clients today.

In 1998, we signed our first Global Internet client – a relationship that continues to thrive to this day.

Fast forward to January 2019, and the new entity of Majorel was created when Bertelsmann and Saham joined forces to create a leading customer experience organization. Majorel brought together Arvato CRM Solutions, Phone Group, ECCO Outsourcing, and Pioneers Outsourcing. This combination of shared values and complementary skills and resources has enabled us to deliver innovative CX across the world.

The scale, expertise and growth potential of the business were further endorsed by our public listing on the Euronext Amsterdam Stock Exchange, on September 24, 2021.

Majorel is headquartered in Luxembourg, listed in Amsterdam, but at home in the world.

2.1.3 Global scale, East to West

From Asia to Europe, and from Africa to the Americas, Majorel operates from 160+ sites in 45 countries[3], serving our clients' end-customers in 130+ countries.

This equips us to bring consistent CX to global brands. In particular, we are one of the few international CX providers with operations at scale in China, and have one of the largest footprints in Africa, where we employ around 22,000 team members.

To provide seamless client support across the globe, our highly agile delivery model includes onshore and offshore locations, 25+ multilingual hubs and Majorel Anywhere, our hybrid digital workplace, that allows our teams to deliver great CX from literally anywhere.

2.1.4 Our solutions

Our CX expertise serves a broad variety of digital-native brands and vertical leaders through three business-critical service lines:

Customer Interaction Services. We provide industry-leading end-to-end CX solutions, based on human expertise augmented with advanced proprietary technology tools, automation – such as robotic process automation (RPA) and bots – and data insight. We enhance this approach with deep vertical, cultural, and CX domain expertise, developed from partnering with top brands for around 30 years. This makes us the go-to partner for full-service omnichannel CX, giving our clients a competitive edge, with services spanning the entire customer lifecycle. These include solutions for Customer Service, Sales and Marketing, Loyalty and Retention, and Tech Support. These services help our clients to successfully retain and grow their customer base while ensuring brand engagement and advocacy.

Business Process Services. Since 2015, we have been pioneers in providing Content Services, Trust & Safety services. Our work across social, gaming, and online retail platforms safeguards users and maintains the integrity of our partners' brands, products, and services. Our teams of highly skilled reviewers are trained to effectively and efficiently apply policies to all types of tasks, from user-generated content review to profile management, to commercial compliance monitoring, ensuring applicable standards and laws are met. We also support the development of our partners' products and services through the provision of high-quality training data for machine learning, including annotation, labeling, and linguistic training.

Combining our deep expertise and excellent operational capabilities, we also offer industry-specific Business Process Outsourcing (BPO) services for our clients with a focus on our different growth verticals - such as claims management for the insurance sector, e-mobility services for automotive, and specialized back-office services for

[3] For more information, please see the Reporting unit section on page 94.

utilities and banking. These BPO services leverage our suite of digital tools and seamlessly connect front and back-office services to provide engaging CX for customers.

Tech & Expert Services. Our range of Digital Consumer Engagement services includes the design, build and delivery of direct-to-consumer (D2C) and various digital marketing approaches to enable our clients to engage with their customers across multiple touchpoints.

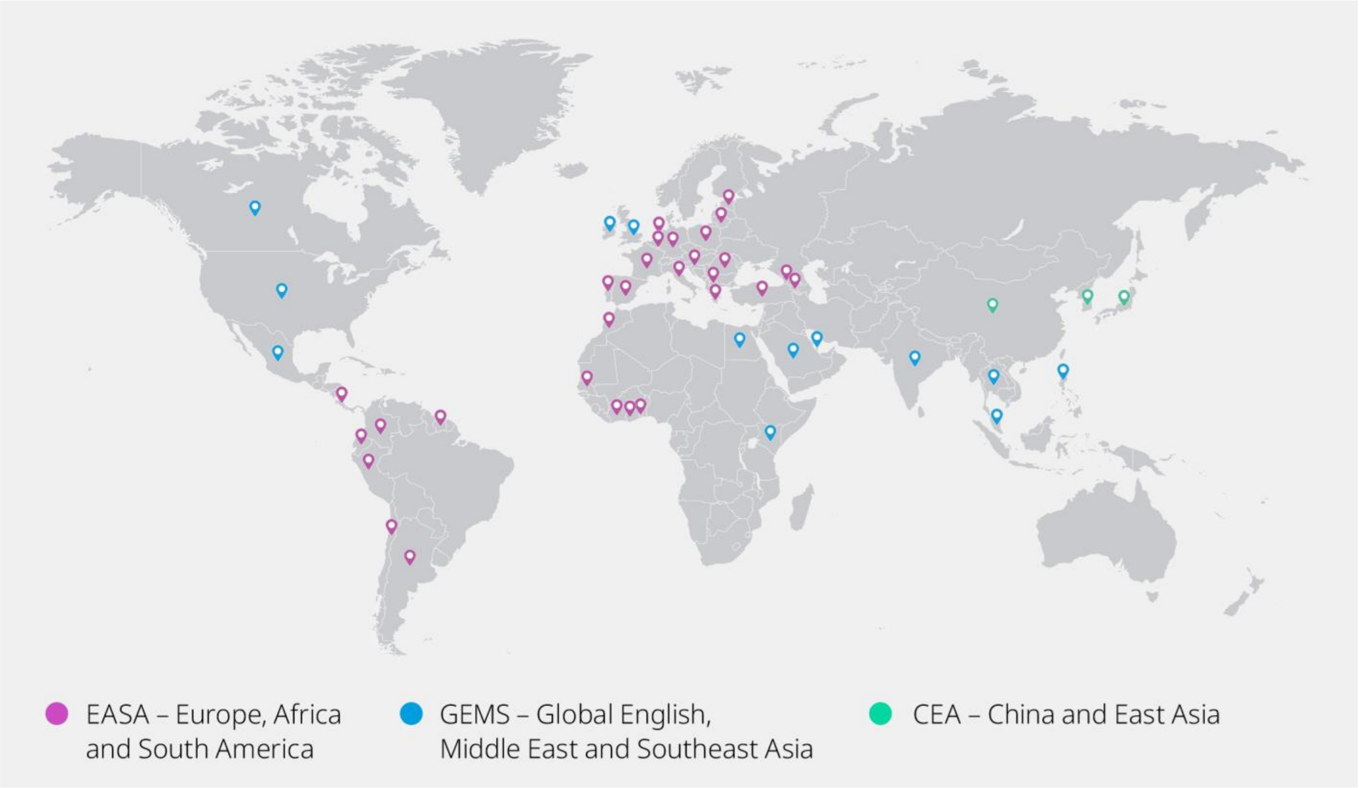
In December 2022, we launched Majorel X as a platform for CX transformation services. Majorel X addresses increasing client demand for an integrated approach to CX transformation. Its comprehensive portfolio spans CX Consulting, Technology, and Design and Creative Services, combining the resources and expertise of three Majorel acquisitions – Findasense, IST, and Junokai – with Majorel's long experience of implementing CX for leading brands across the world.

Our specialized service for startups, MajUp supports our clients by ensuring that CX processes are established and scaled across markets in parity with leading peers. To cater to the needs of individual industries we innovate vertical digital solutions – for example, Majorel Digital Banking, which includes an account and security account switching service (Majorel Switch) and an insurance navigator (Majorel Navigator).

To generate value for our clients, enhance their customers' digital journeys and make CX processes more efficient, we complement our service offering with technological solutions – we call these "tech enablers." These include, among others: our proprietary Customer Service Analytics platform enabling a personalized customer experience, Process Automation and Robotic Process Automation (Majorel Automate) for which we have established our own "Majorel RPA Center of Excellence" supporting our business units in evaluating, designing and implementing RPA use cases; Automated Interactions and Bots (MajBot) that combine conversational AI with our deep experience in CX and human talent; an integrated document management system (Majorel Document), and our omni-language solution (Majorel Lingua) that facilitates the bundling of multilingual services as well as serving customers in rare languages.

2.1.5 Our business Segments

Our business Segments are organized by three geographical groupings mainly based on language. These are:



EASA – Europe, Africa, and South America
This Segment currently includes Argentina, Armenia, Chile, Colombia, Costa Rica, Croatia, Ecuador, Estonia, France, Georgia, Germany, Ghana, Greece, Italy, Ivory Coast, Lithuania, Luxembourg, Morocco, the Netherlands, North Macedonia, Peru, Poland, Portugal, Romania, Senegal, Spain, Suriname, Togo, and Türkiye.[4]

GEMS – Global English, Middle East, and Southeast Asia
This Segment currently includes Canada, Egypt, India, Ireland, Kenya, Malaysia, Mexico, the Philippines, Qatar, Saudi Arabia, Thailand, the United Kingdom, and the United States.

CEA – China and East Asia
This Segment currently includes China, Japan, and South Korea.

We measure the performance of our Segments on the basis of net revenue, Operating EBITDA, and Operating EBITDA margin as a percentage of net revenue.

2.1.6 Industry Verticals

As a leader in the global CX market, Majorel's more than 82,000 team members serve more than 500 clients from all industries, and with a particular focus on Global Internet and BFSI (Banking, Financial Services, and Insurance). These two sectors together accounted for 64% of our net revenue in 2022.

In addition to Global Internet and BFSI, the industry verticals of automotive, consumer goods, telecommunications, public sector, and utilities play a significant role in our business strategy and development.

Our Global Internet clients value our comprehensive Customer Interaction Services to improve the CX for their customers as well as our business process services; this includes our Content Services, Trust & Safety offering, which continues to be a growing and significant part of our global business.

As a long-term partner for BFSI clients, we provide integrated front and back-office services, supported by our proprietary digital solutions. These create seamless CX for our clients' customers, optimize our clients' operational costs, and drive their revenue generation.

In addition, our digital consumer engagement offerings enable clients from a variety of industries to navigate digital complexities through advanced direct-to-consumer (D2C) models, processes, and campaigns.

[4] In addition, the Majorel X business (IST Networks, Findasense, and Junokai) is consolidated in the EASA segment.

2.1.7 Investment case

Majorel: driven to make a difference

We're differentiated by a particular kind of drive. We are relentless, resourceful, resilient, agile, energetic, and focused. We are driven to go further to deliver the continuous improvement that our clients need, the simplicity that customers expect, and the humanity that defines the right brand experience.

A large and growing market

Global CX market size

$350bn

Majorel operates in the global CX market which, with in-house and outsourced CX, is valued at more than US$350 billion[5].

The outsourced market alone is worth more than US$100[6]. Within the market, digital CX is growing particularly fast. We are well positioned to benefit from market growth, the still relatively low level of outsourcing, and the increasing share of digital CX services and digital clients.

Clients are looking for trusted partners with proven capabilities who can help in their global rollouts and digital transformation. Majorel's solutions, and our rapid response to a constantly changing consumer environment, position us to be a transformative long-term partner. Our agility during the pandemic validated this.

We also see additional growth opportunities through bolt-on and larger strategic acquisitions, because the global CX industry is still highly fragmented.

Global scale, local nuance

Locations worldwide

160+

Majorel is a major force in the global CX market, with a footprint spanning from East to West. From our 160+ locations we service our global clients' customers residing in 130+ countries. We are also one of few international CX providers with operations at scale in China and have one of the largest footprints in Africa with currently around 22,000 team members there alone. Around the world, we bring authentic personalization and a cultural nuance in more than 70 languages. This is essential for excellent CX – and equally important for our Content Services, Trust & Safety business line, where understanding cultural context is key.

End-to-end CX services

Experience in delivering amazing end-to-end CX services

30+ years

We combine human talent with our deep process expertise, advanced technology, and data. This enables us to offer a comprehensive suite of next-generation solutions, across Customer Interaction Services, Business Process Services and Tech & Expert Services. In this way, we encompass every aspect of the customer journey from designing, building, and delivering the best CX, to expert CX advisory services. We support our clients to achieve their business goals, and free them to focus on their core competencies. The Company's roots date back some 30 years, to 1992, giving us a deep reservoir of knowledge and experience to draw upon for our clients today.

Deep, long-term client relationships

Net revenue retention[7]

115%

The deep long-term relationships we have built with our more than 500 clients around the world are one of our biggest assets. Our clients like to do business with us, which is underlined by net revenue retention of 115% in 2022[8]. A particular strength is the trust we have earned, often over decades. We are a partner of choice for both growing Global Internet brands, and leaders in major verticals like BFSI, automotive, consumer goods, telecommunications, and utilities. In a growing market, our proven operational excellence and domain expertise puts us in pole position to cross-sell additional services and geographies, adapting to our clients' constantly evolving needs.

[5] Source: Everest Group, Customer Experience Management (CXM) State of the Market Report 2023, December 2022 (hereinafter, "Everest Group, December 2022").
[6] Source: Everest Group, December 2022.
[7] Net revenue retention (NRR) 2022 is defined as net revenue generated by clients in FY2022 divided by net revenue generated by the same cohort of clients in FY2021 (excluding Mayen, Alembo, Findasense, and IST).
[8] Net revenue retention (NRR) including the reduction of COVID-19-related business. Excluding this, NRR was 119% (FY 2021: 116%).

A financially attractive profile

Net revenue growth

+19%

Majorel delivered strong net revenue growth of +19% in 2022. We demonstrated a strong Operating EBITDA margin of 17.8% and have a robust balance sheet showing a net cash position of €105 million, as of December 31, 2022. Our economic debt at the end of the year was €67 million, allowing us strategic flexibility for inorganic growth.

Multiple growth vectors

Global footprint, countries

45

Our growth in the near and mid-term will come in multiple shapes and forms. We are targeting further growth from both existing and new clients. We are now present in 45 countries and are actively targeting further expansion in the Americas, Eastern Europe, Asia and Africa, in particular. We will leverage our strong expertise to innovate and develop new solutions, and our robust M&A pipeline will fuel our inorganic growth too.

A people-driven company

Team members

82,000+

CX is all about people – and so are we. We know that happy team members make happy customers. Which means our clients are happy too. This is why we ensure that Majorel is the best home for talent, and the health and safety of our people is a priority. Our team members are part of a warm and global family, a genuinely diverse team of talented individuals. We take care of our people in many ways, offering the benefits and personal development opportunities you'd expect from a global and fast-growing organization. During 2022, we welcomed an additional 13,000 team members to the Majorel family.

Digital expansion

Net revenue share of Global Internet clients

52%

Majorel is well positioned to benefit from growth opportunities linked to digital expansion, in three areas: first, by growing with our digital-native clients by leveraging their strong growth; second, by gaining additional share of wallet; and third, by winning new digital-native clients. All of this increased the share of net revenue from our Global Internet clients to over 50%. This includes continued growth in the Content Services, Trust & Safety business. In 2022, we achieved a net revenue share of 23%, which is already within the Company's mid-term guidance of 20-25%. In addition, we see new business opportunities for our Tech & Expert Services created by digital transformation and the launch of Majorel X, and we aim at a net revenue share for our Tech & Expert Services of 10-15% in the mid-term.

Deep domain expertise

Clients worldwide

500+

Our 500+ clients entrust us with their two most valuable assets: their brands and their customers. They feel comfortable to do so because they know that we deliver great CX based on our extensive experience in customer interaction, subject matter, and vertical-specific processes, honed over around 30 years. We support this expertise with continually refined tools, platforms, and processes, as well our own innovations in, for example, vertical-specific BPO and digital vertical solutions.

Entrepreneurial DNA

First Global Internet client

1998

We are a company of our times, contributing to the success of some of the most exciting and fast-growing companies in the world – we won our first digital-native client in 1998. We share their vision, sense of adventure and entrepreneurial culture, and serve their brands with energized, resilient, and resourceful team members. Our entrepreneurial culture – captured in our tagline "Driven to go further" – leaves space for innovation and positively encourages team members to voice and pursue ideas, and to bring their passion to get things done.

Driven to go further...

2.2 CHIEF EXECUTIVE'S REPORT

"2022 was another successful year for Majorel despite the challenging macroeconomic backdrop. I am very proud of what we've achieved by going further for our clients, their customers, our team members, and the local communities where we operate."

Thomas Mackenbrock
CEO

2022 has been another successful year for Majorel. We have grown in key client segments, continued to hone our services mix, and utilized our differentiated geographic footprint for best-in-class solutions for our clients. We have continued to "Go Further" for our clients, their customers, our team members, our shareholders, and the local communities where we operate.

We have delivered every quarter, year-over-year double-digit growth, against a backdrop of more challenging market conditions. I am very proud of what we've achieved, and we will continue to build on this strong performance to deliver a positive impact for all our stakeholders.

In 2022, net revenue increased by +19% YOY. Like-for-like net revenue growth was also +19% YOY, as the reduction in COVID-19-related business (€50 million) was mostly offset by the contribution from the acquisitions of Mayen, Alembo, Findasense, and IST (€47 million). Operating EBITDA of €369 million in 2022, grew by +18% compared to 2021 (€313 million), with an Operating EBITDA margin of 17.8% (FY 2021: 17.9%).

Through a relentless focus on executing on our proven strategy, we have added 13 new countries in 2022, have grown business with our existing and new clients, and expanded our workforce by more than 13,000 team members to over 82,000. We completed several bolt-on acquisitions, expanded our strategic partnership with one of our leading Global Internet clients and, in December, launched Majorel X as a platform for CX transformation services.

We continue to be a long-term and trusted partner to many of the world's leading digital-native brands and other key verticals such as BFSI, automotive, consumer goods, telecommunications, public sector, and utilities. Our total focus on meeting their needs and striving to exceed their expectations is a critical factor in our ongoing success.

Looking ahead, we expect shifting client needs, some softness in demand and continued inflation due to the challenging and more volatile environment. However, we remain confident that Majorel's relentless drive to go further, our operational expertise and our capability in developing deep, long-term relationships with our clients will be the basis for our continuing success. We permanently strive to be at the very top of our game – resourceful, resilient, and agile – delivering the reliability our clients need and the care their customers deserve.

Strong growth momentum in all business Segments

Our EASA (Europe, Africa, and South America) Segment delivered net revenue of €1,452 million, an increase of +13% (FY 2021: €1,290 million). Growth was mainly driven by existing and new clients in Global Internet, as well as the strong development in our near- and offshore locations in Africa, Eastern Europe, and Latin America. EASA also includes the COVID-19-related business and the first-time consolidation of Mayen, Alembo, Findasense, and IST. Adjusted for these effects, the like-for-like net revenue growth in EASA was +13%.

Our GEMS (Global English, Middle East, and South-East Asia) Segment net revenue increased +38% to €504 million (FY 2021: €364 million). This increase continues to be driven by the Company's expansion with its Global Internet clients, particularly in the Philippines, Canada, the US, Malaysia, Egypt, and Kenya.

Our CEA (China and East Asia) Segment delivered net revenue of €124 million, +27% (FY 2021: €98 million), a contribution of 6% to Group net revenue, in line with management expectations. Growth in CEA was driven by further expansion of the footprint in China as well as the addition of two new countries Japan and South Korea, and the continuing growth of digital engagement services, with a focus on consumer products and digital clients.

Successful strategy execution

Majorel's proven strategy is driven across four dimensions, and 2022 has seen further improvement in all of them:

Geographic expansion

In 2022, Majorel further extended its global platform and added 13 new countries to its footprint, enabling us to offer even more flexible delivery options for our clients and to have access to new markets. This regional expansion was driven by a mix of organic development, acquisitions, and the expanded strategic partnership with one of our Global Internet clients. We are now present in 45 countries East-to-West on five continents.

Growth with clients

Our current client portfolio comprises more than 500 clients worldwide from a wide range of industries, with a particular focus on fast-growing Global Internet and vertical leaders across various industries – like BFSI. Retaining and growing the business with our existing clients is the bedrock of our success and remains a focus area for growth. In addition, the Company added more than 60 new client logos in 2022 – a foundation for nurturing meaningful long-term client relationships for the future.

Innovation has continued to be a key feature of our end-to-end CX solutions offer across all three lines of business – Customer Interaction Services, Business Process Services, and Tech & Expert Services. This is especially true for tech-enabled augmentation where, for example, further developments in conversational AI are informing client discussions.

Moreover, in December 2022, we launched Majorel X as a platform for CX transformation services to address increasing client demand for an integrated approach. This is a key factor as brands race to stay relevant and deliver immersive experiences to consumers at every touchpoint. With a talented team of more than 650 passionate individuals across 15 countries, Majorel X combines our strengths in CX Consulting, Technology and Design & Creative Services. Majorel X is one of the growth drivers for Tech & Expert Services, which we will continue to develop organically and through selective M&A.

Across all our verticals, we continue to work in true partnership with our clients, and with deep roots built on mutual trust. In 2022, this resulted in net revenue retention (NNR) of 115% including the reduction of COVID-19-related business. Excluding this, NRR was 119% (FY 2021: 116%).

Majorel completed its expanded strategic partnership with Booking.com in June 2022[9], supporting the Company's strategic goal of expanding into new territories and further consolidating its existing presence in current geographies too. This transformative agreement testifies to the benefits of developing deep, long-term relationships with clients.

Growth through M&A

In 2022, Majorel successfully completed a number of company acquisitions: Mayen, one of Türkiye's leading nearshore CX providers (January 2022); Alembo, a CX and BPO company based in Suriname (June 2022);

[9] In accordance with IFRS 3, Booking.com CX centers were integrated as a business combination in the consolidated financial statements.

Findasense, a CX design and creative services company (September 2022); and IST, a leading full-service CX Technology Services provider (December 2022).

In September, Majorel announced it had discontinued discussions with Sitel regarding the potential merger of the two companies. Despite completed due diligence and validated synergies between the two companies, alignment could not be reached on the final structure of the transaction against the background of the prevailing macro environment.

Progress in all strategic KPIs

In 2022, 52% of net revenue was from Global Internet clients (FY 2021: 45%), achieving our mid-term target of >50% and including 23% of net revenue from Majorel's Content Services, Trust & Safety line of business (FY 2021: 21%), in line with our mid-term target of 20-25%.

Tech & Expert Services represented 9% of net revenue (FY 2021: 9%), compared to our mid-term target of 10-15% and, in line with our previous guidance. The net revenue share from the Telco vertical decreased to 9% of net revenue at the end of 2022 (FY 2021: 12%) in line with our mid-term target of ~10%.

Offshore delivery represented 43% of net revenue (FY 2021: 39%), compared to our mid-term target of 45-50%.

Celebrating our diversity and nurturing the best talent

Everyone at Majorel shares a very particular kind of drive that's captured in our Company tagline – "Driven to go further". This entrepreneurial culture unites our team members worldwide and is something that we cherish and will continue to nurture, since it's the very heart of the Majorel difference. And one of the key reasons why clients choose Majorel as their trusted long-term partner.

At the very heart of this unique spirit is our diversity, which is something that we leverage every day to drive our success. In November 2022, we carried out our annual global employee survey. This year, we partnered with "Great Place to Work" (GPTW) for the first time and were particularly proud to have achieved GPTW certification status in 26 of the 38 participating countries.

I am proud that during 2022 we have continued to grow the two flagship projects we identified in 2021: Majorel Women and the Majorel Impact Sourcing Standard. Majorel Women aims to build an inclusive and collaborative community to discuss and raise awareness of the unique issues that women face in the workplace. This includes training, professional, and personal development opportunities, and networking. The Majorel Impact Sourcing Standard continues to play an increasingly important part in Majorel's recruitment strategy, giving disadvantaged groups career opportunities that lead to economic self-sufficiency, skills development, and professional advancement.

Well-being and resiliency

While the peak of the COVID-19 pandemic is behind us, it is still part of everyday life, in various shapes and forms, around the globe. It's also changed the way people work in terms of how and where. At the end of 2022, the percentage of team members who are also working from home reduced to around 42%, enabled by Majorel Anywhere.

The safety, wellbeing, and personal development of our team members remain a primary objective, enabled by Majorel Feel Good, our global wellbeing and resiliency (W&R) program. We continuously strive to improve our operations and process and have further strengthened this program, which receives high praise from our team members, clients, and industry commentators.

W&R is a key feature of our Content Services, Trust & Safety operations, which continue to be a significant part of our differentiated offer. We strongly believe that the value-added services we provide to our clients in this area - such as content moderation services, data labeling, data tagging, advertisement checks, quality assurance, and policy adherence - support our clients in making the internet a safer place for everyone.

Supporting our communities

We were very saddened by the war in Ukraine and put many practical initiatives in place to support the alleviation of suffering. In addition to helping our team members affected by the crisis, Majorel made donations to humanitarian non-profit organizations.

Following the devastating earthquakes in Türkiye and Syria in February 2023, we were especially concerned for the safety of our Majorel team members, and their families directly affected at our locations in Adana, Diyarbakır, Kayseri, and Elazığ. In addition to the direct and financial support we gave to our team members, Majorel donated to a local NGO involved in search, assist, and rescue. We were impressed by the response of colleagues from all around the world who supported our team members in need.

Both tragedies emphasized the fact that at Majorel, we are all family. It has never been more important to look out for each other and to do what we can at this very troubling time for our friends, colleagues, and local communities.

Thank you

My heartfelt thanks go out to every single one of our 82,000 team members around the globe. They are the direct connection between our clients and their customers, driving customer experience and brand loyalty.

The strong performance we are reporting today would not have been possible without their individual talent, expertise, and commitment. Working as #OneTeam, their effort has been characterized by true collaboration, constant innovation and drive. Their commitment has been exceptional.

Naturally, I also extend my thanks to our clients – for entrusting us with the care for what is most important for them, and for choosing to grow with us. You can be assured that we will continue to put our everything into providing excellent experiences for your customers and catering to your current and future needs.

Finally, I'd like to thank our investors for their continued trust in Majorel. We are all committed to creating sustainable value for our shareholders, and I look forward to reporting on our progress.

Thomas Mackenbrock
CEO

2.3 CHAIRMAN'S STATEMENT

"It's been another remarkable year for Majorel. The company has consistently over-delivered on its targets. This has been driven by its outstanding strategy execution and unique entrepreneurial culture that's relentless, resilient, and resourceful. Put simply – driven to go further."

Moulay Mhamed Elalamy
Chairman

Dear Shareholders,

2022 has been another remarkable year for Majorel. The Company has consistently over-delivered on its targets. This is especially pleasing given the more volatile global macro-economic conditions, and I would like to take this opportunity to congratulate the Majorel team, and to thank them for their drive, performance, and passion.

Resilience during global economic uncertainty

As I write, the whole world continues to face significant economic, political, and environmental uncertainty. The ongoing war in Ukraine, rising inflation, and the recent earthquakes in Türkiye and Syria, are just a few examples of the challenges that international businesses are dealing with today.

Fortunately, Majorel's agile way of working, large client base, and diversified geographic footprint, have allowed us to remain flexible and resilient in the face of this rapidly evolving business environment. As a result, we are proud to report significant growth in 2022, with a like-for-like net revenue growth of +19% and an Operating EBITDA of 369 million.

Our goal now is to maintain this strong position by continuing to perform at the very top of our capabilities, whilst remaining alert to the challenges and opportunities that lie ahead. We recognize that the world is constantly changing, and we are committed to adapting and evolving our strategies to ensure our long-term success.

We believe that agility and resilience are essential to thriving in a constantly changing business environment. We remain committed to leveraging our strengths and expertise to create value for our clients, employees, and shareholders, while also making a positive impact on the world around us.

Long-term client relationships built on mutual respect and trust

At Majorel, the safety, wellbeing, and engagement of Majorel's team members is crucial to our success. By prioritizing our employees' needs, we ensure that the quality of our work is best-in-class, and our relationships with clients are long-lasting.

Our clients know they can trust us to not only meet their expectations, but also exceed them. We are committed to go the extra mile and delivering on our promises. This client-centric approach is deeply embedded in our culture, and our high client tenure is testament to our commitment.

We share our clients' goal of making a positive impact on the world. Whether it's through our services that promote impact sourcing and internet safety, or our environmental sustainability and community support programs, we strive to create a better world for everyone. Additionally, our proactive approach to promoting wellbeing and DE&I (Diversity, Equity & Inclusion) reflects our dedication to making Majorel a truly inclusive workplace.

We are proud to have created thousands of jobs and career opportunities around the world. Our team's outstanding execution of our proven growth strategy has allowed us to continue to expand and create more opportunities for people to join us on this journey.

Annual General Meeting 2022

On June 20, 2022, we hosted our first Annual General Meeting as a listed company. It approved the statutory and consolidated accounts dated December 31, 2021, and all proposed resolutions, including the proposed dividend of € 0.32 per share.

Corporate Responsibility, defined, focused, impactful

At Majorel, we are committed to doing the right thing, and Corporate Responsibility (CR) is an integral part of our company vision. Specifically, 'we aim to make a positive impact on the world around us'. We recognize that CR is important to investors, analysts, clients, and our own team members. As a result, it plays a critical role in our employer brand, for attracting and retaining top talent. I am pleased to report that Majorel has made significant progress in CR.

We are particularly proud of our global DE&I charter "We Are One", which aims to promote the best practices and celebrate the benefits of our truly diverse workforce.

We also prioritize the wellbeing of our employees. We continually work on improving our Feel Good programs with tangible initiatives, such as providing access to group gym classes, offering healthy food options, and providing relaxation rooms on site.

Supervisory Board developments

At Majorel, we are proud to have attracted a high-quality group of directors to our Board. Our Board members are seasoned professionals with diverse backgrounds and cultures, bringing a wealth of complementary skills and experiences. We are pleased to report that our Board comprises of directors from five different nationalities, with an average age of 49, and almost half of them are women.

We are committed to broadening and deepening the experience of our Supervisory Board. In 2022, we appointed three new members to the Supervisory Board, further strengthening our team. We are confident that these new members will bring fresh perspectives and valuable insights to our Board, helping us to achieve our strategic objectives.

We believe that the diversity and expertise of our Board members is a key strength of our organization. By bringing together a group of highly talented individuals, we are able to leverage their collective knowledge and experience to drive our company forward. Our three new members will bring an interesting new expertise to Majorel:

Anne Marie Magis

Has a strong background in both banking and change management and her recent assignments include strategy, innovation, digital banking, and agile transformation. She is currently Head of Execution Office at ABN AMRO Bank N.V. and responsible for managing the execution of the strategic change portfolio on behalf of the Executive Board.

Maud de Vries

Is currently Chief Legal and Human Capital Officer at OCI N.V., where she led strategic initiatives to design, redesign and strengthen the group's global legal, compliance, governance, and HR frameworks and responsible for the company's Corporate Governance, Compliance, Legal, HR and Government & Public Affairs. She also champions OCI's global Diversity & Inclusion efforts.

Geoffroy Dedieu

Has over 25 years of experience as a lawyer, wealth manager and senior executive of family-controlled businesses operating in emerging and frontier markets. He holds an LLM (National University of Singapore), an MBA from INSEAD, and a Masters' in International Environmental Law. He is currently the Chief Investment Officer of Saham Management Company and Saham Customer Relationship Investments Ltd.

Investor relations

Majorel has finalized its first full year of being a listed company. We have very much appreciated the regular interactions with our shareholders and are always excited to share our story.

On the basis of feedback from investors, Majorel has stepped up its investor relations activities, in relation to both present and future investors. In that context, Majorel is continuously exploring options to increase the liquidity of the stock to attract a broader shareholder base.

Thank you

I would like to take this opportunity to thank everyone at Majorel for their extraordinary commitment to the Company: operating as one team, united, and totally focused on one goal – delivering the best customer experience.

I would also like to commend the team for its solidarity in the face of adversity. For example, the support of our co-workers in Türkiye and our colleagues from Syria, affected by the recent earthquakes has been heartwarming.

Furthermore, a big thank you to Majorel's clients and its shareholders for continuing to place their trust in our company. And lastly, to the Management Board, for our excellent collaboration, that underpins our continuing success.

I am very proud of Majorel's achievements in 2022 and look forward to the next phase of Majorel's journey as a global CX leader.

Moulay Mhamed Elalamy

Chairman of the Supervisory Board

2.4 A GLOBAL CX LEADER

We design, build, and deliver end-to-end customer experience (CX) for many of the world's most respected digital-native and vertical leading brands.

2.4.1 MARKET OVERVIEW

Consumer markets have never been so dynamic, and the ability to delight customers with the right CX is a vital differentiator and competitive advantage.

It is also the basis for forging long – and sometimes lifelong – relationships between a brand and its customer base.

Technology and the internet have transformed the way consumers engage with businesses. Today's interactions are infinitely more diverse than simply calls to contact centers. Customers expect to be able to solve their queries at any time and through the channel that is most convenient for them. Therefore, good CX has developed into omnichannel, providing a seamless experience across multiple channels such as mobile apps, chat and instant messaging, email and social media, in addition to voice interaction.

With this migration to digital channels, which was further accelerated by the COVID-19 pandemic, CX has also become a key driver of brand equity. This market environment, combined with technological innovation, has created new service opportunities that encompass the entire brand experience, including CX consulting, customer journey design, direct marketing automation, data annotation and data labeling, as well as Content Services, Trust & Safety.

By augmenting human talent with digital technologies and data, CX players have been able to support next-generation business processes such as human supervised machine learning (ML) processes and full-stack omnichannel customer engagement.

As clients look to maximize the capabilities of digital solutions to manage their brand experience, both digital-native brands and vertical leaders turn to specialist CX service providers like Majorel. We create a customer experience that is consistent, personalized and integrated across any channel that customers may choose.

The market opportunity

Majorel is a global CX specialist in a market valued at US$101-103 billion in 2021[10]. This is the current size of the global outsourced CX market, which is estimated to grow by 7%-9% from 2021 to 2022 (US$109-111 billion)[10]. However, with outsourcing accounting for only 30% of all CX expenditure (in 2021)[10], it is a market that remains significantly under-penetrated. More than $240 billion[10] of the total addressable market currently remains serviced by in-house teams, which is a significant opportunity for further growth.

Within the market, digital segments are showing high growth. The need to digitalize processes to reflect consumer preferences has driven up demand for digital CX services, which combine digital concepts and tools with high-touch human intervention to transform the customer experience. This digital segment is also expected to witness continued double-digit growth going forward[11].

In addition, Content Services, Trust & Safety offerings, which exist to help ensure that digital platforms are safe for everyone, reached a market size of $7 to $7.5 billion in 2021[12]. Among many drivers has been the proliferation of user-generated content on digital platforms, driving expected double-digit growth in the years ahead[11].

Industry trends

Several trends are currently shaping the CX industry.

[10] Source: Everest Group, December 2022.
[11] Source: Everest Group, 2021.
[12] Source: Everest Group, Trust & Safety State of the Market Report, August 2022.

Elevated consumer expectations. With technology in their hands and an on-demand culture, consumers have more information, choices, and influence than ever before. They expect to engage with brands at any time, on any device and on the channel of their choice. Brand perception is no longer determined by individual touchpoints, but rather by the entire consumer experience. Brands therefore need to seize the advantages, and minimize the risks, that come in an always-on digital world. Facing these new realities, companies across all industries are engaging specialist CX solution providers to design and manage best-in-class customer experience.

Customer experience as a key driver of brand equity. With products becoming increasingly interchangeable, customer experience has become a vital point of difference. Companies are exploring new ways to provide meaningful and intuitive interactions that reflect the intentions and characteristics of individual consumers. Brands that maintain a merely transactional approach are losing value, while those managing experiences holistically across the consumer lifecycle can become an indispensable part of their lives.

A shift to CX leaders. In shifting their focus to managing customer experiences along the entire lifecycle, brands are increasingly realizing the need for a fundamental change in their operating model: front- and back-end processes need to be managed holistically and enabled by the latest technology to deliver the desired results. However, they may not have the in-house expertise to build the technology and process architecture they need. Instead, they are consolidating activities with integrated CX solution providers that combine deep domain expertise, process know-how, innovative consulting, and profound IT/technology capabilities, as well as extensive skills in managing large scale operations.

Growth of digital and global companies. Next-generation brands are expected to continue their trajectory of growth and international expansion, which makes capturing market share critical. In addition, a focus on their key competitive advantage is strategically important. Hence, we see a continuing demand for reliable CX providers that are able to scale quickly across the world, with quality, innovation and efficiency, thereby becoming long-term growth partners.

Content Services, Trust & Safety is an evolving space driven by content volume growth and variety, including the rise in niche languages on the internet. These tailwinds have been bolstered by emerging growth vectors such as a globally dynamic regulatory landscape and evolving ESG mandates. Socially responsible, professional content services which put the health and wellbeing of team members at the forefront, will be key in supporting growing demand in this area.

Development of generative AI. Recent developments in generative AI could hardly go unnoticed as these have been enthusiastically adopted by millions around the world. This recent progress confirms the digital developments in the industry. Harnessing their real value to allow for new user experiences and to enhance supporting processes (for example, agent augmentation) will be key in the coming years.

2.4.2 BUSINESS MODEL

Our strengths drive us to go further...

Passionate team members

Our more than 82,000 team members across 160+ sites are passionate about delivering great CX. They are resourceful, resilient, agile, energetic, and focused, with a can-do-attitude and a drive to get things done. They truly act as #OneTeam and are fun to work with. In order for our team members to excel, we provide a positive working environment and continuously invest in developing, retaining and promoting the right talent.

Long-term client partnerships

We 'become' our clients, in two senses. We are trusted to act as an extension of their brand, interacting with, and looking after, their customers every day on their behalf. But more than that, we evolve and grow with our clients, creating long and fruitful partnerships, in some cases, decades-long. In the case of one leading insurance company, our tenure is now over 25 years.

End-to-end capabilities

We combine human talent with our deep process expertise, advanced technology, and data. This enables us to offer a comprehensive suite of next-generation solutions, across Customer Interaction Services and Tech & Expert Services. In Business Process Services we offer leading Content Services, Trust & Safety as well as managing end-to-end vertical-specific business processes. We add value to our clients' operations and enable them to focus on their core competencies.

Digital native

Digital is Majorel's heartland and more than half of our business comes from digital-born clients. We augment our human talent with technology and digital tools, such as analytics and automated interactions, that optimize the customer experience. Our innovative Tech & Expert Services deliver a slick and seamless experience through specialized CXaaS services, CX consulting, design and technology, vertical digital solutions and digital consumer engagement services.

Deep domain expertise

Every sector has its own highly specific characteristics, and every brand has a signature style of its own. We are experts in both industry-specific processes and individual client needs. This enables us to customize our approach to meet those needs of sector and client alike – and to deliver great CX. We are entirely at home in a diverse selection of verticals, including Global Internet, BFSI (with the stringent security they clearly require), automotive, consumer goods, telecoms, and utilities.

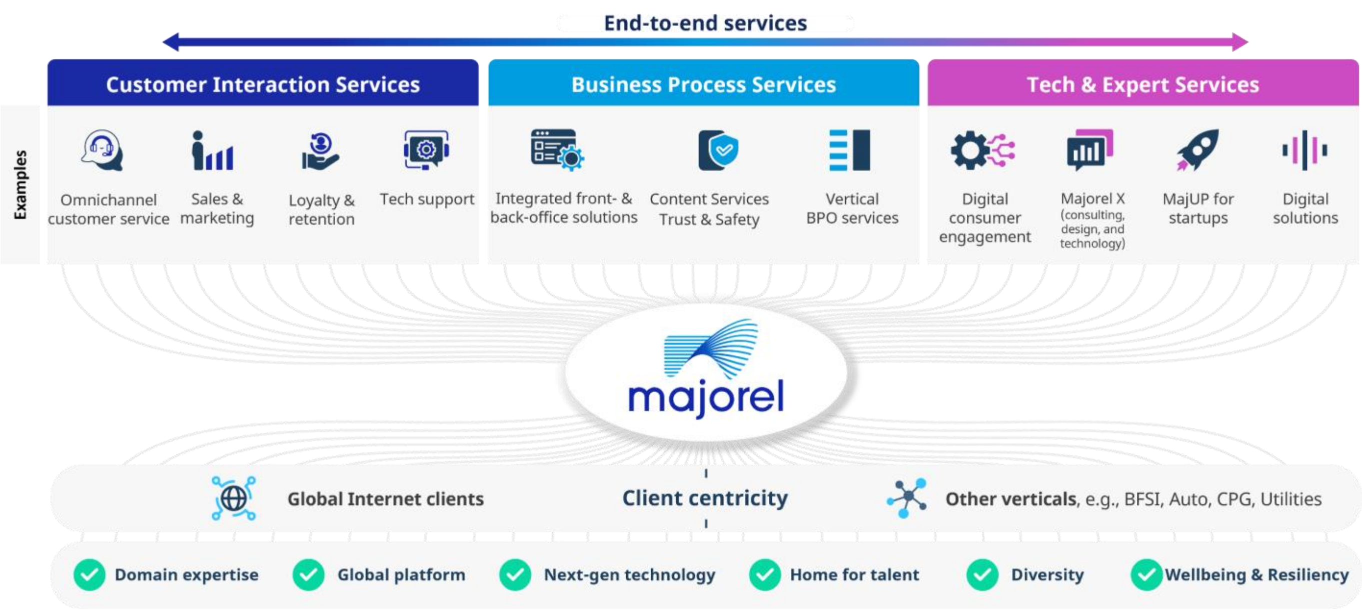
A truly global footprint

Our East-to-West presence spanning 45 countries and 160+ sites enables us to deliver CX that is attuned to local culture and needs, to customers from 130+ countries. Our footprint includes a strong presence in China, and one of the largest CX footprints in Africa.

Operational excellence

We support our delivery model through a relentless focus on operational excellence. We have dedicated our entire organization and culture to maintaining our high standards and the continuous optimizing of our performance. In order to deliver the CX that our clients expect, we focus on three aspects: customer satisfaction and quality, optimization and the harmonization of processes, tools, reporting and organization.

...supporting our diverse, client-centric proposition...



...to drive value creation for our stakeholders

Our value creation for our stakeholders

People

We provide high-quality employment, training, and career development for around 82,000 team members worldwide. In Africa alone, we are an attractive employer for around 22,000 talented individuals.
In 2022, we welcomed 13,000 additional team members to the Majorel family.

Career opportunities for additional team members

13,000

Shareholders

We are committed to creating shareholder value. For 2022, our Operating EBITDA was €369 million (2021: €313 million). Our Operating EBITDA margin has decreased by 10 basis points (bps) to 17.8% (2021: 17.9%).

Operating EBITDA[13]

€369 million

Communities

Community outreach and volunteering programs at 160+ sites across five continents, with our team members making a real difference to their local communities.

Local communities

160+

Clients

We serve our clients' customers in 130+ countries. In our 2022 client satisfaction survey, the highest ratings we received were for the way we manage customer relationships and our flexibility.

Consumer reach, countries worldwide

130+

[13] For more information, see APM section on page 79.

2.4.3 STRATEGY

Our strategy for expansion and growth

We are proud of our reputation, client base, and status as one of the leading global players. Nevertheless, it is in our culture that we never stop improving, honing the machine, and looking to grow.

Below, we outline how our strategy comprises five key areas of focus.

2.4.3.1. Increase our differentiated global footprint

We offer our clients a comprehensive presence in every major market from East to West: from Asia to Africa, and from Europe to the Americas. Our ambition now is to densify that presence still further as we seek to grow our business with existing and new clients.

We will continue to expand and deepen our geographic footprint in places that can satisfy our key criteria: access to diverse, skilled talent, market share of clients, benefit to clients, competitive density, convenience of location, and an ability to deliver our services over multiple time zones and in multiple languages.

While we typically look to partner with a client when entering a new country, we are also prepared to pursue strategic investments independently.

As part of this strategy, we seek to:

- further increase our European footprint, growing our multilingual hubs in, for example, Eastern Europe, as well as opening up new countries;
- increase our global English and Asian languages by expanding in Asia;
- continuously evaluate opportunities to increase our onshore presence in East Asia;
- leverage our significant footprint in Africa with new locations in Sub-Saharan Africa, expanding our offshore offering to cover global English, French and African languages;
- reinforce our presence in the Americas, in particular, Latin America as a beachhead for US nearshoring, our Spanish/Portuguese language offering, and global customer local markets; and
- further leverage the benefits of Majorel Anywhere.

2.4.3.2. Drive further growth with existing clients, and win new clients

We are proud to serve more than 500 clients across the globe, and of being a partner of choice for fast-growing Global Internet brands, leaders in major industries, and upcoming startups.

Although we target growth from all verticals, our particular focus is to play to our proven strengths in Global Internet and BFSI.

We have shown significant growth from existing clients and want to maintain this momentum. To grow further with our clients, we:

- seek to deepen and expand our existing relationships by systematically cross- and up-selling our services along our value chain; in particular, our Content Services, Trust & Safety offering, our vertical BPO Services and our Tech & Expert Services;
- aim to support our clients in their business transformation plans, including by expanding into new geographies and via portfolio expansion;
- will leverage the deep insights and expertise that we gain in strategic partnerships to identify opportunities to innovate and develop new business solutions that address their evolving needs. We pursue a digital-first approach.

To win new clients, we will also focus on our proven strengths in the Global Internet, BFSI, automotive, consumer goods, utilities, and telecom industries, targeting vertical leaders as well as digital disruptors.

To this end, our dedicated regional and global sales teams will seek to generate new business with national companies and global accounts. Majorel succeeded in adding more than 60 new logos to its client portfolio during 2022.

We have further evolved our MajUp™ business, a tailored set of CX services designed for the evolving needs of startups, and launched Majorel X as a platform for CX transformation services, combining CX Consulting, Technology and Creative & Design Services.

2.4.3.3. Innovate fresh solutions and drive digital improvements

By combining human talent, process expertise, and technology, we will build on our position as a transformative partner.

Customer Interaction Services: we leverage our CX heritage to optimize existing technology and implement new tools for omnichannel solutions and omni-language support. By continuing to enhance sophisticated sales and marketing services, we seek to generate additional revenue for our clients.

Business Process Services: we continue to grow our Content Services, Trust & Safety practice – which contributed with 23% to our net revenue in 2022. We play an essential role to society in helping to keep the internet safe for everyone. Our priorities here are threefold: to ensure the health and wellbeing of our team members; to continue to expand our service portfolio; and to constantly innovate in close collaboration with our clients and external partners. As part of Business Process Services, we are also driving our vertical BPO services, which increase clients' process efficiency and revenue while reducing operating costs.

Tech & Expert Services: we are driving further growth, particularly in our digital consumer engagement solutions (which include the design, build and delivery of direct-to-consumer - D2C - and various digital marketing approaches) and through Majorel X. Its portfolio spans CX Consulting, Technology, and Design & Creative Services, combining the resources and expertise of three Majorel acquisitions with Majorel's long experience of implementing CX for leading brands across the world. In addition, we constantly enhance and expand our portfolio of vertical digital solutions and tech enablers, especially for our BFSI clients and in the area of integrated document management.

2.4.3.4. Accelerate growth across regions, clients, and services through M&A

We will continue to complement organic growth, our primary driver of increasing revenue in 2022, with carefully selected M&A activities. Following our successful acquisitions in 2022, we continue to evaluate an attractive set of potential targets. Our strategy is disciplined, focusing on creating value for our shareholders and further supporting the growth and transformative needs of our clients.

These are interesting times, as the CX landscape remains highly fragmented and offers many strategic opportunities. We plan to take an active part in the ongoing consolidation as the industry enters a new phase.

At the close of 2022 we had a solid pipeline of potential acquisition targets. Amongst these are interesting opportunities that would further widen the scale and scope of our Tech & Expert services in areas such as CX consulting, vertical digital solutions, CX analytics, digital consumer engagement and CX technology transformation. As well as other targets that would either serve our goal to expand geographically, further diversify our client base or allow us to gain additional expertise for our business process services.

2.4.3.5. Leverage our diverse corporate culture to further strengthen our market position

We are passionate that our culture of responsibility to our people, society and the environment is not only the right thing to do; it also enables us to grow better as a company, as #OneTeam and as a great home for talent. We want to be the employer of choice for talent, making a positive impact on lives and communities.

The diversity of our team members is one of our key competitive advantages and is part of our DNA. Diverse teams deliver better outcomes for our clients and their customers, and we see this first-hand in tens of thousands of interactions every day. This is why we encourage everyone at Majorel to be themselves, and we invest significant time and effort in our diversity, equity and inclusion program called "We Are One".

Diversity also extends to people who are often overlooked when it comes to traditional recruitment. Through our impact sourcing programs, we reach out to people in disadvantaged circumstances – whether socially, economically or through disability – to give them a path into a meaningful career.

As part of our talent management, we support our team members throughout their careers. We invest continuously in our team members through comprehensive skills training and provide platforms for education to help everyone to be the best they can be.

All the while, our team members' wellbeing and resiliency are a priority of our people strategy. This is particularly important for those working in Content Services, Trust & Safety, who are supported, if needed, through a global network of support specialists. And right across the business, our global Feel Good program promotes general physical and mental wellbeing in an environment that helps everyone develop professionally and personally. This program is specially designed to meet the support needs of our team members while promoting a work environment driven by our values: Creativity, Excellence and Respect. It is a global, bottom-up initiative that empowers our people to create custom wellness and engagement activities for local team members at any Majorel location around the world.

Our team members also find inspiration in all kinds of activities, from volunteering to give time for our social programs and environmental projects, to driving the Company's ambition to be climate-neutral by 2030.

2.4.4 RECOGNITION AND AWARDS 2022

It is always pleasing to gain the recognition and endorsement of our expert industry peers and clients, and Majorel was proud to receive multiple citations and awards in 2022.

RECOGNITION AND AWARDS 2022

Everest Group PEAK MATRIX® LEADER 2022 TRUST AND SAFETY – CONTENT MODERATION SERVICES

Majorel named as a global Leader in Content Services, Trust & Safety for the second year running

Majorel was delighted to announce that it has been named by Everest Group as a Leader in its report "Trust and Safety – Content Moderation Services, PEAK Matrix® Assessment 2022", for the second year running. "Majorel has developed deep expertise across the entire Trust & Safety services spectrum," said Abhijnan Dasgupta, Practice Director, Everest Group. "It continues making significant investments in work acceleration tools to assist the moderators in reviewing content of varying complexities. Majorel also has a large presence in unique delivery locations such as Africa that makes it attractive to clients. These are some of the factors that have contributed to Majorel's positioning as a global leader."

Majorel rated as one of the top three providers in the European market

Frost & Sullivan, the international research and consulting firm, rated Majorel as one of the top three CX providers in the European market in its report "Frost Radar™: European CX Outsourcing Services, 2021". Federico Teveles, Industry Analyst at Frost & Sullivan, said: "Majorel is a market leader in EMEA, having developed cutting-edge technologies, gained deep knowledge of local and regional cultural and regulatory requirements, and identified attractive locations that ensure access to a skilled workforce. It has one of the most comprehensive and geo-diversified footprints of the industry, with multiple options for site locations in Western Europe, Eastern Europe, Africa, the Middle East, Asia, the Americas, and APAC."

Star Performer in Global CXM

In July, Majorel was recognized as a “Star Performer” by Everest Group, in its Customer Experience Management (CXM) Services PEAK Matrix® Assessment 2021, an annual global review of CX vendors. It only confers the Star Performer title on providers that demonstrate the most significant positive improvement year-on-year on the PEAK Matrix®, in Vision and Capability and Market Impact. In the 2021 report, Majorel is one of only four providers to be accorded this status, from a total of 40 companies. In particular, clients acknowledged that agility and flexibility, cost efficiency, process improvements, relationship management, low agent turnover, team stability and robust technology support were the key benefits of partnering with Majorel.

Majorel selected as Euronext Tech Leader

Euronext Tech Leaders is a new initiative dedicated to highlighting the visibility and attractiveness of high-growth and leading tech companies towards international investors. It comprises around 100 tech companies listed on one or several of the seven Euronext markets. The criteria for inclusion include: companies with a strong tech DNA; a minimum market capitalization of EUR 300 million; and a minimum level of growth over three years according to revenue levels and/or significant amounts raised. Majorel’s inclusion in Euronext Tech Leaders confirms the Company’s strong track record of technology innovation and focus on serving many of the world’s most respected digital-native brands across the world.

Majorel also received many regional awards during 2022, including a Platinum Contact Center Award – Best Customer Experience and “Lauréat Bronze” at the CX Awards 2022 for a customer data security co-built by Majorel with one of its vertical-leading clients.

2.5 CORPORATE RESPONSIBILITY

We see Corporate Responsibility (CR) as a fundamental part of Majorel’s DNA and a natural extension of the Company’s core values – Creativity, Excellence and Respect.

Majorel’s Corporate Responsibility strategy: Our five pillars

- **Diversity, Equity & Inclusion**
- **Environment & Local Communities**
- **Employee Rights & Fair Working Conditions**
- **Wellbeing & Resiliency**
- **Corporate Citizenship**

Governance, Compliance & Control

We have made significant progress towards our CR goals in 2022, making a positive contribution to the wellbeing and prosperity of our team members, our local communities, our environment, and wider society. In addition to building on the many programs and local impact initiatives already in place, we further developed our CR strategy – inspired by the United Nations' Sustainable Development Goals – including defined KPIs designed to meet CR expectations at each of our geographies and quantitative KPIs to monitor success globally. Looking ahead, growing responsibly will remain a key part of our business strategy and decision making.

In addition to its comprehensive global CR program, Majorel has continued to grow two flagship projects during 2022 – the expansion of Majorel Women and the Majorel Impact Sourcing Standard.

Majorel Women

Majorel Women is an employee resource group (ERG). The purpose of this group is to build an inclusive and collaborative community at Majorel to discuss and raise awareness of the issues that women face in the workplace. Additionally, we provide training, professional and personal development opportunities, and networking. Women comprise 55%[14] of the workforce at Majorel. Additionally, we continued the DE&I Awareness Days and monthly awareness and sharing sessions.

Majorel Impact Sourcing Standard

Impact sourcing continues to play an increasingly important part in Majorel's recruitment strategy, giving disadvantaged groups career opportunities that lead to economic self-sufficiency, skills development, and professional advancement. Majorel runs many of these initiatives across its global footprint.

Through this initiative we were able to increase the extent of impact sourcing for our clients. The implementation of the Majorel Impact Sourcing Standard typically leverages multiple channels. This includes working in close partnership with local organizations such as disability advocacy associations, workforce development boards, employment agencies specializing in under-represented populations, and local community groups.

Supporting communities affected by conflict or natural disaster

Helping those around us in times of need has always been a core value and a top priority for Majorel.

We are all devasted by the deeply saddening situation in Türkiye and Syria following the earthquakes in February 2023. Naturally, we were especially concerned for the safety of our Majorel team members and their families who were directly affected at our locations in Türkiye and for our colleagues from Syria with friends and families there.

Our team reached out to our colleagues living in the affected region to offer any support we could. Many of them had lost their homes (or their homes were badly damaged), and we opened two of our service centers as emergency shelters where we provided warmth, food, and other essentials.

In addition to the direct and financial support we gave to our team members, we have a responsibility to the wider community. Therefore, Majorel made a donation to AKUT, a voluntary local NGO involved in search, assist and rescue.

In the face of the ongoing war in Ukraine or the Armenia-Azerbaijan military conflict our teams are taking actions to provide financial and humanitarian resources to help to the vulnerable groups affected. First and foremost, we focus on the safety and wellbeing of our colleagues and their extended families who are affected by traumatic experiences.

In addition, we worked hard to support refugees from Ukraine in practical ways, including collecting donations for urgent supplies like food, first aid kits, medicines, medical equipment, sleeping bags and mattresses, and hosting affected families.

[14] Source: Majorel Employee Survey, November 2022.

Majorel donated and topped up the amounts donated by team members, in addition to supporting organizations such as the Estonian Refugee Council, Polish Humanitarian Action and the Romanian and Armenian Red Cross.

Learn as One Community – Diversity, Equity, & Inclusion

We celebrate diversity all year round, making it a focus to continuously learn from each other and be better as teams and individuals.

For example, in 2022 we invited external experts and our internal subject matter experts to raise awareness of and support the Majorel LGBTQI+ community. Together with our local Majorel Feel-Good Communities, our teams learned about the main milestones concerning LGBTQI+ rights, sexual orientation, gender identity and expression (SOGIE) and exchanged inspiring stories.

Hybrid working

Large parts of our workforce continued to work from home in 2022, in response to the ongoing COVID-19 pandemic. The opening of fully remote Majorel hubs, such as in Greece, or hybrid and remote projects through the Majorel Anywhere program, adds to our aim of reducing employee CO_2 footprint by reducing employee commute where possible.

Global employee survey 2022

We are driven by our people, and we value the voices of our team members. In 2022 we organized our global employee survey first time together with Great Place to Work©. We saw some great results – with a high global participation rate of 73% - and we are very proud to have achieved high scores for being a very diverse and fair organization with a high sense of community. We additionally have great strengths when it comes to camaraderie, hospitality, and team-spirit. We are delighted to report that 26 countries out of the 38 countries that participated, are eligible to get the Great Place to Work certification in 2023.

Environment

Energy management is an important part of Majorel's CR agenda and the Company's ambitious three-step program is on track to reduce Scope 1 and 2 greenhouse gas (GHG) emissions. Thanks to our initiatives, Majorel has achieved 100% renewable electricity during 2022 by a combination of our energy management initiatives, increased use of renewable electricity supply, and in countries where renewable electricity is not yet available, CO_2 consumption has been offset by certificates.

There have been no significant environmental or employee-related issues during 2022. The information for the Combined Non-Financial Statement (compliant with the European Directive 2014/95/EU and provisions by the law of July 23, 2016, regarding the publication of non-financial and diversity information in Luxembourg) can be found in the annual report of Bertelsmann SE & Co KGaA, Majorel's consolidating shareholder. Further information on Majorel's non-financial information can also be found in the GRI (Global Reporting Initiative) reporting of Bertelsmann SE & Co KGaA on Bertelsmann.com.

2.6 INFORMATION ABOUT MAJOREL LISTING AND SHARES

Majorel Group Luxembourg S.A. is a public company registered in Luxembourg with a listing of shares on Euronext's Amsterdam Stock Exchange (AscX), since September 24, 2021, under ticker symbol MAJ (Bloomberg code: MAJ:NA, ISIN code: LU2382956378, Reuters code: MAJ).

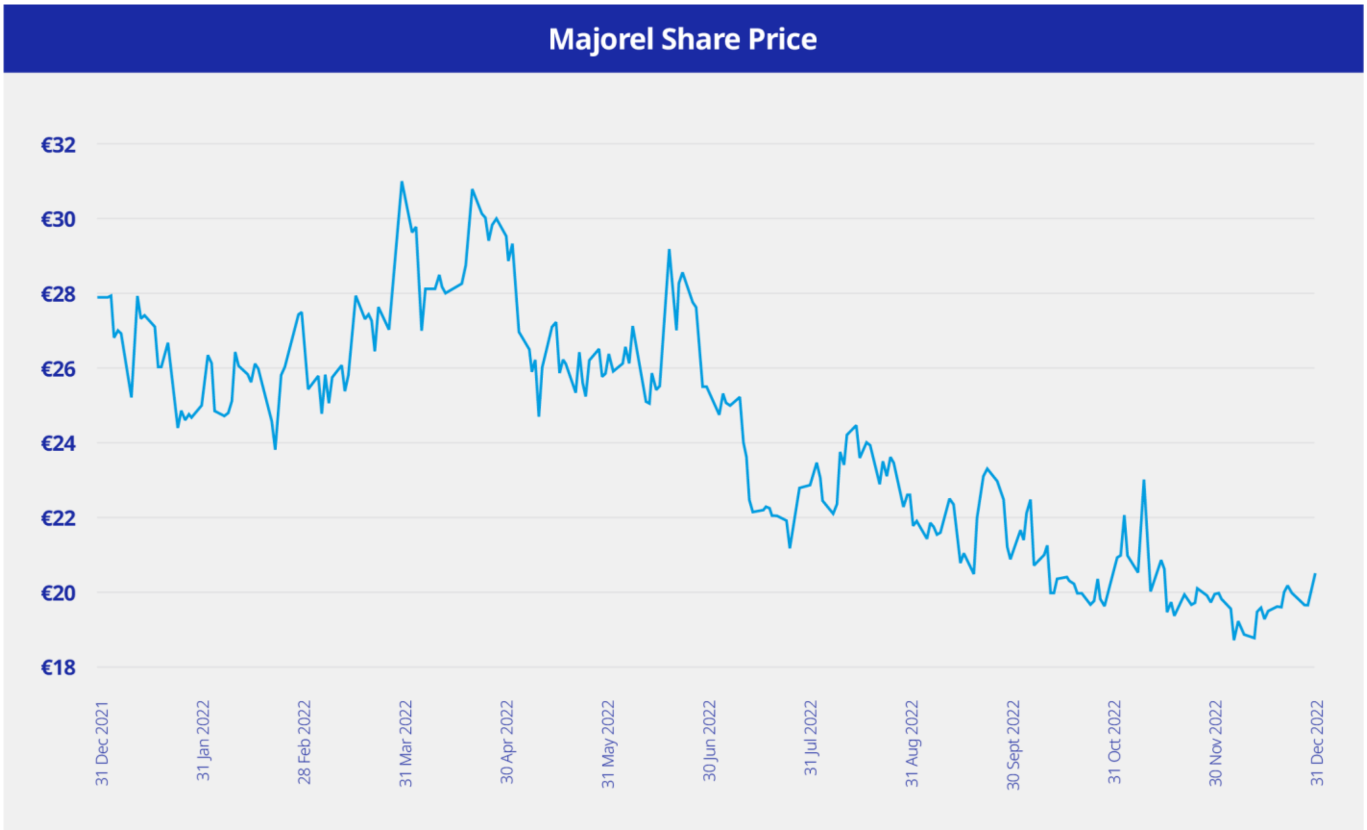
Since the listing, the free float has remained at 20.1% of Majorel Group's issued share capital, with the remainder of the issued share capital being held by Bertelsmann Luxembourg S.à.r.l. (39.5%), the Saham Shareholders (39.5%), and senior executives of Majorel (0.9%).

The listing has raised our public profile and influenced the way we communicate with all relevant stakeholders. Majorel will continue to issue financial information twice a year (full and half year results) and provide a trading update at the end of the first (Q1) and third quarter (Q3). Following the audited full and reviewed half year results publications, we arrange meetings with the press, host an investor and analyst call and engage in meetings with investors both virtual and in person. Throughout the year, we schedule roadshows and attend investor conferences.

In June 2022, we organized our first capital markets day in London, which was attended by analysts and institutional investors. Presentations were made by the Management Board and our senior leadership.

Share performance 2022

On December 30, 2022, the closing price of a Majorel ordinary share on Euronext Amsterdam was €20.5, a 26.5% decrease compared to €27.88 on December 31, 2021.



For more information on all investor relations related topics, please refer to our website: ir.majorel.com.

2.7 FINANCIAL REVIEW[15]

"I am very proud that Majorel has overachieved on its financial targets for 2022. Total net revenues of €2,080 million for the year represent a +19% increase over 2021, and Operating EBITDA reached €369 million. In addition, Majorel generated free cash flow of €141 million and the net cash position at the end of the year was €105 million, allowing us strategic flexibility for inorganic growth."

Otmane Serraj
Chief Financial & Shared Services Officer

Majorel has successfully delivered another year of revenue growth and increased profitability. Net revenue has grown by +19% to €2,080 million and Operating EBITDA has increased by +18% to €369 million. EBIT for 2022 amounted to €239 million and Group profit of €170 million. Earnings per share (EPS) were €1.69[16]. A dividend payment, in line with the dividend policy of 30-50%, will be proposed at the AGM scheduled for June 2023.

Majorel generated free cash flow[17] of €141 million. Our net cash position at the end of the year was €105 million, allowing us strategic flexibility for inorganic growth.

During 2022, Majorel completed number of acquisitions[18]: Mayen (January 1); Alembo (June 2); Findasense (September 1); and IST (December 2). Their financial contribution in FY 2022 is reflected in the EASA business Segment. Further, in June 2022 we completed our expanded strategic partnership with one of our leading Global Internet clients, which contributed to our growth in all segments.

2.7.1 Revenue

Revenue for the Group in 2022 was €2,100 million, representing an increase of +16% compared to 2021 (€1,811 million). We see positive developments in particular with clients in Global Internet, Utilities, BFSI, and Consumer Goods.

The growth was supported by the integration of the acquisitions, which largely compensated for the decline of COVID-19-related business.

2.7.2 Net revenue

Net revenue in 2022 was €2,080 million, which represents an increase of +19% compared to 2021 (€1,752 million). As with revenue, growth was supported by the contribution of the acquisitions of Mayen, Alembo, Findasense, and IST completed in 2022 (€47 million), which mostly compensated for the decline of COVID-19-related business (€50 million) compared to 2021.

Like-for-like net revenue growth corresponds to net revenue growth year over year, adjusted for certain specific non-recurring items. For 2022, we adjust for the decline in COVID-19-related business and the first-time consolidation of the acquisition of Mayen, Alembo, Findasense, and IST. Adjusted for these effects, like-for-like net revenue growth in 2022 was of +19%.

[15] The accounting policies applied by the Group in the preparation of its consolidated financial statements are disclosed in the Accounting and Measurement Policies to the Consolidated Financial Statements. A description of the internal controls in place for financial reporting can be found in section 2.9 below. An explanation and use of the Alternative Performance Measurements (APMs) used throughout this Annual Report can be found in section 4 of this report. In all sections of this Annual Report, except Section 6, calculations of financial ratios are based on non-rounded absolute amounts, which can result in minor deviations.

[16] For more information, see the Note 9 on page 114.

[17] For more information, see APM section on page 79.

[18] In accordance with IFRS 3, Booking.com CX centers were integrated as a business combination in the consolidated financial statements.

Net revenue from Global Internet clients was €1,077 million and represented 52% of net revenue, an increase of +37% compared to the previous year (year end 2021: 45% net revenue share). This is in line with our mid-term target to increase the share of Global Internet to more than 50% of Group net revenue. Net revenue with BFSI clients increased in 2022 by +6% compared to 2021. The net revenue share of Telco clients reduced to 9% at the end of 2022 (year end 2021: 12%), in line with our mid-term target of around 10%.

We have seen growth in Content Services, Trust & Safety, increasing its share of net revenue to 23% at year-end (year end 2021: 21%) with a mid-term target 20-25%. The net revenue share of Tech & Expert Services remained stable at 9% in 2022, with a mid-term target 10-15%.

Contributing to the 2022 net revenue growth was a further increase in volumes observed in our offshore locations around the world. In line with our strategic targets (mid-term target: 45-50%) we increased the offshore net revenue share from 39% in 2021 to 43% in 2022. Excluding COVID-19-related business, the offshore net revenue share in 2022 would have been 44%.

Segment reporting

			% change	
Net revenue in € million	**2022**	**2021**	**Reported**	**Like-for-like**
EASA	1,452	1,290	+13%	+13%
GEMS	504	364	+38%	+38%
CEA	124	98	+27%	+27%
Total	**2,080**	**1,752**	**+19%**	**+19%**

EASA Segment

Net revenue from our EASA Segment (Europe, Africa, South America) was €1,452 million at the end of 2022. The increase of +13% compared to 2021 was also attributed to the contribution of acquisitions completed in 2022 (Mayen, Alembo, Findasense, and IST; in total €47 million of net revenue), largely compensating the decline of COVID-19- related business €51 million of net revenue in 2022 compared to €102 million in 2021), where Majorel supported several public institutions and governments with their pandemic initiatives.

Like-for-like, excluding the contribution of the 2022 acquisitions and the decline of COVID-19-related business, net revenue in EASA increased by +13% in 2022. This growth was mainly driven by existing and new clients in Global Internet, as well as the strong development in our near- and offshore locations in Africa, Eastern Europe, and Latin America.

GEMS Segment

Net revenue from our GEMS Segment (Global English, Middle East, Southeast Asia) was €504 million in the year ended December 31, 2022, corresponding to a year-on-year growth rate of +38%. The key driver for this growth was the strong increase of net revenue with Global Internet clients, particularly in the Philippines, the US, Malaysia, Egypt, Canada, and Kenya.

CEA Segment

The CEA Segment reported net revenue of €124 million for the year 2022 – in line with the Company's guidance that the CEA Segment would contribute 5-7% of Group net revenue. The year-on-year growth rate of +27% was driven by further expansion of the footprint in China as well as the new countries Japan and South Korea, the continuing growth of digital engagement services, with a focus on consumer products and digital clients.

2.7.3 Operating EBITDA

Majorel Group

For the full year 2022, Operating EBITDA increased by +18% to €369 million (FY 2021: €313 million restated). The Operating EBITDA margin for 2022 was 17.8% (FY2021:17.9%).

The key drivers for the increase in Operating EBITDA were: overall business growth, operational excellence, more complex, value-added services, client portfolio management, improved global delivery mix, and the contribution of the acquisitions completed in 2022, partially compensating the decline of COVID-19-related business and the reduction of work-from-home.

in € million	2022	2021
EASA	245	223
in% of net revenue	*16.9%*	*17.3%*
GEMS	110	75
in% of net revenue	*21.8%*	*20.6%*
CEA	14	15
in% of net revenue	*11.3%*	*15.3%*
Other/minor activities	-	-
Total	**369**	**313**
in% of net revenue	**17.8%**	**17.9%**

Segment reporting

EASA Segment

Operating EBITDA for the EASA Segment amounted to €245 million at the end of 2022, increasing by +10% compared to 2021 Operating EBITDA of €223 million. The Operating EBITDA margin slightly decreased from 17.3% in 2021 to 16.9% in 2022.

The increase in Operating EBITDA is driven by our main profitability drivers, especially: continued operational excellence; more complex, value added services; client portfolio management; further expansion of Tech & Expert Services; and an increasing share of offshore delivery.

The companies acquired in 2022 (Mayen, Alembo, Findasense, and IST) also contributed to the Operating EBITDA in EASA in 2022, partially compensating for the decline in COVID-19-related business and reduction of work-from-home.

GEMS Segment

Operating EBITDA for the GEMS Segment amounted to €110 million for the year ended December 31, 2022, increasing by +47% year over year from €75 million in 2021. The Operating EBITDA margin increased from 20.6% in 2021 to 21.8% in 2022.

Margin improvement in GEMS has been driven by our operational excellence, more complex, value-added services; client portfolio management, and a high share of offshore delivery.

CEA Segment

Operating EBITDA for the CEA segment amounted to €14 million for 2022. Compared to 2021, when Operating EBITDA was €15 million, the margin decreased from 15.3% to 11.3%.

The CEA results benefited from the continuing growth of digital consumer engagement services, the growth of consumer products and digital clients, as well as the growth with Global Internet clients, which could partially balance negative impacts from the COVID-19 measures in China.

2.7.4 EBIT and Group profit

EBIT amounted to €239 million for the year ended December 31, 2022, corresponding to an increase of €134 million compared to the 2021 result of €105 million.

EBIT for 2022 corresponds to Operating EBITDA after:

- deducting depreciation/amortization, impairment and reversal on intangible assets, property, plant and equipment and right-of-use assets, amounting to €115 million in 2022 (2021: €85 million);
- adding gains from business combinations of €3 million (no corresponding value in 2021);
- adding operating realized and unrealized foreign exchange gains of €11 million (2021: €1 million);
- deducting expenses from long-term incentive programs of €12 million (2021: € 128 million)
- deducting restructuring costs of €5 million (2021: (positive) €2 million relating to release of a provision); and
- deducting acquisition-related and other special items of €12 million (2021: €2 million).

Financial result corresponded to expenses of €18 million in 2022 compared to expenses of €5 million in 2021. Euribor interest rate rose during the year, increasing our financial expenses linked to debt. The appreciation of Eastern European currencies versus the Euro have contributed positively to the valuation of lease liabilities. This was negatively compensated by effects of Euro vs USD hedge cancellations and by the negative valuation of intercompany loans in Euro granted in emerging countries. In addition, interest expenses on leases and other financial expenses grew in line with business growth.

Income tax expenses amounted to €51 million in 2022, compared to €20 million in 2021. The effective tax rate of Majorel Group in 2022 was 23%, (2021: 20%), in line with Company's guidance.

Group profit amounted to €170 million for 2022, representing a year over year increase of €90 million versus €80 million generated in 2021. Earnings per share (EPS) are at €1.69[19].

A dividend payment, in line with the dividend policy of 30-50%, will be proposed at the AGM scheduled for June 2023.

2.7.5 Free cash flow and capital structure

Free cash flow

In € million	2022	2021
Cash flow from operating activities	**236**	**185**
Add back: Taxes paid	43	40
Add back: Other adjustments not included in free cash flow		(1)
Less: Capital expenditure	(80)	(61)
Less: Payment from lease	(57)	(50)
Less: Scope and other effects	(1)	5
Free cash flow	**141**	**118**
In % of Operating EBITDA (CCR)	*38%*	*38%*

Cash conversion rate

The cash conversion rate (CCR) remained stable at 38% in 2022 as in 2021. Excluding the effects of the IPO bonus with Equity Deferral the CCR amounts to 50% in 2022 and 64% in 2021.

[19] For more information, see the Note 9 on page 114.

The CCR for 2022, excluding the IPO bonus with Equity Deferral, is slightly below our target corridor of 51-56%, caused by the effects of the COVID-19 measures in China on net working capital and some extension of payment behaviors.

Net working capital

	in € million	31.12.2022	31.12.2021
	Inventories	-	0
+	Trade receivables	491	388
-	Trade payables	(137)	(129)
	Trade working capital	**354**	**259**
+	Other receivables and other current assets[20]	87	75
+	Deferred items (assets)	21	15
-	Other payables[21]	(308)	(285)
-	Deferred items (liabilities)	(4)	(2)
-	Other provisions	(45)	(30)
	Other working capital	**(249)**	**(228)**
	Net working capital	**105**	**31**

Our other payables were affected by IPO-related bonus payments. Trade and other receivables acquired in business combinations equaled €53 million. These effects aside, the trade working capital was affected by the long-lasting COVID-19 measures in China and by some extension of payment behavior (see comment above).

Capital expenditure

CAPEX, investments in intangible assets, property, plant and equipment, amounted to €80 million in 2022 compared to €61 million in 2021, mainly relating to:

- organic footprint expansion to new countries;
- opening of new sites;
- expansion and refurbishment of existing sites.

CAPEX in relation to net revenue was at 3.8%, compared to 3.5% in 2021, in line with our target range of 3.5-4.0%.

Equity

The equity amounts to €558 million compared to €399 million in the previous year. Group profit represented €170 million. €32 million were distributed to Majorel shareholders in 2022 Other changes in equity arose from the positive remeasurement of the Defined Benefit Plan[22] of €13 million (FY2021: €9 million, (positive)), negative cumulative foreign exchange differences of €23 million (FY2021: €12 million, (positive)), and positive effects from the restatement for hyperinflation of € 27million. €32 million were distributed to Majorel shareholders.

Net cash position and economic cash/debt

Our level of cash and cash equivalents is slightly above last year. We have repaid €85 million of loans to Bertelsmann, our outstanding liability. We drew €60 million on our syndicated revolving credit facility. We paid dividends to our shareholders in the amount of € 32 million. Our free cash flow was €141 million. Our net cash position is therefore €105 million.

[20] Other receivables excluded: advance payments for business acquisitions EUR 6 million as at December 31, 2022 (EUR 58 million as at December 31, 2021).
[21] Other payables excluded: contingent consideration for acquisition of investments EUR 20 million as at December 31, 2022.
[22] For more information, see the Note 18 on page 121.

Adding the lease liabilities and the provisions for pensions and similar obligations, our economic debt lies at €67 million.

In € million	31.12.2022	31.12.2021
Cash and cash equivalents	245	238
Liabilities to banks	(136)	(74)
Other financial debt	(4)	(85)
Net cash position	**105**	**79**
Provisions for pensions and similar obligations	(32)	(43)
Lease liabilities	(140)	(125)
Economic cash/(debt)	**(67)**	**(89)**

2.7.6 Subsequent events

Following the year end FY 2022:

- On January 17, 2023, Majorel UK Limited has been liquidated.
- In February 2023, the earthquakes in Türkiye directly affected four of our sites - Adana, Diyarbakır, Kayseri, and Elazığ - which are, fortunately, undamaged. Naturally, many of our team members and their families were affected, which means that production at these sites has been interrupted. Majorel is in the process of assessing the financial impact in operating activities, which is expected to be insignificant.

2.7.7 Outlook

This outlook is based on Majorel's current assessment on the development of the business in 2023 and the general CX market, combined with economic and labor market conditions in the Company's global geographic footprint.

For 2023 we expect shifting client needs, some softness in demand, absence of COVID-19-related business, and continued (wage) inflation due to the challenging and more volatile environment. Moreover, ongoing macro-economic uncertainties, the evolving situation in Ukraine, and the recent earthquakes in Türkiye and Syria, all serve to highlight the importance of ongoing vigilance.

Therefore, based on current visibility, we expect to grow our net revenue to €2,150-2,250 million. Excluding COVID-19-related business in 2022, this results in net revenue growth of +6% to +11%.

Further, the Company expects its Operating EBITDA margin for 2023 to be between 16.5%-17.0%, also factoring in the above-mentioned effects.

We will continue to execute our proven strategy, driven by the expertise and commitment of our people, and built on the trust and loyalty of our long-term clients.

2.7.8 Review of the Parent Company results

Majorel Group Luxembourg S.A. as a holding company, holds investments in numerous subsidiaries, finances them, provides certain management services, and receives trademark fees invoiced to its subsidiaries.

Majorel Group Luxembourg S.A. became a publicly listed company on the Euronext Amsterdam stock exchange on September 24, 2021.

In € million	31.12.2022	31.12.2021
Sales	-	-
Operating income (1)	34	35
Operating expenses (2)	(33)	(72)
Operating result	1	(37)
Financial income (3)	156	61
Financial expenses (4)	(23)	(12)
Financial result	133	49
Taxes	(2)	(1)
Net result	**132**	**11**

(1) Operating income mainly relates to invoicing subsidiaries with management service and trademark fees.
(2) Operating expenses mainly include staff costs of €3 million (2021: €14 million), general expenses of €26 million (2021: €57 million) and value adjustments of €3 million (2021: €1 million).
(3) Financial income includes dividends of €134million (2021: €50 million), foreign exchange gains including foreign currency derivatives of €20million (2021: €9 million) and other interest income of €2 million (2021: €2 million).
(4) Financial expenses mainly include foreign exchange losses including foreign currency derivatives of €19 million (2021: €10 million) and other interest charges of €4 million (2021: €2 million).

In 2022, the Company continued to centralize core corporate functions of the Group. As in prior years, the Company did not have any branches during 2022.

The profit of the Company for the year 2022 amounted to €132 million (2021: €11 million). This increase relates to an improvement in the operating result of €38 million and the financial result of €84 million.

The increase of the operating result mainly resulted from a decrease in operating costs as in 2021, the Company had one-off expenses relating to the IPO bonus with Equity Deferral of €39 million. The financial result mainly improved thanks to dividend income of €134 million received in 2022 (2021: €50 million).

Otmane Serraj
Chief Financial & Shared Services Officer (CFSO)

2.8 RISK MANAGEMENT

2.8.1 Risk management

2.8.1.1 Principles of our risk management system

As with all enterprises, risk accompanies the everyday business of Majorel. We define "risk" as a potential future development or event that can negatively affect our ability to achieve Majorel's strategic, operational, reporting-related, and compliance-related objectives.

Majorel's risk management system (RMS) continuously helps to protect us through prevention and mitigation of risks in the course of day-to-day operations, as well as the execution of Majorel's mission and strategic objectives.

The RMS applies globally to all Majorel Segments, legal entities, and reporting units. It is designed to identify risks at an early stage, to monitor them within defined levels of risk exposure and to ensure, with reasonable assurance through the implementation of an internal control system (ICS), that Majorel's objectives are achieved. The ICS is considered an integral part of the RMS.

- Majorel follows the key principle that managing risk is everyone's responsibility. Accordingly, the risk management process is focused on the following three main objectives: **promote and embed a culture** of common risk management in the daily work of Majorel team members at all levels; **develop consistent risk policies** on key matters at reporting unit level while also considering local challenges and environments; and **ensure a harmonized set of measures** for prevention, detection and mitigation when assessing key risks, with continuous monitoring and improvement.

2.8.1.2 Risk management framework

At all levels of Majorel, risk management follows the frameworks of the Committee of Sponsoring Organizations of the Treadway Commission (COSO): the COSO Internal Control – Integrated Framework (COSO I) and the COSO Enterprise Risk Management – Integrated Framework (COSO II). These form the basis of uniform and appropriate management of risks.

2.8.1.3 Risk management process

Majorel's risk management process is designed to systematically identify and assess risks, to find appropriate risk response measures and to record and monitor the risks identified.

Risk identification and assessment

The early and ongoing identification of risks is one of the most important tasks within the RMS/ICS. For identifying risks, Majorel's legal entities and reporting units individually define key risk criteria, depending on the respective type, scope, complexity and risk level of the specific business activity and business environment. The respective management then assesses key risks by considering the potential negative impact of the risk on achieving the Company's objectives.

Once identified and evaluated, risks are recorded and then reported from the bottom up. Each location of Majorel specifies the levels of the organization at which RMS/ICS Officers are to be appointed, along with the lines of management responsibility, in order to ensure that an effective RMS/ICS is set up, operated and continually improved.

Risk response measures

Effective risk response measures must be implemented when key risks are identified. Majorel regards these measures as falling into four types:

- Risk avoidance (e.g., by not entering into contracts fraught with risk).
- Risk reduction (e.g., by diversifying products).
- Risk transfer (e.g., by using the protection of insurance contracts).
- Risk acceptance (e.g., by electing to bear a risk ourselves).

The responsibility for implementing risk response measures lies with the relevant management.

Risk recording and monitoring

In order to monitor the effectiveness of risk response measures and to reassess risks, recording and appropriate control activities are necessary. For this purpose, Majorel employs a risk management reporting tool, which also provides a mechanism to document and track control activities. Risk reporting is classified into predefined categories and includes information on risk probability, risk response measures and responsible people.

The entire risk management process is overseen by the Majorel Corporate Risk department, which also ensures the appropriateness of reporting. Risk response measures are monitored by our internal Risk and Compliance Committee[23], which reports to the management and other committees (e.g., the Audit Committee). The monitoring of the system is also the focus of regular internal audits to ensure the effectiveness and quality of the RMS/ICS. This is achieved by a self-assessment of the controls integrated into the business processes, with audits conducted by the Corporate Audit department and, as needed, external auditors. perpetuating

2.8.2 Principal risks and uncertainties

Majorel is exposed to a variety of risks. The top ten risks to Majorel identified in its most recent risk review in 2022 are listed in order of priority in the table below. In line with the level of potential financial impact, the risks are classified as low, moderate, significant, considerable, or endangering, for the purposes of risk tolerability.

While the following chart has been prepared to the best of Majorel's knowledge and is based on its risk management framework, there may be other risks not currently known to Majorel or not considered material on the date of this Annual Report, which may become major factors and may adversely impact Majorel.

		Risk classification				
Priority	**Type of risk**	**Low**	**Moderate**	**Significant**	**Considerable**	**Endangering**
1	Client risks				■	
2	Integrity and compliance risks			■		
3	Hazard risks		■			
4	Changes in market environment	■				
5	Legal and regulatory risks	■				
6	Cyclical development of economy	■				
7	Pricing and discounting	■				
8	Employee-related risks	■				
9	Contracts and litigation	■				
10	Country Risks	■				

Risk classification (potential financial loss in a three-year period): low: <€3.6 million, moderate <€6 million, significant: <€18 million, considerable: <€36 million, endangering: >€36 million.
We have updated the risk classification scale and increased each range by 20% versus 2021 to account for the growth of the business in 2022.

■ Existing risks

Note: This chart is based on the data captured in our risk management tool. The risk assessment process was completed in October 2022. There are no risks classified as endangering in this reporting cycle.

Majorel is committed to the vigilant management of material risks. The following table outlines the principal risks and uncertainties identified by Majorel's most recent risk review. They are not listed in any particular order and Majorel recognizes that risks can and will evolve over time. For example, the recent earthquakes in Türkiye and Syria and the exacerbating macroeconomic environment highlight the need for constant vigilance.

While the following table has been prepared to the best of Majorel's knowledge and is based on its risk management framework, there may be other risks not currently known to Majorel or not considered material on

[23] The Risk and Compliance Committee is not an official body under the statutes of Majorel. It is an internal body comprising senior representatives from corporate risk, IT, HR, finance, and communications.

the date of this Annual Report, which may become major factors and may adversely impact Majorel. In addition, Majorel cannot guarantee that all objectives will be achieved and that risks will be completely mitigated.

Type of risk	Description and areas of impact	Mitigation activities
Client risks		
Loss of clients	Majorel's business is dependent on key clients, and the loss of one or more of these key clients could adversely affect its business.	Majorel goes to considerable lengths to ensure client demands are met through operational excellence and good account management. Contract adherence, monitoring of quality and service-level agreement performance are key areas of focus. This approach helps to avoid a negative client experience which can result in reputational damage and client loss.
Industry	Majorel's business depends significantly on specific industry verticals. Any decrease in demand from these industries for its services and solutions could reduce Majorel's revenue and harm its business.	Majorel continuously reviews its services and industry verticals. The market is monitored to take advantage of emerging opportunities across a wide range of industries and services. This approach ensures that we continue to diversify the verticals in which we operate.
Contracts	Majorel's contracts do not contain volume commitments and contain provisions, including termination-at-convenience clauses, that could cause fluctuations in its revenue and adversely affect its operations and financial results.	Through its account management team and by consistently delivering upon Majorel's commitments through key performance indicators and service level agreements, Majorel maintains strong, positive relationships with its clients. Majorel aims to deliver operational excellence and a superior service to satisfy the various contractual needs of our clients. Majorel also looks to develop a strategic partnership with its key clients to help them achieve their long- and short-term objectives.
Client acquisition	Majorel's continued growth depends on its ability to cost-effectively acquire new clients, particularly high-growth companies, and failure to do so could adversely affect its business.	Majorel continues to allocate additional resources and dedicated sales teams for winning new clients. The Company's vertical-focused sales model includes differentiated growth strategies for existing as well as new clients and a customized approach for global and regional clients.
Integrity and compliance risks		
Compliance with laws and regulations	Majorel and its clients are subject to a variety of laws and regulations globally. Compliance with diverse legal requirements is costly and time-consuming and requires significant resources, and non-compliance may	Majorel continues to invest significantly in legal and compliance capabilities in each Segment. In addition, Majorel periodically monitors material compliance obligations and reviews changes to international and domestic legislation. Majorel places a strong emphasis on areas such as our

	result in civil or criminal penalties and other punitive measures.	Code of Conduct and associated training around compliance-related topics.
Fraud	If Majorel's team members were to misuse their access to the Company's and its clients' systems as a conduit for criminal activity or serious misconduct, negative press coverage could harm Majorel's ability to attract new customers. Existing clients might also terminate or reduce the scope of their dealings with Majorel, which would have an adverse effect on its business and the results of its operations.	Majorel remains vigilant around fraud related topics and ensures a culture awareness for all employees and other relevant parties. Fraud risk is managed in a consistent fashion and monitored through the implementation of fraud-related controls to reduce Majorel's exposure. Majorel has implemented access controls, fraud detection measures and has continued the deployment of risk assessments for specific clients and sites based on risk level, nature of business, sensitivity of data and levels of employee access to sensitive data.
Working from home	While remote working has reduced in scale in recent times, Majorel's global remote working solutions, deployed during the COVID-19 pandemic, could result in heightened confidentiality risks due to services being delivered in a physically unsupervised environment and via computer systems and networks outside of Majorel's control and management.	To maintain an adequate level of security standards, Majorel has implemented new procedures, visual checks, when possible, and new security and data protection requirements to team members' work contracts for anyone working from home. The Company also offers online training on how to manage sensitive information and keep it secure.
Data protection	Majorel's business is subject to a variety of laws and regulations relating to privacy and data security. The unauthorized disclosure of sensitive or confidential client and customer data, or security breaches and incidents, including as a result of a cyber-attack, could subject Majorel to significant liability and protracted and costly litigation. This could also lead to investigations and penalties from regulators, reputational damage, and loss of clients.	As part of a holistic approach to protecting the confidentiality, integrity, availability and resilience of its data, its clients' data, their customers' data and Majorel's systems, Majorel has established an integrated approach in three key areas to ensure adequate data protection: • A comprehensive data protection organization with data protection officers at Group and regional level. • A structured cybersecurity global governance framework, where critical assets are monitored across Segments by a global Security Operations Center (SOC) 24X7. • A Central Information Security Officer, responsible for implementing a global information security organization across Majorel and for enforcing the Majorel Information Security Management System (ISMS - based on the latest ISO27001:2022 standard) guidelines across all countries.
Cybersecurity	Cybersecurity threats and attacks, ranging from inadvertent disclosures or	Majorel has built and continues to evolve a structured cybersecurity global

	acts by team members to purposeful attacks by individuals and groups of hackers, could result in (i) disclosure, unauthorized access to or corruption of data, including personal, confidential, and proprietary information, (ii) defective services, including as a result of system and production downtimes, and (iii) interruptions in the ability to operate Majorel's business.	governance framework with a Central Information Security Officer responsible for implementing a global information security organization across Majorel and for enforcing the Majorel Information Security Management System (ISMS) guidelines across all countries. Majorel also utilizes a global program of Basic Infrastructure Measures (BIM) that aims at continuously strengthening its network, domains, identification and access control, IT security technologies and IT security processes. In addition, Majorel has also established a global Security Operations Center (SOC) that is tasked with secure communication, incident response, threat hunting, security quality and vulnerability management, continuous proactive monitoring and root cause investigation.
Compliance of associated parties	Team members, contractors, consultants, or other associated parties may behave in contravention of Majorel's internal policies or laws and regulations applicable to it, or otherwise act unethically or illegally, which could harm Majorel's reputation or subject it to liability.	Majorel has further enhanced training and awareness campaigns to address compliance-related issues, applying specific guidelines, procedures, and analysis in advance of the engagement third parties. Additionally, Majorel continues to deploy a set of minimum compliance controls globally.
Hazard risks		
Business continuity	Majorel is vulnerable to natural disasters, like the recent devastating earthquake in Türkiye and Syria. In addition, technical disruptions, pandemics, accidents, and other events impacting Majorel's facilities could severely disrupt the normal operation of its business. Although Majorel carries commercial liability insurance, the coverage may be insufficient, or provide no coverage at all, for certain events.	Majorel has further developed and enhanced its detailed business continuity plans in order to be able to continue operations with minimal impact, in case of damage to its facilities. Plans may include diversion of services to other sites or countries, as well as physical movement of staff from one location to another, or remote working solutions. Another key component in Majorel's contracts is business continuity testing, where the plans are fully tested in a controlled simulation to ensure all aspects of the client's service are maintained and operate as expected.
Growth	Majorel's growth and profitability could be materially affected if it fails to adapt its services and solutions to changes in technology and client expectations.	Majorel's focus on technology and tailored client solutions ensures that it monitors the latest technical developments. This, combined with its dedicated account management team, means that it can assess client needs and deliver the most effective solution.

Market risks		
Competition	Majorel faces intense competition from existing and emerging competitors. Any inability to compete successfully as well as pricing pressure or loss of market share could result in reduced operating profit margins and diminished financial performance. Majorel also faces additional pricing and discounting pressures as a result of the current global economic and inflationary environment.	Majorel continuously assesses its competitive environment and is always abreast of competitor performance and aspirations. In addition, the Company continues to improve the collaboration and performance of its sales and bid management teams to increase its market share.
Emerging markets	Majorel operates in certain emerging market economies, and its strategy may involve expanding or developing its business in these or similar regions. This may expose it to certain risks such as adverse trade policies or barriers, inflation, hyperinflation, currency volatility and negative economic effects, difficulties in enforcing agreements or judgments and collecting receivables in foreign jurisdictions, as well as inadequate infrastructure and logistics challenges.	Risks related to emerging markets are assessed, managed, and reported through Majorel's risk management system. In addition, the Company has a suite of measures and controls that apply to all locations to ensure a consistent standard globally. This includes policies, training and awareness related to topics such as trade compliance, anti-trust and anti-corruption.
Consolidation	Current trends of consolidation in Majorel's industries and among peers may result in new competitors with a greater scale, a broader footprint, better technologies, and price efficiencies that are attractive to Majorel's customers.	Majorel constantly evaluates its opportunities to expand its services and geographical footprint through organic growth or strategic acquisitions.
Legal and regulatory risks		
Compliance with legal requirements	Majorel faces legal risks arising from unintentional failures to meet legal obligations, local laws, or regulations globally.	Majorel has put in place robust legal and compliance teams that continuously evaluate local laws and new regulations for all countries in which we operate. This also ensures sufficient awareness and adherence by all employees. Once identified, these areas are then managed through strong internal controls.
Changes in economic environment		
Inflation	Macroeconomic developments and international business conditions are closely linked. Majorel is aware of and sensitive to the global rise of inflation. This is reflected in higher costs, more difficult business conditions and increased customer pricing pressures.	Majorel closely monitors global developments as well as the associated impacts on its business. Tracking of general inflationary trends, successful pricing negotiations and effective cost management helps to reduce the impact on the business globally.

Currency risk	Majorel's financial performance could be adversely affected over time by certain movements in exchange rates, particularly if currencies in which it incurs expenses appreciate against the Euro, or if the currencies in which it receives revenues depreciate against the Euro.	Majorel closely monitors foreign exchange rates through a dedicated team and advises its subsidiaries to hedge themselves against foreign currency risks in the local reporting currency by favouring natural hedge wherever possible and by signing forward agreements or other derivative instruments with banks that have a high credit rating for a portion of the remaining exposure, according to the currency pair's volatility.
Interest rate risk	Majorel's balance sheet and net result could be adversely affected over time by increases in interest rates, particularly if it is the Euro-related debt index, as per the current currency of Majorel's indebtedness.	Majorel closely monitors the markets where it raises debt, especially the Euro zone, and hedges part of its exposure by signing Euribor derivative instruments with banks that have a high credit rating.
Employee-related risks		
Key employees	Majorel's business depends on large numbers of trained and skilled team members and key people. If Majorel fails to attract, train, and retain sufficient numbers or loses one or more key leaders, this could negatively affect its business.	Majorel closely monitors the labor market and, if required, proposes better and more competitive benefit packages to its team members.
Personnel costs	Increases in personnel expenses, as well as the inelasticity of Majorel's labor costs relative to short-term movements in client demand, could have a significant impact on its financial performance.	Personnel costs are closely monitored by management. In addition, local labor laws that may impact personnel costs are assessed and reported regularly. Alternative sites and locations with more favourable competitive environments are evaluated on a regular basis. In addition, prices are renegotiated where possible on a regular basis, particularly vis-à-vis wage inflation (e.g., based on indexation clauses).
Litigation and disputes	From time to time, Majorel has been, and may in the future be, party to various claims and litigation proceedings initiated by its team members. In particular, these include compensation for personal injury (e.g., as a result of disputes related to Content Services, Trust & Safety), workers' compensation, employment discrimination and other employment-related damages, which could result in significant liabilities and impact Majorel's business.	Majorel constantly evaluates the working conditions for its team members and aims to maintain a safe and healthy workplace, with careful attention paid to working hours, employee wellbeing, social compliance, and physical aspects; establishing a Code of Conduct for its team members; and ensuring compliance with legal rights, especially with regard to employee data protection.
Strikes and social conditions	A strike, work stoppage or slowdown by Majorel's team members, or a significant	Majorel is mindful of its responsibility towards its people. Respecting and

	dispute with its team members, whether or not related to these negotiations, could result in a significant disruption of Majorel's operations or higher ongoing labor costs.	ensuring the rights of its team members, based on respective local legal environments, is the natural basis of Majorel's approach to team member management. To encourage team members to raise compliance concerns, Majorel has set up central "speak up" channels, which allow for anonymity.
Content Services	Majorel provides Content Services as well as Trust & Safety solutions to our clients. The long-term impacts on the mental health and wellbeing of our team members performing this work are unknown. This work is also subject to negative media coverage and regulatory scrutiny. As a result, we may, between others, be subject to governmental investigations, negative publicity and claims and litigation proceedings initiated by its team members, or face difficulties retaining and recruiting team members.	The safety, health and wellbeing of our staff is of utmost importance. Majorel is dedicated to improving the efficiency and accuracy of our Content Services, Trust & Safety operations while also mitigating their impact on the health and wellbeing of our team members. This includes the provision of a range of support services to our moderators, including psychological counselling, wellness activities and stress management. In addition, Majorel continuously observes and maintains adherence to applicable laws and regulations.
Geopolitical risks		
Global conflicts	The war between Russia and Ukraine continues to impact the global political and economic landscape. For Majorel, this includes potential impacts related to its employees and operations, as well as potential financial impacts.	Majorel continues to closely monitor the business impacts of the war between Russia and Ukraine. Majorel does not operate directly in these countries. Nevertheless, the business could be impacted by indirect effects and tensions in the wider macroeconomic environment.
	Majorel has operations in Armenia and the current situation is stable. However, the relationship with its neighboring countries, Azerbaijan, and Türkiye, remains challenging.	Majorel has in place mechanisms to continuously assess, monitor, and report any escalation of the current situation that could potentially impact its employees or business operations in Armenia
	The geopolitical and social landscape in China continues to evolve. General business and supply chain impacts continue, both in the domestic market and globally. International trading relationships can affect demand. These developments in China could have an impact on Majorel's business.	While the current situation is evolving, Majorel ensures that measures are in place to continuously review developments.

2.8.3 Financial risk management

Financing arrangements

As of December 31, 2021, the Company had various types of financing available to enable it to meet its obligations, and which are set out below:

Two shareholder loans with Bertelsmann Business Support S.àr.l. totaling €85 million at fixed interest rates were repaid in December 2022.

A syndicated loan of €200 million, out of which €50 million was an accordion option which was activated but not drawn, was signed in December 2021 at a variable rate on Euribor. Its two facilities mature in December 2024. An optional year was available and activated for the revolving credit facility, up to December 2025. As of December 31, 2022, the 100% of the term loan of €70 million was drawn. As per our revolving credit facility, €60 million were drawn in December 2022 and €70 million remain available.

As of December 31, 2022, the Company was in compliance with its leverage ratio financial covenant for its syndicated facility.

Majorel also uses reverse factoring in Spain and in France to a limited extent.

Exposure to credit risk

The impairment matrices are created for business unit-specific groups of receivables, each with similar default patterns. In addition, separate risk assessments are performed. Majorel also considers other quantitative and qualitative information and analyses based on the experience of the Majorel Group as well as of the CRM businesses formerly held by Bertelsmann and by Saham. Additionally, reasonable assessments including forward-looking information such as customer-specific information and forecasts of future economic conditions have been taken into consideration. Contract assets have substantially the same risk characteristics as trade receivables for the same types of contracts, so that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

For more information, please refer to the Note 24 (Additional Disclosure on Financial Instruments) in the Consolidated Financial Statements.

Financial instruments

Majorel's financials are being consolidated in the Bertelsmann Group as one of the major shareholders of Majorel. The principles of the financial risk policy are described below.

Financial risk management

The Majorel Group is exposed to various forms of financial risk through its international business operations. Above all, this includes the effects of changes in foreign exchange rates and interest rates. Majorel's risk management activities are designed to effectively mitigate these risks.

The Management Board establishes the basic risk management policy, outlining general procedures for hedging currency and interest rate risk and the utilization of derivative financial instruments. The Majorel Group Treasury advises subsidiaries on operating risk and hedges risks using derivative financial instruments as necessary.

Currency risk

Majorel is exposed to an exchange rate risk in various foreign currencies. Its subsidiaries are advised, but not obliged, to hedge themselves against foreign currency risks in the local reporting currency by signing forward agreements or other derivative instruments with banks that have a high credit rating. Loans within the Majorel Group that are subject to currency risk are hedged using derivatives.

Interest rate risk

Majorel's interest rate risk arises primarily from a €70 million bank syndicated term loan subscribed in December 2021 with a Euribor 3-month index, from drawings on its revolving credit facility, and from cash and cash equivalents. Considering the rise in European indexes, our Group's interest result is negatively impacted. This risk was hedged starting in January 2023.

Liquidity risk

Liquidity risks may arise through a lack of rollover financing (liquidity risk in a narrow sense), delayed receipt of payment, and unforeseen expenditure (budgeting risk). Budgeting risk is determined by comparing deviations in actual spending with budget and reserve amounts. In a narrow sense, liquidity risk depends on the volume of debt due within a given period.

Majorel Group's policy in respect of its financing is to maintain sufficient liquidity at all times to finance group assets, short-term cash requirements, and its development, in terms of both amount and duration, and at the lowest possible cost. Liquidity risk is monitored on an ongoing basis with reference to the budget for current and future years. New and unplanned transactions (e.g., acquisitions) are continuously tracked.

The maturity profile of financial assets and liabilities is also reconciled on a regular basis. Budget risks are managed through effective cash management and constant monitoring of projected versus actual cash flows. Debt maturities are also diversified to ensure that rising financing costs do not have a short-term impact.

Credit facilities with banks are maintained for unplanned expenditures. The Group centralizes its cash when in conformity with local legislation applying to its subsidiaries.

All medium- and long-term financing operations are authorized and overseen by the Group's financial management. The Group obtains its financing in the form of loans from banks as well as bank-syndicated credit facilities. Given the maturities of its borrowings and the Group's capacity to generate free cash flow, liquidity risk is considered to be low.

Financial derivatives

Majorel uses standard market financial derivatives, usually unlisted (OTC) instruments. These include, in particular, forward agreements and options. Transactions in 2022 were entered into solely with Bertelsmann Group Treasury or banks with a high credit rating. In general, the transactions with banks are only performed with banks approved by Majorel Corporate Treasury.

Capital management

The financing guidelines adopted by the Majorel Group are designed to ensure a balance between financing security, return on equity, and growth. Financial management at Majorel is conducted with a target to ensure the Group's independence and capacity to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. This objective is part of the overall planning process and regular monitoring.

2.9 INTERNAL CONTROLS OVER FINANCIAL REPORTING

Majorel's internal control system (ICS) over financial reporting aims to provide reasonable assurance on the reliability of external and internal financial reporting, and its conformity with the applicable laws and regulations. It helps to ensure that financial reporting presents a true and fair picture of the Group's net assets, financial position and operational results. The ICS for the accounting process consists of the following areas.

Standards and rules

The rules governing the Group's financial reporting environment and critical accounting policies are set out in the Group's internal rules for accounting and the preparation of financial statements (such as IFRS manuals, guidelines and circulars) which are immediately available to all employees involved in the accounting process. Standards of a minimum control framework for key accounting processes at the level of Majorel's fully consolidated subsidiaries are formalized in a set of expected key controls.

Majorel's centralized treasury and corporate finance activities are governed by dedicated policies and procedures. Hedging of exposure in non-Euro currencies is governed by a strict policy. All internal and external financial reporting processes are organized through a centrally managed reporting calendar. The Code of Conduct requires the Group's companies to manage record-keeping and financial reporting with integrity and transparency.

Systems and related controls

Locally used (ERP, treasury applications) finance systems are monitored to ensure a consistent set-up of system-embedded controls. Segregation of duties, access rights and approval limits are regularly reviewed by the local data owners for all reporting units. Internal and external financial reporting is transmitted through a centrally managed integrated finance system – from budgeting and trend year analysis, monthly internal management reporting, and forecasting of financial KPIs, to consolidation and external financial reporting, and finally risk management reporting (see risk management section on pages 40 to 49).

Extensive automatic system controls ensure the consistency of the data in the financial statements. The centrally managed integrated finance system is subject to ongoing development through a documented change process. Systemized processes for coordinating intercompany transactions serve to prepare the corresponding consolidation steps. Circumstances that could lead to significant misinformation in the Consolidated Financial Statements or internal management reporting are monitored centrally and verified by external experts as required. Specific system-embedded controls support the consolidation process, including the reconciliation of intercompany transactions.

Analytics and reporting

All internal and external local and consolidated financial reporting is systematically reviewed by local finance staff and by the Corporate Finance team. Typical analyses include comparisons with previous years, budget and forecast, financial KPIs, flows of key captions on the income statement, statement of the financial position, changes in equity, and cash flow statement. The Corporate Finance team and Segments are integrated into the internal management reporting. Internal and external reporting are reconciled during the Segment reconciliation process.

Regular communication between Majorel's Segment and regional management and finance teams and the Corporate Finance departments ensures that any issue that could affect the Group's financial reporting is immediately flagged and resolved. Both the Group as a whole and the Segments and regions are in continuous contact with subsidiaries to ensure IFRS-compliant accounting as well as compliance with reporting deadlines and obligations.

Full-year and half-year reporting to the financial market is reviewed by the Audit Committee and approved by the Supervisory Board. Quarterly reporting to the financial market is reviewed and approved by the Audit Committee.

Transparency

Majorel's policy on the reporting of significant compliance incidents requires business units to immediately report fraud or other significant compliance incidents to the Group. Identified control weaknesses that could affect the reliability of financial reporting – reported by either external auditors or Internal Audit – are brought to the attention of management and the Audit Committee and are part of a follow-up process.

Each year, the business units self-assess the maturity level of their local internal controls over financial reporting. Results of this self-assessment are reviewed by the Majorel Corporate Risk department and reported to the Audit Committee. The Audit Committee is regularly updated on the key accounting, tax, and compliance issues within the Group.

The Majorel Corporate Risk department constantly promotes the importance of sound internal controls – not only over financial reporting, but also for operational processes – through dedicated workshops across Majorel's three business Segments, and the work of the Internal Audit department.

Like the risk management system (RMS), each ICS cannot guarantee with absolute certainty that significant misinformation in the accounting process can be prevented or identified.

Corporate Governance

3. Corporate Governance

Majorel Group Luxembourg S.A. (referred to here as "**Majorel**" or the "**Company**" and with its subsidiaries "**Majorel Group**") is publicly listed on the Euronext Amsterdam stock exchange. As a public company, Majorel recognizes the importance of appropriate corporate governance procedures in the management and oversight of its business.

The corporate governance framework of Majorel, including the formation and operation of the boards and committees, is outlined below.

3.1 CORPORATE GOVERNANCE POLICY AND PRACTICES

Detailed information on Majorel's corporate governance framework can be found in the Investor Relations section of Majorel's corporate website (ir.majorel.com). It contains Majorel's corporate governance charter, as well as regularly updated information including the latest version of Majorel's governance documents (such as its articles of association (the **"Articles of Association"**) or its remuneration policy), and information on the composition of Majorel's Management Board (the **"Management Board"**) and Supervisory Board (the **"Supervisory Board"**). The Investor Relations section of the corporate website also contains the share price information, financial publications, the financial calendar and other information that may be of interest to shareholders.

The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange

Majorel is a Luxembourg public limited company (*société anonyme*) whose shares are listed and admitted to trading on the regulated market operated by Euronext Amsterdam N.V. As such, the Company is not required to comply with the "Ten Principles of Corporate Governance" adopted by the Luxembourg Stock Exchange (www.bourse.lu/corporate-governance), as last revised in 2017 (the **"X Principles"**). However, Majorel has chosen to apply the X Principles on a voluntary basis, subject to a certain interpretation given the Company's two-tier governance structure composed of a Management Board and a Supervisory Board.

The X Principles include three series of rules, namely:

- the actual mandatory principles (the **"Principles"**);
- the "comply or explain" recommendations (i.e., recommendations that are mandatory, save in exceptional justified circumstances) (the **"Recommendations"**); and
- the guidelines, which are indicative but not binding (the **"Guidelines"**).

Majorel confirms that the Company meets all the Principles and follows the Recommendations, except in certain cases as set out below.

The **Recommendations** describe the proper application of the Principles. Companies are asked to comply with the Recommendations or to explain why they are departing from them. In such cases, companies must determine which rules are most suited to their specific situation and explain their thinking in the statement on corporate governance in their Annual Report. This flexible approach is based on the "comply or explain" principle. Majorel acknowledges the importance of good corporate governance and agrees with both the general approach and the majority of the Recommendations included in the X Principles. But it also believes, in considering the interests of both the Majorel Group and its stakeholders, that some of the Recommendations are not adapted to the Company's specific situation and that there is a case to deviate from them. Therefore, Majorel does not fully comply with the following:

Recommendation 5.4

Majorel does not fully comply with this Recommendation, which provides that in the event of a declared conflict of interest, the operation or transaction concerned shall, once the Chairman of the Supervisory Board has been informed, be submitted by the conflicted member of the Management Board or Supervisory Board to the Audit Committee or to the statutory auditor of Majorel, if possible, prior to the execution of that operation or transaction. The Audit Committee or the statutory auditor shall then communicate an opinion to the Supervisory Board. Majorel deviates from this Recommendation as it has always been committed to maintaining a proper compliance structure to strengthen the effectiveness and proper functioning of its compliance organization and has established proper procedures for potential conflicts of interests and intercompany transactions ("arm's length"). Majorel therefore considers the requirement to request a prior opinion to be communicated by the Audit Committee or the statutory auditor to be dispensable, given the conflict-of-interest procedures that are already in place.

Recommendation 5.6

Majorel does not fully comply with this Recommendation, which provides that members of the Management Board and the Supervisory Board are required to keep the information received in their capacity as members of these boards confidential and may not use it for any other purpose than for fulfilling their remit. Majorel partly deviates from this Recommendation as regards the members of the Supervisory Board, who may exceptionally disclose confidential information to the shareholder who has proposed his/her appointment to the General Meeting of shareholders, on a strict need-to-know basis. Such disclosure shall only be allowed:

- to the extent that such confidential information is required as per the internal regulations of the shareholder in question;
- in order to allow the member of the Supervisory Board to exercise his/her mandate in Majorel to best effect; and
- provided always that the shareholder who receives such confidential information assures, in turn, appropriate confidentiality in accordance with applicable privacy laws.

Recommendation 8.3

Majorel does not fully comply with this Recommendation, which provides in its first paragraph that the Audit Committee shall consist exclusively of non-executive directors (i.e., Supervisory Board members in Majorel's case), of whom at least half shall be independent. Majorel deviates from this Recommendation as it considers that the appointment of one independent Supervisory Board member (out of a total of five members of the Audit Committee), and who, moreover, holds the position of Chairman of the Audit Committee, takes adequate account of best-practice governance standards and is sufficient to ensure open discussion and a decision-making process free of influence.

3.2 MANAGEMENT BOARD AND SUPERVISORY BOARD

3.2.1 Biographies

3.2.1.1 The Management Board

Thomas Mackenbrock (47) Chief Executive Officer (CEO)

Thomas has served as Majorel's CEO since the Company was founded. In 2000, he started his professional career with McKinsey & Company where he supported clients in particular in the high-tech and telecom space. In 2006, Thomas joined Bertelsmann and worked on different assignments across Bertelsmann's business portfolio, including MD Bertelsmann Brazil, EVP BMG, CSO Arvato, and CEO Arvato CRM Solutions. In 2019, Thomas was appointed CEO of Majorel Group.

Otmane Serraj (49) Chief Financial & Shared Services Officer (CFSO)

Otmane has served as Majorel's CFSO since the Company was founded and is also CIO. With extensive international experience in the technology and telecoms sectors, from 2012 Otmane was GM at Bull, leading its subsidiaries in North Africa. He joined Saham in 2015, where he was CEO of the Outsourcing division and also served on the boards of various group businesses.

3.2.1.2 The Supervisory Board

Moulay Mhamed Elalamy (33)

Moulay graduated from the University of British Columbia in 2012. Following roles with BCG and in private equity, he was Chairman of Saham Assistance from 2015-17, where he expanded its presence from a small national player to 17 countries in Africa. From 2017 to 2019, he served as CEO of Saham Assurance, a Moroccan publicly traded insurance company, where he oversaw the digital transformation of the company. In 2018, Moulay led the sale of Saham Finances, the insurance division of Saham SA, with a $2 billion valuation. As CEO of the Saham Management Company, he created the partnership with Bertelsmann Group, which ultimately led to the foundation of Majorel in 2019.

Moulay is a member of the Audit Committee.

Pim Berendsen (49)

Pim gained a Master's degree in economics from the University of Tilburg in 1998 and then joined Arthur Andersen, where he worked as an international tax advisor. He joined PostNL N.V. in 2000 where he held several senior management functions within PostNL (and its legal predecessors) both in the Netherlands and abroad. Between 2013 and 2015, he was Director for Corporate Development at Van Gansewinkel Group, before returning to PostNL N.V. to become a member of the Executive Committee, responsible for international business, including Postcon (Germany), Nexive (Italy) and Cross Border Solutions (CBS), growth, M&A and strategic projects. In 2018, he was appointed CFO and a member of the Board of Management.

Pim is Chair of the Audit Committee.

Geoffroy Dedieu (53)

Geoffroy has over 25 years of experience as a lawyer, wealth manager and senior executive of family-controlled businesses operating in emerging and frontier markets and, for 15 years, was based in Singapore. He holds LLMs from the National University of Singapore and DEA Pantheon Assas, an MBA from INSEAD, and is a CFP (France). In 2020/21, Geoffroy undertook a Master's degree in International Environmental Law at the University of Limoges in France, where he graduated top of his class. He is a Chartered Member of the UK Chartered Institute for Securities and Investments. Geoffroy is currently the Chief Investment Officer of Saham Management Company (formerly Saham SA) and Saham Customer Relationship Investments Ltd, where he is responsible for the Asset Management function.

Geoffroy is a member of the Nomination and Compensation Committee.

Rolf Hellermann (46)

Rolf studied business administration in Vallendar, Germany; Los Angeles, USA; and Nancy, France, and received his doctorate from WHU – Otto Beisheim School of Management in Vallendar. He joined Bertelsmann SE & Co. KGaA in 2004 and in 2012, became head of Bertelsmann's Corporate Controlling and Strategy department. From 2015 to 2018, he was CFO of Arvato, the services division of Bertelsmann, and served as CEO of Arvato Financial Solutions from 2018 to 2020. He has been a member of Bertelsmann's Group Management Committee since 2019, and also heads the Bertelsmann Tech and Data Advisory Board. In 2021, Rolf became CFO and a member of the executive board at Bertelsmann Management SE and also joined the board of RTL Group S.A.

Rolf is a member of the Nomination and Compensation Committee and the Audit Committee.

Laureen Kouassi-Olsson (40)

Laureen holds an MSc in management from the Emlyon Business School and is also an alumna of Harvard Business School. She is the founder and Executive Chair of Birimian Holding, an operational investment company dedicated to luxury and premium African heritage brands. Laureen has over a decade of experience in investing in private companies and financial institutions in Africa with positions at Lehman Brothers in London, Proparco, a subsidiary of the French Development Agency, and Amethis, a leading French private equity fund dedicated to the African private sector and supported by the Edmond de Rothschild Group. Her professional achievements have gained significant recognition within the African financial services and private equity industries, and she has been recognized as one of the 100 most influential African women.

Laureen is Chair of the Nomination and Compensation Committee.

Matthias Moeller (52)

Matthias has more than 25 years' experience in IT services. He joined Bertelsmann/Arvato in 1995 following his studies in Computer Science (Informatik) at the University of Hildesheim and has been a part of the company's senior management team for IT Services since 2003. From 2012 to 2016, Matthias was CEO of Arvato Systems Perdata GmbH, serving the utilities sector, before becoming CEO of the Arvato Systems group. In 2019, he took on additional responsibilities as the CIO of Bertelsmann.

Matthias Moeller is a member of the Audit Committee.

Anne Marie Magis (57)

Anne Marie has a strong background in banking and change management and her recent assignments include strategy, innovation, digital banking, and agile transformation at ABN AMRO Bank N.V. She is currently Head of Execution Office at ABN AMRO Bank N.V. and responsible for managing the execution of the strategic change portfolio on behalf of the Executive Board. Prior to this, Anne Marie served as Associate Director, HR, at Ernst & Young, a was Partner at both Sharpe Executive Search, and at Ray Berndtson. She holds a Master's in Business Law from Leiden University and began her international career working on for ABN AMRO Bank in Toronto, Canada, and later went on to serve with the bank in several senior positions from 1989 to 2003 in the Netherlands and Germany.

Maud de Vries (50)

Maud is a Chief Legal and Human Capital Officer at OCI N.V., and a member of its Executive Board. At OCI she led strategic initiatives to design, redesign and strengthen the group's global legal, compliance, governance, and HR frameworks and is responsible for the company's Corporate Governance, Compliance, Legal, HR and Government & Public Affairs. She also champions OCI's global Diversity & Inclusion efforts. Prior to this, at Corio N.V., she was General Counsel / Senior Executive leading its Legal, Compliance and Risk Management functions, and played a key role in the company's market entries into Türkiye and Italy. She was also a member of the Management Board of Reluxco International S.A., a financial institution in Luxembourg under CSSF supervision. She started her career as Attorney at Law at Dutch law firm Trenité Van Doorne, following her studies in law at the University of Leiden.

Maud also serves an Advisory Board Member of VEUO, a representative organization of listed companies in the Netherlands and Chapter Zero, a not-for-profit organization building a community of non-executive directors and equip them to lead crucial UK boardroom discussions on the impacts of climate change.

Maud is a member of the Nomination and Compensation Committee.

Bettina Wulf (61)

Bettina graduated from the University of Bielefeld, Germany, with a degree in law in 1988. After being admitted to the bar, she worked as an associate/freelancer at a law firm before joining the legal department of Siemens Nixdorf Informationssysteme AG until 1993. She has been a member of the corporate legal department of Bertelsmann SE & Co. KGaA since July 1993 and is also on the Board of RTL Group S.A. Bettina has particular experience in global M&A transactions. In 2014, she was honored by the International Law Office with the European Counsel Award for her prominent role in highly complex M&A transactions requiring levelheaded negotiation skills.

Bettina is a member of the Nomination and Compensation Committee and the Audit Committee.

3.2.2 Boards and committees

Majorel's governing bodies are the Management Board, the Supervisory Board and its committees, as well as the General Meeting of shareholders of the Company (the **"General Meeting"**). Majorel is managed by its Management Board under the supervision and control of the Supervisory Board. The powers of these governing bodies are determined by the law of August 10, 1915, on commercial companies (the **"1915 Law"**). Majorel's Articles of Association and the internal rules and governance of both the Management Board and the Supervisory Board are summarized in Majorel's Corporate Governance Charter, publicly available on www.majorel.com.

Management Board

The Management Board is responsible for managing Majorel, and the members of the Management Board represent the Company in dealing with third parties. All decisions of the Management Board require the prior approval of the Supervisory Board; however, the Supervisory Board has decided to authorize all management actions by the Management Board without approval to the extent that such actions do not constitute a matter listed as a **"Supervisory Board Consent Matter"** in the rules of procedure of the Supervisory Board[24]. Within this limit, the Management Board is vested with the broadest powers to act in the name of Majorel and to take any actions necessary or useful to fulfill Majorel's corporate purpose. All powers not expressly attributed to the Supervisory Board or to the General Meeting (by the 1915 Law, by the Articles of Association or by the internal rules and governance of the Supervisory Board) shall be within the competence of the Management Board.

As of December 31, 2022, the Management Board of Majorel was composed of two members, with Thomas Mackenbrock being the Chairman and Chief Executive Officer (the **"CEO"**) and Otmane Serraj being the Chief Financial and Shared Services Officer (the **"CFSO"**).

The Management Board meets as often as the business and interests of the Company so require.

The biographies of the Management Board members are included on page 55 of this Annual Report.

[24] The Supervisory Board Consent Matters are publicly available on Majorel's website (www.majorel.com).

The members of the Management Board are appointed by the Supervisory Board, following proposal by the Nomination and Compensation Committee (the "**NCC**"). The Supervisory Board also determines the individual remuneration of the Management Board members, within the limits of the aggregate remuneration approved by the General Meeting and with due observance of any remuneration policy as adopted by the General Meeting, and the terms of their office. Pursuant to Majorel's Articles of Association, the members of the Management Board are elected for a term of up to six years. The members of the Management Board are eligible for reappointment. A member of the Management Board cannot be a member of the Supervisory Board at the same time.

The mandates of the current members of the Management Board will expire at the Annual General Meeting, to be held in the year 2025, which will vote on the financial statements for the financial year ending December 31, 2024.

Activities of the Management Board in 2022

The Management Board met 22 times in 2022 (out of which eight times physically) and adopted some decisions by circular resolution. The attendance rate was 100%.

Supervisory Board

The Supervisory Board is responsible for carrying out the permanent supervision and control of the Management Board, without being authorized to interfere with such management. For this purpose, the Supervisory Board has an unlimited right of information regarding all Majorel's operations and may inspect any of its documents. It may request the Management Board to provide any information necessary for exercising its functions and may directly or indirectly proceed to all verifications it deems useful in order to carry out its duties. The Supervisory Board has the right to examine all the activities of the Majorel Group. Its members have access to Majorel Group's employees, the Company's books, accounts, correspondence, minutes and, in general, to any of the Company's documents. At the request of the Supervisory Board, the Management Board shall provide any information that is necessary to enable the Supervisory Board to supervise the management of Majorel. In addition, the Supervisory Board can proceed to, or require, any verifications in relation to the management function. The Supervisory Board shall grant or deny the Management Board its consent to carry out the Supervisory Board Consent Matters.

In accordance with the Articles of Association, the General Meeting has appointed nine members of different classes, namely Class A members (the "**Class A Members**") and Class B members (the "**Class B Members**"):

- **five Class A Members** from a list of candidates proposed by Bertelsmann Luxembourg S.à r.l. (the "**Bertelsmann Shareholder**");
- **two Class B Members** from a list of candidates proposed jointly by Saham Customer Relationship Investments Limited and Saham Outsourcing Luxembourg S.à r.l. (together, the "**Saham Shareholders**"); and
- **two Class A Members** from a list of candidates proposed by the NCC, who are independent members.

The Supervisory Board has elected Moulay Mhamed Elalamy as Chairman among the Class B Members, in accordance with the Articles of Association. The CEO and the CFSO are non-voting permanent observers to the meetings of the Supervisory Board.

The Supervisory Board meets at least four times every financial year.

As of December 31, 2022, the Supervisory Board members were as follows:

Name	Class	Member since	Appointed until
Moulay Mhamed Elalamy	B	2019	AGM 2025
Pim Berendsen	A	2021*	AGM 2025
Geoffroy Dedieu	B	2022**	AGM 2023
Rolf Hellermann	A	2021*	AGM 2025
Laureen Kouassi-Olsson	A	2021*	AGM 2025
Anne Marie Magis	A	2022***	AGM 2025
Matthias Moeller	A	2021*	AGM 2025
Maud de Vries	A	2022***	AGM 2025
Bettina Wulf	A	2022**	AGM 2023

* The Extraordinary General Meeting held on September 17, 2021, appointed the Supervisory Members indicated above as being members since 2021, and acknowledged the resignations of Moulay Hafid Elalamy, Thomas Götz and Thomas Rabe as Supervisory Board members with effect from the date of that Extraordinary General Meeting.
** Following the resignations of Jörn Caumanns and Ghita Lahlou El Yacoubi as Supervisory Board members effective respectively August 26, 2022, and December 12, 2022, Bettina Wulf and Geoffroy Dedieu were elected by the Supervisory Board with effect from August 26, 2022, and December 16, 2022, respectively to fill in the vacancies until the next General Meeting.
*** The Annual General Meeting held on June 20, 2022, appointed these Supervisory Members, and acknowledged the resignations of Bettina Wulf and Nina Weiden as Supervisory Board members with effect from the date of that Annual General Meeting.

The biographies of the Supervisory Board members are included on pages 55 to 57 of this Annual Report.

The members of the Supervisory Board are appointed for a term of office which may not exceed six years and may be reappointed for successive terms. The mandates of the current members of the Supervisory Board will expire at the Annual General Meeting to be held in the year 2025, which will vote on the financial statements for the financial year ending on December 31, 2024 (save for the mandates of Bettina Wulf and Geoffroy Dedieu, as indicated in the table above).

In the event that one or more vacancies arise on the Supervisory Board following a member's death or resignation, or for any other reason, the remaining members of the Supervisory Board may, subject to compliance with any applicable nomination right, elect one or more members to the Supervisory Board to fill any such vacancy until the next General Meeting, in accordance with the provisions of the Articles of Association relating to the composition of the Supervisory Board.

The appointment or renewal of the appointment of a member of the Supervisory Board is based on the recommendations of the NCC. The Supervisory Board shall not propose any new candidates to be appointed as members of the Supervisory Board who have not been proposed by the NCC and shall with respect to the appointment comply with the charter of the NCC, the rules of procedure of the Supervisory Board, and the Articles of Association.

Elections to the Supervisory Board are made on an individual basis. Proposed candidates are announced in advance to the General Meeting. In its election recommendations to this General Meeting, the Supervisory Board shall disclose the personal and business relations of each individual candidate with the Majorel Group, with the executive bodies of the Majorel Group, and with any shareholder holding a material interest in Majorel. Such disclosure shall be limited to those circumstances which, in the appraisal of the Supervisory Board, a shareholder of Majorel would judge objectively to be authoritative for his/her/its election decision. For the purposes of this disclosure, shareholders holding a material interest are shareholders who directly or indirectly hold more than 10% of the voting rights of Majorel.

In accordance with its internal rules and governance, the Supervisory Board, acting upon the recommendations of the NCC, will nominate from a list of candidates proposed by the NCC two members who, in the opinion of the Supervisory Board, are independent from all material relationship with Majorel that could interfere with exercising their independent judgment or their ability to represent the interests of Majorel. Their objective shall be to bring an outside perspective on strategy and control and offer an independent view and advice solely in the corporate interest of Majorel, whenever there may be disagreements or conflicts of interest within the Supervisory Board or disagreements with management. The current independent members are Laureen Kouassi-Olsson and Pim Berendsen.

Activities of the Supervisory Board in 2022

The Supervisory Board met eight times in 2022 (out of which four times physically), with an attendance rate of 100%, all members having been present or represented at all meetings.

Committees of the Supervisory Board

The Audit Committee

The Audit Committee established by the Supervisory Board oversees:

- the accounting and financial reporting processes of Majorel;
- the integrity of the financial statements and publicly reported results;
- the adequacy and effectiveness of the risk management and internal control frameworks; and
- the choice, effectiveness, performance, and independence of the internal and external auditors.

In this respect, the Audit Committee performs its duties in compliance with applicable laws and regulations, and in particular, Regulation (EU) No. 537/2014 of the European Parliament and the Council of April 16, 2014, on specific requirements regarding the statutory audit of public-interest entities, as amended; Article 52 paragraph 6 of the Luxembourg law dated July 23, 2016, concerning the audit profession, as amended; and the Articles of Association. The role, authority and functioning of the Audit Committee are defined in the Audit Committee's charter, which is included in the internal rules and governance of Majorel.

The Audit Committee is composed of five members of the Supervisory Board, at least one of them being an independent member, one being a member who has been proposed for nomination by the Saham Shareholders and three being members who have been proposed for nomination by the Bertelsmann Shareholder.

The current members of the Audit Committee are Pim Berendsen (Chair), Moulay Mhamed Elalamy, Rolf Hellermann, Matthias Moeller, and Bettina Wulf.

The Audit Committee meets at least four times every financial year.

The Audit Committee's meetings may be attended by the CEO, the CFSO, the Head of Governance, Compliance and Control, the independent auditor(s) and other senior Majorel Group finance representatives. The Audit Committee may also invite others whose collaboration is deemed helpful in fulfilling its tasks.

Activities of the Audit Committee in 2022

The Audit Committee met seven times in 2022 (out of which four times physically), with an attendance rate of 100%, all members having been present or represented at all meetings. During the year 2022, the Audit Committee notably:

- reviewed Majorel's governance, compliance, risk management and internal control framework, and approved the internal audit plan for the year 2023;
- reviewed Majorel's financial organization, reporting process and disclosures (including the annual report for the year ended December 31, 2021, and the half-year report for the period ended June 30, 2022) and approved the disclosures relating to the first and third quarters of the financial year 2022 (in accordance with the delegation of such approval by the Supervisory Board);

- recommended the renewal of the mandate of the independent auditor, reviewed the independent auditor's work program and reports issued by the independent auditor, monitored the performance of the independent auditor, approved the audit independence policy and considered the scope and fee proposals for the work to be performed by the independent auditor in respect of the half-year report for the period ended June 30, 2022 and the annual report for the year ended December 31, 2022;
- reviewed Majorel's tax guidelines and financing policy;
- reviewed the agenda and proposed resolutions submitted to the Annual General Meeting held on June 20, 2022.

Its Chairman reported to the subsequent Supervisory Board meetings on the discussions held and conclusions taken by the Audit Committee.

Nomination and Compensation Committee

The missions of the NCC established by the Supervisory Board are to:

- assist the Supervisory Board in overseeing Majorel Group's compensation programs and compensation of the Management Board, the Chief Commercial Officer and the Chief Operational Officer (the "Senior Executive Officers") of the Majorel Group (including any long-term incentive and management incentive plan);
- advise the Supervisory Board on the remuneration of the individual members of the Management Board and the Supervisory Board within the scope of the remuneration policy as submitted to the advisory vote of the Annual General Meeting held in respect of the financial year ended December 31, 2021;
- monitor the application of Majorel Group's remuneration policy;
- assist the Supervisory Board with the selection and appointment procedures for members of the Supervisory Board, the Management Board and the Senior Executive Officers including the assessment of the performance of these individuals;
- be responsible for the preparation of the annual remuneration report included in section 4 of this Annual Report.

The role, authority and functioning of the NCC are defined in its charter, which is included in the internal rules and governance of Majorel.

The NCC is composed of five members of the Supervisory Board, at least one of them being an independent member, one being a member who has been proposed for nomination by the Saham Shareholders and three being members who have been proposed for nomination by the Bertelsmann Shareholder.

The current members of the NCC are Laureen Kouassi-Olsson (Chair), Geoffroy Dedieu, Rolf Hellermann, Maud de Vries and Bettina Wulf.

The NCC meets at least twice every financial year.

Activities of the NCC in 2022

The NCC Committee met three times in 2022 (out of which one meeting was held physically), with an attendance rate of 100%. During the year 2022, the NCC notably:

- considered matters related to the long-term incentivization and compensation system for Management Board and the senior managers;
- reviewed the remuneration policy and approved the remuneration report as submitted to the advisory vote of the Annual General Meeting held in respect of the financial year ended December 31, 2021;
- recommended the appointment of new Supervisory Board members in replacement of resigning members;
- recommended changes in the composition of the Audit Committee and the NCC;
- reviewed the list of senior executive employees and their remuneration;

- reviewed the compensation of the Management Board and Senior Executive Officers in the light of a benchmark analysis and recommended an increase in the base salary for 2023 for the members of the Management Board and Senior Executive Employees; and
- reviewed the Company's succession plan for the Senior Executive Officers.

Its Chairwoman reported to the subsequent Supervisory Board meetings on the discussions held and conclusions taken by the NCC.

Transactions in shares by management

EU Regulation No 596/2014 on Market Abuse (the "**Market Abuse Regulation**") prevents anyone with material non-public information about a company from dealing in its shares and from committing market manipulations. A detailed Dealing Code contains restrictions on dealings by members of the Management Board and Supervisory Board and certain employees of the Majorel Group, which are designed to ensure that insider information is treated appropriately within the Majorel Group and to avoid insider dealing and market manipulation.

Share transactions by members of the Management Board and Supervisory Board, as applicable, are reported in the Investor Relations section of the www.majorel.com website under the heading "Directors' dealings."

3.3 REMUNERATION REPORT

In accordance with the implementation of the second Shareholder Rights Directive (SRD II) into Luxembourg law, Majorel Group Luxembourg S.A. is required to prepare and disclose a clear and understandable Remuneration Report as set out in Article 7ter of the Luxembourg law of May 24, 2011, on Shareholders' Rights, as amended.

The Management Board and the Nomination and Compensation Committee (NCC) have jointly prepared the report on the remuneration of the members of the Management Board and Supervisory Board, providing a comprehensive overview of the remuneration awarded or due during the financial year 2022. In accordance with Article 7ter of the Luxembourg law of May 24, 2011, on Shareholders' Rights, as amended, the Remuneration Report presents the application of the remuneration policy applicable in the financial year 2022.

As stated in the SRD II, the Remuneration Report is intended to provide a useful mechanism for shareholders to better assess and monitor the performance of the Management Board. In this context, Majorel will disclose, for example, the target achievement levels as well as the resulting remuneration awarded and due to allow for an assessment of the pay-for-performance relationship.

The Remuneration Report will be presented as an advisory vote to the Annual General Meeting to be held in June 2023 in respect of the financial year ended December 31, 2022.

3.3.1 Summary of the financial year 2022

The financial year 2022 represents another successful year for Majorel. Majorel could continue the growth and achieved great business results (see section 2.10 for more details on the Company's performance in the financial year 2022).

Majorel's remuneration policy was presented to the Annual General Meeting on June 20, 2022, for an advisory vote and became effective as of January 1, 2022.

The remuneration policy shall ensure an appropriate remuneration for the members of the Management Board and Supervisory Board in line with the long-term interests and corporate strategy of Majorel. In particular, the variable remuneration for the members of the Management Board sets appropriate incentives to foster the profitable growth of the Company. In addition, the interests of our shareholders are taken into account through a share-based long-term incentive plan for the Management Board. The interests of other stakeholders, such as employees, are reflected by environmental, social and governance (ESG) targets in the remuneration of the Management Board. The remuneration system of Majorel is designed to contribute to the future value creation of the Group.

3.3.2. Management Board remuneration in 2022

The remuneration of the members of the Management Board of Majorel consists of fixed and variable remuneration elements. The fixed remuneration comprises their annual base salary, fringe benefits and pension expenses. The variable remuneration consists of short-term and long-term remuneration elements. These are linked to predefined financial and non-financial performance targets. They provide important incentives for the successful implementation of the corporate strategy and the long-term development of the Company.

In order to address the new challenges of Majorel after the listing in 2021, the existing remuneration policy has been adjusted from 2022 onwards. The remuneration elements were aligned more closely with the corporate strategy and investors' expectations. In addition, the remuneration policy 2022 takes particular account of the regulatory requirements as a listed company, the interests of the shareholders and international best practice.

Remuneration policy 2022

		Remuneration policy 2022
Fixed remuneration	Annual Base Salary	Fixed amount in cash payable in twelve equal installments
	Fringe benefits	Market standard benefits mainly comprising contributions to certain insurances and a car allowance
	Pension	Local pension benefits
Variable remuneration	Short-term-incentive (STI)	**Target bonus model** **Performance Criteria:** ▪ 33.3% Organic Net Revenue Growth[1] ▪ 33.3% Operating EBITDA Margin[2] ▪ 33.3% Business targets **Payout:** in Cash **Cap:** 150%
	Long-term-incentive (LTI)	**Restricted Stock Plan** **Plan term:** 5 years (1+4 years) ▪ 1 year performance period ▪ 4 years lock-up period **Performance Criteria:** ▪ 70% Group Profit[3] ▪ 30% ESG target(s) **Payout:** in Cash; obligation to invest net payout amount into company shares with a lock-up period of four years **Cap:** Payout limited to 200% of the target amount
Additional contractual provisions	Share Ownership Guideline	**SOG target in % of Annual Base Salary:** ▪ 200% for the CEO ▪ 150% for other Management Board members **Holding period: obligation to hold the shares until the end of the service agreement**
	Malus/ Clawback	Possibility to reduce (malus) or reclaim (clawback) variable remuneration due to performance or compliance issues

[1] Organic net revenue growth equals like-to like net revenue growth as defined in APM section.
[2] Operating EBITDA margin defined as Operating EBITDA divided by net revenue.
[3] Group profit was referred to as the Net Profit in the 2021 remuneration report.

3.3.2.1. Fixed remuneration

Annual base salary

Each member of the Management Board receives a gross annual fixed amount in cash which is paid in twelve equal instalments as a monthly gross salary.

Fringe benefits

The fringe benefits comprise market standard benefits such as contributions to certain insurances (e.g., accident and disability insurance, group travel insurance), and a car allowance.

Pension

The members of the Management Board are entitled to local pension benefits.

In case of **Thomas Mackenbrock**, an employer-financed pension contract (Bertelsmann Pension Contract III) with a fixed pension commitment upon reaching retirement age is agreed in Germany. The employer holds a provision for this plan. An entitlement to surviving dependents' pensions (spouse's and/or orphans' pensions) and disability pensions is also governed by Pension Contract III in its currently valid version.

In case of **Otmane Serraj**, it is an employer-financed and fund-based defined contribution plan (BeFrank scheme) established in the Netherlands. The employer makes a contribution for the employee available for accruing pension. The premium is a percentage of the pension base (statutory defined pensionable salary). The premium percentage for the participant is determined on basis of the agreements made between employer and employee. An entitlement to surviving dependents' pensions (spouse's and/or orphans' pensions) and disability pensions is also governed by pension plan in its currently valid version.

3.3.2.2 Variable remuneration

In addition to the annual fixed remuneration, the members of the Management Board are entitled to variable remuneration, comprising a short-term incentive (STI) and a long-term incentive (LTI).

The STI incorporates relevant financial and non-financial key performance indicators of Majorel.

Short-term incentive (STI)

The STI 2022 was designed as a target bonus and included both financial and business targets that are measured over a one-year period. For each Management Board member, the NCC determined a target amount (at 100% target achievement and a maximum of 150% in case of overachievement of the agreed targets) for the STI. The final payout of the STI will be made in cash at the end of the performance period and depends on the annual performance with regard to the defined financial and business targets.

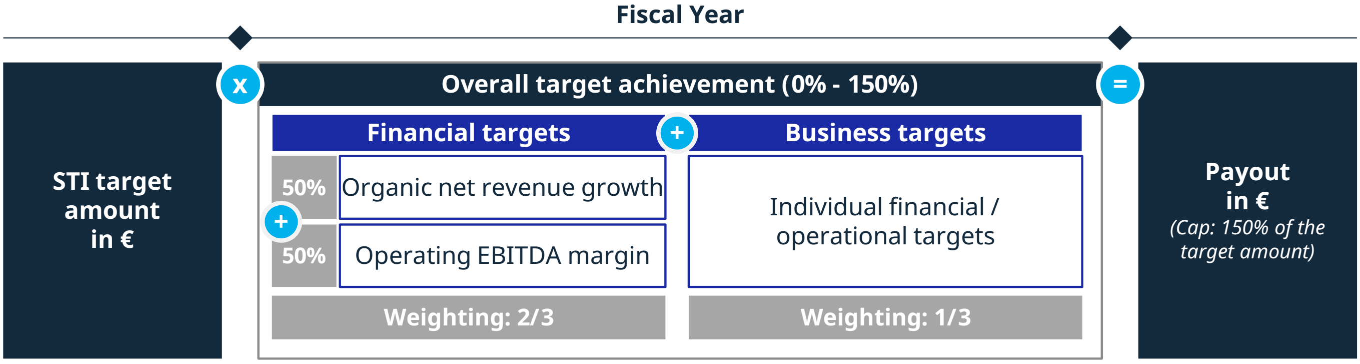
Majorel operates in a large and structurally growing market and has continued to set the Company's profitable growth as a central objective also for 2022. This is addressed along multiple dimensions: driving growth with existing clients and winning new clients, ensuring bottom-line with operational excellence and portfolio management, growing in existing geographies and expanding into new countries, and offering existing services and solutions as well as developing new offerings. Accordingly, the STI takes into account *organic net revenue growth*[25] as the primary indicator of growth and *Operating EBITDA margin* as an indicator of operating profitability. This is in line with the Company's key performance indicators.

Besides financial targets, the STI comprises business targets that also contribute to the execution of the Company's strategy.

The financial targets have a weight of 66.6% (33.3% each), and the business target(s) have a weight of 33.3% (100% in total). The target achievement of the targets can range from 0% to 150%. Consequently, the overall target achievement, and therefore the final payout of the STI, is capped at 150% of the target amount.

[25] Equals like-to-like net revenue growth as defined in APM section.

STI 2022 – Overview



Financial performance in 2022

The NCC sets the targets and threshold values for the financial targets at the beginning of the financial year.

In 2022, the targets and threshold values as well as the actual values and the resulting achievement of the financial targets were as follows:

Target achievement for financial targets in STI 2022

Financial targets	Weighting	0%	100%	150%	Actual	Target achievement
Organic Net Revenue Growth[26] (2022 vs. 2021) (in %)	33.3%	5%	11%	15%	19%	150%
Operating EBITDA Margin (in %)	33.3%	16.0%	16.6%	17.5%	17.8%	150%
Weighted target achievement financial targets						100%

Business performance 2022

To take into account operationally and individually financial relevant performance of the members of the Board of Management, business targets were set at the beginning of the financial year at the reasonable discretion of the NCC. These targets address objectives relevant to the implementation of the Company's long-term strategy. For 2022, these business targets covered the *Cash conversation rate as Free Cash Flow as % of Operating EBITDA*[27] and the *Group Profit*.

The NCC has assessed the business performance of the members of the Management Board against the background of the predefined business targets and set the target achievement at 25% for both members of the Management Board, given the fulfillment of their respective targets and the outstanding development of Majorel that is reflected in its financial and operational key performance indicators (see section 2.8 for KPIs).

Target achievement for business targets in STI 2022

Business targets	Weighting	0%	100%	150%	Actual	Target achievement
Cash conversation rate as free cash flow as % of Operating EBITDA[27]	16.7%	51%	56%	60%	50%	0%
Group profit	16.7%	135	145	155	170	150%
Weighted target achievement business targets						25%

[26] Equals like-to-like net revenue growth as defined in APM section.
[27] Excluding the IPO bonus with Equity Deferral.

Summary for STI 2022

Based on the performance with regard to financial and individual targets, the total target achievement and resulting payout for the STI 2022 was as follows:

Overview of STI 2022

	Target achievement					
	Target amount in € thousand	Organic net revenue Growth (33.3%)[28]	Operating EBITDA margin (33.3%)	Business targets (33.3%)	Total target achievement	Payout amount in € thousand
Thomas Mackenbrock	300	150%	150%	75%	125%	375
Otmane Serraj	200	150%	150%	75%	125%	250

Long-term incentive (LTI)

Majorel's long-term remuneration is aligned with the Company's long-term and strategic goals.

The members of the Management Board were granted a long-term incentive plan, the main objectives of which were business development since the inception of Majorel and the subsequent long-term value creation of Majorel.

Against the background of the listing in September 2021, the Supervisory Board established an LTI to reflect the new environment of Majorel as a listed company, taking effect from 2022. The new LTI incentivizes the long-term development of Majorel by introducing relevant financial and non-financial (ESG) performance measures. These measures are derived from Majorel's long-term planning and thus aligned with the Company's strategy and with investors' expectations and reflected in the remuneration policy of the Management Board. Furthermore, the LTI aligns the interests of Management Board members and shareholders by requiring members of the Management Board to invest the net payout of the LTI in the Company's shares.

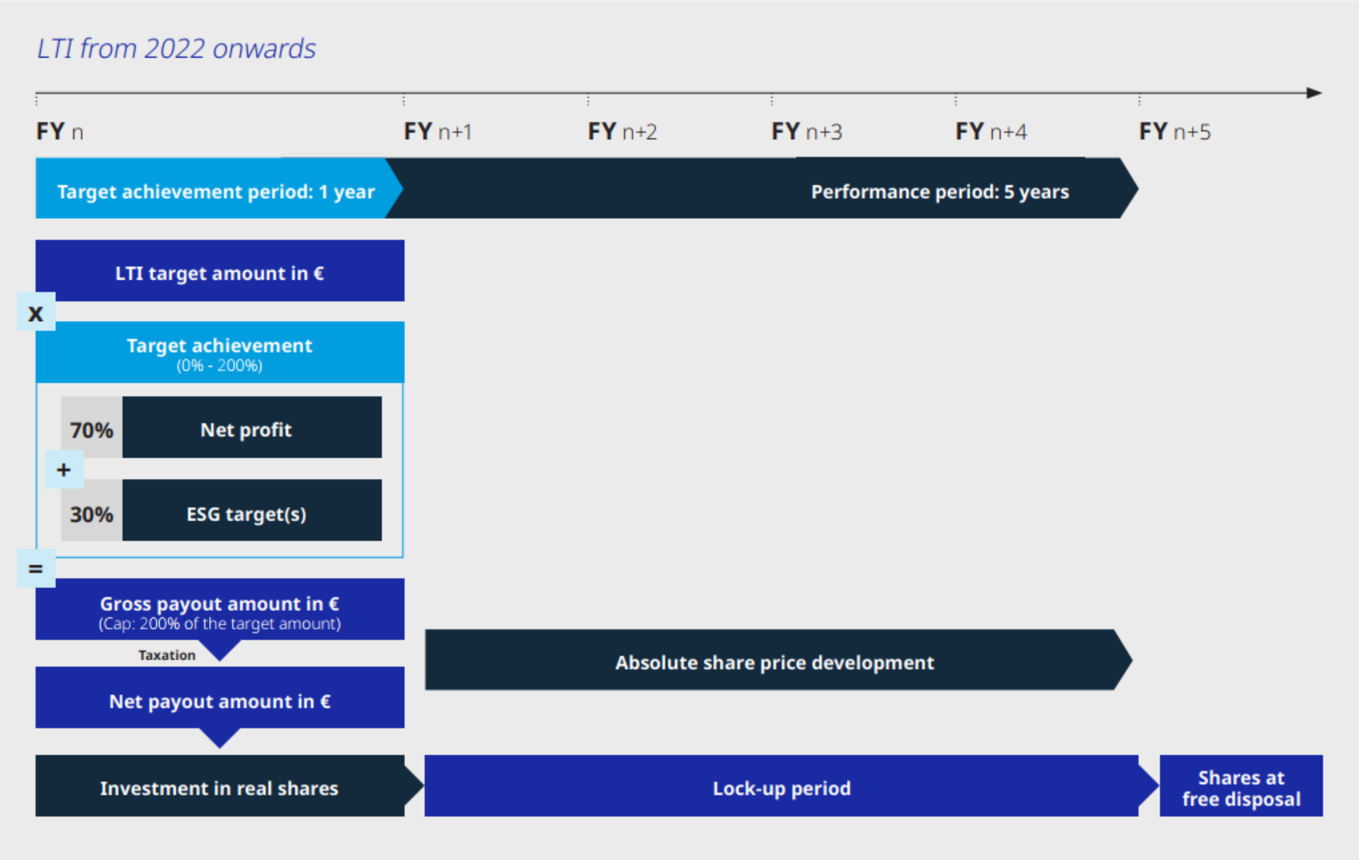
The LTI 2022 onwards is designed as a Restricted Stock Plan (RSP) to incentivize the long-term development of Majorel through the achievement of financial and non-financial targets and share price growth. The LTI is granted annually and has a total performance period of five years, starting on January 1 of every year. It consists of an initial target achievement period of one year and a subsequent lock-up period of four years until the end of the performance period.

The financial target is based on group profit (weighted at 70%), while the non-financial targets are based on environmental, social and governance (ESG) criteria (weighted 30%), which will be determined by the NCC at the beginning of each financial year on the basis of predefined ESG criteria. For the first tranche of the RSP in 2022, the Employee Net Promoter Score (20%) and renewable electricity share including the use of Renewable Energy Certificates (RECs) (10%) have been set as ESG targets. The target achievement of the financial and non-financial targets can range from 0% to 200%. The payout after the target achievement period is capped at 200% of the target amount.

For each tranche of the LTI, the members of the Management Board are required to invest the net payout (after deduction off all applicable payroll taxes and social security contributions) amount received under the LTI, after the initial target achievement period, in Company shares that are subsequently subject to a lock-up period until the end of the performance period, i.e., for four years. After the lock-up period, the shares are at the free disposal of the members of the Management Board. Thus, the total performance period of the LTI is five years.

[28] Equals like-to-like net revenue growth as defined in APM section.

LTI 2022+ Overview



Summary for LTI 2022

Based on the performance with regard the LTI targets, the total target achievement and resulting payout for the LTI 2022 was as follows:

Target achievement for targets in LTI 2022

LTI targets	Weighting	0%	100%	200%	Actual	Target achievement
Group profit (millions €)	70%	135	145	165	170	200%
Employee Net Promoter Score (eNPS)	20%	15	20	30	34	200%
Share of renewable electricity globally (incl. certificates)	10%	0%	50%	100%	100%	200%
	Weighted target achievement LTI targets					200%

Overview of LTI 2022

		Target achievement				
	Target amount in thousand €	Group profit in millions € (70.0%)	Employee Net Promoter Score (eNPS) (20.0%)	Share of renewable electricity globally (10.0%)	Total target achievement	Payout amount in thousand €
Thomas Mackenbrock	600	200%	200%	200%	200%	1,200
Otmane Serraj	400	200%	200%	200%	200%	800

Share ownership guideline

The Supervisory Board has implemented a Share Ownership Guideline (SOG) for the Management Board from 2022 onwards. The purpose of the SOG is to further align the interests of the Management Board with those of the shareholders of the Company. According to the SOG, the members of the Management Board are obliged to invest 200% (for the CEO) and 150% (for the other members of the Management Board) of their respective gross annual base salary in Company shares. The required share ownership will be built up regularly through this obligation within the framework of the new LTI plan (see above). Shares held to fulfill the share ownership obligation need to be held until the end of the Management Board membership. As long as the share ownership obligation is not met, shares acquired within the framework of the LTI plan may not be sold, even if the respective lock-up period for the shares has already expired.

Malus/clawback

Part of the remuneration system are malus/clawback regulations which have also been implemented with effect from 2022. The Supervisory Board has the right to reduce variable remuneration that has not yet been paid out (malus) or to reclaim variable remuneration that has already been paid out (clawback) for both the STI and the LTI, under certain circumstances. Accordingly, before determining the payout amount of the STI and LTI, respectively, the Supervisory Board will determine whether a predefined malus event justifies a reduction or even forfeiture of the variable remuneration amount as determined on the basis of the target achievement level and the respective plan terms. The set of events in which such an option applies is defined in the amendments to the service agreements and comprises cases of deliberate breaches of duty (compliance malus/clawback) and cases of incorrect consolidated financial statements (performance clawback).

In 2022, no variable remuneration was forfeited nor reclaimed.

3.3.2.3 Individual disclosure of Management Board remuneration in 2022

The following table summarizes the remuneration awarded or due during the financial year 2022 to the members of the Management Board, and the proportion of fixed to variable remuneration.

The members of the Management Board entered into service agreements with Majorel based on essentially similar terms. In addition to his service agreement with Majorel, Thomas Mackenbrock entered into a service agreement with Majorel Holding Deutschland GmbH, which stipulates that he will perform 80% his total working activities in Germany and the remaining 20% in Luxembourg.

At the same time, in addition to the service agreement with Majorel, Otmane Serraj entered into a service agreement with Majorel Holding Nederland B.V., which stipulates that he will perform 70% of his total working activities in the Netherlands and the remaining 30% in Luxembourg. The remuneration is paid by the respective companies in accordance with the split between the countries.

Remuneration awarded or due to the members of the Management Board during the financial year 2022

	Thomas Mackenbrock (Chief Executive Officer)		Otmane Serraj (Chief Financial and Shared Services Officer)	
	thousand €	**%**	**thousand €**	**%**
Fixed remuneration	666	29.7%	430	29.0%
Annual base salary	600		400	
Fringe benefits	18		18	
Pension expenses	48		12	
STI: Short-Term Incentive 2022	375	16.7%	250	16.9%
Remuneration (fixed + STI)	**1,041**		**680**	
LTI: Restricted Stock Plan	1,200	53.5%	800	54.1%
Total remuneration incl. LTI	**2,241**		**1,480**	

3.3.3 Supervisory Board remuneration in 2022

The current members of the Supervisory Board have been appointed in accordance with the Articles of Association and applicable law.

The Supervisory Board has established two committees: the Audit Committee and the Nomination and Compensation Committee (NCC).

The remuneration of the members of the Supervisory Board consists of fixed remuneration elements only. The chairperson of the Supervisory Board receives a fixed annual payment of €100,000. The members of the Supervisory Board each receive a fixed annual payment of €50,000. The chairperson of a Supervisory Board committee additionally receives a fixed annual payment of €25,000, provided that the relevant committee has met at least once in the relevant financial year to perform its tasks. A member of the Supervisory Board who serves for only a portion of a given financial year will be remunerated pro rata.

The remuneration awarded or due during the financial year 2022 to the members of the Supervisory Board is summarized in the following table. It consists entirely of fixed remuneration elements.

Remuneration awarded or due to the members of the Supervisory Board during the financial year 2022

In € thousand	Period	Fixed annual payment	Committee fees	Total remuneration
Members in office as of Dec. 31, 2022				
Moulay Mhamed Elalamy	01.01. - 31.12.2022	100	-	100
Pim Berendsen (Chair of Audit Committee)	01.01. - 31.12.2022	50	25	75
Geoffrey Dedieu	16.12. – 31.12.2022	2	-	2
Rolf Hellermann	01.01. - 31.12.2022	50	-	50
Laureen Kouassi-Olsson (Chair of NCC)	01.01. - 31.12.2022	50	25	75
Anne Marie Magis	20.06. – 31.12.2022	26	-	26
Matthias Moeller	01.01. - 31.12.2022	50	-	50
Maud de Vries	20.06. – 31.12.2022	26	-	26
Bettina Wulf	01.01. – 20.06.2022 26.08. - 31.12.2022	41	-	41
Former members in 2022				
Jörn Caumanns	01.01. - 26.08.2022	33	-	33
Ghita Lahlou El Yacoubi	01.01. - 12.12.2022	48	-	48
Nina Weiden	01.01. - 20.06.2022	24	-	24

Development of remuneration and Company performance over time

Annual values	2022	2021	2020
Remuneration of the Management Board in thousand €[1]			
Thomas Mackenbrock (Chief Executive Officer)	1,041	909	1,027
Otmane Serraj (Chief Financial and Shared Services Officer)	680	605	651
Remuneration of the Supervisory Board in thousand €[2]			
Moulay Mhamed Elalamy (Chairman of the Supervisory Board)	100	29	n/a
Pim Berendsen (Member of the Supervisory Board and Chair of Audit Committee)	75	22	n/a
Geoffrey Dedieu (Member of the Supervisory Board)	2	n/a	n/a
Rolf Hellermann (Member of the Supervisory Board)	50	14	n/a
Laureen Kouassi-Olsson (Member of the Supervisory Board and Chair of NCC)	75	22	n/a
Anne Marie Magis (Member of the Supervisory Board)	26	n/a	n/a
Matthias Moeller (Member of the Supervisory Board)	50	14	n/a
Maud de Vries (Member of the Supervisory Board)	26	n/a	n/a
Bettina Wulf (Member of the Supervisory Board)	41	14	n/a
Average remuneration on a full-time equivalent basis of employees in thousand €[1]			
Ø remuneration of employees of Majorel Group Luxembourg S.A.[3]	101	110	106
Company performance in million €			
Net revenue[4]	2,080	1,752	1,340
Operating EBITDA[4]	369	313	199

1 Based on base salary and STI.
2 No remuneration before September 17, 2021.
3 Employees with employment contract in Luxembourg not within Management Board.
4 For more information see APM section on page 79.

3.4 SHARES AND SHAREHOLDERS

Share capital

Issued share capital

The issued share capital of the Company is set at one million Euros (€1,000,000) represented by one hundred million (100,000,000) registered shares (the "**Shares**") with an accounting par value of one eurocent (€0.01) each. All of the Shares are admitted to listing and trading on the regulated market operated by Euronext Amsterdam N.V.

All Shares entitle to the same rights:

- all carry full dividend rights from January 1, 2021;
- each Share carries one vote at General Meetings;
- the Shares are subordinated to all other securities and claims in case of an insolvency of Majorel; and
- none of the Shares is subject to any transferability restrictions.

Issue of Shares – Authorized share capital

The General Meeting (or the Management Board within the limits of the authorized share capital, subject to the prior approval of the Supervisory Board) may from time-to-time issue Shares.

Pursuant to the Articles of Association, the Management Board is authorized, with the prior consent of the Supervisory Board (being a Supervisory Board Consent Matter requiring the positive vote of one Class B Member), for a period starting on the date of publication in the Luxembourg *Recueil Électronique des Sociétés et Associations* of the minutes of the extraordinary General Meeting held on September 6, 2021 and ending on the fifth anniversary of the date of such publication, without prejudice to any renewals, to issue shares within the limits of the authorized capital of Majorel, it being understood that any issuance of such instruments will reduce the available authorized capital accordingly.

As of December 31, 2022, pursuant to the Articles of Association, Majorel's authorized capital, excluding the issued share capital, is set at €2,000,000, represented by 200,000,000 shares having an accounting par value of €0.01 each (the "**Authorized Capital**").

Pursuant to the Articles of Association, the Authorized Capital may be increased or reduced by a resolution of an extraordinary General Meeting adopted in the manner required for an amendment of the Articles of Association. The authorization given by the extraordinary General Meeting to the Management Board may be renewed through a resolution of the extraordinary General Meeting adopted in the manner required for an amendment of the Articles of Association and subject to the provisions of the 1915 Law, each time for a period not exceeding five years.

The Management Board is authorized, subject to receiving the prior written approval of the Supervisory Board, to determine the conditions of any share capital increase including through contributions in cash or in kind, by the incorporation of reserves, issue premiums or retained earnings, with or without the issue of new shares, or following the issue and the exercise of subordinated or non-subordinated bonds, convertible into or repayable by or exchangeable for shares (whether provided in the terms at issue or subsequently provided), or following the issue of bonds with warrants or other rights to subscribe for shares attached, or through the issue of stand-alone warrants or any other instrument carrying an entitlement to, or the right to subscribe for, shares in Majorel.

The Management Board is authorized, subject to receiving the prior written approval of the Supervisory Board, to set the subscription price, with or without issue premium, the date from which the shares or other financial instruments will carry beneficial rights and, if applicable, the duration, amortization, other rights (including early repayment), interest rates, conversion rates and exchange rates of the aforesaid financial instruments as well as all the other conditions and terms of such financial instruments including as to their subscription, issue and payment, for which the Management Board may make use of Article 420-23 paragraph 3 of the 1915 Law.

The Management Board is authorized, subject to receiving the prior written approval of the Supervisory Board, to limit or exclude the preferential subscription rights of existing shareholders set out in the 1915 Law.

Treasury shares

The Company purchased no treasury shares during the year ended December 31, 2022 and held no treasury shares on that date.

Significant shareholders

At December 31, 2022, the significant shareholders of Majorel, within the meaning of the Luxembourg law of January 11, 2008 on transparency requirements (the "**Transparency Law**"), were as follows:

- Holding **39.49%** of the Majorel issued share capital, **Bertelsmann Luxembourg S.à r.l.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 43, Boulevard Pierre Frieden, L-1543 Luxembourg, Luxembourg and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 187218. The voting rights held by Bertelsmann Luxembourg S.à r.l. are indirectly controlled by Christoph Mohn through Bertelsmann SE & Co. KGaA and Bertelsmann Verwaltungsgesellschaft mbH. The shares in Bertelsmann SE & Co. KgaA are held by foundations (Bertelsmann Stiftung, Reinhard Mohn Stiftung, BVG-Stiftung) and the Mohn Family. All voting rights at the general meeting of Bertelsmann SE & Co. KgaA are controlled by Bertelsmann Verwaltungsgesellschaft mbH. Only Christoph Mohn has indirect voting control of Bertelsmann Verwaltungsgesellschaft mbH through a veto right.
- Holding together **39.49%** of the Majorel issued share capital, the **Saham Shareholders**, i.e. **Saham Customer Relationship Investments Limited,** previously incorporated as a private limited liability company (*société à responsabilité limitée*) under the laws of Luxembourg, registered since 30 December 2021 as a private company limited by shares under the laws of Dubai, United Arab Emirates, having its registered office in the Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates and registered with the DIFC under number 5353; and **Saham Outsourcing Luxembourg S.à r.l.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 12 C, Rue Guillaume Kroll, L-1882 Luxembourg, Luxembourg and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 229519. The voting rights held by the Saham Shareholders are attributed indirectly to Moulay Hafid Elalamy.

As at the date of this Annual Report, Majorel has not been notified of any other significant shareholdings in excess of 5% of the shares in issue.

As at December 31, 2022, senior executives of Majorel held 0.91% of the Majorel issued share capital.

General Meetings of shareholders

The Annual General Meeting in respect of the financial year ended December 31, 2021, was held virtually on June 20, 2022 via a live webcast. It unanimously approved the statutory and consolidated accounts as at December 31, 2021 and all proposed resolutions, including the proposed dividend of € 0.32 per share.

The Annual General Meeting is held within six months following the end of the financial year at the address of the registered office of Majorel or at such other place in the Grand Duchy of Luxembourg as may be specified in the convening notice of the Annual General Meeting.

General Meetings will be held at the registered office or any other place in Luxembourg indicated in the convening notice. General Meetings may be convened by the Management Board, by the Supervisory Board or, as the case may be, by the independent auditor(s), and must be convened on the request of one or more shareholders who together represent at least one tenth of Majorel's capital. In such case, the General Meeting shall be held within a period of one month from the receipt of such request.

Convening notices for every General Meeting will be published at least 30 days before the date of the General Meeting in (i) the Luxembourg Official Gazette (*Recueil Électronique des Sociétés et Associations*) and in a Luxembourg newspaper; and (ii) such media which may reasonably be expected to be relied upon for the effective dissemination of information to the public throughout the European Economic Area, and which are accessible rapidly and on a non-discriminatory basis (the "EEA Publication").

In the event that the presence quorum required by the 1915 Law or the Articles of Association to hold a General Meeting is not met on the date of the first convened General Meeting of Shareholders, another General Meeting may be convened by publishing the convening notice in the Luxembourg Official Gazette (*Recueil Électronique des Sociétés et Associations),* a Luxembourg newspaper and the EEA Publication, at least 17 days prior to the date of the reconvened meeting provided that (i) the first General Meeting was properly convened in accordance with the above provisions; and (ii) no new item has been added to the agenda.

The convening notice will be communicated on the date of its publication to the registered shareholders, unless they (or any one of them) have expressly and in writing agreed to receive communication by other means.

As Majorel's shares are admitted to trading on the regulated market operated by Euronext Amsterdam N.V., Majorel is subject to the provisions of the Luxembourg law of May 24, 2011, on the exercise of certain rights of shareholders at General Meetings of listed companies, as amended.

All shareholders are invited to attend and speak at all General Meetings, with each share in Majorel entitling to one vote. Any shareholder may appoint another person, who need not be a shareholder, as its proxy at any General Meeting.

Other than as required by law, resolutions will be adopted by the simple majority of votes validly cast, excluding abstentions and nil votes. There is no quorum requirement for a meeting convened to consider the business ordinarily to be considered by a shareholders' meeting, which includes the examination of the reports by management and the auditor, and if thought fit, the approval of the annual accounts, as well as the determination of the allocation of profit and the decision to grant discharge of liability to the Management Board, the Supervisory Board and the independent auditor. Any matter which does not fall within the scope of an ordinary General Meeting, such as any resolution amending the Articles, will be adopted at an extraordinary General Meeting, which shall require that no less than 50% of the issued share capital is represented, failing which the meeting must be reconvened. Resolutions proposed at such an extraordinary General Meeting shall be passed by a vote in favor of at least two-thirds of the votes validly cast, excluding abstentions and nil votes.

Subject to the provisions of the 1915 Law, the Management Board may, during the course of any General Meeting, adjourn such General Meeting for four weeks. The Management Board shall do so at the request of one or several shareholder(s) representing at least 10% of the share capital of Majorel. In the event of an adjournment, any resolution already adopted by the General Meeting shall be cancelled.

3.5 LUXEMBOURG LAW ON TAKEOVER BIDS DISCLOSURES

The following disclosures are made in accordance with article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

Share capital structure

The Company has issued a single category of shares. At December 31, 2022, Majorel had one hundred million (100,000,000) registered shares with an accounting par value of one eurocent (€0.01) each in issue, all of which are admitted to listing and trading on the regulated market operated by Euronext Amsterdam N.V.

Transfer restrictions

There are no restrictions per se on the free transferability of Majorel's shares.

Without prejudice to the foregoing, certain lock-up arrangements, which condition the transferability of their shares to a certain extent, have been made between the significant shareholders mentioned in point 3.4 on page 73 of this report (the "**Major Shareholders**") and their respective shareholders (please see "Shareholders' agreement with transfer restrictions" below for further details); between Majorel and certain of its senior executive officers; but also between the Major Shareholders and BNP Paribas, Citigroup Global Markets Limited and J.P. Morgan AG, who acted as joint global coordinators in the context of the admission to listing and trading of the Company's shares on the regulated market operated by Euronext Amsterdam N.V., as further described in the listing prospectus available on Majorel's website at www.majorel.com.

Major shareholders

The details of significant shareholders within the meaning of the Transparency Law are given in point 3.4 on page 73 of this Annual Report.

Special control rights

All shares in Majorel have the same rights (as further described in point 3.4 on page 72 of this report). No securities benefit from special control rights.

Control system in an employee share scheme

Article 11 (e) of the Luxembourg Law on Takeover Bids of May 19, 2006, does not apply, as Majorel has not put in place an employee share scheme where the control rights are not exercised directly by the employees.

Voting rights

Each share in Majorel entitles to one vote at General Meetings. The Management Board may suspend the voting rights of any shareholder in breach of his/her/its obligations as described in the Articles of Association, its subscription agreement, deed of covenant or any relevant contractual arrangement entered into by such a shareholder.

To vote at General Meetings, shareholders entitled to vote must duly evidence their shareholdings as of the record date, determined in accordance with the Luxembourg Law of May 24, May 2011 on the exercise of certain rights of shareholders at General Meetings of listed companies, as amended, which is midnight on the day falling 14 days prior to the date of the General Meeting.

The voting rights of shares held in treasury are suspended and they are not taken into account in the determination of the quorum and majority for General Meetings. The Management Board is authorized to suspend the dividend rights attached to shares held in treasury. No shares are currently held in treasury and no suspension has yet occurred.

Shareholders' agreement with transfer restrictions

Bertelsmann Luxembourg S.à r.l., Saham Customer Relationship Investments Limited and Saham Outsourcing Luxembourg S.à r.l. (the "**Major Shareholders**") and their respective parent companies (together the "**Parties**") have entered into a Luxembourg law-governed shareholders' agreement (the "**Shareholders' Agreement**"), which contains certain arrangements regarding the relationship between the Parties. The Shareholders' Agreement notably provides for a right of first offer in case any Major Shareholder or their parent company(ies) desires to transfer at least 1% of the shares in Majorel directly or indirectly held by it to any third party.

The Shareholders' Agreement:

- may be terminated at any time by written agreement between all of the Parties; and
- shall terminate upon all of the shares in Majorel being held by (a) one person; or (b) members of the same group to which one of the Major Shareholders' parent company belongs.

If any of the Major Shareholders or a permitted affiliate transferee (as defined in the Shareholders' Agreement) holds less than 5% in the share capital of Majorel as a consequence of the transfer thereof in accordance with the terms of the Shareholders' Agreement and the Articles, such Major Shareholder or permitted affiliate transferee, as applicable, and its respective parent company (as defined in the Shareholders' Agreement) or ultimate parent (as the case may be), shall cease to be a party for the purposes of the Shareholders' Agreement; provided that if such parent company or ultimate parent is also the parent company or ultimate parent of another Major Shareholder or permitted affiliate transferee, such parent company or ultimate parent will continue to be a party for the purposes of the Shareholders' Agreement for so long as that other Major Shareholder or permitted affiliate transferee continues to hold 5% or more in the share capital of Majorel and the Shareholders' Agreement is not terminated in accordance with its terms.

Appointment and replacement of Board members, amendments of the Articles of Association

Appointment and replacement of Board members

Please refer to point 3.2.2 on pages 57 to 59 of this report, which cover the appointment and replacement procedure for the members of the Management Board and the Supervisory Board. These reflect the terms of the arrangements between the Parties to the Shareholders' Agreement on this matter, as have been incorporated in Majorel's Articles of Association and/or internal rules and governance.

In addition, the Parties to the Shareholders' Agreement agreed that the Supervisory Board shall have a permanent chairman who shall be a member of the Supervisory Board that is appointed by a meeting of the Supervisory Board out of a list of candidates proposed jointly by the Saham Shareholders and who shall preside over meetings of the Supervisory Board and oversee the administration of the Supervisory Board process, in each case consistent with the rules of procedure of the Supervisory Board and the Articles of Association. The Chairman of the Supervisory Board shall not have a second or casting vote.

The Parties have further agreed that, upon proposal of removal, with or without cause, at any time, by Bertelsmann Luxembourg S.à r.l. of a representative nominated by Bertelsmann Luxembourg S.à r.l. as a Class A Member, the Major Shareholders shall take such actions as shall be necessary to cause any such representative nominated by Bertelsmann Luxembourg S.à r.l. to be removed by a resolution of the General Meeting. The Parties have further agreed that, upon proposal of removal, with or without cause, at any time, by the Saham Shareholders of a representative nominated by the Saham Shareholders as a Class B Member, the Major Shareholders shall take such actions as shall be necessary to cause any such representative nominated by the Saham Shareholders to be removed by a resolution of the General Meeting.

According to the Shareholders' Agreement, provided no Transfer Trigger Event (as defined here below) has occurred, a vacancy in the total number of the non-executive representatives proposed by Bertelsmann Luxembourg S.à r.l. shall be filled by persons proposed by Bertelsmann Luxembourg S.à r.l. by a resolution of the General Meeting, and a vacancy in the total number of representatives proposed by the Saham Shareholders shall be filled by persons proposed by the Saham Shareholders by a resolution of the General Meeting, except that a representative who has previously been removed for cause may not be proposed to be appointed to the Supervisory Board, and provided that the remaining members of the Supervisory Board shall be entitled to fill in any such vacancy by person(s) proposed in accordance with the previous paragraph here above, in each case on a temporary basis until the next General Meeting. In connection with each appointment or removal of a representative, the Major Shareholder proposing a representative or proposing a removal shall give prompt written notice thereof to all the representatives and the other Major Shareholders.

If the aggregate amount of shares held directly or indirectly by a parent company of a Major Shareholder and its affiliates (as defined in the Shareholders' Agreement) (the "**Transferring Group**") falls below 15% of the then total outstanding shares (a "**Transfer Trigger Event**"), the Transferring Group shall cease to be entitled to exercise the right to nominate two or five (as applicable) non-executive representatives (including the Chairman, if applicable) to the Supervisory Board, provided that, the Transferring Group shall be entitled to nominate one representative who shall be required for a quorum for the transaction of business at any meeting of the Supervisory Board in accordance with the Articles of Association and the rules of the Supervisory Board and further provided that any other representatives nominated by the Transferring Group shall be promptly removed in accordance with the Articles of Association and the rules of the Supervisory Board.

Provided no Transfer Trigger Event has occurred, Bertelsmann Luxembourg S.à r.l. shall have the right to propose the removal of the CEO at any time, with or without cause, and the Saham Shareholders shall have the right to propose the removal of the CEO for cause (in which case, each Major Shareholder shall take action to affect such removal by the Supervisory Board). Provided no Transfer Trigger Event has occurred, in the case of any vacancy in the position of the CEO of Majorel, Bertelsmann Luxembourg S.à r.l. shall have the right to nominate any successor CEO, except that Bertelsmann Luxembourg S.à r.l. may not nominate a CEO who has previously been removed from Majorel for cause and provided that any such vacancy may be filled by the Supervisory Board on a temporary basis with any representative nominated by Bertelsmann Luxembourg, in which case Bertelsmann Luxembourg S.à r.l. shall be entitled to nominate a person to fill in a vacancy on the Supervisory Board.

Provided no Transfer Trigger Event has occurred, the Saham Shareholders shall have the right to propose the removal of the CFSO at any time, with or without cause, and Bertelsmann Luxembourg S.à r.l. shall have the right to propose the removal of the CFSO for cause (in which case, each Major Shareholder shall take action to affect such removal by the Supervisory Board). Provided no Transfer Trigger Event has occurred, in the case of any vacancy in the position of the CFSO of Majorel, the Saham Shareholders shall have the right to nominate any successor CFSO, except that the Saham Shareholders may not nominate a CFSO who has previously been removed from Majorel for cause and provided that any such vacancy may be filled by the Supervisory Board on a temporary basis with any representative nominated by the Saham Shareholders, in which case the Saham Shareholders shall be entitled to nominate a person to fill in a vacancy on the Supervisory Board.

Amendments of the Articles of Association

Luxembourg law requires an extraordinary general meeting of shareholders to vote on any amendment of the Articles of Association. The agenda of the extraordinary general meeting of shareholders must indicate the proposed amendments to the Articles of Association.

Extraordinary general meetings of shareholders have a quorum requirement of at least 50% of Majorel's issued share capital to which voting rights are attached, unless otherwise provided by the Articles of Association or mandatorily required by law. If such quorum is not present, a second extraordinary general meeting of shareholders may be convened at a later date with no quorum according to the appropriate notification procedures. Resolutions must be adopted at an extraordinary general meeting by a two-thirds majority of the votes validly cast on such resolutions. Abstentions are not considered votes validly cast. Except in the case of a merger, a demerger or proceedings assimilated thereto under the 1915 Law, an amendment of the corporate objectives of the Company or its legal form requires in addition the approval by a General Meeting of holders of bonds issued by the Company at the majority and quorum provided for by the 1915 Law. For the avoidance of doubt, the Company has not, as at December 31, 2022, issued any bonds.

Powers of the Management Board and Supervisory Board, and power to issue or buy back shares

The Management Board is responsible for managing Majorel, and the members of the Management Board represent the Company in dealing with third parties. All decisions of the Management Board shall require the prior approval of the Supervisory Board; however, the Supervisory Board has decided to authorize all management actions by the Management Board without approval to the extent such actions do not constitute a matter listed as a “Supervisory Board Consent Matter” in the rules of procedure of the Supervisory Board.[29] Within this limit, the Management Board is vested with the broadest powers to act in the name of Majorel and to take any actions necessary or useful to fulfill Majorel’s corporate purpose. All powers not expressly attributed to the Supervisory Board or to the General Meeting by the 1915 Law, by the Articles of Association or the internal rules of procedure of the Supervisory Board shall be within the competence of the Management Board.

The power of the Management Board with regard to the issue of shares is detailed under point 3.4 on page 72 of this Annual Report.

The Management Board and/or the Supervisory Board are not as such empowered to decide on a redemption of Majorel’s shares. In accordance with the 1915 Law, except where the shares repurchased are to be distributed to the employees, the authorization to acquire the shares must be given by the General Meeting, which shall determine the terms and conditions of the repurchase. At its meeting held on June 20, 2022, the General Meeting authorized the Management Board to acquire up to 10% (ten percent) of the total number of the Company's shares in issue at the date of the Annual General Meeting within a period of 5 (five) years as from the date of the Annual General Meeting for a consideration which may not exceed an amount equal to 110% (one hundred ten percent) of the reference price of the shares on Euronext Amsterdam and not less than EUR 0.01 (one euro cent), the reference price being the weighted average price for the market value for such shares for the 5 (five) days of trading immediately preceding each date of repurchase. As at December 31, 2022, the Management Board had not decided to implement any share repurchase in furtherance of the authorization granted by the General Meeting.

Significant agreements or essential business contracts

Under Majorel’s contracts with its clients, Majorel’s clients are generally not contractually committed to providing Majorel specific volumes; therefore, irrespective of any termination right that may arise out of a change of control following a takeover bid, clients may in any case decide to reduce the volume provided to Majorel in the case of a takeover bid.

Agreements with board members and employees

The members of the Management Board and several senior executives are entitled to contractual severance payments in the case of dismissal, except in the event of termination for good cause by the contracting Majorel Group company.

[29] The Supervisory Board Consent Matters are publicly available on Majorel’s website (www.majorel.com).

Alternative Performance Measures (APMs)

4. Alternative Performance Measures (APMs)

Throughout its financial publications, Majorel uses Alternative Performance Measures (APMs) in addition to the figures that are prepared in accordance with IFRS. Majorel uses APMs to provide additional information to investors and to enhance the understanding of the results. Majorel's management considers them important supplemental measures of its performance, as we believe those help to illustrate underlying trends in the Group's business and use the measures to establish budgets and operational goals, communicate internally and externally, for managing the Group's business and evaluating its performance. We also believe these measures are meaningful for investors to evaluate and compare the Group's operating performance with its results in prior periods. These non-IFRS financial measures should be read in conjunction with and not as an alternative for the Group's financial information prepared in accordance with IFRS. All measures that are covered by IFRS are not considered to be APMs.

Majorel uses the following APMs:

- net revenue
- change in like-for-like net revenue, %
- net revenue retention (NRR), %
- Operating EBITDA
- Operating EBITDA margin, %
- free cash flow
- cash conversion rate, %
- capital expenditure
- net working capital, and
- economic debt.

Investors should consider that similarly titled APMs reported by other companies may be calculated differently. For that reason, the comparability of APMs across companies might be limited. In accordance with the guidelines of the European Securities and Markets Authority (ESMA), the following information is given in regard to the above-mentioned alternative performance measures:

1. Definition of the APM.

2. Reconciliation of the APM to the most directly reconcilable line item, subtotal or total presented in the financial statements.

Majorel's most recent financial publications at any time are available online at our website.

Net revenue

Net revenue for the Group corresponds to revenues as reported in our management reporting less certain direct, order-related external costs which are part of external expenses and costs of materials and consist mainly of cost of services purchased (subcontracted or outsourced services). Net revenue for each Segment corresponds to the according Segment revenues less certain direct, order-related inter-Segment and external costs. Management reporting data excludes revenues from minor activities (primarily the Sonopress Business) outside Majorel Group's core business which are reported in the Condensed Consolidated Interim Financial Statements (the "Sonopress Business" is defined as certain non-core business activities historically carried out by Arvato de Mexico, S.A. de C.V., which was wound down in 2021). Management believes that the inclusion of supplementary adjustments to revenue applied in presenting net revenue are appropriate to provide additional information. Management believes that net revenue is a non-IFRS measure representing a core business growth indicator.

In € million	2022	2021	growth
Revenue	**2,100**	**1,811**	**+16%**
Less minor activities	0	2	
Less direct costs	20	57	
Net revenue	**2,080**	**1,752**	**+19%**

Change in like-for-like net revenue

Like-for-like net revenue growth corresponds to net revenue growth year over year, adjusted for certain specific non-recurring items. For FY 2022 to FY 2021 like-for-like net revenue comparison, the contribution of the first-time consolidation of the acquisition of Mayen, Alembo, Findasense, and IST and the reduction of COVID-19-related business were adjusted. Management believes that like-for-like net revenue growth is a non-IFRS measure representing a business growth indicator.

In € million	Total
Net revenue 2021	1,752
COVID-19-related business	(50)
Acquisitions	47
Like-for-like	**331**
Net revenue 2022	2,080

Net revenue retention

Net revenue retention 2022 is defined as net revenue generated by clients in FY2022 divided by net revenue generated by the same cohort of clients in FY2021 (excluding net revenue contributed by Mayen, Alembo, Findasense, and IST that were acquired during 2022).

The data for calculating this indicator is derived from the Group's client management reporting, which is not part of financial reporting. Management believes that this measure is an indicator for assessing the growth with the existing client base.

Operating EBITDA

Operating EBITDA is defined as EBIT (earnings before interest and taxes) adjusted for amortization and depreciation, impairment and reversal on intangible assets, property, plant and equipment and right-of-use assets, adjusted for (i) impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations, (ii) impairment on carrying amounts on assets held for sale, (iii) impairment/reversals on other financial assets at amortized cost, (iv) impairment/reversals on investments accounted for using the equity method, (v) results from disposals of investments, (vi) fair value measurement of investments, (vii) results from disposals of intangible assets and property, plant and equipment, (viii) operating realized and unrealized forex gains and losses including on derivatives, (ix) expenses on long-term incentive programs and (x) further adjustments such as restructuring, acquisition-related and integration expenses, and other special items. The Operating EBITDA definition has been updated with effect from January 2022. Prior year data have been restated accordingly to allow comparison.

We use Operating EBITDA to assess the operating performance and the profitability development of our business as Operating EBITDA shows our EBIT as adjusted for depreciation and amortization, which are non-cash charges, and specific periodic outcomes to enhance comparability of our results over periods or with other companies.

When comparing Operating EBITDA with peer group data, it should be taken into account that the total adjustments in a given year do not represent the full amount of all special effects incurred in a given year, as rather only material effects subject to certain thresholds will be considered for the purpose of calculating Operating EBITDA.

In € million	2022	2021 restated	2021 as reported in AR 2021
EBIT (earnings before interest and taxes)	**239**	**105**	**105**
Amortization/depreciation, impairment, and reversals on intangible assets, property, plant and equipment and right-of-use assets	115	85	85
Gains from business combinations	(3)	-	-
Operating realized and unrealized forex gains and losses	(11)	(1)	-
Expenses on long-term incentive programs	12	128	-
Restructuring costs	5	(2)	-
Acquisition-related and other special items	12	(2)	126[30]
Operating EBITDA	**369**	**313**	**316**

Operating EBITDA reported for the prior period (€316 million) is restated to €313 million with the difference for €1 million of operating realized and unrealized forex gains including on derivatives and €2 million of acquisition-related and other special items to allow comparison with prior year based on the updated Operating EBITDA definition.

Operating EBITDA margin

We define Operating EBITDA margin as Operating EBITDA divided by net revenue.

Management uses Operating EBITDA margin as indicator for assessing the development of Group and segment profitability.

Free cash flow

Free cash flow is defined as Operating EBITDA less adjustments minus increase/plus decrease in net working capital after net cash out from pensions, payments from leases and net investments in property, plant and equipment and intangible assets excluding net payments from acquisitions and disposals of financial assets.

Our management uses free cash flow to demonstrate growth and operational performance and the capacity of Majorel Group to generate liquidity from operating activities in order to meet its commitments.

In € million	2022	2021
Cash flow from operating activities	**236**	**185**
Add back: Taxes paid	43	40
Add back: Other adjustments not included in free cash flow		(1)
Less: Capital expenditure	(80)	(61)
Less: Payment from lease	(57)	(50)
Less: Scope and other effects	(1)	5
Free cash flow	141	118
in % of Operating EBITDA (CCR)	*38%*	*38%*

Our free cash flow is negatively affected by IPO-related bonus payments, by the effects of the Chinese Covid-19 lockdown on net working capital and by some extension of payment behavior.

[30] FY 2019-2021 Operating EBITDA has been restated to comply with the updated EBITDA definition. For restated Operating EBITDA 2021 this amount is split in positions "Expenses on long-term incentive programs" (€128 million) and "Restructuring costs" (€(2) million).

Cash conversion rate

Cash conversion rate (CCR) is defined as free cash flow divided by Operating EBITDA. Management believes that cash conversion rate is a non-IFRS measure representing a financial indicator to assess the capacity of the Group to generate cash flow compared to its profits.

The CCR for 2022 is 38%. Excluding the effects relating to the IPO bonus with Equity Deferral, the CCR amounts to 50% in 2022 and would be slightly below our target corridor of 51-56%.

Capital expenditure

Capital expenditure is defined as investments in intangible assets and investments in property, plant, and equipment.

In € million	2022	2021
Investments in intangible assets	4	4
Investments in property, plant and equipment	76	57
Capital expenditure	**80**	**61**

Management uses capital expenditure to assess and demonstrate the capacity of the Group for future business growth.

Net working capital

Net working capital is defined as inventories plus trade and other current receivables, other current non-financial assets, and deferred items (assets), less trade and other current payables, other current provisions and deferred items (liabilities). Current income tax receivables and payables and cash equivalents are not included in our definition of net working capital.

We use net working capital to assess the capital requirements of our operating business.

	In € million	31.12.2022	31.12.2021
	Inventories	-	0
+	Trade receivables	491	388
-	Trade payables	(137)	(129)
	Trade working capital	**354**	**259**
+	Other receivables and other current assets[31]	87	75
+	Deferred items (assets)	21	15
-	Other payables[32]	(308)	(285)
-	Deferred items (liabilities)	(4)	(2)
-	Other provisions	(45)	(30)
	Other working capital	**(249)**	**(228)**
	Net working capital	**105**	**31**

[31] Other receivables excluded: advance payments for business acquisitions EUR 6 million as at December 31, 2022 (EUR 58 million as at 31 December, 2021).

[32] Other payables excluded: contingent consideration for acquisition of investments EUR 20 million as at December 31, 2022.

Economic debt

Economic debt is defined as financial debt less cash and cash equivalents plus pensions, similar obligations, and lease liabilities.

Management believes that economic debt is a non-IFRS measure representing a financial position indicator to assess Group's funding capacity and its liquidity.

In € million	31.12.2022	31.12.2021
Cash and cash equivalents	245	238
Liabilities to banks	(136)	(74)
Other financial debt	(4)	(85)
Net cash position	**105**	**79**
Provisions for pensions and similar obligations	(32)	(43)
Lease liabilities	(140)	(125)
Economic cash/(debt)	**(67)**	**(89)**

Glossary of Terms

5. Glossary of Terms

Capital expenditure (CAPEX)
Capital expenditure is defined as investments in intangible assets and investments in property, plant, and equipment. For details see APM section on page 79 of the Annual Report 2022.

Cash conversion rate
Cash conversion rate is defined as free cash flow divided by Operating EBITDA. For details see APM section on page 79 of the Annual Report 2022.

CEA
CEA refers to Majorel's China, East Asia business Segment.

Change in like-for-like net revenue
Like-for-like net revenue growth corresponds to net revenue growth year over year, adjusted for certain specific non-recurring items. For FY 2022 to FY 2021 like-for-like net revenue comparison, the contribution of the first-time consolidation of the acquisition of Mayen, Alembo, Findasense, and IST and the reduction of COVID-19-related business FY 2022 vs. FY 2021 were adjusted. For details see APM section on page 79 of the Annual Report 2022.

China Business
China Business means the acquisition of Shanghai Majorel Commercial Services Co., Ltd. (previously, Shanghai Bertelsmann Commercial Services Co. Ltd.), Shanghai Majorel Digital Marketing Co., Ltd. (previously, Shanghai Bertelsmann-Arvato Information Services Co. Ltd.) and Shanghai Majorel CX Business solutions Co., Ltd. (previously, Bertelsmann-Arvato Commercial Services (Shanghai) Co., Ltd.).

COVID-19-related business
COVID-19-related business means contracts to provide services in the fight against the COVID-19 pandemic.

CR
CR refers to Corporate Responsibility and also includes ESG (Environmental, Social and Governance).

CX/CXM
CX refers to Customer Experience and CXM to Customer Experience Management.

DE&I
DE&I refers to Diversity, Equity & Inclusion and is one of Majorel's five CR pillars.

EASA
EASA refers to Majorel's Europe, Africa, and South America business Segment.

EBIT
EBIT is defined as earnings before interest and taxes.

Economic debt
Economic debt is defined as financial debt less cash and cash equivalents plus pensions, similar obligations, and lease liabilities. For details see APM section on page 79 of the Annual Report 2022.

EPS
Basic earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares and the shares held under the liquidity program, if any. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is currently no category of dilutive potential ordinary shares.

Free cash flow

Free cash flow is defined as Operating EBITDA less adjustments minus increase/plus decrease in net working capital after net cash out from pensions, payments from leases and net investments in property, plant and equipment and intangible assets excluding net payments from acquisitions and disposals of financial assets. For details see APM section on page 79 of the Annual Report 2022.

GEMS

GEMS refers to Majorel's Global English, Middle East and Southeast Asia business Segment.

Net revenue

Net revenue for the Group corresponds to revenues as reported in our management reporting less certain direct, order-related external costs which are part of external expenses and costs of materials and consist mainly of cost of services purchased (subcontracted or outsourced services). Net revenue for each Segment corresponds to the according Segment revenues less certain direct, order-related inter-Segment and external costs. Management reporting data excludes revenues from minor activities (primarily the Sonopress Business) outside Majorel Group's core business which are reported in the Condensed Consolidated Interim Financial Statements (the "Sonopress Business" is defined as certain non-core business activities historically carried out by Arvato de Mexico, S.A. de C.V., which was wound down in 2021). For details see APM section on page 79 of the Annual Report 2022.

Net revenue retention (NRR)

Net revenue retention 2022 is defined as net revenue generated by clients in FY2022 divided by net revenue generated by the same cohort of clients in FY2021 (excluding net revenue contributed by Mayen, Alembo, Findasense and IST that were acquired during 2022). For details see APM section on page 79 of the Annual Report 2022.

Net working capital

Net working capital is defined as inventories plus trade and other current receivables, other current non-financial assets, and deferred items (assets), less trade and other current payables, other current provisions, and deferred items (liabilities). Current income tax receivables and payables and cash equivalents are not included in our definition of net working capital. For details see APM section on page 79 of the Annual Report 2022.

Offshore

We define "Offshore" as net revenue from the following countries (even if some local business is included): Armenia, Colombia, Costa Rica, Croatia, Egypt, Estonia, Georgia, Ghana, Greece, India, Ivory Coast, Kenya, Lithuania, Malaysia, Mexico, Morocco, North Macedonia, Peru, Philippines, Poland, Portugal, Romania, Senegal, Suriname, Togo, and Türkiye.

Operating EBITDA

Operating EBITDA is defined as EBIT (earnings before interest and taxes) adjusted for amortization and depreciation, impairment and reversal on intangible assets, property, plant and equipment and right-of-use assets, adjusted for (i) impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations, (ii) impairment on carrying amounts on assets held for sale, (iii) impairment/reversals on other financial assets at amortized cost, (iv) impairment/reversals on investments accounted for using the equity method, (v) results from disposals of investments, (vi) fair value measurement of investments, (vii) results from disposals of intangible assets and property, plant and equipment, (viii) operating realized and unrealized forex gains and losses including on derivatives, (ix) expenses on long-term incentive programs and (x) further adjustments such as restructuring, acquisition-related and integration expenses, and other special items. The Operating EBITDA definition has been updated with effect from January 2022. Prior year data have been restated accordingly to allow comparison. For details see APM section on page 79 of the Annual Report 2022.

Operating EBITDA margin

We define Operating EBITDA margin as Operating EBITDA divided by net revenue. For details see APM section on page 79 of the Annual Report 2022.

Consolidated Financial Statements

6. Consolidated Financial Statements

Consolidated statement of profit and loss

in € millions	Notes	2022	2021
Revenues	1	2,100	1,811
Other operating income	2	48	37
External expenses and costs of materials	3	(397)	(423)
Personnel costs	4	(1,398)	(1,236)
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	5	(115)	(85)
Results from investments accounted for using the equity method	12	1	1
EBIT (earnings before interest and taxes)		239	105
Interest income	6	1	1
Interest expenses	6	(4)	(3)
Other financial income	7	-	2
Other financial expenses	7	(15)	(5)
Financial result		(18)	(5)
Earnings before taxes		221	100
Income tax expense	8	(51)	(20)
Group profit or loss		**170**	**80**
attributable to:			
Majorel shareholders		169	80
Non-controlling interests		1	-
Earnings per share (in €)			
– Basic	9	1.69	0.80
– Diluted	9	1.69	0.80

The notes on pages 94 to 139 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

in € millions	Notes	2022	2021
Group profit or loss		170	80
Items that will not be reclassified subsequently to profit or loss			
Remeasurement component of defined benefit plans		13	9
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences			
– changes recognized in other comprehensive income		(23)	12
Other comprehensive income net of tax	17	(10)	21
Group total comprehensive income		**160**	**101**
attributable to:			
Majorel shareholders		159	101
Non-controlling interests		1	-

The notes on pages 94 to 139 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

in € millions	Notes	12/31/2022	12/31/2021
Assets			
Non-current assets			
Goodwill	10	196	94
Other intangible assets	10	44	20
Property, plant and equipment and right-of-use assets	11	282	245
Investments accounted for using the equity method	12	4	3
Trade and other receivables	14	9	1
Deferred tax assets	8	41	38
		576	401
Current assets			
Trade and other receivables	14	526	467
Other financial assets	13	2	11
Other non-financial assets	15	70	68
Current income tax receivables		12	18
Cash and cash equivalents	16	245	238
		855	802
		1,431	**1,203**
Equity and liabilities			
Equity	17		
Subscribed capital		1	1
Capital reserve		231	255
Retained earnings		316	138
Majorel shareholders' equity		548	394
Non-controlling interests		10	5
		558	399
Non-current liabilities			
Provisions for pensions and similar obligations	18	32	43
Other provisions	19	11	8
Deferred tax liabilities	8	6	2
Financial debt	20	132	70
Lease liabilities	21	91	80
Trade and other payables	22	20	-
Other non-financial liabilities	22	18	-
		310	203
Current liabilities			
Other provisions	19	45	30
Financial debt	20	8	89
Lease liabilities	21	49	45
Trade and other payables	22	179	156
Other non-financial liabilities	22	252	261
Current income tax payables		30	20
		563	601
		1,431	**1,203**

The notes on pages 94 to 139 are an integral part of these consolidated financial statements.

Consolidated statement of cash flow

in € millions	Notes	2022	2021
Earnings before interest and taxes		239	105
Amortization, depreciation and write-ups of non-current assets	5	115	85
Gains from business combinations	25	(3)	-
Change in provisions for pensions and similar obligations	18	(3)	(1)
Change in other provisions	19	(1)	11
Change in net working capital		(74)	24
Taxes paid	8	(43)	(40)
Other effects		6	1
Cash flow from operating activities		236	185
Investments in:			
– intangible assets	10	(4)	(4)
– property, plant and equipment	11	(76)	(57)
– purchase prices for consolidated investments (net of acquired cash)	25	(19)	(56)
– prepaid consideration for business acquisition	14,15	(5)	(58)
– other investments and financial assets		-	(5)
Disposals of other fixed assets		8	6
Cash flow from investing activities		(96)	(174)
Proceeds from/redemption of financial debt	26	(23)	105
Redemption of lease liabilities		(52)	(46)
Interest paid		(8)	(6)
Dividends to Majorel shareholders	17	(32)	(19)
Dividends to non-controlling interests		(1)	-
Other effects		(5)	(8)
Cash flow from financing activities		(121)	26
Change in cash and cash equivalents		19	37
Exchange rate effects and other changes in cash and cash equivalents		(12)	6
Cash and cash equivalents as of 1/1		238	195
Cash and cash equivalents as of 12/31	**16**	**245**	**238**

The notes on pages 94 to 139 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

in € millions	Notes	Subscribed capital[a)]	Capital reserve	Retained earnings	Majorel shareholders' equity	Non-controlling interests	Total
Balance as of 1/1/2021		-	275	37	312	5	317
Group profit or loss		-	-	80	80	-	80
Other comprehensive income	17	-	-	21	21	-	21
Group total comprehensive income		-	-	101	101	-	101
Dividend distributions		-	(19)	-	(19)	-	(19)
Transfer		1	(1)	-	-	-	-
Equity transactions with shareholders		1	(20)	-	(19)	-	(19)
Balance as of 12/31/2021		**1**	**255**	**138**	**394**	**5**	**399**
Balance as of 1/1/2022		1	255	138	394	5	399
Group profit or loss		-	-	169	169	1	170
Other comprehensive income	17	-	-	(10)	(10)	-	(10)
Group total comprehensive income		-	-	159	159	1	160
Dividend distributions	17	-	(24)	(8)	(32)	(1)	(33)
Acquisition of subsidiary with non-controlling interests	17	-	-	-	-	5	5
Equity transactions with shareholders		-	(24)	(8)	(32)	4	(28)
Hyperinflation impact		-	-	27	27	-	27
Balance as of 12/31/2022		**1**	**231**	**316**	**548**	**10**	**558**

a) As of January 1, 2021, the subscribed capital amounts to €404 thousand.

The notes on pages 94 to 139 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Reporting Unit

Majorel is a customer experience (CX) service provider with more than 82,000 employees based in 48 countries (45 operating countries) as of December 31, 2022, in Europe, the Middle East, Africa, Americas and Asia.

Majorel Group Luxembourg S.A. is the parent company of the Majorel Group and domiciled in Boulevard de Kockelscheuer 18, 1821, Luxembourg. The company is a stock company (société anonyme) registered in Luxembourg and entered in the trade register Registre de Commerce et des Sociétés under the number B227626. On September 24, 2021, Majorel Group completed the initial public offering of own shares on Euronext Amsterdam N.V. ("Euronext Amsterdam"). As of December 31, 2022, the total number of public shares is 20,109,627, representing 20.1% of Majorel Group's issued share capital. Following the completion of the public offering, Bertelsmann and Saham Group each holds 39.5%, Management of Majorel Group holds 0.9% of the issued share capital of Majorel.

As ultimate parent, Bertelsmann SE & Co. KGaA is consolidating Majorel Group Luxembourg S.A. and its subsidiaries in its consolidated financial statements. Bertelsmann SE & Co. KGaA is a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Strasse 270, D-33311 Gütersloh, Germany. Consolidated financial statements for Bertelsmann SE & Co. KGaA can be obtained at its registered office; it is entered in the commercial register of the Gütersloh Local Court (Amtsgericht) under HRB 9194.

Majorel consists of Majorel Group Luxembourg S.A. and its direct and indirect subsidiaries and associates.

Basis of Accounting

The Majorel Consolidated Financial Statements as of December 31, 2022, were prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the related interpretations (IFRIC) of the IFRS Interpretations Committee (IFRS IC) that are applicable in the European Union (IFRS-EU).

Majorel uses one set of global accounting policies, which are IFRS compliant. The principal accounting policies adopted in the preparation of the Consolidated Financial Statements are set out in the section "Accounting and Measurement Policies". These policies have been consistently applied to all the years and consolidated statement of financial position dates presented, unless otherwise stated. The Consolidated Financial Statements as of December 31, 2022, were authorized for issue by the Management Board on March 13, 2023.

The Consolidated Financial Statements are prepared in euros. Unless otherwise stated, all amounts are given in millions of euros (€ million). For the sake of clarity, certain items are aggregated in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of changes in equity. These items are disclosed and explained in greater detail in the notes.

The Consolidated Financial Statements have been prepared under the historical cost convention except for the following material items in the consolidated statement of financial position:

- Equity instruments at fair value through other comprehensive income are measured at fair value.
- Derivative financial instruments are measured at fair value.
- Non-derivative financial instruments at fair value through profit or loss (FVTPL) are measured at fair value.
- The defined benefit assets and liabilities are measured in accordance with IAS 19.

Impact of New Financial Reporting Standards

The initial application of new financial reporting standards and interpretations had no material impact on Majorel.

Impact of Issued Financial Reporting Standards that Are Not Yet Effective

The Majorel Group has not opted for early adoption of any additional standards, interpretations or amendments that have been issued by the IASB or the IFRS IC but are not yet mandatory. The expected impact from the issued financial reporting requirements that are not yet effective is not material to the Majorel Group.

Hyperinflation in Türkiye

Since April 2022, Türkiye is considered to be a hyperinflationary economy as per IAS 29. As a result, the financial statements of the subsidiary whose functional currency is Turkish Lira have therefore been restated for the effects of inflation by applying the customer price index and then translated into Euro using the exchange rate at the reporting date.

Effects of Coronavirus Pandemic on the Consolidated Financial Statements

The coronavirus outbreak has continued to develop during 2022, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. Majorel management has been continuously monitoring the business and financial performance of the Majorel Group and has not identified any severe impacts on business and financial performance.

During the ongoing coronavirus pandemic, accounting impacts continue to be evaluated for the particularly relevant areas of impairment testing for goodwill and individual assets, leasing, trade receivables, government grants, deferred tax assets, losses from onerous contracts and revenues. No significant issues have been noted. Due to the overall economic situation in 2022, which appears to be significantly more stable and is expected to remain more stable in 2023, no triggering event has been identified for a necessary impairment test of goodwill during the period, despite the ongoing coronavirus pandemic. Overall, no negative effects on the Majorel Group's financial position, performance and cash flows are currently expected. Furthermore, the information presented in the notes to the Consolidated Financial Statements of December 31, 2022, in section "Significant Accounting Judgments, Estimates and Assumptions" applies. Management is of the opinion that the additional estimates and discretionary decisions required by the coronavirus pandemic take appropriate account of the currently foreseeable microeconomic and macroeconomic situation.

Effects of Russia's invasion of Ukraine on the Consolidated Financial Statements

The Majorel Group's core business may be impacted by additional macroeconomic challenges and related uncertainties as a result of external events, such as geopolitical tensions in the current financial year. The balance sheet effects are therefore being evaluated for the particularly relevant issues which are impairment of goodwill and individual assets, leasing, trade receivables, losses from onerous contracts as well as revenues. As a result of the current business development, there was no requirement to recognize an impairment loss on goodwill, even in light of the geopolitical and economic uncertainty caused by Russia's invasion of Ukraine. This also refers to the accounting areas deemed vulnerable, for which no material negative effects anticipated on the financial position or financial performance of the Majorel Group are currently anticipated. The assessment is based on discretionary judgments, estimates and assumptions that contain additional uncertainties in the current situation characterized by geopolitical and macroeconomic developments. Management is of the opinion that these uncertainties have been taken into account to an adequate degree.

Principles of Consolidation

The Majorel Consolidated Financial Statements include the financial statements of the parent company and its subsidiaries and associates.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are companies controlled by Majorel Group Luxembourg S.A. in accordance with IFRS 10. Consolidation begins on the date on which the ability to exercise control exists and ends when Majorel loses the ability to exercise control. Profit or loss and each component of total comprehensive income are attributed to the shareholders of the parent company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. In accordance with IFRS 3, business combinations are accounted for using the acquisition method. At the acquisition date, the identifiable assets and liabilities are measured at their fair values, non-controlling interests are measured at the proportionate share in the recognized amounts of the acquiree's identifiable net assets. If the consideration transferred for the business combination or the fair values attributable to the identifiable assets and liabilities of the company acquired can only be provisionally identified on the date of initial accounting, the business combination is accounted for using these provisional values. Initial accounting is completed in accordance with IFRS 3.45, taking into account the one-year measurement period. Comparative information for reporting periods prior to the completion of initial accounting is presented as if it had already been completed on the acquisition date. Changes in the parent's ownership interest in a subsidiary that do not lead to a loss of control are accounted for as equity transactions. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Any investment retained in the former subsidiary as well as any amounts owed by or to the former subsidiary are accounted for in accordance with the applicable IFRSs from the date when control is lost.

Associates are included in the Consolidated Financial Statements using the equity method in accordance with IAS 28. Associates are companies over which Majorel exercises a significant influence. This is generally the case for voting rights between 20 percent and 50 percent. Smaller shareholdings are accounted for using the equity method if there is a significant influence in accordance with IAS 28.6. When changing the accounting treatment of investments to the equity method, IFRS 3 is applied correspondingly so that the fair value of the previously held interest is used in determining the cost of the investment accounted for using the equity method on the transition date. The difference between the fair value and the carrying amount of the previously held interest is recognized in profit or loss.

Majorel recognizes immaterial investments in accordance with IFRS 9.

Scope of Consolidation

The scope of consolidation consists of 130 (December 31, 2021: 96) companies. This includes 129 (December 31, 2021: 95) fully consolidated companies. In addition, 1 associate (December 31, 2021: 1) is accounted for using the equity method in the Consolidated Financial Statements. There were 2 companies without significant business operations which were excluded from the scope of consolidation due to their negligible importance for the financial position and financial performance of Majorel (previous year: 3).

As of December 31, 2022 and 2021, the detailed list of fully consolidated subsidiaries (FC) and the associate accounted for using the equity method (EM) is as follows:

Name	Country	Consolidation Method	2022 Share	2021 Share
3media SARL	France	FC	100	100
ACR France SARL	France	FC	100	100
Administration Personnel Services Sp. z o.o.	Poland	FC	100	100
Advanced Solutions Iberia S.L.U.*	Spain	FC	100	-
Alembo B.V.*	Netherlands	FC	100	-
Alembo N.V.*	Suriname	FC	100	-
Anteles SARL	France	FC	100	100
AQUITEL SAS	France	FC	100	100
Arvalife SAS	France	FC	100	100
Arvato de Mexico, S.A. de C.V.	Mexico	FC	100	100
Arvato Services S.A.C.	Peru	FC	100	100
Call Insurance SARL	France	FC	100	100
Camaris SARL	France	FC	100	100
Cap2Call SARL	France	FC	100	100
Capdune SARL	France	FC	100	100
Ceacom SARL	France	FC	100	100
Changzhou Majorel Management Consulting Co., Ltd.*	China	FC	100	-
Cometz SARL	France	FC	100	100
CRM Holding GmbH	Germany	FC	100	100
CX Technology Services GmbH*	Germany	FC	100	-
Digileo SARL**	France	FC	100	-
Document Channel SAS	France	FC	100	100
Duacom SARL	France	FC	100	100
Ecco Gulf WLL	Qatar	EM	49	49
Eclipse Holdings Limited	Malta	FC	100	100
Eclipse Technologies for Business Services Majorel S.A.E.	Egypt	FC	100	100
Egyptian Call Center Operators Majorel S.A.E.	Egypt	FC	100	100
EMEA CRM hub Netherlands B.V.	Netherlands	FC	100	100
Entegrasyon Servis Ve Teknoloji Ticaret LLC*	Türkiye	FC	100	-
Euracom SARL***	France	FC	-	100
Findasense Chile S.p.A.*	Chile	FC	100	-
Findasense Colombia S.A.S*	Colombia	FC	100	-
Findasense Cono Sur S.A.*	Argentina	FC	100	-
Findasense Costa Rica, LTDA*	Costa Rica	FC	100	-
Findasense Ecuador, S.A.*	Ecuador	FC	100	-
Findasense España, S.L.*	Spain	FC	100	-
Findasense Global, S.L.*	Spain	FC	100	-
Findasense México S.A. de CV*	Mexico	FC	100	-
Findasense Perú, S.A.C*	Peru	FC	100	-
Global Technical Services.*	Egypt	FC	100	-
Hainan Mairui Information Technology Co. Ltd	China	FC	100	100
International Company for Human Resources and Management Services IMI Majorel S.A.E.	Egypt	FC	100	100
Information Services Technology Company*	Saudi Arabia	FC	100	-

Isilis SAS	France	FC	100	100
IST Egypt S.A.E*	Egypt	FC	100	-
IST Networks B.V.*	Netherlands	FC	100	-
ISTTEK Ltd*	Great Britain	FC	100	-
Junokai GmbH	Germany	FC	100	100
KWS Kontowechsel Service GmbH	Germany	FC	100	100
Majorel Academy SARL	Morocco	FC	100	100
Majorel Africa S.A.	Morocco	FC	100	100
Majorel Africa Services SARL	Morocco	FC	100	100
Majorel Armenia LLC	Armenia	FC	100	100
Majorel Benelux B.V.	Netherlands	FC	100	100
Majorel Berlin GmbH	Germany	FC	100	100
Majorel Brandenburg GmbH	Germany	FC	100	100
Majorel Bucaramanga S.A.S.	Colombia	FC	100	100
Majorel C LLC	Croatia	FC	100	100
Majorel Canada, Inc.	Canada	FC	100	100
Majorel Colombia S.A.S.	Colombia	FC	100	100
Majorel Corporate Portugal, SGPS, Lda.	Portugal	FC	100	100
Majorel Cote D'Ivoire S.A.R.L.	Cote d'Ivoire	FC	100	100
Majorel Cottbus GmbH	Germany	FC	100	100
Majorel CX Services Iberia S.L.U.*	Spain	FC	100	-
Majorel Deutschland GmbH	Germany	FC	100	100
Majorel Dortmund GmbH	Germany	FC	100	100
Majorel Energy GmbH	Germany	FC	100	100
Majorel Erfurt GmbH	Germany	FC	100	100
Majorel Estonia OÜ	Estonia	FC	100	100
Majorel Ghana Limited	Ghana	FC	100	100
Majorel Georgia LLC	Georgia	FC	100	100
Majorel Greece Limited Liability Company*	Greece	FC	100	-
Majorel Group Luxembourg S.A.	Luxembourg	FC	100	100
Majorel Holding Deutschland GmbH	Germany	FC	100	100
Majorel Holding International B.V.*	Netherlands	FC	100	-
Majorel Holding Nederland B.V.	Netherlands	FC	100	100
Majorel Hong Kong Limited	China	FC	100	100
Majorel Iberia, S.L.U.	Spain	FC	100	100
Majorel India Private Limited	India	FC	100	100
Majorel Ireland Limited	Ireland	FC	100	100
Majorel Italy S.r.l.	Italy	FC	100	100
Majorel Japan KK*	Japan	FC	100	-
Majorel Kenya Limited	Kenya	FC	100	100
Majorel Kenya Solutions Limited*	Kenya	FC	100	-
Majorel Korea Limited*	South Korea	FC	100	-
Majorel Lithuania UAB*	Lithuania	FC	100	-
Majorel Malaysia Sdn. Bhd.	Malaysia	FC	100	100
Majorel Morocco SARL	Morocco	FC	100	100
Majorel Münster GmbH	Germany	FC	100	100
Majorel Nordhorn GmbH	Germany	FC	100	100
Majorel Outsourcing SARL	Morocco	FC	100	100

Majorel Philippines Corp.	Philippines	FC	100	100
Majorel Polska Sp. z o.o.	Poland	FC	100	100
Majorel Portugal, Unipessoal, Lda.	Portugal	FC	100	100
Majorel QA Solutions, S.A.U.	Spain	FC	100	100
Majorel Real Estate GmbH	Germany	FC	100	100
Majorel Rostock I GmbH	Germany	FC	100	100
Majorel Rostock II GmbH	Germany	FC	100	100
Majorel Saarbrücken GmbH	Germany	FC	100	100
Majorel Saudi for Business Services Co. Limited	Saudi Arabia	FC	70	70
Majorel Senegal SUARL	Senegal	FC	100	100
Majorel Services Berlin GmbH*	Germany	FC	100	-
Majorel Severna Makedonija Dooel Skopje	North Macedonia	FC	100	100
Majorel Singapore Holding Pte,Ltd*	Singapore	FC	100	-
Majorel SP Solutions, S.A.U.	Spain	FC	100	100
Majorel Systems Spain, S.A.U.	Spain	FC	100	100
Majorel (Thailand) Ltd*	Thailand	FC	100	-
Majorel Togo SARL	Togo	FC	100	100
Majorel Tria, S.L.U.	Spain	FC	100	100
Majorel UK Limited	Great Britain	FC	100	100
Majorel USA Holding, Inc.*	USA	FC	100	-
Majorel USA, Inc.	USA	FC	100	100
Majorel Wilhelmshaven GmbH	Germany	FC	100	100
Majorel Telekomunikasyson Hizmetleri Anonim Sirketi*	Türkiye	FC	80	-
MBD - Majorel Business Developpement SAS	France	FC	100	100
MSE - Majorel Strategie & Expertises SARL	France	FC	100	100
MSE - Majorel Strategy & Expertise SRL	Romania	FC	100	100
Neijiang Majorel Information Technology Co., Ltd.*	China	FC	100	-
Nordcall SARL	France	FC	100	100
Ramyam Intelligence Lab Private Limited	India	FC	100	100
Majorel Uruguay SA	Uruguay	FC	100	100
Shanghai Majorel CX Business Solutions Co. Ltd.	China	FC	100	100
Shanghai Majorel Commercial Services Co. Ltd.	China	FC	100	100
Shanghai Majorel Digital Marketing Co. Ltd.	China	FC	100	100
Shanghai Kaichang information technology Co., Ltd	China	FC	100	100
Soneo SARL	France	FC	100	100
TEC – Tourcoing Excellence Center SAS *	France	FC	100	-
Tellis Telephone Limousin Services SARL	France	FC	100	100
Twin Trust SARL	Morocco	FC	100	100
Wuxi Kaize Information Technology Services Co. Ltd	China	FC	100	100
yzee - services SARL	France	FC	100	100

* Acquired or incorporated in 2022
** Previously excluded from the scope of consolidation
*** Merged with ACR France SARL in December 2022

Foreign Currency Translation

Transactions denominated in a currency other than a subsidiary's functional currency are recognized in the functional currency at the exchange rate applicable on the day of their initial accounting. At the end of the reporting period, monetary assets and liabilities denominated in foreign currency are revalued into the functional currency using the closing rate applicable at that time. As a rule, gains and losses from these foreign currency translations are recognized in profit or loss. Non-monetary statement of financial position items in foreign currency are carried at the historical exchange rate.

The financial statements of subsidiaries and associates that were prepared in foreign currencies are translated into euros using the functional currency concept set out in IAS 21 before they are included in the Consolidated Financial Statements. Assets and liabilities are translated into the reporting currency at the closing rate at the end of the reporting period, while statement of profit or loss items are translated at the average rate for the financial year. Foreign currency translation differences are recognized in statement of other comprehensive income. Such differences arise from translating items in the statement of financial position at a closing rate that differs from the previous closing rate and from using the average rate for the period and the closing rate at the end of the reporting period to translate the Group profit or loss. At the time of deconsolidation of Group companies, the respective accumulated exchange differences recognized in other comprehensive income and accumulated in a separate component of equity are reclassified from equity to profit or loss.

When a subsidiary has foreign operations in an economy defined as hyperinflationary by the IASB and its functional currency is the currency of the country concerned, its financial statements are restated for the effects of inflation before translation into euro using the exchange rate at the reporting date. A Turkish company, acquired by Majorel Group on January 1, 2022, was considered one of the hyperinflationary economies for reporting periods ending on or after 30 June 2022. The functional currency of the company is Turkish Lira. The financial statements of the company are integrated in the Consolidated Financial Statements of Majorel Group and have been restated in accordance with IAS 29 before they are included in the Consolidated Financial Statements.

The following euro exchange rates were used for currency translation purposes for the most significant foreign currencies for the Group.

Euro Exchange Rates for Significant Foreign Currencies

		Average rates		Closing rates	
Foreign currency unit per €1		**2022**	**2021**	**12/31/2022**	**12/31/2021**
Moroccan Dirham	MAD	10.6932	10.6163	11.1307	10.3836
Philippine Peso	PHP	57.4731	58.2972	59.3200	57.763
Polish Zloty	PLN	4.6997	4.5688	4.6808	4.5969
US dollar	USD	1.0530	1.1827	1.0666	1.1326
Yuan Renminbi	CNY	7.0920	7.6272	7.3582	7.1947

Accounting and Measurement Policies

Revenues from contracts with customers

Revenues from contracts with customers are recognized in accordance with IFRS 15. Under this standard, a contract-based five-step model is used to first identify and distinguish the relevant contracts with customers. In a next step, the separate performance obligations explicitly or implicitly stipulated in the contract are identified. In Majorel, there are two main categories of revenue namely end-to-end CX (customer experience) services and Content Services, Trust & Safety for Global Internet clients.

End-to end CX services includes customer interaction services, business process services (except Global internet clients) and tech & expert services. Contracts for Content Services, Trust & Safety services for Global Internet clients relate to services for social media platforms and digital retailer in regulating user-generated content and maintaining brand integrity to be safe and compliant with applicable laws and client policies. In both business models typically, there is one integrated performance obligation in form of a stand-ready obligation each. In the scope of a stand-ready obligation, the performance obligation is defined as making a service available over a specific period of time during which the service provider shall provide the contractual services at any time the customer requests them via different mediums like voice, self-service, e-mail, callback or chat over a certain period of time. Subsequently, the transaction price is determined which usually includes a fixed and a variable consideration, the latter of which depends on the number of requests by end-consumers.

Most end-to-end CX services and Content Services, Trust & Safety have billing arrangements that are directly based on performance as of the invoice date. Revenue therefore corresponds to contractual billing rights. The price correlates directly with the volume that the client requires. The total of fixed considerations from the contract and the variable prices for the requests answered/hours spent determine the value of the performance that the client can be asked for at a given point in time and this represents the consideration that Majorel receives. The variable consideration is recognized in the transaction price to extent that it is not constraint. In assessing whether it is highly probable that a significant reversal for revenue recognized will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Group considers both the likelihood and the magnitude of the potential revenue reversal. Generally, at the end of a month, the constraint for determining the variable consideration upfront is solved so that the amount of revenue to be recognized is determined based on the total amount of transactions (emails/SMS/faxes among others) for end-to-end CX services and total attendance hours for Content Services, Trust & Safety provided in that period. The services rendered are tracked using internal or external operating tools. Certain contracts contain bonuses or penalties based on achieving or missing contractual ratios related to operations; the related amounts may be reliably determined at each reporting date. Any bonus, discounts, refunds or rebates are also recognized as a reduction in the transaction price. The fixed consideration is allocated entirely to the performance obligation and therefore recognized as revenue on a linear basis over the term of the contract. Majorel also offers refund liabilities to clients and chooses the method of the most likely amount based on historical evidence of cooperation with other clients, current and envisaged evolvement of negotiation and encouragement of future sales to the client. These amounts received (or receivable) do not qualify as part of the transaction price but are recorded as refund liabilities. Majorel updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

For end-to-end CX services and Content Services, Trust & Safety for Global Internet clients, the output method for revenue recognition is considered suitable. It reflects the value of the services transferred to date relative to the remaining services promised under the contract. Revenue for the performance obligation is recognized separately for fixed and variable considerations. In both type of services, revenue recognition occurs upon satisfaction of the performance obligation over time.

IFRS 15 stipulates some practical expedients of which the following are generally applied in the Group:

- The value of consideration is not adjusted for the effects of a material financing component if the financing component pertains to a period of no more than 12 months.
- For contracts with an original duration of not more than 12 months and for contracts for which revenue can be recognized according to the amount invoiced for simplification purposes, no disclosure of the aggregated transaction price is provided.

Payments received before satisfaction of the corresponding performance obligation are recognized as contract liability. If contractual provisions make the invoicing of services completed to date causally dependent on the need to provide further goods or services, a contract asset is recognized. Receivables from contracts with customers are generally due in less than 12 months.

Goodwill

In accordance with IFRS 3, goodwill resulting from a business combination is initially recognized at acquisition cost, with subsequent recognition at cost less accumulated impairment losses. Goodwill is allocated to the lowest level at which it is monitored for internal management purposes. It is subject to impairment testing at least annually in accordance with IAS 36 and is tested for impairment as outlined in the section "Impairment."

Other Intangible Assets

Non-current, internally generated intangible assets are capitalized at cost in accordance with IAS 38 if the corresponding requirements have been met. Intangible assets acquired separately are carried at acquisition cost less accumulated amortization and accumulated impairment losses, also in accordance with IAS 38. Intangible assets acquired as part of a business combination are initially recognized at fair value on the acquisition date in accordance with IFRS 3. Intangible assets with finite useful life are amortized on a straight-line basis over their estimated useful life. Impairment and reversals are determined by applying the requirements for impairment testing in accordance with IAS 36. As a rule, capitalized software has a useful life of between three and five years. Acquired customer relationships are amortized over a period of two to 15 years, while the amortization period for trademarks is three to 25 years. Licenses are amortized on a straight-line basis over the term of the license agreement. Intangible assets with an indefinite useful life are not amortized. Instead, they are subject to at least annual impairment testing in accordance with IAS 36 and, if applicable, written down to their recoverable amount. No significant intangibles with indefinitely useful lives exist.

Property, Plant and Equipment

Items of property, plant and equipment are accounted for in accordance with IAS 16 and carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined on a straight-line basis over the estimated useful life of the asset. In the financial year 2022, depreciation was generally based on the following useful lives:

- buildings: 10 to 50 years
- technical equipment and machinery: 4 to 15 years
- other equipment, fixtures, furniture and office equipment: 3 to 15 years.

Land is not subject to depreciation.

Impairment

Goodwill and intangible assets with indefinite useful life are tested for impairment in accordance with IAS 36 annually as of December 31 and if a triggering event occurs. Intangible assets with a finite useful life, property, plant and equipment and right-of-use assets are tested for impairment at the end of each reporting period in accordance with IAS 36 only if there are any indications of impairment. An impairment loss in accordance with IAS 36 has occurred when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal and value in use are generally determined using the discounted cash flow method, which is based on future cash flow forecasts, which are part of company forecasts. Corresponding to the consideration of the right-of-use assets recognized in the statement of financial position for determining the carrying amount, the lease payments are not deducted when determining the recoverable amount. The model also takes reinvestment requirements in the right-of-use assets into account. In addition, there are effects on the cost of capital as a result of an IFRS 16-related change in the level of indebtedness of the peer companies used.

For determining the value in use, estimated future cash inflows or outflows from future restructurings or from improvement or enhancement of the cash-generating units' performance are excluded unless, as of the end of the reporting period, the cash-generating unit is committed to the restructuring and related provisions have been made. If an active market exists, the market price or, if applicable, the price in the most recent comparable transaction, is used for fair value measurement. If there is no active market, the fair value less costs of disposal is generally calculated using the discounted cash flow method. If it is not possible to allocate cash flows to assets, the relevant impairment losses are determined on the basis of cash flows attributable to the cash-generating unit to which the assets belong. Projected cash flows are based on internal estimates for three detailed planning periods. Generally, two further detailed planning periods are applied in addition. For periods beyond this detailed horizon, a perpetual annuity is recognized, taking into account individual business-specific growth rates. Discounting is generally based on the weighted average cost of capital (WACC) after tax. Specific WACCs are derived for cash-generating units with different risk profiles. Majorel performs sensitivity analyses on the cash-generating units, especially on those where the headroom between the recoverable amount and the carrying amount is low.

If the reasons for an impairment loss recognized in prior periods no longer exist, the impairment loss is reversed up to a maximum of the carrying amount of the respective asset if the impairment loss had not been recognized. The latter does not apply to goodwill. The impairment loss and reversals of impairment losses are both recognized immediately in profit or loss.

Leases

Generally, for all leases with Majorel as a lessee, the related contractual rights and obligations are recognized on the statement of financial position as a right-of-use asset and a lease liability. On the date of initial accounting, lease liabilities are recognized at the present value of the outstanding lease payments. The lease payments include fixed payments less any lease incentives due from the lessor, variable lease payments linked to an index or a rate, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the exercise is reasonably certain and penalty payments for terminating the lease, if the lease term reflects the exercise of the termination option. Variable lease payments linked to sales are recognized in profit or loss in the period when the conditions for the payments have been met. The present value is determined using maturity, currency and risk-specific incremental borrowing rates. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. Right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses. Cost comprises the amount of lease liabilities recognized, the initial direct costs and the lease payments made at or before the commencement date of the lease, less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life or lease term. Short-term leases with a lease term of up to one year, and leases for low-value assets for which Majorel does not recognize right-of-use assets or lease liabilities, constitute an exception. For such leases, the payments are recognized on a straight-line basis as expenses in the consolidated statement of profit or loss under "External expenses and costs of materials."

Financial Assets

In accordance with the IFRS 9 classification and measurement approach for financial assets, there are three classification categories for financial assets:

- at amortized cost,
- at fair value with changes in fair value through other comprehensive income (FVOCI) and
- at fair value with changes in fair value through profit or loss (FVTPL).

The allocation to the respective classification categories is based on the following criteria:

- the entity’s business model for managing the financial assets and
- contractual cash flow characteristics of the financial asset.

Financial assets (with the exception of trade receivables without a significant financing component) are recognized initially at fair value, taking into account transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets recognized at fair value through profit or loss are immediately expensed in profit or loss. Trade receivables without a significant financing component are initially recognized at their transaction price. If not stated otherwise, financial assets and financial liabilities are recognized as of the settlement date.

Subsequent measurement of financial instruments depends on the classification categories:

- At amortized cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are measured at amortized cost. This category mainly comprises trade receivables and other financial receivables. Any gain or loss arising on derecognition and impairment losses are recognized directly in profit or loss.
- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling, where the assets’ cash flows represent solely payments of principal and interest on the principal amount outstanding, are measured at fair value with changes in fair value through other comprehensive income. The Majorel Group held no debt and equity instruments measured at fair value through other comprehensive income.
- FVTPL: Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are also of minor importance for the Group.

Impairment and measurement of expected credit losses:

Majorel applies the expected credit loss (ECL) model in accordance with IFRS 9. Accordingly, the amount of expected credit losses recognized as a loss allowance depends on the extent to which the default risk has increased since initial recognition.

According to the so-called general approach, a distinction is made between the following two measurement bases:

- 12-month ECL: At initial recognition and if the default risk has not increased significantly from the initial recognition of the debt instrument, a loss allowance is recognized for expected credit losses within the next 12 months.
- Lifetime ECL: If the default risk has increased significantly, a loss allowance for expected credit losses is recognized for the entire life of the debt instrument.

Appropriate quantitative and qualitative information and analyses based on the experience of the Majorel Group and additionally, reasonable assessments including forward-looking information such as customer-specific information and forecasts of future economic conditions are taken into consideration when determining the credit risk. When a financial asset is more than 30 days past due, its credit risk is assumed to have increased significantly. A default of a financial asset is assumed at the latest when the counterparty fails to make contractual payments within 90 days of when they fall due, unless reasonable and supportable information is available that justifies a different time of overdue payment. The Group assesses whether a financial asset is credit-impaired at the end of each reporting period. This is the case when one or more events that have a detrimental impact on the expected future cash flows of that financial asset have occurred. A financial asset is written off when it is no longer reasonably expected to be fully or partially recoverable.

For trade receivables and contract assets, Majorel uses a simplified approach to measure expected credit losses. According to this, the loss allowance is measured using lifetime expected credit losses and is a probability-weighted estimate of credit losses. For this purpose, impairment matrices based on historical bad debt losses, maturity bands and expected credit losses are prepared. The impairment matrices are created for business unit-specific groups of receivables, each with similar default patterns. For each business unit-specific groups, expected credit loss rates are calculated for each maturity bands based on historical credit loss experience and forward-looking information. In addition, separate risk assessments are performed. Contract assets have substantially the same risk characteristics as trade receivables for the same types of contracts, so the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

Measurement at Fair Value

In the case of financial assets and financial liabilities measured at fair value, the valuation technique applied depends on the respective inputs present in each case. If listed prices can be identified for identical assets on active markets, they are used for measurement (level 1). If this is not possible, the fair values of comparable market transactions are applied, and financial methods that are based on observable market data are used. The Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction (level 2). If the fair values are not based on observable market data, they are identified using established financial methods or on the basis of observable prices obtained as part of the most recently implemented qualified financing rounds, taking into account the life and developmental cycle of the respective entity (level 3).

Inventories

Inventories are of minor relevance for the Majorel Group and mainly contain raw material and supplies. Inventories are measured at the lower of cost and net realisable value.

Income Taxes

In accordance with IAS 12, income taxes include both current taxes on income and deferred taxes. Current income taxes are calculated on the taxable income of the financial year and on all adjustments to taxable income of previous financial years, taking into account the tax rates applicable in each case. For the calculation of current and deferred taxes, the applicable tax laws and tax jurisdictions of the respective country in which the consolidated Group companies are registered are considered.

In accordance with IAS 12, deferred tax assets and liabilities are recognized for temporary differences between the tax base and the carrying amounts shown on the IFRS consolidated balance sheet, and for as yet unused tax loss carryforwards and tax credits. Deferred tax assets are reviewed at each balance sheet date and recognized to the extent it is probable that taxable income will be available against which the deductible temporary differences, tax loss carryforwards and tax credits can be utilized. Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred taxes are not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither earnings before taxes nor taxable income,
- temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future and
- taxable temporary differences on initial recognition of goodwill.

The tax rates applied for computation are those expected as of the date of reversal of temporary differences and use of tax loss carryforwards or tax credits, respectively. As a rule, current and deferred taxes are recognized in profit or loss unless they relate to items recognized in other comprehensive income. In this case, current and deferred taxes are recognized in other comprehensive income. Current and deferred income tax items are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and the tax assets and tax liabilities relate to income taxes levied by the same taxation authority.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income includes net exchange differences. In addition, in accordance with IAS 28.10, changes in other comprehensive income for entities accounted for using the equity method are recognized. Remeasurement effects of defined benefit pension plans (actuarial gains and losses on the defined benefit obligation, differences between actual investment returns and the returns implied by the net interest cost on the plan assets, and effects of the asset ceiling) are recognized in the other retained earnings in the year in which these gains and losses are incurred as part of the reconciliation of total comprehensive income for the period in the statement of changes in equity. Deferred taxes on the aforementioned items are also recognized in consistent way with the accounting for the related transaction or event.

Provisions

Provisions for pensions and similar obligations are calculated using the projected unit credit method in accordance with IAS 19. The net interest expense included in pension expense is recognized in the financial result. Remeasurement effects of defined benefit pension plans (actuarial gains and losses on the defined benefit obligation, differences between actual investment returns and the returns implied by the net interest cost on the plan assets, and effects of the asset ceiling) are recognized immediately in equity under other comprehensive income and are not reclassified to profit or loss in a subsequent period (recycled). With the exception of the other personnel-related provisions calculated in accordance with IAS 19, all other provisions are recognized in accordance with IAS 37. Provisions are measured in the amount of the most likely outcome. Non-current provisions are discounted. The discount rates take into account current market expectations and, if necessary, specific risks for the liability. As a rule, income from the reversal of provisions is generally included in the statement of profit or loss line item to which the provision was previously charged.

Financial Liabilities

Trade payables and other primary financial liabilities are initially measured at their fair value less transaction costs. Subsequent measurement is based on amortized cost using the effective interest method. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative Financial Instruments

As set out in IFRS 9, all derivative financial instruments are recognized at fair value on the consolidated statement of financial position. Derivative financial instruments are recognized as of the transaction date. Some derivatives do not meet the requirements included in IFRS 9 for recognition as hedges, despite this being their economic purpose (stand-alone hedge). Changes in the fair value of derivatives that do not meet the criteria for recognition as hedges are recognized in profit or loss. In the financial years 2022 and 2021, no hedge transactions were recognized with fair value hedges and cash flow hedges. Likewise, no hedge of net investment in foreign operations was made.

Earnings per Share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares and the shares held under the liquidity program, if any. The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is currently no category of dilutive potential ordinary shares.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Consolidated Financial Statements requires the use of accounting judgments, estimates and assumptions that may impact the carrying amounts of assets, liabilities, income and expenses recognized. Amounts actually realized may differ from estimated amounts. The following section presents accounting judgments, estimates and assumptions that are material in the Majorel Consolidated Financial Statements for understanding the uncertainties associated with financial reporting.

- Recognition of income and expense: The transaction prices to be determined using the contract-based five-step model defined in IFRS 15 often include both fixed and variable consideration. The variable components are determined on the basis of estimates, which are made and updated in accordance with constraint conditions.
- Trade and other receivables: Calculation of loss allowance for accounts receivable is based on historical credit loss rates for groups of financial assets with similar credit risk characteristics and on forward-looking information, including customer-specific information and forecasts of future economic conditions.
- Impairment: The management's estimates of cash flow, on which impairment tests are based, are based on factors including assumptions of economic trends and the associated risks, the regulatory environment, the competitive environment, market share, investments, EBITDA margins and growth rates. A combination of long-term trends, industry forecasts and in-house knowledge, with special emphasis on recent experience, is used in forming the assumptions about the development of the various relevant markets in which Majorel operates. The relevant markets are an area highly exposed to the general economic conditions. The development of the relevant markets is just one of the key operational drivers Majorel uses when assessing individual business models. The most important assumptions include estimated growth rates, the weighted average cost of capital and tax rates. All these different elements are variable, interrelated and difficult to isolate as the main driver of the various business models and respective valuations. Changes to these estimates as a result of more recent information could have a material impact on the amount of the possible impairment. The growth rates applied are based on long-term real growth rates for the relevant economies, growth expectations for the relevant sectors and long-term inflation forecasts for the countries in which the cash-generating units operate. The values allocated to the key assumptions are in line with external sources of information. The figures obtained using the respective discount rates reflect the recoverable amount of the cash-generating units. Material changes in the market or competitive environment may impair the value of cash-generating units. Details on impairment testing for intangible assets (including goodwill) in the Group are presented in note 10 "Goodwill and Other Intangible Assets".
- Pension obligations: Pension obligations are measured using the projected unit credit method. Using this approach, biometric calculations, the prevailing long-term capital market interest rates and, in particular, assumptions about future salary and pension increases are taken into account. Details on the assumptions made in pension accounting are presented in note 18 "Provisions for Pensions and Similar Obligations."
- Provisions for onerous contracts are also based to a significant extent on management estimates with regard to their amount. Assessments of whether there is a present obligation, whether an outflow of resources is probable and whether it is possible to reliably determine the amount of the obligation are generally based on the expertise of in-house or third-party specialists. More recent information could change the estimates and thus impact the Group's financial position and financial performance. With regard to risk provisioning, a provision for potential losses from litigation is recognized when the risks of a loss are considered probable and when a reliable estimate of the anticipated financial impact is possible. For significant contingent liabilities for which the possibility of a future loss is more than remote but less than probable, Majorel estimates the possible loss where the Group believes that an estimate can be made. Contingent liabilities from litigation that were of subordinate significance from a Group perspective existed at the end of the reporting period. Management regularly reviews the recognition, measurement and use of provisions along with the disclosure requirements for contingent liabilities.
- Leases: Some real estate lease contracts include extension or termination options. Payments from these optional periods are included in the lease liability, provided it is reasonably certain that the lease will be extended beyond the non-cancellable lease period or that a termination option will not be exercised. In assessing whether an option to extend or terminate will be exercised, management considers all facts and circumstances for the respective lease object that are associated with an economic incentive to exercise the extension option or not to exercise the termination option. These include, in particular, the amount of lease

payments compared to market prices in the optional period, completed or expected leasehold improvements, and the importance of the underlying asset to Majorel's operations. The assessment is carried out individually on a lease-by-lease basis.

In the case of purchase price allocations, assumptions are also made regarding the measurement of assets and liabilities assumed as part of business combinations. This applies in particular with regard to the acquired intangible assets, as measurements are based on fair value. As a rule, this is the present value of the future cash flows after taking into account the present value of the tax amortization benefit. In addition, the definition of uniform useful lives within the Group is based on management’s assumptions. General information on useful lives is presented in the sections “Other Intangible Assets” and “Property, Plant and Equipment”.

The activities of the Group companies are subject to the respective applicable tax laws and pronouncements. Assumptions and estimates also form the basis for judgments regarding the ability to realize uncertain tax positions and future tax benefits that may arise from the interpretation of tax regulations. Recognition of an asset or liability from an uncertain tax position is performed in accordance with IAS 12 if payment or refund in respect of the legal uncertainty is probable. Measurement of the uncertain tax assets and tax liabilities is at its most likely amount in accordance with IFRIC 23. Deferred tax assets are only carried to the extent that it is probable that they can be utilized against future taxable profits. When assessing the probability of the ability to use deferred tax assets in the future, various factors are taken into account, including past earnings, company forecasts, tax planning strategies and loss carryforward periods.

Estimates and the underlying assumptions are reviewed on an ongoing basis. As a rule, adjustments to estimates are taken into account in the period in which the change is made and in future periods.

Notes to the Consolidated Financial Statements

1. Revenues

In the financial year 2022, Group revenues of €2,100 million (previous year: €1,811 million) were generated from contracts with customers in accordance with IFRS 15 and primarily relate to the end-to-end CX services and Content Services, Trust & Safety. The following table shows the revenues from contracts with customers in accordance with IFRS 15 by segment and broken down by revenue source and timing of revenue recognition. Minor activities presented as "other" in the tabular segment information are excluded (further information is presented in note 27 "Segment Reporting").

Revenue from Contracts with Customers

	2022			
in € millions	**Europe, Africa, South America**	**Global English, Middle East, Southeast Asia**	**China, East Asia**	**Total segments**
Revenue Sources				
End-to-end CX services	1,248	238	123	1,609
Content Services, Trust & Safety	429	61	-	490
Other	-	-	1	1
	1,677	**299**	**124**	**2,100**
Timing				
Point in time	1	2	1	4
Over time	1,676	297	123	2,096
	1,677	**299**	**124**	**2,100**

	2021			
in € millions	**Europe, Africa, South America**	**Global English, Middle East, Southeast Asia**	**China, East Asia**	**Total segments**
Revenue Sources				
End-to-end CX services	1,112	215	111	1,438
Content Services, Trust & Safety	316	54	-	370
Other	-	-	1	1
	1,428	**269**	**112**	**1,809**
Timing				
Point in time	-	1	1	2
Over time	1428	268	111	1,807
	1,428	**269**	**112**	**1,809**

During the reporting period, the revenues from contracts with customers presented in the table above resulted from performance obligations fulfilled at a certain point in time of €4 million (previous year: €2 million) and from performance obligations fulfilled over a certain period of time in the amount of €2,096 million (previous year: €1,807 million). If revenue is recognized at a point in time, the respective timing of revenue recognition is determined by the contractually agreed terms of sale. As in the previous year, no revenues result from performance obligations already satisfied in previous periods. Majorel makes use of practical expedients set out in IFRS 15 and does not disclose any unsatisfied performance obligations for contracts with an original duration of no more than 12 months or for contracts for which revenue can be recognized according to the amount invoiced for simplification purposes. As of December 31, 2022, Majorel expects future revenues from existing long-term service level agreements of €10 million (previous year: €32 million), which will be attributable to unsatisfied (or partially unsatisfied) performance obligations as of the statement of financial position date and is expected to be recognized in the amount of €3 million (previous year: €7 million) in the next financial year and in the amount of €7 million (previous year: €25 million) in the following years.

2. Other Operating Income

in € millions	2022	2021
Income from reimbursements	8	13
Income from sideline operations	1	1
Foreign exchange gains	11	1
Sundry operating income	28	22
	48	**37**

In 2022, sundry operating income consists mainly of reversal of provisions, government grants and gains from business acquisitions.

3. External Expenses and Costs of Materials

in € millions	2022	2021
Cost of services purchased	150	204
Other cost of material	4	5
Rental and lease expenses	22	16
Repairs and maintenance expenses	9	9
IT external expenses	64	65
Other administration expenses	97	74
Advertising costs	2	1
Loss allowances on receivables, loans and non-financial assets	2	-
Audit, legal and consulting fees	26	18
Operating taxes	10	10
Losses on disposal of non-current assets	1	3
Other sundry operating expenses	10	18
	397	**423**

In the financial years 2022 and 2021, no write-downs on and no reversals of write-downs on inventories were recognized. As of December 31, 2022, and as of December 31, 2021, no inventories were subject to restrictions on disposal. During 2022, cost of services purchased decreased significantly by €54 million due to decrease in temporary workers and external agents (previous year: increase of €28 million). Expenses for raw materials and supplies amounting to €-2 million (previous year: €-4 million) were recognized, and the cost for merchandise amounted to €-2 million (previous year: €-2 million). Changes in inventories of work in progress and finished goods and own costs capitalized amounted to below €1 million (previous year: below €1 million).

The line item "Audit, legal and consulting fees" includes fees related to KPMG. The audit fees of the Group's approved audit firm and the audit firm's network are described below:

in € millions	2022	2021
Audit services pursuant to legislation	2	2
Audit-related services[1)]	-	-
Non-audit services	-	1
Total	**2**	**3**

1) Audit-related services amounted to €0.2 million for 2022 (previous year: €0.4 million).

During year 2022, out of the above fees related to audit services pursuant to legislation of €0.5 million (previous year: €0.5 million) were related to KPMG Luxembourg S.A.. In 2021, non-audit services to KPMG Luxembourg S.A amounted to €1 million.

4. Personnel Costs

in € millions	2022	2021
Wages and salaries	1,140	1,019
Statutory social security contributions	205	179
Expenses for pensions and similar obligations	7	5
Profit sharing	2	2
Other employee benefits	44	31
	1,398	**1,236**

The contributions paid by the employer to state pension plans amounted to €114 million in the financial year 2022 (previous year: €99 million).

In 2021, upon completion of the initial public offering, the members of Management Board and other managers received IPO bonus with equity deferral ("IPO bonus") reflected in wages and salaries of €120 million with additional statutory social security of €8 million. Those members were required to invest 25% of the gross amount of IPO bonus in Majorel Group's shares.

5. Amortization/Depreciation, Impairment and Reversals on Intangible Assets and Property, Plant and Equipment and Right-of-Use Assets

in € millions	2022	2021
Amortization/depreciation, impairment and reversals on		
– intangible assets	9	5
– property, plant and equipment and right-of-use assets	106	80
	115	**85**

Further details on amortization/depreciation, impairment and reversals shown are presented in note 10 "Goodwill and Other Intangible Assets" and note 11 "Property, Plant and Equipment and Right-of-Use Assets."

6. Interest Income and Expenses

Interest Income

in € millions	2022	2021
Other interest income	1	1
	1	**1**

Interest Expenses

in € millions	2022	2021
Interest expenses on financial debt	3	2
Other interest expenses	1	1
	4	**3**

7. Other Financial Income and Expenses

Other Financial Income

in € millions	2022	2021
Non-operating foreign exchange gains	-	2
Sundry financial income	-	-
	-	**2**

Other Financial Expenses

in € millions	2022	2021
Net interest on defined benefit plans	1	-
Interest expenses on lease liabilities	5	4
Non-operating foreign exchange losses	5	-
Sundry financial expenses	4	1
	15	**5**

8. Income Taxes

Income taxes, broken down into current and deferred income taxes, are as follows:

Income Taxes

in € millions	2022	2021
Earnings before income taxes	221	100
Current income taxes	(57)	(39)
Deferred income taxes	6	19
Income taxes	(51)	(20)
Net income after income taxes	**170**	**80**

In 2022, there is no tax benefit arising from a previously unrecognized tax loss that is used to reduce current tax expense (previous year: €2 million). The recognition of previously unrecognized tax losses carryforward and deductible temporary differences resulted in a reduction in deferred tax expense of €5 million (previous year: €2 million).

Deferred tax assets and liabilities resulted from the following items and factors:

Deferred Taxes

	12/31/2022			12/31/2021		
in € millions	Assets	Liabilities	Recognized in profit or loss in the financial year	Assets	Liabilities	Recognized in profit or loss in the financial year
Other intangible assets	-	8	1	-	3	-
Property, plant and equipment and right-of-use assets	5	15	2	3	16	(3)
Other financial assets	1	-	1	-	-	-
Trade and other receivables	2	-	-	1	-	-
Other non-financial assets	1	1	1	-	-	-
Provisions for pensions and similar obligations	18	13	-	20	12	(1)
Other provisions	14	4	1	13	3	6
Lease liabilities	15	-	(1)	15	-	3
Trade and other payables	2	3	(2)	1	1	-
Other non-financial liabilities	3	2	1	-	-	-
Loss carryforwards/tax credits	20	-	2	18	-	14
Total	81	46	6	71	35	19
Offset	(40)	(40)		(33)	(33)	
Carrying amount	**41**	**6**		**38**	**2**	

The item “Property, plant and equipment and right-of-use assets” includes deferred tax assets of €2 million (previous year: €1 million) and deferred tax liabilities of €14 million (previous year: €15 million) in connection with right-of-use assets in accordance with IFRS 16. No deferred tax liabilities were recognized for temporary differences in connection with investments in subsidiaries in the amount of €36 million (previous year: €74 million) as Majorel can control their reversal, and it is probable that these temporary differences will not be reversed in the foreseeable future. Current and deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and meet the criteria for offsetting. The term of the deferred taxes on temporary differences is mostly long-term. Deferred tax assets in other comprehensive income amount to €3 million (previous year: €5 million).

Valuation allowances for deferred tax assets are recognized on temporary differences and tax loss carryforwards when it is unlikely that they can be utilized in the foreseeable future. The need to recognize valuation allowances is assessed primarily based on existing deferred tax liabilities from temporary differences and projected taxable income within a planning period.

Temporary differences and tax loss carryforwards for which no deferred taxes have been recognized can be carried forward as follows:

Expiration

in € millions	12/31/2022	12/31/2021
Temporary differences (unlimited carryforward period)	**6**	**14**
Tax loss carryforwards		
Unlimited carryforward period	40	46
To be carried forward for more than 5 years	-	-
To be carried forward for up to 5 years	17	8

A reconciliation of expected tax result to actual tax result is shown in the following table:

Reconciliation to Actual Tax Expense

in € millions	2022	2021
Earnings before income taxes	221	100
Income tax rate applicable to Majorel Group	24.94%	24.94%
Expected tax expense	(55)	(25)
The tax effects of the following items led to differences between the expected and actual tax expense:		
Adjustment to different national tax rates	12	11
Current income taxes for previous years	(2)	(2)
Deferred income taxes for previous years	-	(1)
Effects of measurements of deferred tax assets	2	1
Permanent differences	(6)	(2)
Other adjustments	(2)	(2)
Total of adjustments	4	5
Actual tax expense	**(51)**	**(20)**

The positive effects from tax rate differences mainly result from the Group companies in Morocco, on the Philippines and in Georgia. The effective tax rate of 24.94 percent is based on the statutory tax rate of the Group parent entity Majorel Group Luxembourg S.A. In addition, the Group operates mainly in Germany with a tax rate of 31.10 percent, in France with a tax rate of 25 percent, in Morocco with a tax rate of 20 percent and in the Philippines with a tax rate of 5 percent. The permanent differences are mainly impacted by an increase of received dividends in Germany and an increase of German trade tax.

In October 2021, more than 130 countries agreed to implement a minimum tax regime for multinational groups, known as Pillar Two, to reform the international corporate taxation. Pillar Two aims to ensure that multinational groups in scope are liable to a minimum effective corporate tax rate of 15% per country. In December 2021, the OECD released the Pillar Two model rules - accompanied by a comment and guidelines - which are due to be passed into national legislation but adapted by local conditions. In Europe, the individual countries enact the related law based on the latest EU-Directive before 31 December 2023. The management closely monitors the progress of the legislative process in each country in which the Group operates. As of 31 December 2022, the Group did not have sufficient information to determine any potential quantitative impact.

9. Earnings per Share

By resolution of the Company's shareholders' meeting held on September 6, 2021, the Company's share capital was increased from the Company's own resources by €596,000 from €404,000 to €1,000,000 and the value of the Company's shares was changed from a nominal value of € 1 (one Euro) to an accounting par value of €0.01 (one Eurocent) so that following the capital increase and the change in the share value the Company's share capital amounts to €1,000,000, represented by 100,000,000 Shares with an accounting par value of €0.01 (one Eurocent) each (further information is presented in note 17 "Equity").

The calculation of basic earnings per share is based on the profit attributable to Majorel Group shareholders of €169 million (previous year: €80 million) and a weighted average number of ordinary shares outstanding during the year of 100,000,000 (previous year: 100,000,000), calculated as follows:

	2022	2021
Profit attributable to Majorel Group shareholders (in € million)	169	80
Weighted average number of ordinary shares	100,000,000	100,000,000
Basic earnings per share (in €)	1.69	0.80
Diluted earnings per share (in €)	1.69	0.80

10. Goodwill and Other Intangible Assets

in € millions	Goodwill	Other intangible assets				Total
		Other rights and licenses	Internally generated intangible assets	Advance payments	Total	
Cost						
Balance as of 1/1/2021	53	48	2	1	51	104
Exchange differences	6	2	-	-	2	8
Acquisitions through business combinations	35	14	-	-	14	49
Other additions	-	4	-	-	4	4
Other disposals	-	(4)	-	-	(4)	(4)
Reclassifications and other changes	-	-	1	(1)	-	-
Balance as of 12/31/2021	94	64	3	-	67	161
Exchange differences	(15)	(4)	-	-	(4)	(19)
Acquisitions through business combinations	97	27	-	-	27	124
Other additions	-	4	-	1	5	5
Other disposals	-	(2)	-	-	(2)	(2)
Hyperinflation impact	21	7	-	-	7	28
Reclassifications and other changes	(1)	-	-	-	-	(1)
Balance as of 12/31/2022	196	96	3	1	100	296
Accumulated amortization						

Balance as of 1/1/2021	-	42	1	-	43	43
Exchange differences	-	1	-	-	1	1
Amortization	-	5	-	-	5	5
Other disposals	-	(2)	-	-	(2)	(2)
Balance as of 12/31/2021	-	46	1	-	47	47
Amortization	-	9	-	-	9	9
Other disposals	-	(2)	-	-	(2)	(2)
Hyperinflation impact	-	2	-	-	2	2
Balance as of 12/31/2022	-	55	1	-	56	56
Carrying amount as of 12/31/2022	**196**	**41**	**2**	**1**	**44**	**240**
Carrying amount as of 12/31/2021	**94**	**18**	**2**	**-**	**20**	**114**

Other rights and licenses include trademarks and acquired customer relationships along with acquired software and other licenses. Internally generated intangible assets mostly include internally generated software. As in the previous year, no intangible assets were subject to restrictions on disposal at the end of the reporting period.

Majorel defined its reporting structure and established the composition of its cash-generating units to which goodwill has been allocated, on the basis of the main geographical areas.

In December 2022, Majorel X as a separate CGU was created for CX transformation services. Majorel X addresses increasing client demand for an integrated approach to CX transformation: CX Consulting, Technology, and Design & Creative Services, combining the resources and expertise of three Majorel acquisitions – Findasense (2022) , IST (2022) and Junokai (2021). The CGU goes with Majorel's long experience of implementing CX for leading brands across the world.

Goodwill is attributable to the following cash-generating units:

Goodwill by Cash-Generating Units

in € millions	12/31/2022	12/31/2021
France, Netherlands & Western Africa	62	47
Germany & Eastern Europe	57	4
Iberia, Italy & Latin America	-	-
North America, UK, India, Kenya, Ireland & Southeast Asia*	-	1
Egypt, Middle East & East Africa	4	6
China and East Asia	36	36
Majorel X	37	-
	196	**94**

(*) As of December 31. 2022, the goodwill of CGU North America, UK, India, Kenya, Ireland & Southeast Asia amounts to € 0.4 million.

For the purpose of impairment testing in accordance with IAS 36, goodwill from a business combination is allocated to the cash-generating units that are expected to benefit from the synergies of the business combination.

The recoverable amount equals the fair value, which is derived from discounted cash flows less costs of disposal and which is based on level 3 of the fair value hierarchy. Projected cash flows were based on internal estimates for three detailed planning periods and, as a rule, two further detailed planning periods were applied. For periods after this detailed horizon, a perpetual annuity was applied, taking into account individual business-specific growth rates. The most important assumptions include estimated growth rates and the weighted average cost of capital. The growth rates applied are based on long-term inflation forecasts for the countries in which the cash-generating units operate. The weighted average cost of capital of the cash-generating unit is defined as the weighted average of the cost of equity and the cost of debt of the cash-generating unit. The values allocated to the key assumptions are in line with prior year information and external sources of information.

The cash flow forecasts underlying the impairment testing of the individual cash-generating units bearing material goodwill are based on the following assumptions relating to the market development for the beginning of the detailed planning period:

The revenue forecasts for 2023 underlying the impairment testing of the individual cash-generating units show two-digit growth rates for the CGU North America, UK, India, Kenya, Ireland & Southeast Asia, the CGU Iberia, Italy & Latin America, the CGU Egypt, Middle East & East Africa, the CGU China and East Asia and the CGU Majorel X, while the assumptions with regards to revenue development of the remaining CGU are less dynamic.

In addition, fair values based on discounted cash flows were measured using the following individual business-specific growth rates and discount rates for periods after the detailed planning period:

Overview of Growth and Discount Rates

in € millions	Growth rate in % for the year		Discount rate in % for the year	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
France, Netherlands & Western Africa	1.9	1.6	12.0	10.9
Germany & Eastern Europe	3.0	4.4	11.1	11.1
Iberia, Italy & Latin America	3.1	2.7	12.1	11.1
North America, UK, India, Kenya, Ireland & Southeast Asia	3.2	3.1	12.9	11.5
Egypt, Middle East & East Africa	7.0	5.3	20.3	16.5
China and East Asia	2.4	2.2	10.3	10.2

In the financial year 2022, no impairment losses on goodwill were recognized. For all cash-generating units goodwill was not subject to impairment even given the change by one of the two most important factors: discount rate (increase of 1.0 percentage point) and long-term growth rate (decrease of 1.0 percentage point). Any reasonable change on the discount rate and long-term growth rate will not result in an impairment.

11. Property, Plant and Equipment and Right-of-Use Assets

The financial position item "Property, plant and equipment and right-of-use assets" comprises property, plant and equipment owned by Majorel and right-of-use assets from leased property, plant and equipment.

Property, Plant and Equipment and Right-of-Use Assets

in € millions	2022	2021
Owned property, plant and equipment	160	129
Right-of-use assets from leased property, plant and equipment	122	116
	282	**245**

Property, Plant and Equipment

in € millions	Land and buildings	Technical equipment and machinery	Other equipment, fixtures, furniture and office equipment	Advance payments and construction in progress	Total
Cost					
Balance as of 1/1/2021	37	28	240	7	312
Exchange differences	1	1	6	1	9
Other additions	3	1	43	14	61
Other disposals	(4)	(10)	(14)	(3)	(31)
Reclassifications and other changes	25	(2)	(17)	(10)	(4)

Balance as of 12/31/2021	62	18	258	9	347
Exchange differences	(2)	-	(5)	(1)	(8)
Other additions	2	2	69	12	85
Other disposals	-	(7)	(30)	(2)	(39)
Hyperinflation impact	-	-	2	-	2
Reclassifications and other changes	(3)	-	15	(10)	2
Balance as of 12/31/2022	59	13	309	8	389
Accumulated depreciation					
Balance as of 1/1/2021	15	26	169	-	210
Exchange differences	-	1	3	-	4
Depreciation	4	1	29	-	34
Impairment losses	-	-	1	-	1
Other disposals	(4)	(10)	(15)	-	(29)
Reclassifications and other changes	13	(2)	(13)	-	(2)
Balance as of 12/31/2021	28	16	174	-	218
Exchange differences	(1)	-	(2)	-	(3)
Depreciation	2	1	39	-	42
Impairment losses	-	-	3	-	3
Other disposals	-	(7)	(28)	-	(35)
Hyperinflation impact	-	-	1	-	1
Reclassifications and other changes	-	-	3	-	3
Balance as of 12/31/2022	29	10	190	-	229
Carrying amount as of 12/31/2022	**30**	**3**	**119**	**8**	**160**
Carrying amount as of 12/31/2021	**34**	**2**	**84**	**9**	**129**

The position “Other equipment, fixtures, furniture and office equipment” mainly includes IT equipment used to provide customer experience services. During 2022, €6 million costs of ‘Other equipment, fixtures, furniture and office equipment’ included in ‘Other additions’ raised from business acquisitions (previous year: €4 million). As of December 31, 2022, no property, plant and equipment were subject to restrictions on disposal (December 31, 2021: €nil million). Impairment losses totaling €3 million were recognized for property, plant and equipment in the financial year 2022 (previous year: €1 million).

Right-of-Use Assets

The vast majority of leases within the Majorel Group concern rental properties. In addition, leases also exist for technical equipment and machinery, vehicles and other fixtures, and furniture and office equipment. The existing lease contracts have different terms and a number of property leases include extension or termination options, in order to maximize operational flexibility in terms of managing the assets used in the Group’s operations. Details on the corresponding lease liabilities are presented in note 21 “Lease Liabilities”.

The following table shows depreciation and impairment, additions and other changes to the right-of-use assets in the financial year as well as the carrying amounts of the right-of-use assets from leased property, plant and equipment at the end of the reporting period.

Change in Right-of-Use Assets

in € millions	Land and buildings	Technical equipment and machinery	Other equipment, fixtures, furniture and office equipment	Total
Carrying amount of leased property, plant and equipment as of 1/1/2021	84	1	3	88
Additions	42	-	2	44
Depreciation and impairment	(43)	-	(2)	(45)
Exchange differences	5	-	-	5
Other changes	24	-	-	24
Carrying amount of leased property, plant and equipment as of 12/31/2021	**112**	**1**	**3**	**116**
Carrying amount of leased property, plant and equipment as of 1/1/2022	112	1	3	116
Additions	45	-	1	46
Depreciation and impairment	(58)	-	(2)	(60)
Exchange differences	(5)	-	-	(5)
Hyperinflation impact	1	-	-	1
Other changes	24	-	-	24
Carrying amount of leased property, plant and equipment as of 12/31/2022	**119**	**1**	**2**	**122**

During 2022, right-of-use assets for land and buildings amounting to €11 million which were included in 'Additions' raised from business acquisitions (previous year: €12 million).

12. Interests in Other Entities

As of December 31, 2022, Majorel holds an investment in 1 (December 31, 2021: 1) associate (Ecco Gulf WLL, Qatar).

The following table shows summarized financial information on this associate. The information given represents Majorel´s interest.

Financial Information on the Associate

in € millions	2022	2021
Earnings after taxes from continuing operations	1	1
Other comprehensive income	-	-
Total comprehensive income	**1**	**1**

At the end of the reporting period, the total carrying amount of the investment in this associate amounts to €4 million (December 31, 2021: €3 million).

13. Other Financial Assets

in € millions	Current		Non-current	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Loans	1	6	-	-
Financial assets recognized at fair value	-	5	-	-
Derivative financial instruments	1	-	-	-
	2	**11**	**-**	**-**

As of December 31, 2021, the “Financial assets recognized at fair value” of €5 million related to a highly liquid investment fund acquired in 2021 and matured in 2022. As of December 31, 2021, the "Loans" of €6 million contains the outstanding loans provided to members of Management Board for the purchase of Majorel Group’s shares. The loan was repaid in 2022.

As in the previous year, no other financial assets were subject to restrictions on disposal as of the end of the reporting period.

14. Trade and Other Receivables

in € millions	12/31/2022	12/31/2021
Non-current	**9**	**1**
Other receivables	9	1
Current	**526**	**467**
Trade receivables	491	388
Other receivables	35	79

Trade receivables are due for payment generally within 12 months. As of December 31, 2022, trade and other receivables totalling €8 million were subject to restrictions on disposals (December 31, 2021: €6 million). In 2021, the "Other receivables" contained €58 million of prepaid consideration for business acquisition of Mayen Telekomünikasyon Hizmetleri A.Ş..

15. Other Non-Financial Assets

in € millions	12/31/2022	12/31/2021
Non-current		
Other non-financial assets	**-**	**-**
Current		
Other non-financial assets	**70**	**68**
– advance payments	8	3
– deferred items	21	15
– other tax receivables	32	35
– sundry non-financial assets	9	15

16. Cash and Cash Equivalents

in € millions	12/31/2022	12/31/2021
Bank balances and cash on hand	242	231
Cash equivalents	3	7
	245	**238**

Cash equivalents include short-term, highly liquid securities with a term to maturity on acquisition of not more than three months. As at 31 December 2022, cash and cash equivalents totalling to €3 million were restricted (previous year: €3 million).

17. Equity

By resolution of the Company's shareholders' meeting held on September 6, 2021, the Company's share capital was increased from the Company's share premium by €596,000 from €404,000 to €1,000,000 and the value of the Company's shares was changed from a nominal value of € 1 (one Euro) to an accounting par value of €0.01 (one Eurocent) so that following the capital increase and the change in the share value the Company's share capital amounts to €1,000,000, represented by 100,000,000 shares with an accounting par value of €0.01 (one Eurocent) each.

In addition in 2021, the extraordinary shareholder meeting resolved to introduce an authorised share capital clause in the articles of the Company and to authorise the management board, for a period of five years as from the date of the publication of the resolution and subject to the prior consent of the Supervisory Board, to increase the issued share capital on one or more occasions up to an aggregate amount of €3,000,000, with or without the issue of up to 200,000,000 new shares having an accounting par value of €0.01 each, as well as the same rights as the existing issued shares.

Number of Shares Issued

	12/31/2022	12/31/2021
Ordinary shares in issue at January 1st	100,000,000	404,000
Share split	-	39,996,000
Shares issued in year	-	59,600,000
	100,000,000	**100,000,000**

On June 24, 2021 the General Meeting of shareholders resolved to declare and pay a dividend of €19 million exclusively to the shareholder Bertelsmann Luxembourg S.à r.l. pursuant to a separate agreement between the shareholders of the Company and the certain venture agreement entered into between the shareholders.

On June 20, 2022 the General Meeting of shareholders resolved to declare and pay a dividend of €32 million to the shareholders of the Group. In July 2022, €24 million was paid out of capital reserves and €8 million was paid out of retained earnings. The change in other comprehensive income after taxes is derived as follows:

Changes to Components of Other Comprehensive Income after Taxes

in € millions	2022				
	Before-tax amount	Taxes	Net-of-tax amount	Attributable to Majorel shareholders	Attributable to non-controlling interests
Items that will not be reclassified subsequently to profit or loss					
Remeasurement component of defined benefit plans	16	(3)	13	13	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met					
Exchange differences	(23)	-	(23)	(23)	-
Other comprehensive income net of tax	**(7)**	**(3)**	**(10)**	**(10)**	**-**

in € millions	2021				
	Before-tax amount	Taxes	Net-of-tax amount	Attributable to Majorel shareholders	Attributable to non-controlling interests
Items that will not be reclassified subsequently to profit or loss					
Remeasurement component of defined benefit plans	6	3	9	9	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met					
Exchange differences	12	-	12	12	-
Other comprehensive income net of tax	**18**	**3**	**21**	**21**	**-**

Income taxes relating to other comprehensive income mainly reflect effects of measurement of deferred tax assets that have previously been recognized with respect to the remeasurement of defined benefit plans.

18. Provisions for Pensions and Similar Obligations

in € millions	12/31/2022	12/31/2021
Defined benefit obligation	25	40
Obligations similar to pensions	7	3
	32	**43**

Majorel operates various pension plans for current and former employees and their surviving dependents. The model of such plans varies according to the legal, fiscal and economic environment of the country concerned. These company pension plans include both defined contribution and defined benefit plans.

In the case of defined contribution plans, the company makes payments into an external pension fund or another welfare fund through a statutory, contractual or voluntary model. The company has no obligation to provide further benefits once it has made these payments, so no provisions are recognized. Expenses for defined contribution plans in the amount of €2 million were recognized as part of personnel costs in the consolidated statement of profit and loss in the financial year 2022 (previous year: €3 million).

All other pension plans are defined benefit plans. For all the retirement benefit plans, a distinction must be made as to whether or not these are financed through an external investment fund.

Net Defined Benefit Liability Recognized in the Statement of Financial Position

in € millions	12/31/2022	12/31/2021
Present value of defined benefit obligation of unfunded plans	22	29
Present value of defined benefit obligation of funded plans	28	39
Total present value of defined benefit obligation	**50**	**68**
Fair value of plan assets	(25)	(28)
Impact from asset ceiling	-	-
Net defined benefit liability recognized in the balance sheet	**25**	**40**
– thereof provisions for pensions	25	40

Provisions are recognized for these defined benefit plans. These are mostly flat salary plans and final salary plans.

Defined Benefit Plans

in € millions	12/31/2022	12/31/2021
Flat salary plans/plans with fixed amounts	21	27
Final salary plans	12	17
Career average plans	17	24
Present value of defined benefit obligation	**50**	**68**
– thereof capital commitments	19	23

The obligations and plan assets available for the existing pension plans are, in some cases, exposed to demographic, economic and legal risks. The demographic risk is primarily the longevity risk for pensioners. Economic risks include, in this respect, mostly unforeseeable developments on the capital markets and the associated impacts on plan assets and pension obligations. Legal risks can result from restrictions to investments and minimum funding requirements.

The provisions are determined using actuarial formulas in accordance with IAS 19. The amount of provisions depends on the employees' length of service with the company and their pensionable salary. Provisions are computed using the projected unit credit method, in which the benefit entitlement earned is allocated to each year of service, thus assuming an increasing cost of service in comparison to the entry age normal method. When identifying the present value of the pension obligation, the underlying interest rate is of material importance. For Majorel, this is based on the "Mercer Yield Curve Approach." With this approach, separate spot-rate yield curves are created for the eurozone on the basis of high-quality corporate bonds. In order to appropriately present the time value of money in accordance with IAS 19.84, the basis does not consider either spikes for which the risk estimate may be substantially higher or lower, or bonds with embedded options that distort interest rates. Biometric calculations of German plans are based on the 2018 G mortality tables of Heubeck-Richttafeln-GmbH. Comparable country-specific calculation methods are used for foreign plans.

Further significant actuarial assumptions were made as follows:

Actuarial Assumptions

	12/31/2022	12/31/2021
Discount rate	4.2%	1.3%
Rate of salary increase	2.2%	2.2%
Rate of pension increase	1.9%	1.4%

An increase or decrease in the assumptions set out above compared to the assumptions actually applied would have had the following effects on the present value of the defined benefit obligation as of December 31, 2022:

Effect of Actuarial Assumptions

in € millions	Increase	Decrease
Effect of 0.5 percentage point change in discount rate	(3)	3
Effect of 0.5 percentage point change in rate of salary increase	-	-
Effect of 0.5 percentage point change in rate of pension increase	1	(1)

In order to determine the sensitivity of the longevity, the mortality rates for all beneficiaries were reduced or increased evenly so that the life expectancy of a person of a country-specific retirement age increases or decreases by one year. An increase in average life expectancy by 1 year will result of an increase of €5 million of the present value of the defined benefit obligation as of December 31, 2022 and a decrease in average life expectancy by 1 year will result of a decrease of €5 million of the present value of the defined benefit obligation as of December 31, 2022.

Changes in the present value of defined benefit obligations and plan assets in the reporting period were as follows:

Development of the Defined Benefit Plans

in € millions	Defined benefit obligation (I) 2022	2021	Fair value of plan assets (II) 2022	2021	Net defined benefit balance (I)-(II) 2022	2021
Balance as of 1/1	68	76	28	28	40	48
Service cost	2	1	-	-	2	1
Interest expenses	2	1	1	-	1	1
Income and expenses for defined benefit plans recognized in the consolidated statement of profit and loss	**4**	**2**	**1**	**-**	**3**	**2**
Income/expense on plan assets excluding amounts included in net interest income and net interest expenses	-	-	(4)	-	4	-
Actuarial gains (-) and losses (+)						
– changes in financial assumptions	(20)	(2)	-	-	(20)	(2)
– experience adjustments	-	(4)	-	-	-	(4)
Remeasurements for defined benefit plans recognized in the consolidated statement of comprehensive income	**(20)**	**(6)**	**(4)**	**-**	**(16)**	**(6)**
Contributions to plan assets by employer	-	-	-	-	-	-
Pension payments	(3)	(3)	-	-	(3)	(3)
Change of consolidation scope	-	-	-	-	-	-
Other changes	1	(1)	-	-	1	(1)
Other reconciling items	**(2)**	**(4)**	**-**	**-**	**(2)**	**(4)**
Balance as of 12/31	**50**	**68**	**25**	**28**	**25**	**40**
thereof						
Germany	45	62	25	28	20	34
Other countries	5	6	-	-	5	6

The contributions to plan assets fully pertain to Germany.

The expenses for defined benefit plans are broken down as follows:

Expenses for Defined Benefit Plans

in € millions	2022	2021
Service cost	2	1
Net interest expenses	1	1
Net pension expenses	**3**	**2**

The portfolio structure of plan assets is composed as follows:

Portfolio Structure of Plan Assets

in € millions	12/31/2022	12/31/2021
Debt instruments[1)]	18	19
Cash and cash equivalents	-	1
Qualifying insurance policies	-	-
Other funds	7	8
Fair value of plan assets	**25**	**28**

1) For almost all debt instruments, market prices are listed on an active market.

The plan assets are used exclusively for the fulfillment of benefit obligations. To avoid a concentration of risk, plan assets are invested in various classes of investments.

The trust agreement between Majorel Deutschland GmbH and Helaba Pension Trust e.V. meets the requirements for plan assets in accordance with IAS 19.

The weighted average duration of the pension obligations on December 31, 2022, was 12 years (December 31, 2021: 15 years). The maturity profile of the anticipated undiscounted pension payments is presented in the following table:

Maturity Profile of Pension Payments

in € millions	Expected pension payments
2023	4
2024	3
2025	3
2026	3
2027	3
2028-2032	17

Obligations similar to pensions relate to provisions for bonuses for employee service anniversaries and severance payments at retirement. Severance payments at retirement are made when employees leave the company and are based on statutory obligations. Provisions for employee service anniversary bonuses and severance payments at retirement are recognized in the same way as defined benefit plans, but with actuarial gains and losses recognized in profit or loss.

The following table shows the breakdown in obligations similar to pensions:

Breakdown of Obligations Similar to Pensions

in € millions	12/31/2022	12/31/2021
Provisions for severance payments	6	2
Provisions for employee service anniversaries	1	1
Obligations similar to pensions	**7**	**3**

19. Other Provisions

in € millions	1/1/2022	of which > 1 year	Additions	Reversal	Usage	Other effects	Change of consolidation scope	Accrued interest	12/31/2022	of which > 1 year
Onerous contracts	3	2	2	-	(2)	-	-	-	3	1
Litigation	3	2	2	(1)	-	-	-	-	4	2
Restructuring	5	-	5	(4)	(2)	-	20	-	24	2
Other employee benefits	5	1	4	(4)	-	-	-	-	5	1
Other	22	3	4	(5)	(1)	(1)	1	-	20	5
	38	**8**	**17**	**(14)**	**(5)**	**(1)**	**21**	**-**	**56**	**11**

in € millions	1/1/2021	of which > 1 year	Additions	Reversal	Usage	Other effects	Change of consolidation scope	Accrued interest	12/31/2021	of which > 1 year
Onerous contracts	3	1	3	(1)	(2)	-	-	-	3	2
Litigation	3	2	1	(1)	-	-	-	-	3	2
Restructuring	4	-	5	(3)	(1)	-	-	-	5	-
Other employee benefits	4	-	2	(1)	-	-	-	-	5	1
Other	13	2	11	(2)	-	-	-	-	22	3
	27	**5**	**22**	**(8)**	**(3)**	**-**	**-**	**-**	**38**	**8**

In accordance with IAS 37, restructuring provisions include termination benefits and other costs relating to the discontinuation of business activities.

20. Financial Debt

Carrying amounts of financial debt are calculated as follows:

Current and Non-Current Financial Debt

in € millions	Current		Non-current	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Liabilities to banks	6	4	130	70
Other financial debt	2	85	2	-
	8	**89**	**132**	**70**

Majorel had contracted a fixed-interest term loan agreement of €20 million with Bertelsmann Business Support S.à r.l., a subsidiary of Bertelsmann SE & Co. KGaA, valid until December 2022. The term loan was with an interest of 2.60% per annum and was fully repaid in December 2022.

In January 2021, Majorel had entered into a second fixed-interest term loan agreement of €65 million with Bertelsmann Business Support S.à.r.l., a subsidiary of Bertelsmann SE & Co. KGaA, valid until December 2022. The term loan was contracted with an interest of 1.50% per annum and was fully repaid in December 2022.

In December 2021, Majorel contracted a committed Facility Agreement of €150 million with group of banks. On July 1, 2022, Majorel increased the Facility Agreement up to €200 million by using the Accordion Option initially agreed with the lending banks. The Facility Agreement includes a term loan facility of €70 million (Facility A) valid until December 2025 and multicurrency revolving loan facility of €130 million (Facility B) valid until December 2025 as the option to extend the maturity for 12 months was activated. During 2022, an amount of €60 million from Facility B was withdrawn. As of December 31, 2022, the Facility A balance amounting to €70 million and the Facility B balance amounting to €60 million were included in the non-current balance sheet position “Financial debt”. The Facilities bear floating interest calculated as EURIBOR 3M + margin.

Financial debt is generally unsecured.

There is non-significant unsecured financial debt in several countries.

21. Lease Liabilities

The maturities of lease liabilities are presented in the table below.

Maturity Analysis for Lease Liabilities

in € millions	Carrying amount	Undiscounted cash flows Up to 1 year	1 to 5 years	Over 5 years	Total
Balance as of 12/31/2022	**140**	**67**	**102**	**10**	**179**
Balance as of 12/31/2021	125	52	84	10	146

As of December 31, 2022, potential future cash outflows of €11 million were not included in the lease liabilities (December 31, 2021: €11 million), as it could not be assumed with reasonable certainty that the leases would be extended (or would not be terminated). Future payments arising from short-term leases and leases for low-value assets are not recognized as right-of-use assets and lease liabilities. For such leases, the payments are recognized on straight-line basis as expenses (note 3 "External Expenses and Costs of Materials"). During the year 2022, short-term leases amounted to €10 million (previous year: €7 million) and low value leases amounted to €3 million (previous year: €3 million). Expenses from variable lease payments not included in the lease liability were immaterial (previous year: immaterial). The same applies for income from subleasing right-of-use assets and the resulting lease payments expected in the future. Details on the corresponding right-of-use assets are presented in note 11 "Property, Plant and Equipment and Right-of-Use Assets."

22. Liabilities

in € millions	12/31/2022	12/31/2021
Non-current	**38**	**-**
Sundry financial payables	20	-
Contract liabilities	13	-
Sundry non-financial payables	5	-
Current	**431**	**417**
Trade payables	137	129
Derivative financial instruments	6	-
Sundry financial payables	36	27
Contract liabilities	5	5
Sundry non-financial payables	247	256
– personnel-related liabilities	135	143
– tax liabilities	41	38
– social security liabilities	41	44
– deferred items	4	2
– other	26	29

The item "Contract liabilities" includes payments received by Majorel in advance; that is, prior to satisfaction of the contractual obligations in accordance with IFRS 15. They are recognized as revenue as soon as the contractual obligation has been rendered. Accordingly, revenues amounting to €3 million were recognized in the financial year 2022, which were included in the balance of contract liabilities at the beginning of the financial year. The non-current item "Sundry financial payables" contains earn-out contingent consideration from acquisitions amounting to €20 million. The current item "Sundry financial payables" mainly contains debtors with a credit balance amounting to €3 million (previous year: €1 million), refund liabilities amounting to €16 million (previous year: €13 million) and payables resulting from acquisition of property, plant and equipment amounting to €3 million (previous year: €2 million).

23. Contingent Liabilities

Contingent liabilities as of December 31, 2022 and 2021 were immaterial.

24. Additional Disclosures on Financial Instruments

In the case of financial assets and financial liabilities measured at fair value, the valuation technique applied depends on the respective inputs present in each case. If listed prices can be identified for identical assets on active markets, they are used for measurement (level 1). If this is not possible, the fair values of comparable market transactions are applied, and financial methods that are based on observable market data are used (level 2). For measuring the fair value of unlisted derivatives (level 2), Majorel uses various financial methods reflecting the prevailing market conditions and risks at the respective balance sheet dates. Irrespective of the type of financial instrument, future cash flows are discounted at the end of the reporting period based on the respective market interest rates and yield curves at the end of the reporting period. If the fair values are not based on observable market data, they are identified using established financial methods or on the basis of observable prices obtained as part of the most recently implemented qualified financing rounds, taking into account the life and developmental cycle of the respective entity (level 3).

Both the following tables show the carrying amounts and measurement categories of financial assets and financial liabilities in accordance with IFRS 9:

Carrying Amounts and Measurement Categories of Financial Assets

in € millions	12/31/2022	12/31/2021
Financial assets measured at amortized cost		
– trade receivables	491	388
– sundry financial receivables	44	80
– other financial assets	2	11
– bank balances and cash on hand	242	231
– cash equivalents	3	7
	782	**717**

Carrying Amounts and Measurement Categories of Financial Liabilities

in € millions	12/31/2022	12/31/2021
Financial liabilities measured at amortized cost		
– liabilities to banks	136	74
– other financial debt	4	85
– trade payables	137	129
– other	62	27
	339	**315**

In December 2021, Majorel contracted a committed Facility Agreement of €150 million with group of banks. On July 1, 2022, Majorel has increased the Facility Agreement up to €200 million by using the Accordion Option initially agreed with the lending banks. The Facility Agreement includes a term loan facility of €70 million (Facility A) valid until December 2025 and multicurrency revolving loan facility of €130 million (Facility B) valid until December 2025 as the option to extend the maturity for 12 months was activated. During 2022, an amount of €60 million from Facility B was withdrawn. As of December 31, 2022, the Facility A balance amounting to €70 million and the Facility B balance amounting to €60 million were included in the non-current balance sheet position "Financial debt". The Facilities bear floating interest calculated as EURIBOR 3M + margin.

The fair value of each class of financial assets and liabilities measured at amortized cost represent a reasonable approximation of fair value. The fair value of the loan under Facility A with group of banks with a carrying amount of €70 million amounts to €71 million (level 2). The fair value of the loan under Facility B with group of banks with a carrying amount of €60 million amounts to €58 million (level 2).

As of December 31, 2021, other financial assets included financial assets recognized at fair value (level 1), which relates to a highly liquid investment fund for an amount of €5 million. The financial instruments including derivatives measured at fair value are immaterial (level 2) as of December 31, 2022 and 2021.

As of December 31, 2022, other financial liabilities consisted of earn-out contingent consideration from acquisitions amounting to €20 million which were measured at fair value at the acquisition date as part of the business combination.

As in the previous year, no on-balance-sheet offsetting of financial assets and financial liabilities were performed, nor were there any significant non-recognized offsetting potential as of December 31, 2022.

Credit Risk

In accordance with IFRS 9, Majorel uses a simplified approach to measure expected credit losses on trade receivables and contract assets. According to this, the loss allowance is measured using lifetime expected credit losses. For this purpose, impairment matrices based on historic bad debt losses, maturity bands and expected credit losses are prepared. The impairment matrices are created for business unit-specific groups of receivables, each with similar default patterns. In addition, separate risk assessments are performed. Majorel also considers other quantitative and qualitative information and analyses based on the experience of the Majorel Group. Additionally, reasonable assessments including forward-looking information such as customer-specific information and forecasts of future economic condition have been taken into consideration. Contract assets have substantially the same risk characteristics as trade receivables for the same types of contracts, so that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

Based on this, the loss allowance as of December 31, 2022, amounted to €-8 million for trade receivables (December 31, 2021: €-6 million). In the financial year 2022, an amount of €2 of impairment losses and reversals were recognized on trade receivables and contract assets (previous year: immaterial). The following table shows a reconciliation from the opening balance to the closing balance of loss allowances for trade receivables and contract assets in the financial year 2022 and 2021.

Reconciliation of Loss Allowance for Trade Receivables and Contract Assets

in € millions	2022	2021
Balance as of 1/1	(6)	(5)
Additions	(3)	(2)
Usage	-	1
Reversal	1	2
Change of consolidation scope	-	(2)
Balance as of 12/31	**(8)**	**(6)**

The following table details the risk profile of trade receivables based on the Group's provision matrix.

in € millions		Trade receivables- days past due					
2022	Not past due	< 30 days	31- 90 days	91-180 days	181-360 days	>360 days	Total
Trade receivables after individual impairment	426	43	13	5	1	4	492
Expected Credit Loss	(1)	-	-	-	-	-	(1)

in € millions		Trade receivables- days past due					
2021	Not past due	< 30 days	31- 90 days	91-180 days	181-360 days	>360 days	Total
Trade receivables after individual impairment	352	23	4	4	1	6	390
Expected Credit Loss	(1)	-	-	-	-	(1)	(2)

Expected credit losses for cash and cash equivalents as of December 31, 2022, and as of December 31, 2021, were immaterial. Majorel applies the general approach for all other financial assets that are subject to the expected credit loss model. Insignificant impairment losses were identified for these financial assets as of December 31, 2022, and December 31, 2021. As of December 31, 2022, and as of December 31, 2021, the carrying amount of all receivables, loans and securities constitutes Majorel's maximum default risk. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in diverse markets. Revenues from five biggest clients of the Group represented approximately 39% of the Group's total revenues.

The following table presents the contractually fixed undiscounted cash flows of the financial liabilities for settlement. The figures are based on undiscounted cash flows at the earliest date at which Majorel can be held liable for payment.

Maturity Analysis for Non-Derivative Financial Liabilities

in € millions	Carrying amount	Undiscounted cash flows Up to 1 year	1 to 5 years	Over 5 years	Total
Liabilities to banks	136	5	131	-	136
Other financial debt	4	2	2	-	4
Trade payables	137	137	-	-	137
Other	62	40	22	-	62
Balance as of 12/31/2022	**339**	**184**	**155**	**-**	**339**
Liabilities to banks	74	4	-	70	74
Other financial debt	85	85	-	-	85
Trade payables	129	129	-	-	129
Other	27	27	-	-	27
Balance as of 12/31/2021	**315**	**245**	**-**	**70**	**315**

Current cash outflows from financial liabilities are offset by planned cash inflows from receivables and other financial assets. To cover current cash flows, Majorel also has adequate financial reserves in the amount of the cash and cash equivalents in place at the end of the reporting period.

The maturity analysis for lease liabilities is presented in note 21 "Lease Liabilities".

Based on the remaining contractual terms of its financial liabilities at the end of the reporting period, and considering the higher EURIBOR 3 months, our main index, Majorel will have to make the following future interest payments:

Future Interest Payments

in € millions	Undiscounted interest payments Up to 1 year	1 to 5 years	Over 5 years	Total
Liabilities to banks	4	10	-	14
Other financial debt	-	-	-	-
Balance as of 12/31/2022	**4**	**10**	**-**	**14**
Liabilities to banks	1	2	-	3
Other financial debt	1	-	-	1
Balance as of 12/31/2021	**2**	**2**	**-**	**4**

Risk Management of Financial Instruments

The principles of the financial risk policy are described below.

Financial Risk Management

The Majorel Group is exposed to various forms of financial risk through its international business operations. Above all, this includes the effects of changes in foreign exchange rates and interest rates. Majorel's risk management activities are designed to effectively mitigate these risks. The Management Board establishes basic risk management policy, outlining general procedures for hedging currency and interest rate risk and the utilization of derivative financial instruments. The Majorel Group Treasury advises subsidiaries on operating risk and hedges risks using derivative financial instruments as necessary.

Currency Risk

Majorel is exposed to an exchange rate risk in various foreign currencies. Its subsidiaries are advised, but not obliged, to hedge themselves against foreign currency risks in the local reporting currency by signing forward agreements with banks that have a high credit rating. Loans within the Majorel Group that are subject to currency risk are hedged using derivatives.

The analysis of foreign currency sensitivity includes the Group's financial debt and operating transactions at the end of the reporting period and the derivative contracts entered into. The calculation is performed for the unsecured net exposure on the basis of an assumed 10 percent appreciation of the euro and dollar versus all foreign currencies and is presented before tax. Based on a total risk position of €101 million (previous year: €129 million), a uniform devaluation of foreign currencies against EUR would have resulted in a change in the carrying amount recognized in profit or loss of €-10 million (previous year: €-12.9 million). If there had been a uniform increase in the value of foreign currencies, this would have led to opposite changes in these amounts. Based on a total risk position of $28 million, a uniform devaluation of foreign currencies against USD would have resulted in a change in the carrying amount recognized in profit or loss of €3 million. If there had been a uniform increase in the value of foreign currencies, this would have led to opposite changes in these amounts.

Interest Rate Risk

Majorel´s interest rate risk arises primarily from financing agreements with banks and from cash and cash equivalents. Majorel is exposed to €70 million term loan facility and €60 million euro revolving credit facility contracted from several banks based on a floating EURIBOR. In 2022, change of 100 basis points in interest rates would an impact of €1 million on the Group's interest result (previous year: no significant impact).

Liquidity Risk

Liquidity risks may arise through a lack of rollover financing (liquidity risk in a narrow sense), delayed receipt of payment and unforeseen expenditure (budgeting risk). Budgeting risk is determined by comparing deviations in actual spending with budget and reserve amounts. In a narrow sense, liquidity risk depends on the volume of debt due within a given period. Majorel Group's policy in respect of its financing is to maintain sufficient liquidity at all times to finance group assets, short-term cash requirements, and its development, both in terms of amount and duration, and at the lowest possible cost. Liquidity risk is monitored on an ongoing basis with reference to the budget for current and future years. New and unplanned transactions (e.g. acquisitions) are continuously tracked. The maturity profile of financial assets and liabilities is also reconciled on a regular basis. Budget risks are managed through effective cash management and constant monitoring of projected versus actual cash flows. Debt maturities are also diversified to ensure that rising financing costs do not have a short-term impact. Credit facilities with banks are also maintained for unplanned expenditures. The Group has implemented a centralized cash management policy when in conformity with local legislation applying to its subsidiaries and taking into consideration interest rates and funding needs of these subsidiaries. All medium- and long-term financing operations are authorized and overseen by the Group's financial management. The Group obtains its financing in the form of loans from shareholders and banks as well as revolving credit facilities with maturities ranging till December 2025 and until further notice as disclosed in note 20 "Financial Debt". Given the maturities of its borrowings and the Group's capacity to generate free cash flow, liquidity risk is considered to be low.

Financial Derivatives

Majorel uses standard market financial derivatives, usually unlisted (OTC) instruments. These include, in particular, forward agreements. Transactions are entered into solely with Bertelsmann Group Treasury or banks with a high credit rating. The transactions with banks are only performed with banks approved by Majorel Corporate Treasury.

Capital Management

The financing guidelines adopted by the Majorel Group are designed to ensure a balance between financing security, return on equity and growth. Financial management at Majorel is conducted with a target to ensure the Group's independence and capacity to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. This objective is part of the overall planning process and regular monitoring.

25. Acquisitions and Disposals

In the financial year 2022, the net negative cash flow from acquisition activities amounted to €-19 million, which fully related to new acquisitions during the reporting period less cash and cash equivalents acquired. The consideration transferred amounted to €191 million.

In November 2021, Majorel had signed an agreement for the acquisition of 80 percent of the shares in Mayen Telekomünikasyon Hizmetleri A.Ş. (thereafter "Mayen"), a company based in Türkiye. In 2021, an advance payment of €58 million was already paid. In accordance with IFRS 3, the acquisition date was January 1, 2022. The total consideration transferred amounted to €60 million and was paid in cash. To finance the acquisition of the Turkish business, Majorel used its available credit line under the Facility Agreement with group of banks. Resulting from the purchase price allocation, a goodwill amounting to €42 million is considered, which reflects synergy from expanding group geographic footprint, global client and digital offering. The goodwill resulted from the acquisition of Mayen is not tax deductible and was allocated to the Majorel Germany & Eastern Europe cash-generating unit.

In February 2022, Majorel had signed an agreement to acquire 12 of Booking.com's 14 internal CX service centers (thereafter "Apollo") in Europe, Asia Pacific, and the Americas. In accordance with IFRS 3, the acquisition date was June 1, 2022. This expanded partnership enables Majorel to expand its geographic footprint into new countries and further consolidate its existing presence in the other markets too. The consideration transferred amounted to €65 million was paid in cash. The negative difference between the consideration transferred and the fair value attributable to the identifiable assets and liabilities, resulting from the preliminary purchase price allocation, amounting to a €3 million amount, was recognized in profit or loss.

In June 2022, Majorel acquired 100% of the holding entity Alembo B.V. based in Netherlands (thereafter "Alembo") which holds the operational entity, Alembo N.V. based in Suriname. The acquisition aimed to obtain a solution for the Dutch language mostly due to the increased demand from domestic and global clients. The consideration transferred amounted to €22 million which was composed of an upfront payment of €14 million and a contingent consideration (an earn-out payment) of €8 million which was measured at fair value at the acquisition date as part of the business combination. The upfront payment of €14 million was paid in cash in 2022. As of December 31, 2022, the fair value of the contingent consideration was included in the non-current balance sheet position "Trade and other payables". Resulting from the preliminary purchase price allocation, goodwill amounted to €18 million which reflects synergy from expanding group geographic footprint, global and domestic clients offering in Dutch language. The goodwill resulted from the acquisition of Alembo is not tax deductible and was allocated to the Majorel France, Netherlands & Western Africa cash-generating unit.

In September 2022, Majorel acquired 100% of the holding entity Findasense Global, S.L. (thereafter "Findasense") which holds the entities, Findasense España, S.L based in Spain, Findasense Chile S.p.A. based in Chile, Findasense Colombia S.A.S based in Columbia, Findasense Cono Sur S.A. based in Argentina, Findasense Costa Rica, LTDA based in Costa Rica, Findasense Ecuador, S.A based in Ecuador, Findasense México S.A. de CV based in Mexico and Findasense Perú, S.A.C based in Peru. The acquisition strongly supports Majorel's strategy to expand its portfolio, of CX transformation services, and to tap into new consumer markets while expanding delivery from cost-efficient near- and offshore locations. The consideration transferred amounted to €16 million which was composed of an upfront payment of €11 million and a contingent consideration (an earn-out payment) of €5 million which was measured at fair value at the acquisition date as part of the business combination. The upfront payment of €11 million was paid in cash in 2022. As of December 31, 2022, the fair value of the contingent consideration was included in the non-current balance sheet position "Trade and other payables". Resulting from the preliminary purchase price allocation, goodwill amounted to €13 million which reflects synergy from expansion of clients and geographic locations in design and creative services. The goodwill resulted from the acquisition of Findasense is not tax deductible and was allocated to the Majorel X cash-generating unit.

In March 2022, Majorel had signed an agreement for the acquisition of 100% of the holding entity IST Networks B.V. (thereafter "IST"), a company based in Netherlands which controls subsidiaries operating as CX Technology Service Provider. The completion date of acquisition was on December 1, 2022. The acquisition of IST will provide Majorel with new capabilities in CX technology consulting, integration, application development and managed services, delivered through a combination of in-country solution consultants and cost-efficient near-shore delivery out of an established platform in Middle East. The holding entity holds the entities Entegrasyon Servis Ve Teknoloji Ticaret LLC based in Türkiye, Global Technical Services and IST Egypt S.A.E based in Egypt, Information Services Technology Company based in Saudi Arabia and ISTTEK Ltd based in United Kingdom. The consideration transferred amounted to €28 million which was composed of an upfront payment of €21 million and a contingent consideration (an earn-out payment) of €7 million which was measured at fair value at the acquisition date as part of the business combination. The upfront payment of €21 million was paid in cash in 2022. Out of this €21 million, €5 million was paid for non-controlled entities which are expected to be consolidated in 2023. As of December 31, 2022, the fair value of the contingent consideration was included in the non-current balance sheet position "Trade and other payables". Resulting from the preliminary purchase price allocation, goodwill amounted to €23 million which reflects synergy from expansion of clients and geographic locations in technology services. The goodwill resulted from the acquisition of IST is not tax deductible and was allocated to the Majorel X cash-generating unit.

Transaction-related costs for all acquisitions amounted to €3 million for the year ended December 31, 2022 and have been recognized under the position "External expenses and costs of materials" in profit or loss.

In accordance with IFRS 3, business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Fair value of other intangible assets amounting to €22 million are measured based on present value of the net cash flows expected to be generated by the customer relationships and €2 million from trademarks. €17 million of lease liabilities and €11 million of right-of-use assets are accounted for leases identified in accordance with IFRS 16. The purchase price allocation considers all the facts and circumstances prevailing as of the respective date of acquisition that were known prior to preparation of the Consolidated Financial Statements. In accordance with IFRS 3, should further facts and circumstances become known within the 12-month measurement period, the purchase price allocation will be adjusted accordingly.

The following table shows the fair values of the assets and liabilities of the acquisition on the date of initial consolidation based on the preliminary purchase price allocation except for Mayen:

in € millions	Mayen	Apollo	Alembo	Findasense	IST	Total
Non-current assets						
Other intangible assets	13	4	3	3	4	27
Property, plant and equipment and right-of-use assets	3	12	-	1	1	17
Trade and other receivables	-	-	-	-	-	-
Other non-current assets	-	2	-	-	-	2
Current assets						
Trade and other receivables	5	32	2	5	9	53
Cash and cash equivalents	11	80	1	1	1	94

Other current assets	-	4	-	2	2	8
Liabilities						
Lease liabilities	2	13	-	1	1	17
Provisions for pensions and similar obligations	1	1	-	-	2	4
Other financial and non-financial liabilities	6	52	2	5	8	73
Financial Debt	-	-	-	3	1	4
Net assets acquired	23	68	4	3	5	103
Goodwill/ Gains from business combinations	42	(3)	18	13	23	93
Non-controlling interests	(5)	-	-	-	-	(5)
Consideration transferred according to IFRS 3	60	65	22	16	28	191
Consideration paid in cash	60	65	14	11	21	171
Cash and cash equivalents acquired	11	80	1	1	1	94
Cash outflow on acquisitions	(49)	15	(13)	(10)	(20)	(77)
Payments made in 2021	58	-	-	-	-	58
Total cash flow from acquisition activities	**9**	**15**	**(13)**	**(10)**	**(20)**	**(19)**

It is expected that full contractual amounts of trade receivables can be collected.

Since initial consolidation, all new acquisitions in the year 2022 have contributed €107 million to revenue and €-2 million to Group profit or loss. It is impracticable to disclose the consolidated revenue and Group profit or loss for the new acquisitions as of January 1, 2022 since the revenue model was different prior to acquisitions.

During the year 2022, Majorel disposed no subsidiary or other business unit.

26. Cash Flow Statement

The consolidated cash flow statement has been prepared in accordance with IAS 7 and is used to evaluate the Group's ability to generate cash and cash equivalents. Cash flows are divided into those relating to operating activities, investing activities and financing activities. Cash flows from operating activities are presented using the indirect method, whereby EBIT is adjusted for the effects of a non-cash nature, any deferrals or accruals of past or future operating receipts or payments, and items of income or expenses associated with investing cash flows. In addition, cash flows arising from income taxes are classified as cash flows from operating activities as well as other cash flows that are neither investing nor financing.

The management of Group operations of Majorel utilizes indicators that include operating EBITDA and is thus before interest, taxes, amortization/depreciation, impairment and reversals and special items. Operating results and the resulting cash flow from operating activities should therefore be consistent and comparable. Accordingly, the net balances of interest paid and interest received during the financial year are shown in the cash flow statement as part of financing activities.

The change in provisions for pensions and similar obligations represents the balance of personnel costs for pensions and similar obligations and company payments for these obligations. No contributions to pension plans were made in the financial year 2022 and 2021.

The consolidated cash flow statement includes the effects of changes in foreign currencies and changes in the scope of consolidation. Items in the consolidated cash flow statement thus cannot be reconciled with changes in items reported on the consolidated statement of financial position.

Investing activities include payments for investments in non-current assets and purchase price payments for acquisitions, financial assets recognized at fair value as well as proceeds from the disposal of non-current assets. Further explanations concerning acquisitions made during the financial year are presented in the section "Acquisitions and Disposals."

Cash flow from financing activities includes changes in equity, financial debt, dividend payments, lease liabilities and interest paid and interest received (including interest paid due to leases). The item "Proceeds from/redemption of other financial debt" includes receipts in the amount of €114 million (previous year: €136 million) and payments in the amount of €-137 million (previous year: €-31 million). Total cash outflows from leases amounted to €-57 million in the financial year 2022 (previous year: €-50 million).

The following table shows the cash changes and non-cash changes of liabilities arising from financing activities:

Changes in Liabilities Arising from Financing Activities

in € millions	1/1/2022	Cash changes	Non-cash changes		12/31/2022
			Exchange rate effects	Other changes	
Liabilities to banks	74	60	(1)	3	136
Lease liabilities	125	(57)	(7)	79	140
Other financial debt	85	(85)	1	3	4
Liabilities arising from financing activities	**284**	**(82)**	**(7)**	**85**	**280**

in € millions	1/1/2021	Cash changes	Non-cash changes		12/31/2021
			Exchange rate effects	Other changes	
Liabilities to banks	33	40	-	1	74
Lease liabilities	95	(50)	4	76	125
Other financial debt	21	64	-	-	85
Liabilities arising from financing activities	**149**	**54**	**4**	**77**	**284**

As of December 31, 2022, and as of December 31, 2021, the other non-cash changes in lease liabilities mainly relate to lease contracts extended in the financial year 2022 and 2021, respectively.

Changes in Net Liabilities Arising from Financing Activities

in € millions	2022	2021
Net liabilities arising from financing activities as of 1/1	(46)	46
Cash flow from operating activities	236	185
Cash flow from investing activities	(96)	(174)
Interest, dividends and changes in equity	(41)	(25)
Exchange rate effects and other changes in net liabilities arising from financing activities	(88)	(78)
Net liabilities arising from financing activities as of 12/31	**(35)**	**(46)**

Net liabilities arising from financing activities are the balance of the statement of financial position items "Cash and cash equivalents," "Financial debt" and "Lease liabilities."

27. Segment Reporting

IFRS 8 Operating Segments requires that external segment reporting must be based on the internal organizational and management structure, and on management and reporting indicators used internally. Segment reporting reflects three reportable operating segments (Europe, Africa, South America; Global English, Middle East, Southeast Asia; China, East Asia), differentiated according to the geographical region in which services are offered and which are reported by segment managers to the Board of Majorel Group Luxembourg

S.A. in its role as the chief operating decision maker in accordance with IFRS 8. Minor activities in Mexico are included in the column "Consolidation/other". This column also comprises intersegment eliminations.

Specific segment information is defined according to the definitions on which Group management is based. As a rule, accounting and measurement in the segment reporting uses the same IFRS principles as in the Consolidated Financial Statements. Intercompany revenues are recognized using the same arm's-length conditions applied to transactions with third parties.

	Europe, Africa, South America		Global English, Middle East, Southeast Asia		China, East Asia		Total segments		Consolidation / other		Total Group	
in € millions	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Revenues from external customers	1,677	1428	299	269	124	112	2,100	1,809	-	2	2,100	1,811
Intersegment revenues	49	42	254	138	12	-	315	180	(315)	(180)	-	-
Segment revenues	**1,726**	**1470**	**553**	**407**	**136**	**112**	**2,415**	**1,989**	**(315)**	**(178)**	**2,100**	**1,811**
Operating EBITDA restated	245	223	110	75	14	15	369	313	-	-	369	313
Depreciation, amortization and impairment	(74)	(55)	(29)	(22)	(12)	(8)	(115)	(85)	-	-	(115)	(85)
Results from investments accounted for using the equity method	-	-	1	1	-	-	1	1	-	-	1	1
Invested capital	408	233	118	88	78	78	604	399	-	(4)	604	395

Operating EBITDA serves as a key performance indicator for a sustainable determination of operating result. Assessment of the operating segments' performance is also based on this performance indicator. Before 2022, operating EBITDA represented EBIT (earnings before interest and taxes) adjusted for depreciation/amortization, impairment and reversal on intangible assets, property, plant and equipment and right-of-use assets, adjusted for (i) impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations, (ii) impairment on carrying amounts on assets held for sale, (iii) impairment/reversals on other financial assets at amortized cost, (iv) impairment/reversals on investments accounted for using the equity method, (v) results from disposals of investments, (vi) fair value measurement of investments, and (vii) restructuring and other special items.

Majorel reassessed the definition of operating EBITDA and starting from 2022, calculates operating EBITDA adjusting EBIT (earnings before interest and taxes) for amortization and depreciation, impairment and reversal on intangible assets, property, plant and equipment and right-of-use assets, adjusted for (i) impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations, (ii) impairment on carrying amounts on assets held for sale, (iii) impairment/reversals on other financial assets at amortized cost, (iv) impairment/reversals on investments accounted for using the equity method, (v) results from disposals of investments, (vi) fair value measurement of investments, (vii) results from disposals of intangible assets and property, plant and equipment, (viii) operating realized and unrealized forex gains and losses including on derivatives (ix) expenses on long-term incentive programs and (x) further adjustments such as restructuring, acquisition-related and integration expenses, and other special items.

Elimination of these special items allows the determination of a normalized performance indicator, to reflect normal operational business activities, and which are not influenced by periodic outcomes or structural distortions, thus simplifying forecasting and comparability.

Segment amortization/depreciation, impairment and reversals relate to property, plant and equipment and right-of-use assets, and to intangible assets as set out in notes 10 "Goodwill and Other Intangible Assets" and 11 "Property, Plant and Equipment and Right-of-Use Assets."

Invested capital is calculated on the basis of the Group's operating assets less non-interest-bearing operating liabilities.

Each segment shows the investments accounted for using the equity method and their results, provided these companies can be clearly allocated to the segment concerned. Results from investments accounted for using the equity method are shown before impairment. In addition to the segment breakdown, revenues are broken down by customer location and revenue source.

The following table shows the reconciliation of segment information to the Consolidated Financial Statements:

Reconciliation of Segment Information to Group Profit or Loss

in € millions	2022	2021 (restated)
Operating EBITDA	369	313
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	(115)	(85)
Gains from business combinations	3	-
Restructurings	(5)	2
Operating realized and unrealized forex gains and losses including on derivatives	11	1
Expenses on long-term incentive programs	(12)	(128)
Acquisition-related and other special items	(12)	2
EBIT	239	105
Financial result	(18)	(5)
Earnings before taxes	221	100
Income tax expense	(51)	(20)
Group profit or loss	**170**	**80**

In 2021 expenses on long-term incentive programs included IPO bonuses with equity deferral and related statutory social security contributions in the amount of €128 million.

28. Related Party Disclosures

For Majorel, related parties as defined in IAS 24 are those persons and entities that control or exercise a significant influence over Majorel, as well as those persons and entities controlled or jointly controlled by

Majorel, or over which it exercises a significant influence. Accordingly, all legal entities controlled or jointly controlled by the ultimate parent company of Majorel preparing consolidated financial statements for public use.

Bertelsmann SE & Co. KGaA, or over which it exercises a significant influence, all legal entities controlled or jointly controlled by Saham parent entities and key management personnel of Majorel and all its parents including close members of their families and the companies that are controlled or jointly managed by them, are defined as related parties. Majorel Group Luxembourg S.A. is the parent company of the Majorel Group. Bertelsmann Verwaltungsgesellschaft mbH (BVG), Gütersloh, a holding company with no operating activities, has control of the Bertelsmann Group. Johannes Mohn GmbH has informed Bertelsmann SE & Co. KGaA that it directly owns more than 50 percent of the shares in Bertelsmann Management SE and of Bertelsmann SE & Co. KGaA. Reinhard Mohn Verwaltungsgesellschaft mbH continues to own more than one-quarter of the shares in Bertelsmann Management SE and in Bertelsmann SE & Co. KGaA, respectively.

Remuneration for key management personnel includes the following:

Remuneration for Key Management Personnel

in € millions	2022	2021
Short-term employee and termination benefits	2	2
Post-employment benefits	-	-
Other long-term benefits	2	48

The remuneration shown in 2021 includes IPO bonus with equity deferral of the members of the Management Board and remuneration for activities by the members of the Management Board of Majorel Group Luxembourg S.A..

The advisory services received from the members of the Supervisory Board of Majorel Group Luxembourg S.A. are included in the item "Other related parties" in the table below.

Loans of €12 million was granted to Management Board members out of which €7 million was repaid during the year 2021. Outstanding loans as at year end 2021 to those members amounted to €5 million were paid in 2022.

Transactions with subsidiaries included in the scope of consolidation are eliminated and are not further disclosed. In addition to transactions with consolidated subsidiaries, the following transactions with related parties and entities were conducted in the reporting period:

Transactions with Related Parties

in € millions	Parent	Entities with significant influence	Key members of management	Associates	Other related parties
Goods delivered and services provided in 2022	-	-	-	-	22
Goods and services received in 2022	-	-	-	-	(30)
Receivables against as of December 31, 2022	1	-	-	-	4
Amounts owed to as of December 31, 2022	6	-	2	-	7
Goods delivered and services provided in 2021	-	-	-	-	39
Goods and services received in 2021	-	-	-	-	(51)
Receivables against as of December 31, 2021	-	1	5	-	14
Amounts owed to as of December 31, 2021	-	6	-	-	93

Transactions with the parent company contain transactions with Bertelsmann Luxembourg S.à r.l. as this entity is the direct parent company of Majorel. Customer Relationship Investments S.à r.l. and Saham Outsourcing Luxembourg S.à r.l. are entities that have significant influence over Majorel.

On June 24, 2021, the General Meeting of shareholders resolved to declare and pay a dividend of €19 million exclusively to the shareholder Bertelsmann Luxembourg S.à r.l. pursuant to a separate agreement between the shareholders of the Company and the certain venture agreement entered into between the shareholders.

On June 20, 2022, the General Meeting of shareholders resolved to declare and pay a dividend of €32 million to the shareholders of the Group.

The transactions with related parties recognized in the position "Goods delivered and services provided" mainly include income from rental services and revenues from providing diverse services. The transactions with related parties recognized in the position "Goods and services received" primarily contain expenses for rental and lease expenses and expenses receiving sundry services from Bertelsmann. The outstanding receivables against related parties mainly contain trade receivables. Trade payables and loans payable from a revolving credit agreement and from a term loan agreement are the main content of the amounts owed payable to related.

In December 2018, Majorel contracted a fixed-interest term loan agreement of €20 million with Bertelsmann Business Support S.à r.l., a subsidiary of Bertelsmann SE & Co. KGaA, valid until December 2022. The related loan was repaid in December 2022.

In January 2021, Majorel entered with Bertelsmann Business Support S.à r.l., a subsidiary of Bertelsmann SE & Co. KGaA, into an unsecured term loan agreement of €65 million to fund the acquisition of the arvato China CRM Business, valid until December 2022. The related loan was paid in December 2022. The interest expense for both loans for the period amounted to €1 million.

As of December 31, 2022, there are no loans receivables from associates (previous year: €nil million).

During the year 2021, the Group received reimbursement of costs for IPO from both Saham and Bertelsmann in the amount of €4 million.

As of December 31, 2022, Majorel has guarantees from Saham in the amount of €1 million (December 31, 2021: €2 million). No capital contributions were made in the financial year 2022 (previous year: € nil million). No expenses from lease contracts were recognized with other Saham entities (previous year: €1 million with Saham entities).

29. Events after the Reporting Period

Majorel UK Limited has been liquidated on January 17, 2023.

In February 2023, the earthquakes in Türkiye directly affected four of our sites. The sites were undamaged. Majorel is in the process of assessing financial impact in operating activities which is expected to be insignificant.

Subsequent to the balance sheet date, no other events of special importance occurred that could have a material impact on the financial position and financial performance of Majorel Group.

30. Exemption for Subsidiaries from Preparation, Audit and Publication of Financial Statements

The following subsidiaries took advantage of the exemption regulations set out in section 264 (3) of the German Commercial Code (HGB) relating to additional requirements for limited liability companies to prepare annual financial statements and a management report, and the requirements for audit of and publication by limited liability companies for the financial year ended December 31, 2022. The subsidiaries who took advantage of the exemption set out in section 2:403 paragraph 1 of the Dutch Civil Code are disclosed as below:

Name of the entity	Place
Majorel Wilhelmshaven GmbH	Schortens
Majorel Dortmund GmbH	Dortmund
CRM Holding GmbH	Gütersloh
Majorel Nordhorn GmbH	Nordhorn
Majorel Münster GmbH	Münster
Majorel Cottbus GmbH	Cottbus
Majorel Deutschland GmbH	Gütersloh
Majorel Berlin GmbH	Berlin
Majorel Rostock I GmbH	Rostock
Majorel Brandenburg GmbH	Brandenburg
Majorel Rostock II GmbH	Rostock
Majorel Services Berlin GmbH (formerly known as Bcom Customer Service Center Germany GmbH)	Berlin
Junokai GmbH	Berlin
Majorel Erfurt GmbH	Erfurt
Majorel Energy GmbH	Leipzig
Majorel Holding Deutschland GmbH	Gütersloh
Majorel Real Estate GmbH	Gütersloh
Majorel Saarbrücken GmbH	Saarbrücken
Majorel Benelux B.V.	Amsterdam
Majorel Holding Nederland B.V.	Amsterdam
EMEA CRM hub Netherlands B.V.	Amsterdam

Responsibility Statement

We, Thomas Mackenbrock, Chief Executive Officer and Otmane Serraj, Chief Financial & Shared Services Officer, confirm, to the best of our knowledge, that these 2022 Consolidated Financial Statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of Majorel Group and the undertakings included in the consolidation taken as a whole, and that the Directors' report includes a fair view of the development and performance of the business and the position of Majorel Group and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties they face.

Luxembourg, March 13, 2023

Majorel Group Luxembourg S.A.

Thomas Mackenbrock (Chief Executive Officer)

Otmane Serraj (Chief Financial & Shared Services Officer)

Statutory Auditors' Report on the Consolidated Financial Statements

7. Statutory Auditors' Report on the Consolidated Financial Statements

To the Shareholders of
Majorel Group Luxembourg S.A.
18 Boulevard de Kockelscheuer
L-1821 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the consolidated financial statements of Majorel Group Luxembourg S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit and loss,
consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF").
Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

a) Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period:

Refer to Revenues from contracts with customers in the Accounting and Measurement Policies section for the relevant accounting policies and to Note 1 Revenues of the consolidated financial statements.

Revenue of the Group amounts to € 2,100 million for the year ended 31 December 2022 compared to € 1,811 million in the previous year. Revenues are generated from contracts with customers and primarily relate to the end-to-end customer experience ("CX") services and content services, trust & safety. Revenue is recognized in accordance with the various revenue recognition principles that apply to the specific revenue streams in accordance with IFRS 15 "Revenue from Contracts with Customers". There is a judgement linked to timing of revenue recognition around year end for revenue recognized over time. The amount of consideration can also vary and should be taken into account to assess appropriately the revenues. The above judgement and the significance of the amount relative to other captions in the consolidated financial statements led us to identify revenue recognition as key audit matter.

b) How the matter was addressed during the audit

Our procedures over revenue recognition include, but are not limited to:

- Gaining an understanding of the various revenue processes by performing a walkthrough of the process and testing design and implementation of the key controls;
- Testing of the relevant internal controls used to ensure the completeness, existence, accuracy and timing of revenue recognised;
- Assessing whether appropriate revenue recognition policies are applied by the Group by comparing them with relevant accounting standards;
- Performing test of details over revenue recognition, including but not limited to cash proofing, addition and release of deferred income, cut-off procedures;
- Testing of supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items;
- Considering the appropriateness of the disclosures provided on revenue recognition pursuant to the relevant accounting and financial reporting standards

Other information

The Management Board is responsible for the other information. The other information comprises the information stated in the consolidated report including the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board and Those Charged with Governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Management Board is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.

— Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d'entreprises agréé” to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d'entreprises agréé”. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d'entreprises agréé” by the Shareholders on 20 June 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of Majorel Group Luxembourg S.A. as at 31 December 2022, identified as 529900M90DFPXG97IJ03-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the consolidated financial statements of Majorel Group Luxembourg S.A. as at 31 December 2022, identified as 529900M90DFPXG97IJ03-2022-12-31-en, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 13 March 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Thierry Ravasio
Partner

Annual accounts

for the year ended
31 December 2022

(with the report of the Réviseur d'Entreprises Agréé thereon)

8. Annual Accounts of the Parent Company

Balance sheet at 31 December 2022

				Notes	2022 €	2021 €
ASSETS						
C.	**Fixed assets**			**3.1.**	**375,431,892**	331,748,217
	I.	**Intangible assets**			111,028	128,331
		2.	Concessions, patents, licences, trade marks and similar rights and assets, if they were			
			a) acquired for valuable consideration and need not be shown under C.I.3		111,028	128,331
	II.	**Tangible assets**			29,299	22,637
		3.	Other fixtures and fittings, tools and equipment		29,299	22,637
	III.	**Financial assets**			375,291,565	331,597,249
		1.	Shares in affiliated undertakings	3.1.1.	374,064,401	311,539,872
		2.	Loans to affiliated undertakings	3.1.2.	-	18,830,213
		3.	Participating interests	3.1.3.	1,227,164	1,227,164
D.	**Current assets**				**290,952,768**	243,126,203
	II.	**Debtors**		**3.2.**	**201,546,760**	142,380,506
		1.	Trade debtors			
			a) becoming due and payable within one year		5,684	92,908
		2.	Amounts owed by affiliated undertakings			
			a) becoming due and payable within one year	3.2.1.	194,876,152	136,536,246
		3.	Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests			
			a) becoming due and payable within one year		-	-
		4.	Other debtors			
			a) becoming due and payable within one year	3.2.2.	6,664,924	5,751,352
	IV.	**Cash at bank and in hand**			**89,406,008**	100,745,697
E.	**Prepayments**				**1,171,528**	1,101,447
	TOTAL (ASSETS)				**667,556,188**	575,975,867

The notes in the annex form an integral part of the annual accounts.

Balance sheet at 31 December 2022

					Notes	2022 €	2021 €
CAPITAL, RESERVES AND LIABILITIES							
A.	**Capital and reserves**				**3.3.**	**364,933,129**	265,140,501
	I.	Subscribed capital			3.3.1.	1,000,000	1,000,000
	II.	Share premium account			3.3.2.	231,370,005	255,370,005
	IV.	Reserves				100,000	-
		1.	Legal reserves		3.3.3.	100,000	-
	V.	Profit or loss brought forward				670,496	(2,193,130)
	VI.	Profit or loss for the financial year				131,792,628	10,963,626
B.	**Provisions**					-	-
		3.	Other provisions			-	-
C.	**Creditors**				**3.4.**	**302,623,059**	310,835,366
		2.	Amounts owed to credit institutions		3.4.1.		
			a)	becoming due and payable within one year		130,466	19,833
			b)	becoming due and payable after more than one year		129,564,476	69,669,025
		4.	Trade creditors				
			a)	becoming due and payable within one year	3.4.2.	2,663,384	2,480,165
		6.	Amounts owed to affiliated undertakings		3.4.3.		
			a)	becoming due and payable within one year		156,617,330	198,677,636
			b)	becoming due and payable after more than one year		-	34,700,000
		8.	Other creditors				
			a)	Tax authorities	3.4.4.	37,593	404,814
			b)	Social security authorities		75,576	59,337
			c)	Other creditors	3.4.5.		
				i) becoming due and payable within one year		1,372,879	4,824,556
				ii) becoming due and payable after more than one year		12,161,355	-
	TOTAL (CAPITAL, RESERVES AND LIABILITIES)					**667,556,188**	575,975,867

The notes in the annex form an integral part of the annual accounts.

Profit and loss account for the period ended 31 December 2022

			Notes	2022 €	2021 €
4.		**Other operating income**	**4.1.**	**33,618,718**	35,212,340
5.		**Raw materials and consumables and other external expenses**		**(26,206,688)**	(57,501,272)
	a)	Raw materials and consumables		(8,419)	(3,396)
	b)	Other external expenses	4.2.	(26,198,269)	(57,497,876)
6.		**Staff costs**	**4.3.**	**(3,229,597)**	(13,524,639)
	a)	Wages and salaries		(3,035,754)	(13,392,369)
	b)	Social security costs		(193,033)	(130,320)
	i)	relating to pensions		(125,954)	(81,840)
	ii)	other social security costs		(67,079)	(48,480)
	c)	Other staff costs		(810)	(1,950)
7.		**Value adjustments**		**(3,150,086)**	(706,695)
	a)	in respect of formation expenses and of tangible and intangible fixed assets	3.1.	(31,616)	(23,902)
	b)	in respect of current assets	3.2.1.	(3,118,470)	(682,793)
8.		**Other operating expenses**	**4.4.**	**(643,633)**	(948,517)
9.		**Income from participating interests**		**133,544,092**	50,033,245
	a)	derived from affiliated undertakings	**4.5.**	133,544,092	50,033,245
10.		**Income from other investments and loans forming part of fixed assets**		-	177,396
	a)	derived from affiliated undertakings	3.1.2.	-	177,396
	b)	other income not included under a)		-	-
11.		**Other interest receivable and similar income**		**22,198,549**	11,044,612
	a)	derived from affiliated undertakings	4.6.	19,670,525	11,010,775
	b)	other interest and similar income	4.7.	2,528,024	33,837
13.		**Value adjustments in respect of financial assets and of investments held as current assets**	**4.8.**	**26,398**	-
14.		**Interest payable and similar expenses**		**(22,636,266)**	(12,104,236)
	a)	concerning affiliated undertakings	4.9.	(18,780,731)	(11,810,989)
	b)	other interest and similar expenses	4.10.	(3,855,535)	(293,247)
15.		**Tax on profit or loss**		**(1,724,044)**	(713,793)
16.		**Profit after taxation**		**131,797,443**	10,968,441
17.		**Other taxes not shown under items 1 to 16**	**4.11.**	**(4,815)**	(4,815)
18.		**Profit for the financial year**		**131,792,628**	10,963,626

The notes in the annex form an integral part of the annual accounts.

1 GENERAL

Majorel Group Luxembourg SA (the "Company") was incorporated on 12 September 2018 as Reinhard Mohn Luxembourg Sarl and organised under the laws of Luxembourg as a "Société à responsabilité limitée" for an unlimited period.

By resolution dated 4 January 2019 the Company was renamed to ACR - Advanced Customer Relation Sarl and by resolution dated 30 August, 2019 the Company was renamed to Majorel Group Luxembourg SA. In addition, it was resolved to change the legal form from a private limited company (société à responsabilité limitée) into a public limited company (société anonyme).

The Company is registered in the Commercial Register RCS Luxembourg under number B 227626.

The registered office of the Company is established at 18, Boulevard de Kockelscheuer, L-1821 Luxembourg.

The Company's financial year starts on 1 January and ends on 31 December of each year.

The purpose of the Company is the acquisition, holding, management and disposal of participations and any interests, in Luxembourg or abroad, in any companies and/or enterprises in any form whatsoever. The Company may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company and/or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

On 24 September 2021, the Company completed the initial public offering of its own shares on the Euronext Amsterdam NV ("Euronext Amsterdam") stock exchange. At 31 December 2022, the Company's share price was €20.50 (2021: €27.88) per share.

The Company also prepares consolidated financial statements which are published according to the provisions of the law and may be obtained at its registered office and on its official website.

The Company is included in the consolidated financial statements of Bertelsmann SE & Co. KGaA, a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Strasse 270, D-33311 Gütersloh, Germany. The consolidated financial statements of Bertelsmann SE & Co. KGaA (the "Group") may be obtained at its registered office and on its official website.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the Amended Law, dated 19 December 2002, determined and applied by the Management Board.

The annual accounts have been prepared under the historical cost convention. The annual accounts have been prepared on the going concern basis which the Directors believe to be appropriate.

All monetary amounts in the notes are in EUR unless otherwise indicated.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management Board to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore fairly present the financial position and results.

The Company makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next financial year(s). Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 Foreign currency translation, foreign exchange risks and derivatives

The Company maintains its accounts in EUR.

Transactions in foreign currencies are recorded at the rate of exchange ruling on the transaction date. With the exception of non-monetary fixed assets, all assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Related realised and unrealised gains and losses are recognised in the profit and loss account.

Unrealised losses and gains resulting from the revaluation of the foreign currency derivative contracts (internal and external) are recognised in the profit and loss account with a counterpart in the balance sheet in “Other creditors” or “Other debtors”, respectively.

2.3 Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto or at production costs, less cumulated amortization amounts written off and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The intangible assets consist of trademark rights, which are amortised on a linear basis over a period of 10 years.

2.4 Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto or at production cost. They are depreciated over their estimated useful economic lives. Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Estimated useful lives are as follows:

- Other fixtures and fittings, tools and equipment: three to five years.

2.5 Financial assets

Shares in affiliated undertakings, participating interests and loans to affiliated undertakings are valued at acquisition cost or at their nominal value, including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Management Board, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Investments are classified as affiliated undertakings if the Company is able to exercise control over the company concerned.

Dividends from shares in affiliated undertakings are recognised in the profit and loss account when declared by decision of the General Meeting.

2.6 Debtors

Debtors are recorded at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.7 Cash at bank and in hand

Bank balances and cash in hand are carried at nominal value. Foreign currency holdings are carried at the applicable exchange rate at the balance sheet date.

The Company reports in the balance sheet the net amount of the debit and credit positions of the bank accounts when these positions relate to the same nature of bank account with the same currency in the same bank and a netting agreement exists with the bank. If these conditions are not met, credit positions are recorded as bank overdrafts in "Amounts owed to credit institutions".

2.8 Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

2.9 Subscribed capital

Subscribed capital is recognised at the nominal amount.

2.10 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

2.11 Creditors

Creditors are stated at their reimbursement value.

3 BALANCE SHEET

3.1 Fixed assets

The movements for the year are as follows:

Cost	31.12.2021 €	Additions €	Disposal/ Reimbursement €	Reclassified to short-term €	31.12.2022 €
Intangible assets					
Concessions, patents, licences, trade mark and similar rights and assets	167,164	-	-	-	167,164
Total Intangible assets	167,164	-	-	-	167,164
Tangible assets					
Other fixtures and fittings, tools and equipment	29,717	20,975	-	-	50,692
Total Tangible assets	29,717	20,975	-	-	50,692
Financial assets					
Shares in affiliated undertakings	311,539,872	63,180,924	-	-	374,720,796
Loans to affiliated undertakings	18,830,213	-	(10,330,213)	(8,500,000)	-
Participating interests	1,227,164	-	-	-	1,227,164
Total Financial assets	331,597,249	63,180,924	(10,330,213)	(8,500,000)	375,947,960
Total Fixed assets	**331,794,130**	**63,201,899**	**(10,330,213)**	**(8,500,000)**	**376,165,816**

Amortisation, depreciation and write-downs	31.12.2021 €	Allocations €	Reversals €	31.12.2022 €	Net book value 31.12.2021 €	Net book value 31.12.2022 €
Intangible assets						
Concessions, patents, licences, trade mark and similar rights and assets	38,833	17,303	-	56,136	128,331	111,028
Tangible assets						
Other fixtures and fittings, tools and equipment	7,080	14,313	-	21,393	22,637	29,299
Financial assets						
Shares in affiliated undertakings	-	656,395	-	656,395	311,539,872	374,064,401
Loans to affiliated undertakings	-	-	-	-	18,830,213	-
Participating interests	-	-	-	-	1,227,164	1,227,164
Total Fixed assets	**45,913**	**688,011**	**-**	**733,924**	**331,748,217**	**375,431,892**

3.1.1 Shares in affiliated undertakings

In 2022, "Shares in affiliated undertakings" evolved as follows:

	€
Balance as of 31.12.2021	311,539,872
Increase	62,524,529
Balance as of 31.12.2022	**374,064,401**

On 9 February 2022, the Company founded Majorel Greece LLC and contributed an amount of €999 into its subscribed capital and capitalized acquisition costs of €8,488 on this investment.

On 1 June 2022, the Company acquired the following entities:

- TEC - Tourcoing Excellence Center SAS for an amount of €5,845,429;
- Majorel Japan KK for an amount of €5,193,142;
- Majorel Korea Limited for an amount of €2,685,988;
- Majorel CX Services Iberia, S.L.U. for an amount of €2,202,647;
- Advanced Solutions Iberia, S.L.U. for an amount of €1,016,938;
- Majorel Lithuania UAB for an amount of €756,127;
- Majorel (Thailand) Ltd for an amount €384,713.

On 17 June 2022, the Company subscribed additional shares of €656,395 in Majorel UK Limited to repay the loan due to the Company and the management recorded a value adjustment of €656,395 on its investment in Majorel UK Limited.

On 1 September 2022, the Company acquired Findasense Global, S.L.U. for an amount of €16,477,441.

On 1 December 2022, the Company acquired IST Networks B.V. for an amount of €27,952,475.

In addition in 2022, the Company capitalized €142 as ancillary acquisition costs for its investment in Majorel Severna Makedonija Dooel Skopje.

Details of shares:

Name of the company	Legal form	Country	Direct % held	Acquisition cost	Value adjustments	Net	Equity at last period closed [1]	Result for last period closed [1]
Majorel Holding Deutschland	GmbH	Germany	100.0	150,557,630	-	150,557,630	179,611,608[2]	28,544,092[2]
ACR France Sarl	Sarl	France	100.0	100,000,001	-	100,000,001	117,319,399[2]	15,325,789[2]
Majorel Holding Nederland BV	BV	Netherlands	100.0	51,000,001	-	51,000,001	18,234,000[3]	2,914,000[3]
IST Networks B.V.	BV	Netherlands	100.0	27,952,475	-	27,952,475	-[6]	-[6]
Findasense Global, S.L.U.	SLU	Spain	100.0	16,477,441	-	16,477,441	1,056,553[4]	471,933[4]
Eclipse Holdings Limited	Limited	Malta	100.0	9,946,485	-	9,946,485	2,298,315[5]	25,859[5]
TEC - Tourcoing Excellence Center SAS	SAS	France	100.0	5,845,429	-	5,845,429	5,696,135[4]	886,574[4]
Majorel Japan KK	KK	Japan	100.0	5,193,142	-	5,193,142	5,816,848[2]	443,340[2]
Majorel Korea Limited	Limited	Korea	100.0	2,685,988	-	2,685,988	5,153,909[2]	336,164[2]
Majorel CX Services Iberia, S.L.U.	SLU	Spain	100.0	2,202,647	-	2,202,647	5,841,617[4]	1,434,284[4]
Advanced Solutions Iberia, S.L.U.	SLU	Spain	100.0	1,016,938	-	1,016,938	902,391[4]	205,417[4]
Majorel Lithuania UAB	UAB	Lithuania	100.0	756,127	-	756,127	6,520,420[4]	374,179[4]
Majorel (Thailand) Ltd.	Ltd	Thailand	100.0	384,713	-	384,713	1,993,236[4]	145,086[4]
Majorel Real Estate GmbH	GmbH	Germany	100.0	25,000	-	25,000	1,184,157[2]	386,769[2]
Majorel Greece LLC	LLC	Greece	100.0	9,487	-	9,487	-[6]	-[6]
Majorel Severna Makedonija Dooel Skopje	Dooel	North Macedonia	100.0	5,143	-	5,143	(194,123)[2]	(199,178)[2]
Majorel Hong Kong	Limited	Hong Kong	100.0	2,860	-	2,860	5,731,463[4]	5,737,198[4]
Majorel C LLC	LLC	Croatia	100.0	2,700	-	2,700	(433,851)[2]	(436,512)[2]
Majorel Armenia LLC	LLC	Armenia	100.0	193	-	193	(23,709)[2]	810,938[2]
EMEA CRM Hub Netherlands BV	BV	Netherlands	100.0	1	-	1	1,027,000[5]	938,000[5]
Majorel UK Limited	Limited	Great Britain	100.0	656,395	(656,395)	-	(527,377)[5]	(127,949)[5]
				374,720,796	**(656,395)**	**374,064,401**		

1) Except unless otherwise stated, amounts on a 100% basis before dividend distribution, if any, and converted at the closing rate of latest approved or audited accounts, if required.
2) As per approved 2021 accounts
3) As per approved 2020 accounts
4) As per audited 2021 accounts
5) As per audited 2020 accounts
6) Incorporated either in 2021 or 2022, no accounts filed as of date

The Management Board has assessed that the fair values of the investments except for Majorel UK Limited were above book values at 31 December 2022 and hence did not record any impairment.

3.1.2 Loans to affiliated undertakings

The promissory note of up to USD 15,000,000 granted to an affiliated undertaking, bearing interest at Libor adjusted for a margin with an outstanding principal of €10,330,213 at 31 December 2021 was reimbursed in full in 2022.

At 31 December 2021, "Loans to affiliated undertakings" also included long-term loans granted to affiliated undertakings of €8,500,000 bearing interest at a rate based on EURIBOR for Euro or equivalent base rate for non-Euro countries adjusted for a margin reflecting the specific risks attached to the group companies, and then converted into a fixed rate. At 31 December 2022, these loans were reclassified as "Amounts owed by affiliated undertakings" in line with their remaining maturities.

3.1.3 Participating interests

At 31 December 2022 and 2021, "Participating interests" related to the following:

Name of the company	Legal form	Country	Direct % held	Acquisition cost	Value adjustments	Net	Equity at last period closed [1]	Result for last period closed [1]
Ecco Gulf WLL	WLL	Qatar	49.0	1,227,164	-	1,227,164	5,835,092[2]	1,395,483[2]

1) Amount on a 100% basis before dividend distribution and converted at the 2021 closing rate.
2) As per 2021 audited accounts

The Management Board has assessed that the fair value of the investment was above book value at 31 December 2022 and hence did not book any impairment.

3.2 Debtors

3.2.1 Amounts owed by affiliated undertakings

At 31 December 2022, "Amounts owed by affiliated undertakings" consisted of:

- Cash pooling accounts receivables of €152,452,907 (2021: €118,890,704) due from affiliated undertakings, net of value adjustment €nil (2021: €682,793). The interest rate of the cash pooling is based on EURIBOR for Euro or equivalent base rate for non-Euro cash pooling, adjusted for a margin reflecting the specific risks attached to the group companies;
- Short-term loans receivable from affiliated undertakings of €23,054,817 (2021: €531,727). The interest rate of the loan is based on EURIBOR for Euro or equivalent base rate for non-Euro countries adjusted for a margin reflecting the specific risks attached to the group companies, and then converted into a fixed rate;
- Interest accrued on short-term loans of €965,877 (2021: €601,797);
- Trade accounts receivable from various group companies of €18,402,551 (2021: €16,285,195);
- Interest accrued on the promissory note €nil (2021: €226,823) (Note 3.1.2).

On 31 December 2022, the Company recorded a reversal of the value adjustment of €682,793 on the cash pooling account receivable due from an affiliated undertaking booked in 2021 as the loan was waived and invested as additional shares in the affiliated undertaking.

On 31 December 2022, the Company recorded a value adjustment of €3,118,470 (2021: €682,793) on trade receivables due from affiliated undertakings.

In 2022, total interest income from "Amounts owed by affiliated undertakings" amounted to €2,425,041 (2021: €2,063,031).

3.2.2 Other debtors

At 31 December 2022, "Other debtors" mainly related to advanced payment made for the acquisition of IST entities of €6,135,909, VAT receivables of €454,293 (2021: €nil) and to derivative financial instruments of €13,668 (2021: €174,592) corresponding to unrealised gains on foreign exchange derivative assets, all due within less than one year.

In 2021, "Other debtors" also included short-term loans to employees of €5,449,960 which were reimbursed in 2022.

3.3 Capital and reserves

	Subscribed capital	Share premium account	Legal reserves	Profit or loss brought forward	Profit or loss for the financial year	Total
As at 31 December 2021	**1,000,000**	**255,370,005**	**-**	**(2,193,130)**	**10,963,626**	**265,140,501**
Allocation of 2021 results	-	-	-	10,963,626	(10,963,626)	-
Dividend distribution	-	(24,000,000)	-	(8,000,000)	-	(32,000,000)
Transfer	-	-	100,000	(100,000)	-	-
Profit for the financial year	-	-	-	-	131,792,628	131,792,628
As at 31 December 2022	**1,000,000**	**231,370,005**	**100,000**	**670,496**	**131,792,628**	**364,933,129**

3.3.1 Subscribed capital

At 31 December 2022, "Subscribed capital" amounted to €1,000,000 (2021: €1,000,000) and was represented by 100,000,000 shares (2021: 100,000,000 shares) with an accounting par value of €0.01 each and fully paid up.

Since an extraordinary shareholders's meeting held on 6 September 2021, the articles of association of the Company include an authorised share capital clause which authorises the management board, for a period of five years as from the date of the publication of the resolution and subject to the prior consent of the Supervisory Board, to increase the issued share capital on one or more occasions up to an aggregate amount of €3,000,000, with or without the issue of up to 200,000,000 new shares having an accounting par value of €0.01 each, as well as the same rights as the existing issued shares.

3.3.2 Share premium account

On 20 June 2022, the general meeting of shareholders resolved to declare and pay a dividend of €32,000,000 to the shareholders. Out of the €32,000,000, €24,000,000 was paid out of share premium account and €8,000,000 from profit or loss brought forward.

As a result, at 31 December 2022, "Share premium account" amounted to €231,370,005 (2021: €255,370,005).

3.3.3 Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders. On 20 June 2022, the general meeting of shareholders resolved to transfer €100,000 from profits of 2021 to legal reserves.

3.4 Creditors

3.4.1 Amounts owed to credit institutions

At 31 December 2022, "Amounts owed to credit institutions" included the following:

- Credit facility for a total amount of €70,000,000 (2021: €70,000,000) less transaction costs bearing interest at a rate of EURIBOR 3M plus a margin of 0.85% and maturing on 31 December 2025 and a multicurrency revolving loan facility of €60,000,000 (2021: €nil) less transaction costs bearing interest at a rate of EURIBOR 3M plus a margin 0.65% and maturing on 16 December 2024. The facility also included a net leverage covenant the Company complied with. At 31 December 2022, the amount borrowed under the agreement amounted to €129,564,476 (2021: €69,669,025);
- Interest accrued on above loans of €130,466 (2021: €19,833).

3.4.2 Trade creditors

At 31 December 2022, "Trade creditors" related to payables and outstanding invoices mainly for services rendered in the ordinary course of business.

3.4.3 Amounts owed to affiliated undertakings

At 31 December 2022, "Amounts owed to affiliated undertakings" consisted of:

- Cash pooling accounts payable from various group companies of €117,520,308 (2021: €80,261,765). The interest rate of the cash pooling is based on EURIBOR for Euro or equivalent base rate for non-Euro cash pooling, adjusted for a margin reflecting the specific risks attached to the group companies;
- A short-term loan granted by an affiliated undertaking on 28 October 2021 of €34,700,000 for a term of two years, bearing interest at a rate of 1.50 per cent. Interest accrued on the loan amounted to €603,210 (2021: €81,284);
- Trade accounts payable to various group companies of €3,409,798 (2021: €31,608,777);
- Other payables of €384,014 (2021: €384,014).

At 31 December 2021, they also included a short-term loan granted by an affiliated undertaking on 11 January 2021 of €65,371,000 maturing on 30 December 2022 as well as a short-term loan originally granted by an affiliated undertaking on 19 December 2018 of €20,000,000 maturing on 19 December 2022. Both loans were reimbursed in 2022.

In 2022, interest expenses from "Amounts owed to affiliated undertakings" amounted to €2,412,099 (2021: €1,682,787).

3.4.4 Tax authorities

The Company is subject in Luxembourg to the general tax regulations applicable to all companies. The Company has received final assessments for income tax up to 2021 and net wealth tax up to 2022.

3.4.5 Other creditors

At 31 December 2022, "Other creditors becoming due and payable within one year" mainly included amounts payable to staff of €1,095,190 (2021: €4,685,387).

At 31 December 2022, "Other creditors becoming due and payable after more than one year" mainly included earn-out consideration of €12,062,920 (2021: €nil) for acquired entities, IST Networks B.V. and Findasense Global, S.L.U..

4 PROFIT AND LOSS ACCOUNT

4.1 Other operating income

In 2022, "Other operating income" mainly related to management service charges and other charges to affiliated undertakings of €13,359,751 (2021: €18,520,910) and trade mark fees of €19,532,489 (2021: €12,735,882).

4.2 Other external expenses

	2022	2021
Auditing, accounting, consulting and legal expenses	11,997,240	8,933,225
Recharged expenses from affiliated undertakings	11,401,560	39,930,468
Insurance costs	1,003,340	2,279,405
Cloud- and IT-services	823,122	5,211,833
Rent	256,844	4,841
Travelling and entertainment expenses	198,887	21,912
Other expenses	517,276	1,116,192
Total	**26,198,269**	57,497,876

The decrease in other external expenses is mainly due to one-off IPO costs incurred in 2021.

The comparative figures for 31 December 2021 was changed to ensure comparability with the figures for the year 2022.

4.3 Staff costs

During 2022, the Company had an average staff of 21 employees (2021: 14) who were dedicated to corporate functions including 2 directors.

4.4 Other operating expenses

In 2022, "Other operating expenses" mainly included fees for the supervisory board of €471,782 (2021: €158,889).

4.5 Income from participating interests derived from affiliated undertakings

In 2022," Income from participating interests derived from affiliated undertakings" related to dividends received of €133,544,092 (2021: €50,033,245).

4.6 Other interest receivable and similar income derived from affiliated undertakings

In 2022, "Other interest receivable and similar income derived from affiliated undertakings" consisted of:

	2022	2021
Foreign exchange gains, net	17,117,005	8,947,744
Interest income from cash pooling account receivable	1,825,590	1,824,176
Interest income from short-term loans and other	727,930	238,855
Total	**19,670,525**	11,010,775

Net foreign exchange gains related to:

	2022	2021
Realised net foreign exchange gains on foreign currency derivatives	9,766,764	1,566,648
Realised net foreign exchange gains	6,771,801	189,531
Unrealised net foreign exchange gains	432,278	7,162,672
Unrealised net foreign exchange gains on foreign currency derivatives	146,162	28,893
Total	**17,117,005**	8,947,744

4.7 Other interest and similar income

In 2022, "Interest and similar income" mainly related to interest income from banks and other of €12,459 (2021: € nil) and foreign exchange gains of €2,515,565 (2021:€33,722).

4.8 Value adjustments in respect of financial assets and of investments held as current assets

In 2022, "Value adjustments in respect of financial assets and of investments held as current assets" comprised of a value adjustment on the Company's investment in Majorel UK Limited of €656,395 (Note 3.1.1.) and a reversal of the value adjustment on the cash pooling account receivable from that entity of €682,793 (Note 3.2.1.).

4.9 Interest payable and similar expenses concerning affiliated undertakings

In 2022, "Interest payable and similar expenses concerning affiliated undertakings" consisted of:

	2022	2021
Foreign exchange losses, net	16,368,632	10,128,202
Interest expenses from loans	1,952,601	1,554,949
Interest expenses from cash pooling accounts payable	459,498	127,838
Total	**18,780,731**	11,810,989

Net foreign exchange losses related to:

	2022	2021
Realised net foreign exchange losses on foreign currency derivatives	11,149,640	8,828,288
Unrealised foreign exchange losses	4,905,439	28,693
Unrealised net foreign exchange losses on foreign currency derivatives	178,319	193,409
Realised foreign exchange losses	135,234	1,077,812
Total	**16,368,632**	10,128,202

4.10 Other interest and similar expenses

In 2022, "Other interest and similar expenses" consisted of:

	2022	2021
Realised foreign exchange losses	2,099,057	-
Interest expenses	1,478,015	257,075
Commissions on guarantees	37,978	27,543
Other	240,485	8,629
Total	**3,855,535**	293,247

4.11 Other taxes not shown under items 1 to 16

In 2022, "Other taxes not shown under items 1 to 16" related to net wealth tax.

5 OFF-BALANCE SHEET COMMITMENTS

The Company had the following off-balance sheet commitments:

- rental guarantees with affiliated undertakings of €4,804,267 (2021: €2,620,665);
- bank guarantees of €8,704,168 (2021: €8,339,472);
- other guarantees of €9,375,586 (2021: €8,829,242);
- future rental lease payments for office space of €666,295 (2021: €nil).

The bank guarantee of AED 9,450,000 (€2,294,960) as well as the two letters of support for a total amount of €12,000,000 open at 31 December 2021 ended in 2022.

6 SUBSEQUENT EVENTS

Majorel UK Limited has been liquidated on 17 January 2023.

7 RELATED PARTIES AND RELATED PARTIES TRANSACTIONS

At 31 December 2022, the shareholders of the Company were Bertelsmann Luxembourg Sarl (39.5%), Saham Customer Relationship Investments Sarl (former Globex Investments Sarl) (19.8%) and Saham Outsourcing Luxembourg Sarl (19.7%). Management of Majorel Group holds 0.9% of the issued share capital of Majorel. The rest was held as free float.

During the year 2022, all transactions entered into with related parties were carried out at arm's length.

Luxembourg,

Majorel Group Luxembourg SA

....	....
(Dr. Thomas Mackenbrock)	(Otmane Serraj)

Statutory Auditors' Report on the Annual Accounts

9. Statutory Auditors' Report on the Annual Accounts

To the Shareholders of
Majorel Group Luxembourg S.A.
18, Boulevard de Kockelscheuer
L-1821 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Majorel Group Luxembourg S.A. (the "Company"), which comprise the balance sheet as at 31 December 2022, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2022 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF").
Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Management is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement, presented within the publicly available consolidated financial statements of the Company, but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the annual accounts

The Management is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

The Management is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the annual accounts, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.
Our responsibility is to assess whether the annual accounts have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

— Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Shareholders on 20 June 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two years.

The combined management report, presented within the publicly available consolidated financial statements of the Company, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the combined management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the annual accounts of the Company as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to:

- Annual accounts prepared in a valid xHTML format.

In our opinion, the annual accounts of Majorel Group Luxembourg S.A. as at 31 December 2022, identified as Annual_accounts_Majorel_Luxembourg_Group_S.A._2022.xhtml, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the annual accounts of Majorel Group Luxembourg S.A. as at 31 December 2022, identified as Annual_accounts_Majorel_Luxembourg_Group_S.A._2022.xhtml prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 13 March 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Thierry Ravasio
Partner

Find out more about what it takes to be a global CX leader at majorel.com

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