

**TMF**  
GROUP

**Global reach**  
Local knowledge

S. G. D. D. M. A. 03.01.18  
TMF GROUP LIMITED

**TMF Sapphire Midco B.V.**  
Year ended 31 December 2020

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# ANNUAL REPORT

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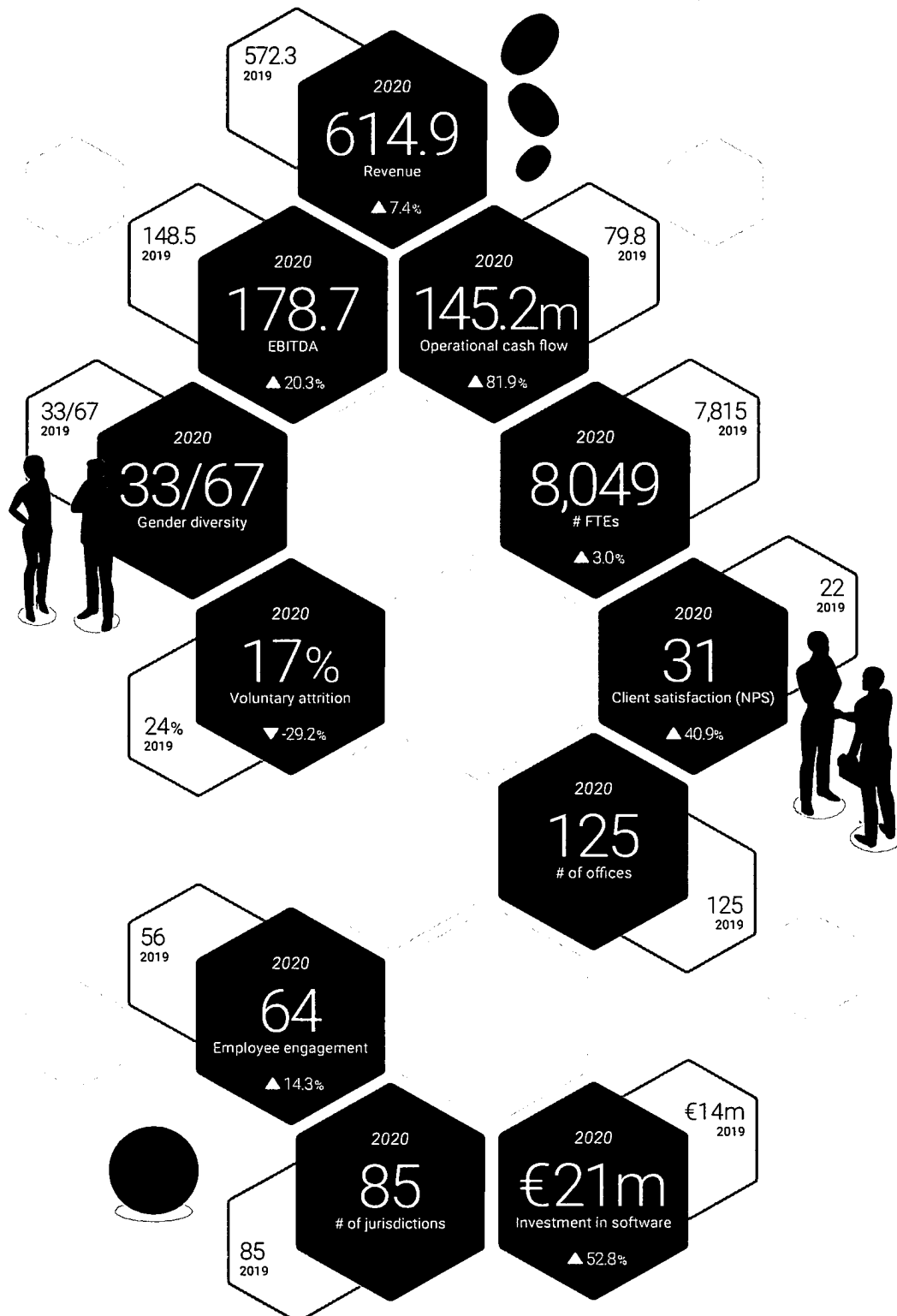


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## TMF AT A GLANCE



## LETTER FROM THE CEO

TMF exists to help our clients invest and operate safely around the world. We manage complex administration – from legal entity compliance to accounting and payroll – across 85 countries as a high quality, responsive partner to our clients. We make a complex world simple, allowing our clients to access the world's most exciting markets by managing for them the often unfamiliar and strictly enforced rules that those jurisdictions can bring.

At TMF we went into 2020 having done a lot of work in the previous 18 months of new ownership and leadership to put our business on solid foundations for the future. That focused on our One TMF programme with a simpler management structure, global client service model and employee engagement plan. With the on set of Covid-19, our immediate focus narrowed to keeping colleagues safe and protecting client service. As an example, we put together a listing of what is now 1,300 government support schemes with links to them for our clients to access and the offer of help with the application where needed. We also helped our colleagues move to home-working and stay safe as infections increased in most countries. We got a lot done in 2020 from risk management to digitisation, but the most important thing was a big improvement in our colleague engagement and client satisfaction, the two bedrocks of any professional service firm.

We have just over 8,000 clients, the majority being multinational corporates and financial institutions able to benefit from us providing a consistent service across their locations. In many instances we serve them in just a few of their locations, representing an obvious geographic opportunity for future growth. We have created a global client service model so that we can ensure responsive, controlled oversight for our clients in any and all of the countries they operate in. The result is an improvement in client retention and expansion that is sustainable for the future and which helped us deliver 7% revenue growth in 2020.



MARK  
WEIL  
CEO

We have almost 9,000 colleagues on the ground in 85 countries, but often working in small scale teams and with local technology. In 2020, we helped them by automating our processes, moving to common instances of delivery technology in key locations and hiring new roles into regional support centres to reinforce client service. We also moved 1,000 colleagues onto our new global workflow management tool and launched Kraios, our new digital interface for our clients. The result was a significant step up in client service quality and productivity that helped us deliver a 20% increase in EBITDA in 2020 and which provides a sustainable basis for EBITDA growth to continue to outpace revenue growth.

Finally, we used 2020 to improve our controls over various aspects of our costs, risks and cash. As a result, we finished 2020 with solid results, a simpler and more effective management structure and a stronger liquidity position.

Times of crisis are moments when firms find out what their true values are. I am enormously proud of how our team responded at a time of personal stress for them to help our clients in their moment of need. I want to thank my colleagues for what they achieved in 2020 and the big step they took to make TMF the way for our clients to invest and operate safely around the world.

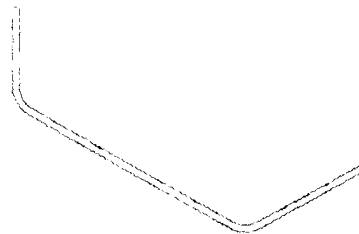
Mark Weil | CEO

“

Times of crisis are moments when firms find out what their true values are. I am enormously proud of how our team responded at a time of personal stress for them to help our clients in their moment of need.

”





## OUR STRATEGY

TMF Group exists to help our clients invest and operate safely around the world. We provide compliance and administrative services in over 85 jurisdictions. Our broad footprint and set of services allow us to handle clients' critical administration across their portfolio of legal entities around the world in one safe, controlled environment.

Our services cover the critical administrative requirements to manage legal entities efficiently and compliantly. They are managed in four global service lines:

- Accounting and Tax (A&T)
- HR and Payroll (HRP)
- Global Entity Management (GEM)
- Other, including Consultancy solutions.

Our clients include many of the world's leading institutions including, for example, the majority of the Forbes500 and FTSE100. For reporting purposes, we group them as follows:

- Corporates (about 65% of 2020 total revenue)
- Financial institutions including Funds and Capital Markets (about 30% of 2020 total revenue)
- Family offices (about 5% of 2020 total revenue)

## THE WAY TO INVEST & OPERATE SAFELY AROUND THE WORLD

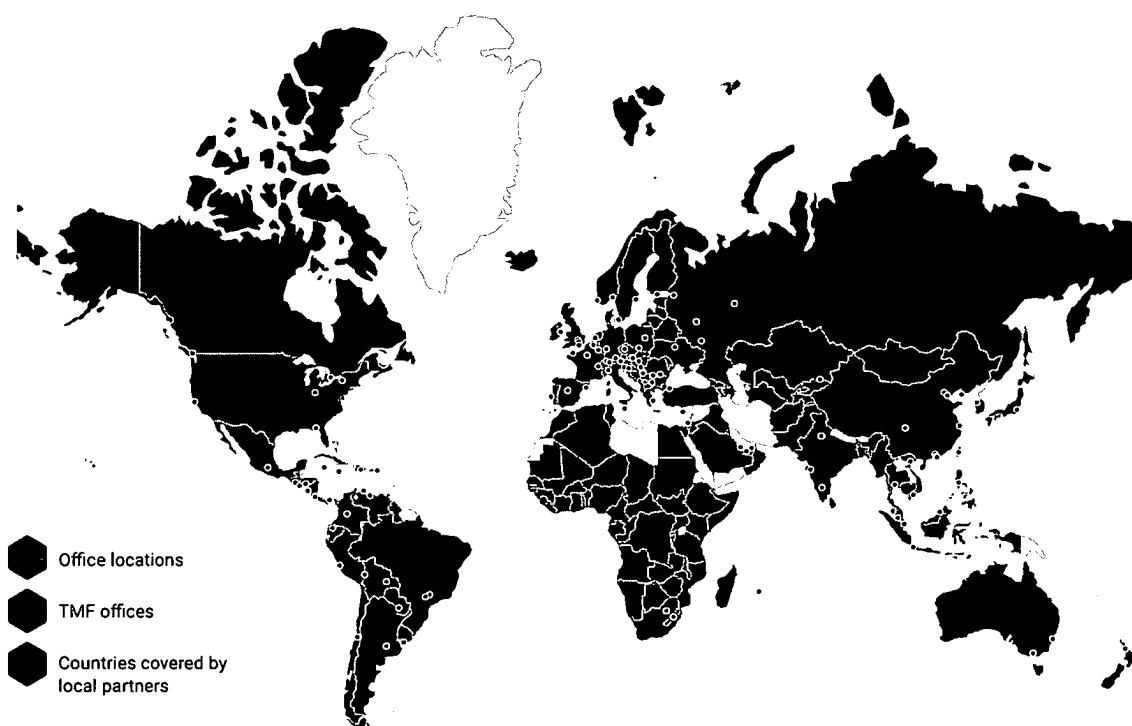
### Our proposition

Critical administration in critical locations



## Our platform

Almost 9,000 people on the ground in 85 countries



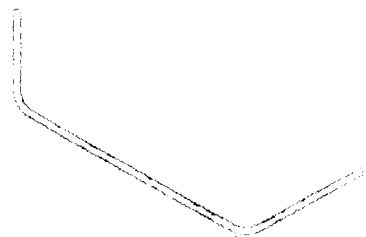
TMF Group organises its 85 countries into 21 markets which are in turn grouped into 5 regions – International, APAC, EMEA, Iberia & Latam and North America. We have experts on the ground in these locations serving clients locally and as part of global client teams.

TMF has been in business serving clients for over 30 years. We have grown steadily through those decades and several global crises as a result of our resilience which stems from the following factors:

**We operate in a large, growing and fragmented market.** We address a €14bn market that is growing rapidly as firms seek help dealing with increasing regulatory complexity whether employment law, regulatory filings or fiduciary rules. We are one of the leading firms and with an unrivalled global platform but with just 5% share have a lot of room to grow.

**We work to primarily global mandates.** Over half of our revenue now comes from clients using our services in multiple countries. That proportion is growing rapidly in response to our commercial strategy. These relationships reflect our global footprint and operating model and are inherently stickier than ones in a single country.

**We provide business critical, recurring services.** Many of the services TMF Group provides – such as regulatory filing, or accounting and tax services – are mandatory for our clients, meaning our work is seldom vulnerable to economic downturns or shifts in clients' strategies. These services are recurring, meaning we start each year with about 90% of our revenue secure and creating a stable cashflow.



**We have a diversified, blue chip client base.** TMF Group works mainly with multinational firms who themselves tend to be more resilient. Our largest client is just 1.5% of our revenue and we have low exposure to any one sector or country.

**We are investing in technology.** TMF Group has accelerated its investments in technology to enhance customer offerings, improve client satisfaction, efficiency, and reduce risk.

**We enjoy strong cash conversion.** TMF Group benefits from strong cash flow conversion. We are a service-focused business with relatively modest need for investment in property, plant or equipment and IT software.

**We apply robust controls.** Our Board is supported by a central governance function operating to the 3 lines of defence model. TMF Group has a centralised KYC function and each employee is responsible for adhering to group-wide AML/CFT and sanctions policies. We have also invested in areas of critical risk such as cyber security including recent measures to enhance data security with more people working from home and on laptops.

**We help our clients invest and operate safely around the world.** We provide the administrative services they need to run legal entities compliantly and efficiently, including accounting and tax filings, employee administration and payroll, incorporation and fiduciary oversight and regulatory services.

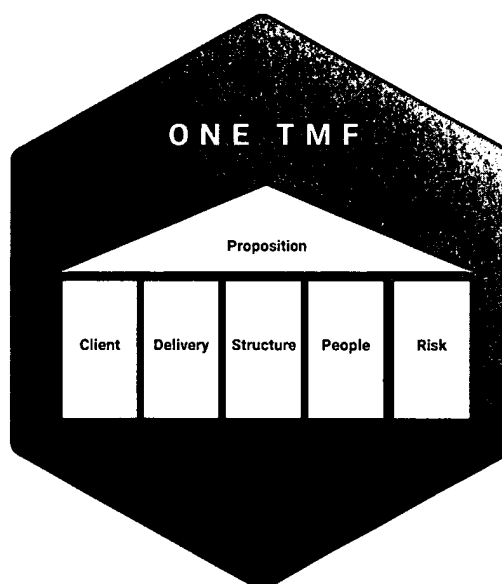
Within the broad space of administrative services, our strategy is to become the best solution for firms with multinational entities to look after. Our unique footprint in 85 of the world's most attractive investment hubs and economies and our blend of services mean that we can manage operating and investment vehicles in all locations.

Particular elements of our strategy are reflective of that overall goal:

## WE CREATED ONE TMF

End 2020  
Global foundations

- Global Client focus
- Engaged colleagues
- Effective structure
- Strong controls



By End 2021  
Global proposition

- Digital spine
- Global service model
- Go-to GEM solutions
- White space capture



## OUR VISION AND PURPOSE

### OUR PURPOSE

We make a complex world simple. We exist to help our clients invest and operate around the world, speedily, securely and efficiently. We are proud of the role our people play in driving investment and economic growth, making for a more connected and prosperous world.

We recognise that the world's most attractive markets are often also the most complex to do business in. Our people provide the administrative services to set up and run compliantly; from incorporation and fiduciary oversight to regulatory filings, accounting, tax and payroll, whether for corporates, family offices, funds or capital markets.

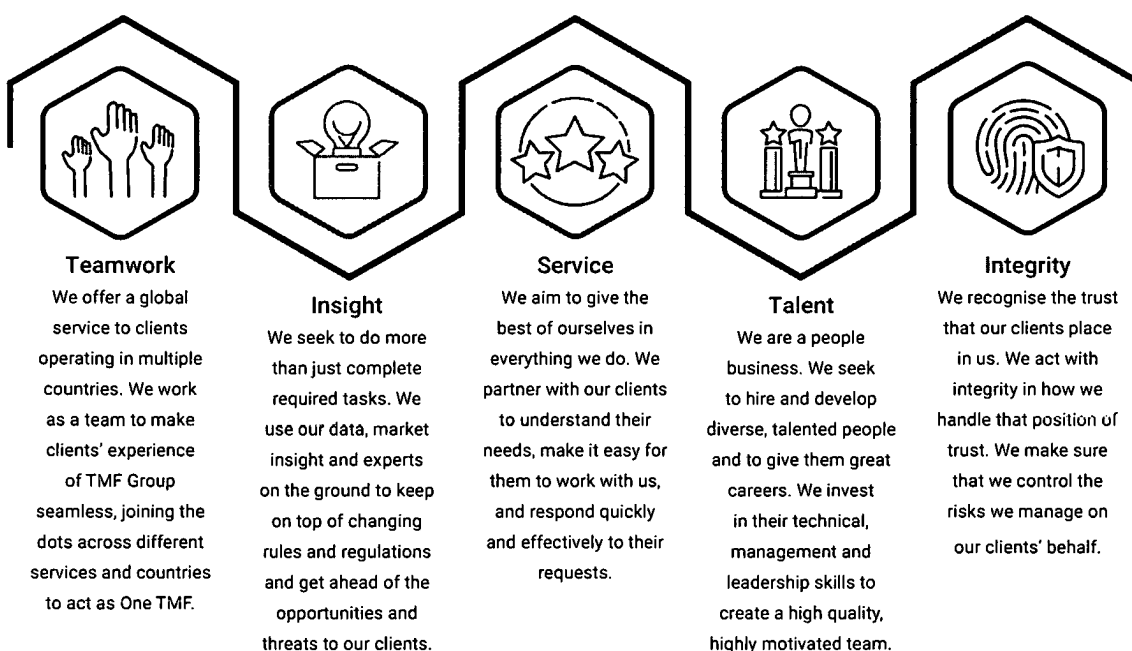
### OUR VISION

From its origins in the Netherlands, TMF has been built over almost 30 years into the leading global player in its field, offering a complete range of administrative support with almost 9,000 people in 85 countries.

We want to be the way to access the world's most exciting markets, making them easy and safe for our clients to invest and operate in. We will be enabled by technology, but powered by our people, with their local knowledge and insight at the heart of our proposition.

### OUR VALUES

Our values reflect the way that we run TMF Group, what we expect from our people and how we serve our clients.



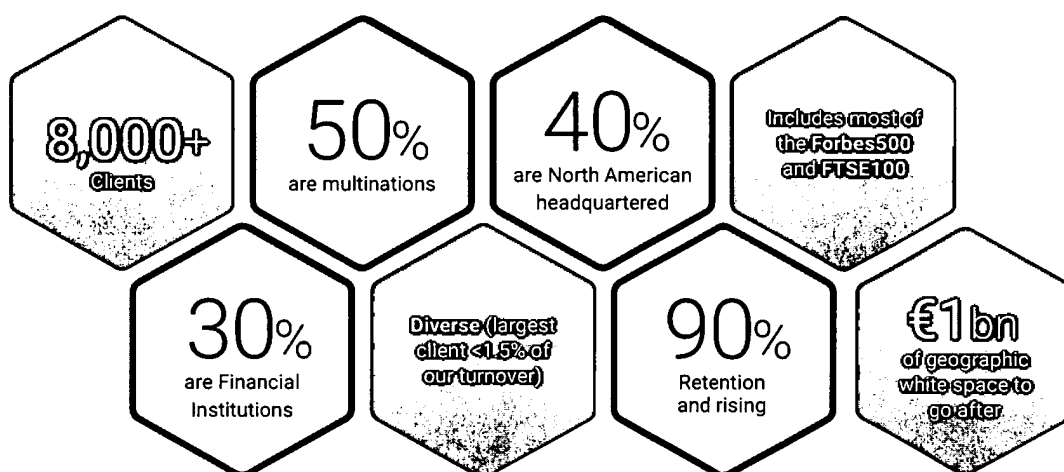


## OUR CLIENTS

### GROW WITH OUR CLIENTS

We have put client care at the top of our agenda, introduced senior client sponsorship roles and measures of local service quality. As a result, we have seen a doubling of client responses to our surveys (nearly 5,000 clients' responses in 2020 compared to 2,500 in 2019) and a 30% increase in our Net Promotor Score (NPS) versus 2019. The result has been a 3 ppt drop in client attrition since 2019. A distinct feature of TMF Group is that we serve many of our clients in only a few of their locations reflecting a history of more local client marketing. We have identified around €1bn of revenue opportunity by serving 1,400 high potential clients in their other locations for the services that they already use us for. We have constructed a consolidation campaign around this as an important part of our growth plan.

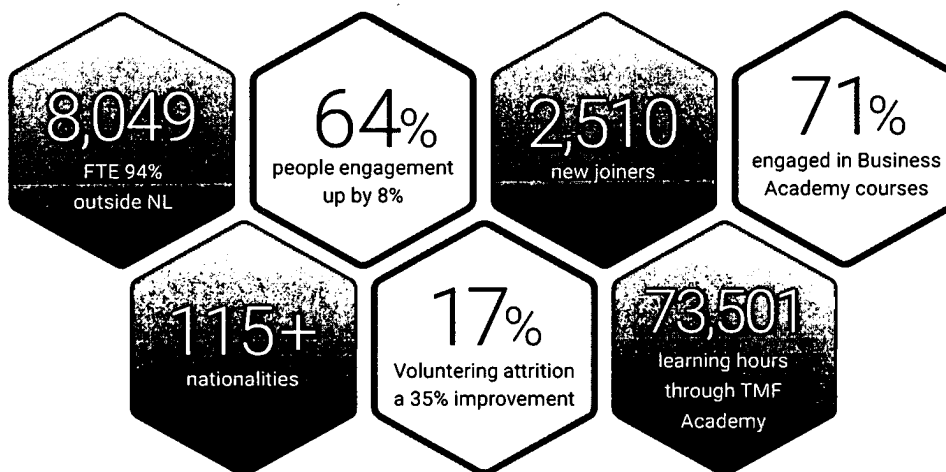
### WE HAVE AN AMAZING SET OF CLIENTS



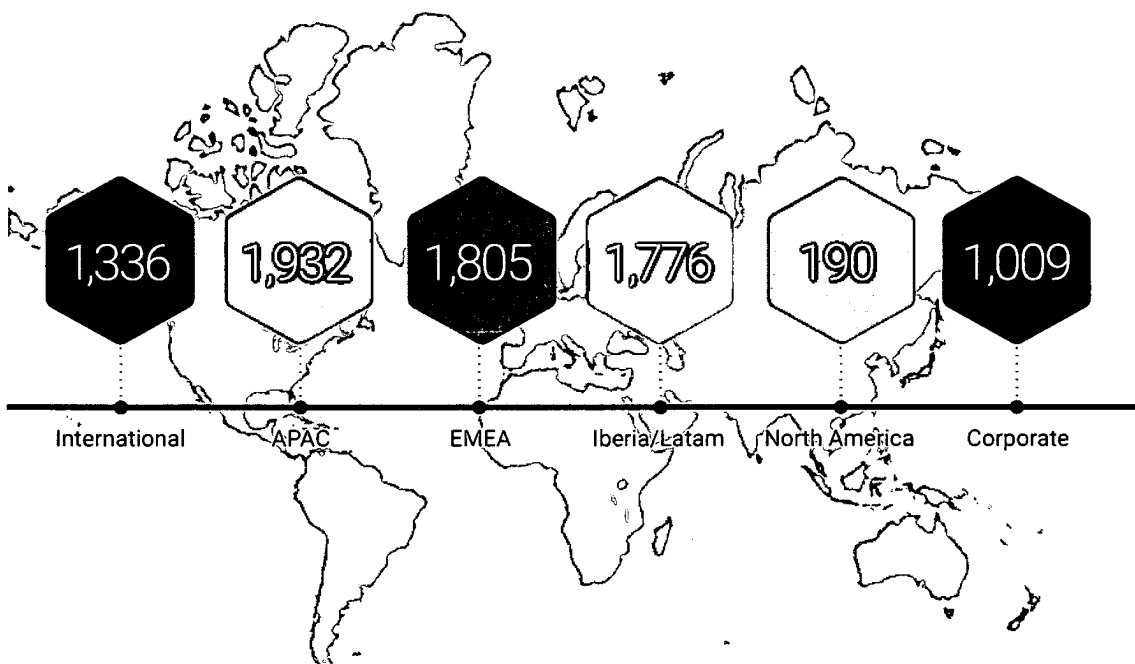
## OUR PEOPLE

### INVEST IN OUR PEOPLE

Our client service ultimately hinges on the quality and motivation of our people. As such, we have invested in their engagement and development. That includes a relaunch of our purpose and values supported by our One TMF campaign. We also launched the TMF Academy - 71% of TMF employees engaged in Business Academy courses, attending in total over 73,501 learning hours. As a result of these efforts, we have seen an 8% step up in colleague engagement and a commensurate fall in colleague voluntary attrition over the last two years to a level currently at around 17% on a LTM basis.



### AVERAGE FTE BY REGION



## RISK MANAGEMENT

TMF Group's business is subject to risks and uncertainties both as a firm in our own right and as a partner to our clients in providing them with critical services within local rules and regulations. Our ability to provide clients with reliable services, safe from regulatory concerns, fraud, cyber attack and other potential impacts is inherent to our reputation and proposition. We therefore see risk management as an integral part of client delivery and the most important thing for us to get right. It is a pillar in our One TMF framework and occupies a key part of our management agenda.

Our aim is not to eliminate risk, which would anyway be impossible, but to control risk by taking informed decisions. We manage risk following the standard three lines of defence model (Business, Compliance and Internal Audit). We also manage risk in an ERM (Enterprise Risk Management) framework to provide structure and focus. Regardless of these technical approaches to risk management, we believe that good risk management ultimately stems from leadership signaling that it matters. We therefore set a strong tone from the top at TMF Group, with regular discussion and challenge on risk in our staff communication, training and management review sessions. As an example, we put a lot of work into our KYC process in 2020 with a dedicated task-force, management oversight and rapid improvement in the associated KPI that were reported on monthly at market level.

The risks that have the greatest potential impact on TMF Group are referred to as the 'principle risks'. They have the potential to have a material adverse impact on our business, whether financial or reputational. The principle risks TMF Group currently recognizes and is acting on are listed below, along with our actions to mitigate them. They are categorized as strategic, operational and financial and listed in that order.

### UNABLE TO ATTRACT AND RETAIN TALENT (STRATEGIC)

#### Risk Description

TMF Group is dependent on its ability to retain and attract the key people it needs to execute its strategy.

A higher turnover rate among employees could potentially increase recruitment and training costs and could materially adversely impact the quality of services TMF Group provides to its clients. At the most basic level, high staff turnover leads to poorer client service as well as weaker compliance with core procedures such as documentation and filing.

#### Planned controls and mitigations

TMF Group has made colleague engagement a KPI for its One TMF programme. That has included ensuring that we offer a competitive employee value proposition, but also that we invest in colleagues from their onboarding into TMF Group to their performance management and personal development with us. We are also creating regional delivery centres (RDCs) partly to provide scale, stable support for local teams that are often staffed by fewer people in highly mobile labour markets where all competitors suffer from elevated turnover.

In 2020, voluntary staff turnover continued to decrease as it had done for the previous two years, with a step up in colleague engagement in response to our handling of colleague welfare during COVID-19.

## UNABLE TO ACQUIRE OR INTEGRATE NEW BUSINESSES (STRATEGIC)

### Risk Description

Since TMF Group's formation in 1988, we have grown significantly through acquisitions. Going forward, acquisitions will continue to be a driver of growth as we find businesses that add to our client capability and fit our strategy and culture. Potential uncertainties in the availability of appropriate targets and their successful integration into the organisation could mean TMF Group is unable to acquire businesses to achieve the inorganic growth component of strategic objectives. More likely, poor experience with candidate firm selection or integration could undermine our investors' confidence in our ability to acquire successfully.

### Planned controls and mitigations

TMF Group has a merger and acquisition function that possesses sufficient experience to scan the market for potential acquisition candidates and manage the M&A process. TMF Group also has an integration team in place to integrate new acquisitions in the business. We select businesses with great care for their cultural fit with TMF Group and make sure that we are only acquiring in parts of TMF Group that are well positioned to support their integration.

In 2020, TMF Group integrated the acquisitions closed in 2019. That included the carve-out of State Street's fund administration business on Channel Islands. This was probably the most complex integration TMF has ever attempted and was completed on time and in budget, contributing to our build of a world-class global funds capability. There were no acquisitions completed in 2020 (IQ Nexus and Selectra signed in 2020 and closed early 2021).

## CHANGING MARKET DYNAMICS AND REGULATION (STRATEGIC)

### Risk Description

Significant changes in TMF Group's competitive business environment and uncertainties in the regulatory environment, legislative or market changes and TMF Group's potential inability to successfully develop and market new products, could challenge delivery and may have a material adverse effect on TMF Group's business. More fundamentally, TMF Group provides a number of services that are regulated in particular jurisdictions and which require licences to operate. A regulatory sanction or loss of licence could have a significant financial and reputational impact.

### Planned controls and mitigations

TMF Group has dedicated specialised teams that monitor, track and analyse developments of the regulatory and competitive landscape closely to identify new threats and ensure pro-active development of opportunities. These changes matter both to our own compliance with relevant regulation, but also our ability to ensure clients stay compliant. We are piloting an AI tool that scans relevant global regulation changes as an enhancement to our client offering and as a help to our own management of this risk.

We manage risk through our three lines of defence. That starts with practices and markets ensuring that we are doing things in the right way and where necessary leading remedial work to correct things. We are continually investing in our risk management infrastructure including our global KYC function, ISO/ISAE quality certification and compliance monitoring.

## COMPLIANCE WITH LAWS AND REGULATIONS (OPERATIONAL)

### Risk Description

TMF Group operates in global market constantly influenced by changes in laws and regulations. These changes may have significant impact on TMF Group's business and products, and bring uncertainties to existing and prospective clients. Non-compliance with changes to laws and regulations may result in reputation damage, criticism, fines, disputes and litigation.

### Planned controls and mitigations

TMF Group has a global compliance function with dedicated compliance specialists that monitor, track and analyse developments of the regulatory landscape closely to identify changes. Changes to laws and regulations are pro-actively shared, included in policies and procedures and in training programs. TMF Group's products and business are reviewed and adjusted when required for compliance with laws and regulations.

## ABILITY TO SATISFY CLIENT REQUIREMENTS (OPERATIONAL)

### Risk Description

TMF Group's revenue and revenue growth are dependent on its ability to serve clients. Within that broad requirement, we rely on client renewal and expansion which in turn are driven by their satisfaction with our service. As such, we are exposed to any service deterioration that may impact our reputation with a particular client or more widely in our client community.

### Planned controls and mitigations

TMF Group has a diversified client base, with limited revenue concentration (our largest client is just 1.5% of group revenue). Nevertheless, we have made client care our first group value and treat our service of existing clients as the foundation for our growth. As such, we set a strong emphasis on client care in all our communication and in particular the need for prompt, corrective action at any point that a client issue arises. We measure client satisfaction periodically (CSAT and NPS metrics) and have implemented an event-driven system for monitoring client satisfaction and service quality. We have also created a specialized set of Client Service Directors and Managers for our largest and most complex relationships to ensure good co-ordination and day-to-day delivery.

## TRADE PROTECTIONISM/GEOPOLITICAL FACTORS (OPERATIONAL)

### Risk Description

TMF Group is subject to political and legal dynamics in the countries in which it operates. Some of the countries in which TMF Group operates may lack reliable legal and regulatory systems. As a broad rule, TMF Group performance is not affected by macro-economic or geo-political factors given the critical, recurring nature of services we provide and fact that most of our clients are already established in the countries where they seek our help. Indeed, increasing complexity can increase demand for our services as it adds to the burden of operating compliantly in a given jurisdiction.

Regardless, increasing protectionism and geopolitical uncertainties in key markets for TMF Group may depress macro-economic performance (GDP growth), impacting clients' levels of business activity and investment in those locations. Part of our purpose is to help 'make a complex world simple' and we seek to play our modest part in encouraging simpler, more aligned rules for doing business.



#### Planned controls and mitigations

TMF Group monitors its competitive landscape, identifying new threats and opportunities, including changes to the macro-economic, regulatory or political environment which could potentially affect TMF Group's performance. We also encourage jurisdictions to have simple, effective rules for doing business. We publish our annual Global Business Complexity Index (GBCI) which ranks over 70 jurisdictions on their ease of doing business across employment, legal and fiscal rules. We use that as a platform to encourage governments to take action to improve their ranking.

The impact of geopolitical factors on TMF Group's operations in 2020 was limited.

### TECHNOLOGY INNOVATION RISK (OPERATIONAL)



#### Risk Description

The technology environment in which TMF Group's services are delivered is changing rapidly. That ranges from new platforms with enhanced functionality, new tools for digitising and automating previously manual processes and more radical innovation using blockchain technology. TMF Group is adopting much of this technology, but recognises the risk that we do not adopt it fast enough or that new technologies reduce the value in our historic business model of expert-driven presence on the ground, making us a simple transaction processor with commensurate impact on our margins.



#### Planned controls and mitigations

TMF Group is focussed on developing and investing in technology. We created the new function and Executive Committee leader for Operations and Technology (O&T) with the aim of making sure we make use of the best technologies to serve our clients. In 2020, the total amount from investments which went live during the year regarding investment in software, licenses and equipment amounted to over €21 million (2019: €14 million). As examples, we moved over 1,000 people onto a new global workflow management tool, automated 57 processes and introduced an AI tool into our KYC process. We will continue to evolve our use of technology and in particular data insights that add value to clients beyond the core service of managing their processes compliantly.

### INFORMATION SECURITY MANAGEMENT (OPERATIONAL)



#### Risk Description

TMF Group may be the target of attempts to gain unauthorized access to its IT systems, data and funds. The nature and size of the significant inherent information security risks that the industry faces may result in loss of or unauthorized use of sensitive and confidential information. Cyber attacks in general have been increasing over the last years and which has accelerated over the last twelve months of disruption and home-working. At the same time, new regulations such as GDPR have increased the sanctions attached to data breach and mis-use.



#### Planned controls and mitigations

TMF Group has a continually improving IT security and data protection framework in place. All staff are required to complete annual awareness training programmes. At the end of 2020, 113 of our offices had successfully achieved ISO/IEC 2700:2013 accreditation, demonstrating its adherence to the highest international standards of data security and information management. We recognise that cyber security is an arms race against criminal actors and is therefore never done. As such, we do regular monitoring, risk

enhancements and auditing to check that we are staying ahead in that race. We also follow strict procedures around payments to minimise the chance of a successful fraud.

## RELIANCE OF THIRD PARTIES (OPERATIONAL)

### Risk Description

TMF Group works with and relies on third party sub-contractors (typically, where TMF Group enters into master service agreements to provide client service in jurisdictions where TMF Group does not have presence). Potential failure of a third party (including joint ventures and suppliers) to deliver services to agreed specification could lead to TMF Group's inability to fulfil client requirements, resulting in penalties, loss of client contracts and reputational damage.

### Planned controls and mitigations

TMF Group performs due diligence on all potential partners prior to contracting to ensure robust financial and operational resilience and their alignment with TMF Group standards.

## DEPENDENCE ON COUNTRIES (FINANCIAL)

### Risk Description

While our revenue is reasonably distributed, TMF Group generates a relatively large share of its revenue in the Netherlands and Luxembourg. Any significant change in client demand for TMF Group's services in the Netherlands or Luxembourg could have a significant adverse effect on TMF Group's business and financial condition.

### Planned controls and mitigations

We manage Netherlands and Luxembourg with great care – both are categorized as Markets (our key geographic unit and more typically a collection of countries) and have dedicated monthly business reviews. We look hard at our regulatory compliance and customer care in both markets. Although a significant portion of the revenue is produced by the operations in the Netherlands and Luxembourg, this revenue is generated by clients from all over the world seeking to use TMF Group's services in the Netherlands and Luxembourg to operate their international corporate structures. In other words, a change in the competitive environment there would likely simply lead to investors shifting to other jurisdictions.

## EXCHANGE CONTROL RESTRICTIONS (FINANCIAL)

### Risk Description

Exchange control restrictions or other restrictions regarding the repatriation of funds from certain countries in which TMF Group operates (including regulatory capital restrictions) could hinder our ability to make foreign investments and procure foreign denominated financing.

### Planned controls and mitigations

TMF Group regularly repatriates cash to avoid high cash balances accumulating in local offices. In countries with exchange control restrictions TMF Group may finance with local loans where that is possible. This limits the impact of potential changes in exchange control restrictions. At 31 December 2020, cash and cash equivalents of €4.5 million (2019: €4.4 million) mainly held in Turkey and Argentina are subject to local exchange control regulations.



## FOREIGN CURRENCY EXCHANGE RISK (FINANCIAL)

### Risk Description

TMF Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and related currencies. In several markets client contracts are denominated in Euros or US Dollars although this is not the functional currency in these markets. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and investments in foreign operations.

### Planned controls and mitigations

Currency exposure arising from the net assets of TMF Group's foreign operations is managed primarily through limiting the net assets in foreign operations to the extent possible. Furthermore, TMF Group aims as much as possible to invoice revenue in local currency to align with the cost base. No further hedging of foreign exchange risk takes places. As at 31 December 2020, if Euro had strengthened/weakened by 5% against the US Dollar with all variables held constant, net result would have been €3.2 million (2019: €3.1 million) lower/higher.

## INTEREST RATE RISK (FINANCIAL)

### Risk Description

Interest rate risk is the risk that unexpected interest rate changes negatively affect TMF Group's results, cash flows and equity.

### Planned controls and mitigations

It is TMF Group's policy to mitigate the effects of interest rate volatility on its results, cash flows and balance sheet within certain boundaries. TMF Group's interest rate risk mainly arises from long-term borrowings. At 31 December 2020, the interest on the external borrowings are hedged for 70%. The remainder of the interest is variable and linked to Euribor.

At 31 December 2020, if market interest rates had been 100 basis points higher/lower with all other variables held constant, then the net result would have been equal or €6.4 million lower (2019: €14.9 million).

## ACCOUNTING ESTIMATE RISK (FINANCIAL)

### Risk Description

TMF Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Impairment of goodwill;
- Recognition of deferred tax assets;
- Expected credit loss;
- Recognition of and measurements of provisions and contingencies.



#### Planned controls and mitigations

TMF Group has an experienced group finance team reporting to the Chief Financial Officer. This team is primarily responsible for proposing significant accounting estimates which are approved by the audit committee. Input from other departments within TMF Group is used where required.

Re-evaluation of the accounting estimates regarding goodwill impairment, recoverability of the deferred tax assets, impairment of trade receivables and provisions did not result in any additional adjustment recorded.

### COMPLIANCE (LEGAL & COMPLIANCE)



#### Risk Description

Unethical and/or fraudulent activities perpetrated by our employees or third parties, or a regulatory breach, could expose TMF Group to significant financial loss, legal sanctions (including potential loss of licence to operate) and reputational damage.



#### Planned controls and mitigations

TMF Group has a robust regulatory compliance framework, including a Code of Conduct. The Code of Conduct includes details of our Anti-Corruption and Anti-Bribery Policy. TMF Group maintains a 'zero tolerance' regime for any employee who knowingly breaches any laws or regulations, with all such actions reported to the Board of Directors, and potentially resulting in disciplinary action up to and including dismissal.

All staff and third parties, including subcontractors and joint ventures where TMF Group has operational control, are required to operate in accordance with TMF Group's Code of Conduct. Global communication and mandatory training programs are in place to heighten compliance awareness.

TMF Group companies will comply with the higher of local regulatory/legislative requirements or TMF Group compliance policies.

### LEGAL CLAIMS (LEGAL & COMPLIANCE)



#### Risk Description

TMF Group may be adversely affected by current, potential and pending legal or administrative proceedings initiated, or to be initiated, against it and any resulting judgements, settlements and orders rendered by competent authorities; such proceedings may increase during periods of economic downturn.



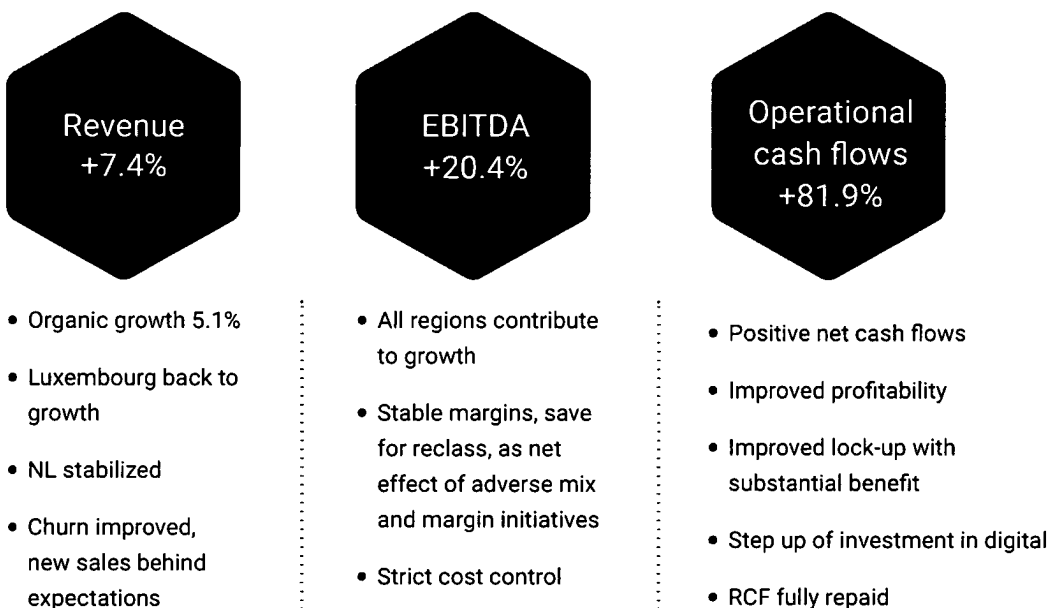
#### Planned controls and mitigations

TMF Group has a global legal function with experienced legal counsel centrally and regionally that work together and connect on the management of this risk. TMF Group has compliance and operating policies and client acceptance procedures, as well as strict contracting procedures in place to limit possible exposure when accepting clients. TMF Group has strict reporting and management policies and procedures in place. Claims & litigation are managed centrally by in conjunction with internal and external legal counsels and other relevant stakeholders. Every case is reviewed and evaluated and – if necessary – provided for. TMF Group maintains appropriate insurance.

In 2020, claims & litigation did not have a significant impact on TMF Group's results.

## FINANCIAL REVIEW

### 2020 FINANCIAL PERFORMANCE <sup>1</sup>



In the financial review the focus is on the full year 2020 financial performance compared to the 12 months result and cash flow of TMF Group in 2019. In 2020 TMF Group continued to pursue its strategy of investing to drive organic growth. In addition to organic growth, TMF Group grew following several acquisitions made in 2019.

TMF Group's revenue increased by 7.4% from €572.3 million (2019) to €614.9 million (2020). Adjusted for acquisitions, disposals and discontinued business revenue growth was 5.1% (2019: 3.0%). All regions contributed to organic growth during 2020.

Results from operating activities before depreciation, amortisation, impairment charges and non-underlying and separately disclosed items ("Adjusted EBITDA") increased by 20.4% from €148.5 million (2019) to €178.7 million (2020) driven by organic growth, margin initiatives and strict cost control.

Adjusted EBITDA margin increased from 26.0% in 2019 to 29.1% in 2020. All regions contributed to the EBITDA (margin) improvement in 2020.

<sup>1</sup> Management basis (statutory at constant currency (2020 average rate), EBITDA excluding impact of one-off specific items and non-underlying and separately disclosed items.

Cash generated from operations excluding cash flow from non-underlying and separately disclosed items ("Adjusted cash generated from operations") increased by €58.9 million from €79.8 million (2019) to €145.2 million (2020) mainly due to improved EBITDA and working capital reduction.

The first lien net debt ratio, the ratio of net first lien debt to EBITDA for covenant calculation was 5.8 in 2020 (2019: 6.2). As a result of EBITDA and working capital improvements partly offset by an adverse currency impact.

## K P I S

In millions of Euro	2020	2019	Growth 19-20	% Growth 19-20
<b>Revenue</b>	<b>614.9</b>	<b>572.3</b>	<b>42.6</b>	<b>7.4%</b>
Gross profit	371.0	350.2	20.8	5.9%
Gross margin	60.3%	61.2%	-	-
<b>Adjusted EBITDA</b>	<b>178.7</b>	<b>148.5</b>	<b>30.2</b>	<b>20.3%</b>
Adjusted EBITDA margin	29.1%	26.0%	-	-
Average number of FTE	8,049	7,815	234.0	3.0%
Revenue per direct FTE (in '000 Euro)	101.0	98.4	2.6	2.6%
Employee benefit expenses per FTE (in '000 Euro)	43.6	42.7	0.9	2.1%
Ratio of direct to indirect FTEs	3.1:1	2.9:1	-	-
<b>Adjusted cash flow from operating activities<sup>2</sup></b>	<b>145.2</b>	<b>79.8</b>	<b>-</b>	<b>-</b>
Adjusted cash flow conversion	81.3%	51.9%	-	-
<b>First lien net debt ratio<sup>3</sup></b>	<b>5.8x</b>	<b>6.2x</b>	<b>-</b>	<b>-</b>

<sup>2</sup> Adjusted EBITDA minus lease expenses, one-off cost and run rate impact of investment, restructuring and acquisitions.

<sup>3</sup> First lien net debt minus cash divided by adjusted EBITDA minus lease expenses, plus or minus working capital movement minus capital expenditure.

## INCOME STATEMENT

In millions of Euro	2020	2019	Growth 19-20
<b>Revenue</b>	<b>614.9</b>	<b>572.3</b>	<b>42.6</b>
Employee benefit expense	(351.0)	(327.4)	(23.6)
Office expenses	(34.9)	(38.2)	3.3
Professional fees	(27.1)	(27.2)	0.1
Other expenses	(23.2)	(31.1)	7.9
<b>Adjusted EBITDA</b>	<b>178.7</b>	<b>148.5</b>	<b>30.2</b>
Non-underlying and separately disclosed items	(27.0)	(26.4)	(0.6)
Depreciation, amortisation and impairment charges	(95.0)	(94.0)	(1.0)
<b>Operating result</b>	<b>56.7</b>	<b>28.1</b>	<b>28.6</b>
Other gains/(loss)	(2.1)	(2.6)	0.5
Net finance costs	(99.3)	(91.9)	(7.4)
Income tax expense	(13.4)	(12.1)	(1.3)
<b>Result for the year</b>	<b>(58.1)</b>	<b>(78.5)</b>	<b>20.4</b>

Overall revenue growth of 7.4% (2019: 5.3%) includes the impact of 2019 acquisitions of State Street Channel Islands and Ecovis China. Adjusted for the acquisitions, disposals, discontinued business and currency effect, revenue growth in the year 2020 is 5.1% (2019: 3.0%).

Because of TMF Group's global operations, several countries operate in currencies other than Euro. Consequently, TMF Group is exposed to translation impacts as local currencies are translated into Euro. December 2019 revenue, restated using 2020 rates, results in a decrease of the revenue of €24.4 million.

Employee benefit expense is driven by a 3.0% growth in FTEs, partly resulting from acquisitions, and a 2.1% increase in average employee expense, partly resulting from acquisitions. Other costs and expenses have declined as a result of strict cost control.

EBITDA improved by €30.2m from €148.5m in 2019 to €178.7 million in 2020. This EBITDA gain stems from growth, margin initiatives and strict cost control. EBITDA contribution from acquisitions is not material.

## REVENUE BY SERVICE LINE

Revenue amounted to €614.9 million in 2020, an increase of 7.4% compared to €572.3 million in 2019. The following table sets out TMF Group's revenue split by service line for the year 2020 compared to 2019.

In millions of Euro	2020	2019	Growth 19-20	% Growth 19-20
Accounting and Tax	239.6	229.1	10.5	4.6%
Global Entity Management	231.0	212.7	18.3	8.6%
HR and Payroll	127.9	115.3	12.6	11.0%
Other	16.4	15.2	1.2	7.7%
<b>Revenue</b>	<b>614.9</b>	<b>572.3</b>	<b>42.6</b>	<b>7.4%</b>

All service lines contributed to growth in 2020.

## REVENUE BY GEOGRAPHIC SEGMENT

In millions of Euro	2020	% cons. Rev.	2019 <sup>4</sup>	% cons. Rev.	Growth 19-20	% Growth 19-20
International	221.2	36%	204.7	33%	16.5	8.1%
APAC	140.5	23%	133.2	22%	7.3	5.5%
EMEA	126.3	21%	119.6	19%	6.7	5.6%
Iberia and Latam	84.1	14%	76.4	12%	7.7	10.1%
North America	22.5	4%	20.2	3%	2.3	11.2%
Corporate	20.3	3%	18.2	3%	2.1	11.5%
<b>Revenue</b>	<b>614.9</b>	<b>100%</b>	<b>572.3</b>	<b>100%</b>	<b>42.6</b>	<b>7.4%</b>

### International

International include markets The Netherlands, Luxembourg, UK & Ireland, Channel Islands, AGS<sup>4</sup> and Caribbean. Revenue in international increased by €16.5 million, or 8.1% to €221.2 million in 2020 from €204.7 million in 2019. The revenue includes the full year effect of the 2019 acquisition of the funds business of State Street Corporation in Channel Islands (closed September 2019). Excluding the impact from acquisitions, the year-on-year growth amounts €4.4 million, or 2.1%. This growth is driven by high single digit growth in Luxembourg, UK & Ireland and AGS partly offset by a decline in The Netherlands.

<sup>4</sup> Austria, Germany, Switzerland, Malta and Cyprus

## APAC

APAC include markets Australasia, Hong Kong, Korea & Japan, China & Taiwan, Singapore & Malaysia and South-East Asia. Revenue in APAC increased by €7.3 million, or 5.5% to €140.5 million in 2020 from €133.2 million in 2019. The revenue includes the full year effect of the 2019 acquisition of Ecovis (closed December 2019). Excluding the impact from acquisitions, the year-on-year growth amounts €4.1 million, or 3.1%. All markets contributed but growth is mostly driven by South-East Asia (double digit).

## EMEA

EMEA includes markets Central Eastern Europe, Western Europe, South East Europe, Nordics and Middle East & Africa. Revenue in EMEA increased by €6.7 million, or 5.6% to €126.3 million in 2020 from €119.6 million in 2019. All markets contributed but growth is mostly driven by Middle East & Africa (double digit).

## Iberia and Latam

Iberia and Latam includes markets Iberia, Spanish Latam and Brazil. Revenue in Iberia & Latam increased by €7.7 million, or 10.1% to €84.1 million in 2020 from €76.4 million in 2019. Growth driven by Iberia and Spanish Latam (both double digit), partly offset by decline in Brazil.

## North America

North America includes US, Canada and Mexico. Revenue in North America increased by €2.3 million, or 11.2% to €22.5 million in 2020 from €20.2 million in 2019. All three countries contributed double digit growth.

## NON - UNDERLYING AND SEPARATELY DISCLOSED ITEMS

Non-underlying and separately disclosed items include acquisition, litigation, redundancy and restructuring costs. Non-underlying and separately disclosed items amounted to €27 million in 2020, compared to €26.4 million in 2019.

The 2020 costs relate primarily to M&A related integration and remediation costs (State Street, Channel Islands), litigation and monitoring costs and redundancy and restructuring costs. The redundancy and restructuring costs mainly relate to a group-wide restructuring program.

## CASH FLOW

The primary KPI of management for cash generation is the percentage of Adjusted EBITDA converted into cash. Cash flow conversion is calculated as Adjusted EBITDA including lease expenses plus or minus working capital movement minus capital expenditure divided by Adjusted EBITDA including lease expenses. In 2020 an Adjusted cash flow conversion rate of 81.3% was achieved, compared to 51.9 % in 2019.

Improvement of cash flows from operating activities stem mostly from EBITDA gain and reduced working capital. Partly off set by a step up of capex by €5.2 million mostly related to accelerated investments in development of software, licenses and equipment.

In millions of Euro	2020	2019
Adjusted EBITDA	178.7	148.5
FX	-	5.3
Working capital	30.1	(15.7)
IFRS-16 leases	(33.4)	(33.3)
Capex	(30.2)	(25.0)
<b>Adjusted cash flow from operating activities</b>	<b>145.2</b>	<b>79.8</b>
<b>Adjusted cash flow conversion</b>	<b>81.3%</b>	<b>51.8%</b>

## FINANCING AND TREASURY ACTIVITIES

TMF Group's treasury function is responsible for ensuring the availability of cost-effective financing, managing TMF Group's financial risk arising from currency, interest rate volatility and counterparty credit. Treasury is not a profit centre and is not permitted to speculate in derivative financial instruments. The treasury policies are set by the Board of Directors. Treasury is subject to controls appropriate to the risks it manages.

TMF Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. TMF Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on TMF Group's financial performance.

Financial risk management is carried out by the central treasury function under instruction and with approval of the Board of Directors. TMF Group's treasury function identifies, evaluates and hedges (where considered necessary) financial risks in close cooperation with TMF Group's operating units. The Board of Directors provides guidelines for overall financial risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Refer to the risk paragraph and for further details on financial risk management.



## FINANCING

TMF Group's primary sources of finance are secured bank borrowings provided by a syndicate of banks and related party loans. The senior secured bank borrowings were drawn on 3 May 2018, after which on the same date the previous financing was repaid. In addition to the secured bank borrowings, TMF Group has a revolving credit facility totalling €150 million as at 31 December 2020 (2019: €150 million).

This facility from our primary bank consists of a €125 million (2019: €125 million) facility for cash needs (of which €125 million (2019: €110 million) is undrawn and a €25 million (2019: €25 million) facility for bank guarantees of which €2.4 million (2019: €2.7 million) is not used at 31 December 2020. As at 31 December 2020, the total undrawn borrowing facilities amounted to €127.4 million (2019: €112.7 million).

## FOREIGN CURRENCY

TMF Group has many foreign subsidiaries that are exposed to various currencies. Treasury policy is to manage significant balance sheet translation risks in respect of net operating assets and profit denominated in foreign currencies. The methods adopted are the use of borrowings denominated in foreign currencies to the extent that cash and debt requirements allow.

On a Statutory basis, exchange rate differences on the translation of foreign operations amounted to a loss of €14 million (2019: gain €10 million) as shown in the consolidated statement of comprehensive income.

## CASH MANAGEMENT

Local cash balances are centralised into a cash pool with HSBC as much as effectively possible. Countries that are not permitted to participate in the cash pool regularly upstream cash by settling intercompany balances, dividends or loans.

The cash pool consists of overdraft balances offset by credit balances ("Secured bank overdraft") and is managed on a net surplus basis. Interest compensation is applied to the individual accounts within the cash pool.

TMF Group's treasury function monitors cash balances daily. Appropriate action is taken to optimize interest costs while at the same time safeguarding sufficient liquidity. TMF Group continues to review opportunities to improve the efficiency of its cash management including improved Global credit control, standardized processes which will result in a decrease of lock-up days.



## OUTLOOK 2021

The outbreak of the Coronavirus (Covid-19) was clearly concerning and we have invoked our Business Continuity Plans. We have taken all necessary steps to protect our people and mitigate the risk to our business. Our employees have been working remotely for most of 2020. To mitigate possible adverse effects of Covid-19, management, supported by a Global Response Team, implemented a variety of actions including:

- Intensified communication with clients, maintaining service and offering support;
- Enhanced cash management;
- Supporting working from home and development of working from home policy;
- Additional (IT) security measures.

Although the Covid-19 has an adverse impact on the global economy and therefor on the markets in which TMF Group operates, our business proved to be resilient and Covid-19 did not have a significant impact on TMF Group's 2020 results. Whilst also 2021 will most likely be impacted by effects of the Coronavirus, we expect TMF Group to continue to be resilient and to continue to grow both organically and through acquisitions. To support this growth, the number of FTEs is also expected to grow and TMF Group will continue to invest in digitising our delivery. These investments can be funded within the existing borrowing facilities. In case of potential larger-scaled acquisitions TMF Group will assess if additional borrowing facilities are required.

## CONCLUSION

In 2020, TMF Group delivered revenue growth of 7.4% (2019: 5.3%) and adjusted EBITDA improved by €30.2 million to €178.7 million (2019: €148.5 million). With this we delivered a solid set of results and closed the year with a stronger liquidity position. If anything, 2020 has shown how resilient we are, our relevance to our clients and the agility of our organisation.

**Patrick de Graaf** | Chief Financial Officer

## ESG

### CORPORATE RESPONSIBILITY AND ENVIRONMENTAL SOCIAL GOVERNANCE

During the year we have started to widen our corporate responsibility agenda by looking more broadly at Environmental, Social and Governance (ESG) factors. In Q4 2020 TMF Group for the first time obtained a Corporate Social Responsibility (CSR) Performance rating through EcoVadis putting us above average for our sector.

In early 2021 we will launch a new ESG programme, covering among other Diversity & Inclusion and support for Social Entrepreneurship. It is our ambition to create also a stronger baseline within the Environment and Sustainable Procurement areas.

Looking back at 2020, our charitable activities were largely directed towards helping local communities to cope with the effects of Covid-19. Our Western Europe team raised funds for the Garbagnate Hospital in Italy, to purchase protective devices during the initial Covid emergency. In Singapore & Malaysia colleagues donated SGD7,700 to the Singapore Red Cross, as well as RM4,590 towards Project Sinar, an NGO supplying food and medication for families who have lost their income. On a global level, we organised the TMF World Relay Challenge, with colleagues running, cycling and walking 12,000 km virtually together, raising €10,000 in support of WHO's Solidarity Response Fund.

Covid-19 measures aside, we remain committed to actively encouraging staff to limit business travel in favour of video conferencing, to reduce our environmental impact. We also continue to use Ecosia as our primary internet search engine, funding the planting of trees to combat climate change. In India, our colleagues also planted trees across the country, each under the name of a client, to celebrate Diwali – the festival of lights. In Brazil, the country with the largest TMF Group staff population, we ran a sustainability project, with internal campaigns to promote "eco-friendly actions".

€10,000

raised by running/ cycling  
and walking 12,000km  
virtually for WHO's  
Solidarity Response  
Fund



## GOVERNANCE

### ULTIMATE HOLDING COMPANY

**TMF Sapphire Midco B.V.** (the "Company") is the parent company of the operational entities within TMF Group (together "TMF Group" or "TMF"). TMF Sapphire Midco B.V. is 100% owned by TMF Sapphire Holdco B.V. which is 100% owned by TMF Sapphire Topco B.V. The majority of the shares in TMF Sapphire Topco B.V. are indirectly held by CVC Fund VII and the remainder of the shares are held by current and previous management and senior employees of TMF Group.

### GOVERNANCE STRUCTURE

**TMF Sapphire Topco B.V.**, the (indirect) shareholder of the Company, is governed by a Board of Directors, comprising of an independent chairman (Non-Executive Director), representatives from CVC Capital Partners (Non-Executive Directors), the Chief Executive Officer (Executive Director) and the Chief Financial Officer (Executive Director). The Board of Directors of TMF Sapphire Topco B.V. has established an audit committee, a risk and compliance committee and a people committee.

**TMF Sapphire Midco B.V.** is governed by a Board of Directors comprising of the Chief Executive Officer and the Chief Financial Officer. The Chief Executive Officer and the Chief Financial Officer are supported by the executive committee which consists of Regional and Functional Heads.



## BOARD OF DIRECTORS



**MARK WEIL**  
Chief Executive Officer

Mark worked as a consultant for two decades, in Europe, North America and Asia. He became a partner at Oliver Wyman, where he ran the global retail banking practice and latterly the EMEA region. Following this, he was appointed Marsh's CEO, UK and Ireland. During his tenure, it became the largest insurance broker in the UK. He has led work on cyber risk for the UK government.

Mark has a degree in Engineering from Cambridge University.



**PATRICK DE GRAAF**  
Chief Financial Officer

Previously, Patrick held senior positions at KPMG, most recently that of CFO for KPMG Netherlands. He has a strong track record in finance management, with in-depth experience of deal finance support, operations and risk and quality management.

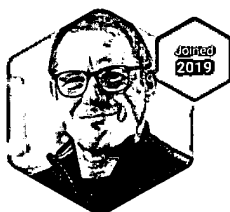
He holds degrees in Business Administration and Accountancy and has attended INSEAD and the International Institute for Management Development.

**WE MAKE  
A COMPLEX  
WORLD  
SIMPLE**





## EXECUTIVE COMMITTEE



Joined  
2019

**RUSSELL SHELDON**  
Chief Operations & Technology Officer

Russell has held senior positions at NGA Human Resources, Axiom, Hewitt Associates and PwC. He has a proven track record leading global teams, client delivery and technology-enabled operational change to overcome complex business challenges, reposition organisational capabilities and maximise market opportunities.



Joined  
2019

**ANGELICA THIJSSEN**  
Chief HR Officer

Angelica has over 30 years' commercial and HR experience in Financial Services, with a strong record in HR, Leadership, Change Management and CSR. She holds a Master's in Law, a MSc (Economics) from London School of Economics and a INSEAD Certification in Corporate Governance.



Joined  
2018

**NIGEL KIRKHAM**  
Chief Client Officer

Nigel has 30 years' experience leading high-performance client & sales teams, as a Partner at KPMG Consulting, a Director at Computer Science Corporation and, most recently, at Avanade, as Global Head of Sales. He has a track record in high sales/revenue growth, and a client-centred approach.



Joined  
2018

**DANIEL MAX**  
Head of Global Solutions

Daniel is responsible for TMF Group's services for corporate, financial services and private clients. Previously, he led Marsh's international client advisory services and its UK private equity practice. He has built a strong track record, delivering data, advisory and process solutions to corporate and financial services clients around the world.



Joined  
2010

**PAOLO TAVOLATO**  
Head of APAC

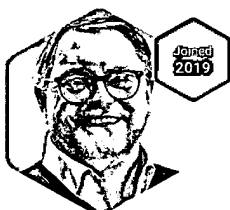
Paolo was appointed MD of TMF Group Thailand in 2012 and in 2014 became head of the Group's APAC business. Previously, Paolo worked in large industrial organizations including GE, Rio Tinto and Komatsu. He holds an MBA from the London Business School.



Joined  
1997

**JURAJ GERZENI**  
Head of EMEA

Juraj has held various senior roles within TMF Group including Country Managing Director and Sub-Regional Director. He is a graduate of the Economic University in Bratislava and a Fellow of the Association of Chartered Certified Accountants.



Joined  
2019

**FRANK WELMAN**  
Head of International Region

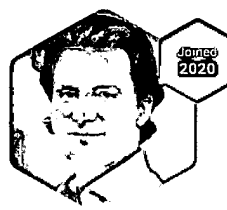
Frank rejoined TMF Group in 2019 after a period with Intertrust Group where he was Managing Director, Luxembourg and member of the Executive Committee. Before that he was heading TMF Group Benelux. Frank's career in the trust sector is focusing on performance improvement.



Joined  
2011

**MICHAEL SELIGMAN**  
Head of Latin America & Iberia

Michael has held various senior roles within TMF Group including Global Relationship Director, Country manager and sub-regional Director. Having worked in five continents, he has a strong track record in growing businesses in multicultural environments. Michael graduated from the European Business School.



Joined  
2020

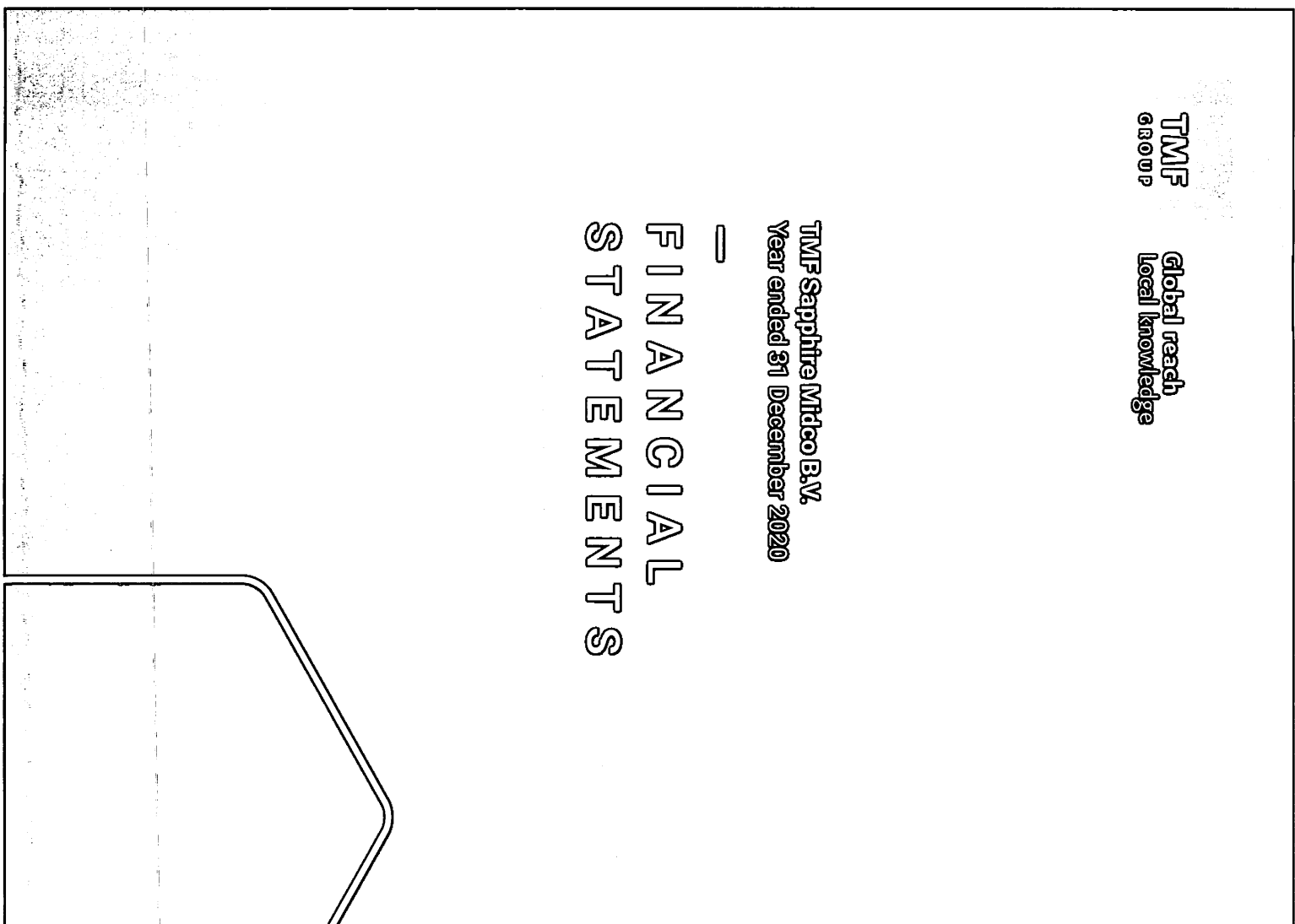
**JAN WILLEM VAN DRIMMELEN**  
Head of North America

Jan Willem has about 18 years of experience in professional services businesses. Before joining TMF Group, he was with Intertrust for over 12 years, in various senior leadership roles. Jan Willem obtained an LLM in International Taxation, and started his career at Freshfields.

**TMF Sapphire Midco B.V.**  
**Year ended 31 December 2020**

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**FINANCIAL  
STATEMENTS**



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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In millions of Euro	Note	2020	2019
<b>Revenue</b>	<b>5</b>	<b>614.9</b>	<b>589.5</b>
Employee benefit expenses	6	(363.4)	(356.2)
Office expenses	7	(36.7)	(45.4)
Professional fees	8	(35.8)	(34.1)
Other expenses	9	(23.9)	(25.2)
Impairment financial assets	23	(3.4)	(4.1)
Depreciation and amortization	17/18	(95.0)	(95.4)
<b>Operating result</b>	<b>-</b>	<b>56.7</b>	<b>29.1</b>
Finance income	-	2.4	8.6
Finance expenses	-	(103.3)	(95.6)
Net foreign exchange gain/(loss)	-	1.6	(3.3)
<b>Net finance costs</b>	<b>10</b>	<b>(99.3)</b>	<b>(90.3)</b>
Other gains/(loss)	11	(2.1)	(2.9)
Share of profit/(loss) of investments accounted for using the equity method	14	-	0.3
<b>Result before income tax</b>	<b>-</b>	<b>(44.7)</b>	<b>(63.8)</b>
Income tax (expense)/benefit	12	(13.4)	(11.7)
<b>Result for the period</b>	<b>-</b>	<b>(58.1)</b>	<b>(75.5)</b>
<b>Attributable to:</b>			
Owners of the parents	-	(57.8)	(76.4)
Non-controlling interest	15	(0.3)	0.9
<b>Result for the period</b>	<b>-</b>	<b>(58.1)</b>	<b>(75.5)</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of Euro	Note	2020	2019
<b>Result for the period</b>		<b>(58.1)</b>	<b>(75.5)</b>
Remeasurements of post-employment benefit obligations	32	(0.7)	(1.1)
<b>Items that will not be reclassified to income statement</b>	-	<b>(0.7)</b>	<b>(1.1)</b>
Foreign currency translation differences for foreign operations	-	(14.3)	9.8
Cash flow hedge - Change in fair value of hedging instruments	-	(1.8)	(8.4)
Cash flow hedge - Costs of hedging reserve	-	0.7	0.1
<b>Items that may be reclassified subsequently to income statement</b>	-	<b>(15.4)</b>	<b>1.5</b>
<b>Other comprehensive result for the year, net of tax</b>	-	<b>(16.1)</b>	<b>0.4</b>
<b>Comprehensive result for the year</b>	-	<b>(74.2)</b>	<b>(75.1)</b>
<b>Attributable to:</b>			
Owners of the parents	-	(73.9)	(76.0)
Non-controlling interest	15	(0.3)	0.9
<b>Comprehensive result for the year</b>	-	<b>(74.2)</b>	<b>(75.1)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of Euro	Note	31 December 2020	31 December 2019
<b>Assets</b>			
Intangible assets	17	1,634.5	1,671.5
Property, plant and equipment	18	27.1	27.9
Right-of-use of assets	20	73.4	92.9
Financial assets	21	7.2	11.2
Investments accounted for using the equity method	14	-	1.5
Contract assets	22	8.3	8.5
Deferred tax assets	13	0.5	1.3
<b>Non-current assets</b>		<b>1,751.0</b>	<b>1,814.8</b>
Trade receivables and Unbilled services	23	138.1	148.8
Other receivables	24	31.2	43.3
Contract assets	22	7.4	6.3
Financial assets	21	1.8	1.2
Current income tax receivables		5.5	9.4
Clients' funds held under Trust	25	234.0	238.6
Cash and cash equivalents	26	259.6	271.6
Assets classified as held for sale	19	-	1.8
<b>Current assets</b>		<b>677.6</b>	<b>721.0</b>
<b>Assets</b>		<b>2,428.6</b>	<b>2,535.8</b>

In millions of Euro	Note	31 December 2020	31 December 2019
<b>Equity</b>			
Share capital	27	3.2	3.2
Share premium	27	734.3	319.9
Reserves	29	(0.2)	11.1
Retained earnings		(310.5)	(248.7)
<b>Equity attributable to owners of the parent</b>		<b>426.8</b>	<b>85.5</b>
Non-controlling interest	15	15.1	17.0
<b>Equity</b>		<b>441.9</b>	<b>102.6</b>
<b>Liabilities</b>			
Loans and borrowings	30	1,191.3	1,587.2
Financial liability	21	16.5	15.4
Provisions	31	5.7	3.7
Retirement benefit obligations	32	5.1	6.2
Trade and other payables	33	5.6	6.3
Deferred tax liabilities	13	118.2	130.4
<b>Non current liabilities</b>		<b>1,342.4</b>	<b>1,749.2</b>
Loans and borrowings	30	263.0	299.6
Provisions	31	4.9	11.6
Trade and other payables	33	133.5	124.0
Current income tax liabilities		8.9	10.3
Clients' funds ledger balances	25	234.0	238.6
<b>Current liabilities</b>		<b>644.3</b>	<b>684.1</b>
<b>Liabilities</b>		<b>1,986.7</b>	<b>2,433.3</b>
<b>Equity and liabilities</b>		<b>2,428.6</b>	<b>2,535.8</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the parent

In millions of Euro	Issued capital	Share premium	Other capital reserves	Accumulated losses	Total	Non-controlling interest	Total equity
<b>Balance at 1 January 2019</b>	<b>3.2</b>	<b>319.9</b>	<b>6.0</b>	<b>(164.4)</b>	<b>164.7</b>	<b>16.7</b>	<b>181.4</b>
IFRS 16 adjustment	-	-	-	(3.3)	(3.3)	-	(3.3)
<b>Adjusted Opening balance</b>	<b>3.2</b>	<b>319.9</b>	<b>6.0</b>	<b>(167.7)</b>	<b>161.4</b>	<b>16.7</b>	<b>178.1</b>
Result for the year	-	-	-	(76.4)	(76.4)	0.9	(75.5)
<b>Other comprehensive income</b>							
Remeasurement IAS 19	-	-	-	(1.1)	(1.1)	-	(1.1)
Cash flow hedge - Change in fair value of hedging instruments	-	-	(8.4)	-	(8.4)	-	(8.4)
Cash flow hedge - Costs of hedging reserve	-	-	0.1	-	0.1	-	0.1
Translation movements	-	-	9.8	-	9.8	-	9.8
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1.5</b>	<b>(1.1)</b>	<b>0.4</b>	<b>-</b>	<b>0.4</b>
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1.5</b>	<b>(77.5)</b>	<b>(76.0)</b>	<b>0.9</b>	<b>(75.1)</b>
<b>Transactions with owners</b>							
Share base payments	-	-	0.1	-	0.1	-	0.1
Transfer to legal reserve (note 29)	-	-	3.5	(3.5)	-	-	-
Dividend non-controlling interest	-	-	-	-	-	(0.6)	(0.6)
<b>Transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>3.6</b>	<b>(3.5)</b>	<b>0.1</b>	<b>(0.6)</b>	<b>(0.5)</b>
<b>Balance at 31 December 2019</b>	<b>3.2</b>	<b>319.9</b>	<b>11.1</b>	<b>(248.7)</b>	<b>85.5</b>	<b>17.0</b>	<b>102.5</b>

*Attributable to the equity holders of the parent*

In millions of Euro	Issued capital	Share premium	Other capital reserves	Accumulated losses	Total	Non-controlling interest	Total equity
<b>Balance at 1 January 2020</b>	<b>3.2</b>	<b>319.9</b>	<b>11.1</b>	<b>(248.7)</b>	<b>85.5</b>	<b>17.0</b>	<b>102.5</b>
Result for the year	-	-	-	(57.8)	(57.8)	(0.3)	(58.1)
<b>Other comprehensive income</b>							
Remeasurement IAS 19	-	-	-	(0.7)	(0.7)	-	(0.7)
Cash flow hedge - Change in fair value of hedging instruments	-	-	(1.8)	-	(1.8)	-	(1.8)
Cash flow hedge - Costs of hedging reserve	-	-	0.7	-	0.7	-	0.7
Translation movements	-	-	(14.3)	-	(14.3)	-	(14.3)
Total other comprehensive income	-	-	(15.4)	(0.7)	(16.1)	-	(16.1)
<b>Comprehensive income</b>	-	-	<b>(15.4)</b>	<b>(58.5)</b>	<b>(73.9)</b>	<b>(0.3)</b>	<b>(74.2)</b>
<b>Transactions with owners</b>							
Share purchase	-	-	-	1.3	1.3	(1.3)	-
Share base payments	-	-	(0.4)	0.4	-	-	-
Shareholder loan conversion	-	414.4	-	-	414.4	-	414.4
Transfer to/(from) accumulated losses (note 14)	-	-	-	(0.5)	(0.5)	0.5	-
Transfer to legal reserve (note 29)	-	-	4.5	(4.5)	-	-	-
Dividend non-controlling interest	-	-	-	-	-	(0.8)	(0.8)
<b>Transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>414.4</b>	<b>4.1</b>	<b>(3.3)</b>	<b>415.2</b>	<b>(1.5)</b>	<b>413.6</b>
<b>Balance at 31 December 2020</b>	<b>3.2</b>	<b>734.3</b>	<b>(0.2)</b>	<b>(310.5)</b>	<b>426.8</b>	<b>15.1</b>	<b>441.9</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

In millions of Euro	Note	2020	2019
<b>Operating activities</b>			
Result before income tax		(44.7)	(63.8)
Adjustments to reconcile result before income tax to net cash flows:			
Amortisation/impairment	17	50.8	52.9
Depreciation/impairment	18	44.2	42.5
Retirement benefit obligations	32	(0.7)	1.1
Provisions and employee benefit expenses	31/6	27.0	25.9
Share-based payments expense	28	-	0.1
Net finance costs	10	100.9	90.3
Share in result of associates and result in other financial investments	14	-	0.3
Changes in foreign currency (excluding movement in currency translation reserve)		2.6	1.3
<b>Working capital adjustments</b>			
Financial assets	21	(0.6)	(0.3)
Trade receivables and capital Unbilled services	23	10.7	(20.3)
Other receivables	24	11.1	(12.5)
Trade and other payables	33	8.7	10.6
<b>Cash generated from operations, before income tax paid</b>		<b>210.0</b>	<b>128.1</b>

In millions of Euro	Note	2020	2019
<b>Cash flows from operating activities</b>			
Cash generated from operations, before income tax paid		210.0	128.1
Income tax (paid) / received	12	(22.3)	(20.6)
<b>Net cash generated from operating activities</b>		<b>187.7</b>	<b>107.5</b>
Cash outflow on provisions and employee benefits		(31.6)	(26.0)
Interest paid	10	(53.9)	(53.0)
Interest received	10	0.6	8.6
<b>Net cash flows from operating activities</b>		<b>102.8</b>	<b>37.1</b>
<b>Investing activities</b>			
Acquisition of subsidiaries, net of cash	16	-	(9.2)
Proceeds from disposal of subsidiaries, net of cash		1.9	0.1
Investment in intangible assets	17	(21.2)	(14.0)
Investment in property, plant and equipment	18/20	(14.6)	(11.4)
Disposal of intangible assets and property, plant and equipment	17/18	5.6	3.8
Investment in financial assets at fair value through income statement	21	-	0.2
<b>Net cash flows used in investing activities</b>		<b>(28.3)</b>	<b>(30.5)</b>
<b>Financing activities</b>			
Repayments of borrowings (incl. lease liability)	30	(65.9)	(48.2)
Dividend paid to non-controlling interest		(0.8)	(0.6)
<b>Net cash flows from / (used in) financing activities</b>		<b>(66.7)</b>	<b>(48.8)</b>
<b>Net movement in cash and cash equivalents</b>		<b>7.8</b>	<b>(42.2)</b>
<b>Net movement in cash and cash equivalents</b>		<b>7.8</b>	<b>(42.2)</b>
<b>Cash, cash equivalents and bank overdrafts at beginning of the year</b>	<b>26</b>	<b>35.4</b>	<b>74.0</b>
Exchange gains/(losses) on cash and cash equivalents from operations		(4.3)	3.6
<b>Cash and cash equivalents at 31 December</b>	<b>26</b>	<b>38.9</b>	<b>35.4</b>



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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

TMF Sapphire Midco B.V. was incorporated in the Netherlands on 6 October 2017. The address of the registered office is at Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands. The Chamber of Commerce number of TMF Sapphire Midco B.V. is 69779805. TMF Sapphire Midco B.V. principally acts as a holding and finance company for TMF Group investments.

TMF Sapphire Midco B.V. is 100% owned by TMF Sapphire Holdco B.V. which is 100% owned by TMF Sapphire Topco B.V. CVC Capital Partners is the ultimate parent company.

These consolidated financial statements for the year ended 31 December 2020 of TMF Sapphire Midco B.V. were authorised for issue by the Board of Directors on 30 March 2021.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied during the period, unless stated otherwise.

#### **2.1 BASIS OF PREPARATION**

The consolidated financial statements of TMF Sapphire Midco B.V. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

These consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and liabilities (including derivative financial instruments) measured at fair value, assets held for sale measured at fair value less costs of sell and retirement benefit obligations of which the plan assets are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying TMF Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in note 3 Critical accounting estimates and judgements.

## 2.1.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated statements and have been applied consistently by TMF Group entities. There have been no significant changes compared to the prior year ended 31 December 2019 except specifically mentioned below.

### **New and revised IFRS standards in issue but not yet effective**

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted, however, TMF Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations, which have been endorsed are not expected to have a significant impact on TMF Group's consolidated statements:

- Amendments to IFRS 3 Business Combinations
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9.

### **New standards and interpretations issued and effective from 1 January 2020**

To the extent relevant, all IFRS standards and interpretations including amendments that were in issue and effective from 1 January 2020, have been adopted by TMF Group from 1 January 2020. These standards and interpretations had no material impact for TMF Group.

- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Conceptual Framework for Financial Reporting
- Covid-19.

The Covid-19 outbreak was first reported near the end of 2019 in China. On 31 December 2019, China alerted the World Health Organisation (WHO) of the new virus. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a 'Public Health Emergency of International Concern'. Since then, the virus has spread worldwide. On 11 March 2020, the WHO declared the Covid-19 outbreak to be a pandemic.

The impact of the Covid-19 on revenue and adjusted EBITA margin in 2020 was not considered material. TMF Group have achieved revenue growth of 7.4% and adjusted EBITDA growth of 20.3% (management basis) which indicates that the business is resilient.

Based on the growth achieved in 2020 despite the challenging times, management believes it can continue as going concern and will stay within its banking covenants during the next 12 months period after balance sheet date.

We have performed assessment of impairment triggers as at 31 December 2020. No impairment of goodwill was identified. Further, no value adjustments were accounted for any other assets as at 31 December 2020.

#### **Amendments to IFRS 16: Covid-19 Related Rent Concessions**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the changes were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The impact of this amendment on the consolidated financial statements of the Group is not material.

### **2.1.2 CHANGES IN ACCOUNTING ESTIMATES**

TMF Group has changed the estimated useful life of software starting from 2020. In the periods before 2020, TMF Group has been amortising software over the period of 3-5 years. Starting from 2020, new estimated useful life for software is used in TMF Group - period of 3-7 years based on reviewed contracts with suppliers, expected useful life of internally generated assets, renewal options to the extent of expectation of renewal costs not to be significant and planned transition date of internal projects that will replace assets in use. Change in estimated useful life for software resulted in a decrease in amortisation expenses for 2020 in the total amount of €2.4 million. The impact on future years 2021 - 2025 amounts to €2.4 million.

### **2.2 CONSOLIDATION AND EQUITY ACCOUNTING**

#### **Subsidiaries**

Subsidiaries are all entities over which TMF Sapphire Midco B.V. has control. TMF Group controls an entity when TMF Group 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 fully consolidated from the date when control is transferred to TMF Group. They are de-consolidated from the date that control ceases.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by TMF Group, liabilities incurred by TMF Group to the former owners of the acquiree and the equity interest issued by TMF Group in exchange for control of the acquiree.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair value at the acquisition date. On an acquisition by acquisition basis, TMF Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any contingent consideration to be transferred by TMF Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in the income statement.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances, income and expenses on transactions between TMF Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Amounts reported by subsidiaries are based on the policies adopted by TMF Group.

#### **Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity and attributed to the owners of TMF Group.

#### **Disposal of subsidiaries**

When TMF Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income (“OCI”) in respect of that entity are accounted for as if TMF Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to the income statement.

#### **Associates**

Associates are all entities over which TMF Group has significant influence but not control or joint control. This is generally the case where TMF Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

TMF Group’s share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Dividends received or receivables from associates are recognised as a reduction in the carrying amount of the investment. When TMF Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity (which includes any long-term interests that, in substance, form part of TMF Group’s net investment in associates), TMF Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between TMF Group and its associates are eliminated to the extent of TMF Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investments have been changed where necessary to ensure consistency with the policies adopted by TMF Group. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 14.

## 2.3 FOREIGN CURRENCY TRANSLATION

### Functional and presentation currency

Items included in the financial statements of each of TMF Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Euros ("€"), which is TMF Group's presentation currency.

### Transactions and balances

Foreign currency transactions are translated into the presentation currency of TMF Group using the exchange rates prevailing at the dates of the transactions. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the income statement.

### TMF Group companies

The results and financial position of all TMF Group entities that have a functional currency different from the Euro are translated into Euro as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and currency effects on loans receivable which are part of the net investment are taken to other comprehensive income. When a foreign operation is disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Foreign exchange results on goodwill are recognised in other comprehensive income.

None of the TMF Group entities that could have a significant impact on the results and financial position of TMF Group have the currency of a hyperinflationary economy.

All amounts have been rounded to millions, unless otherwise indicated.

## 2.4 FAIR VALUE ESTIMATION WITH RESPECT TO FINANCIAL INSTRUMENTS

There are three valuation methods to determine the fair value of financial instruments. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

During the reporting period TMF Group has financial assets and financial liabilities that are accounted for at fair value through income statement. For other financial instruments only fair value disclosures are presented. The fair value calculations take place on either Level 1, Level 2 or Level 3 methods.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of TMF Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

The results form the basis for TMF Group's assessment of the carrying amounts of the assets and liabilities that are not readily evident from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Critical accounting estimates have been made in respect of the following items:

- **Impairment of goodwill:** key assumptions underlying recoverable amounts of cash generation units (note 17);
- **Recognition of deferred tax assets:** availability of future taxable profit against carry forward tax losses can be used (note 13);
- **Expected Credit Loss:** key assumptions regarding the credit risk for trade receivables (note 23);
- **Recognition and measurement of provisions and contingencies:** key assumptions about the likelihood and magnitude of an outflow of cash (note 31 & 35).

### 4. FINANCIAL RISK MANAGEMENT

#### 4.1 FINANCIAL RISK FACTORS

TMF Group's operating activities expose it to a variety of financial risks, such as market risks (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. TMF Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on TMF Group's financial performance.

Financial risk management is carried out by TMF Group's central treasury department ("TMF Group treasury") under policies approved by the board of management. TMF Group treasury identifies, evaluates and hedges financial risks in close co-operation with TMF Group's operating units. Management provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivatives and non-derivative financial instruments and investments of excess liquidity. TMF Group's treasury risk management policy is to reduce, where it is deemed appropriate to do so, fluctuations in earnings and cash flows associated with changes in interest rates, foreign currency rates and the currency exposure of certain investments in foreign subsidiaries.

## 4.2 INTEREST RATE RISK

Interest rate risk is the risk that unexpected interest rate changes negatively affect TMF Group's results, cash flows and equity. It is TMF Group's policy to mitigate the effects of interest rate volatility on its results, cash flows and balance sheet within certain boundaries. TMF Group's interest rate risk mainly arises from long-term borrowings. Borrowings issued at variable rates expose TMF Group to cash flow interest rate risk.

TMF Group analyses its interest rate exposure on a periodic basis. Based on this analysis and in close cooperation with its advisors and banks, TMF Group determines whether derivative financial instruments should be in place to limit the interest rate risk in such a way that it has a minimum potential adverse effect on the financial performance of TMF Group.

TMF Group holds derivative financial instruments to hedge its interest rate risk exposures for which TMF Group applies hedge accounting. TMF Group has an interest rate cap and a swap. For the period July 2018 until July 2021 TMF Group has entered into a cap, with a notional of €805 million. If Euribor exceeds 0.5% the excess over that threshold will be compensated to TMF Group, effectively capping floating rate on Senior Loan Notes to 0.5%. For the period July 2021 until July 2023 TMF Group has entered into an interest rate swap, effectively fixing the floating rate on Senior Loan Notes to 1.034% for a notional of €805 million.

For the applicable interest rates on loans and borrowings reference is made to note 30. For the year ended 31 December 2019 and 31 December 2020, if market interest rates had been 100 basis points higher/lower with all other variables held constant, then this would have the following impact:

In millions of Euro	31 December 2020	31 December 2019
	-/-1% / +1%	-/-1% / +1%
Result for the year	0.0/(6.4)	1.1/(14.9)
Other comprehensive income	(0.5)/7.7	(12.5)/1.9
Statement of changes in equity	(0.5)/1.5	(11.3)/(13.0)
Fair value of derivative financial instruments	(0.5)/7.7	(12.5)/1.9

\* The interest on the secured bank borrowings is based on Euribor interest rates. In case of a negative Euribor, 0% is used in the calculation of the secured senior bank borrowings and revolving credit facility.

#### 4.3 FOREIGN CURRENCY EXCHANGE RISK

TMF Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US Dollar. In several markets client contracts are denominated in Euro or US Dollar although this is not the functional currency in these markets. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and investments in foreign operations. Currently, no hedging of foreign exchange risk takes place.

TMF Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of TMF Group's foreign operations is managed primarily through limiting the net assets in foreign operations to the extent possible. As such, TMF Group does not apply for net investment hedge accounting in its financial statements.

TMF Group's exposure to foreign currency risk for balance sheet items held in US Dollar in non-USD countries was as follows:

In millions of Euro	31 December 2020	31 December 2019
Trade receivables and Unbilled services	27.5	31.4
Cash and cash equivalents	67.3	97.4
Loans and borrowings	63.6	80.0
Trade and other payables	1.2	0.9

If Euro had strengthened/weakened by 5% (2019: 5%) against the US Dollar with all variables held constant, then this would have the following impact:

In millions of Euro	31 December 2020	31 December 2019
Result for the period	(3.2)	(3.1)

Other currencies on which TMF Group is exposed are GBP, CNY, BRL and SGD however the currency risk for these currencies are not significant. Reference is made to note 11. TMF Group has assessed the impact of hyperinflation in hyperinflationary economies where it operates. The economies which are subject are Venezuela and Argentina. TMF Group concluded that the impact is not significant.



#### 4.4 CREDIT RISK

Credit risk is the risk that counterparties fail to meet their contractual payment obligations through insolvency or default as well as credit exposure to clients. TMF Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies Moody's and Standard & Poor's.

Credit risk arising from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions is managed centrally. For banks and financial institutions, TMF Group's policy is that only independently rated parties with a minimum rating of 'BBB' are accepted. However, in certain circumstances (e.g. due to local regulation) banks and financial institutions are used that are not rated and/or that do not have a minimum 'BBB' rating. The use of these banks and financial institutions is kept to the minimum level possible, closely monitored by TMF Group treasury and periodically reported to the Board of Directors. The preferred bank for external funding and the cash pool is HSBC Bank which has credit rating of 'A1' (Moody's) and 'A+' (Standard and Poor's).

Credit exposures to clients, including outstanding receivables and committed transactions, are managed on a central basis. Each local entity is responsible for managing and analysing the credit risk for each of their clients in conjunction with Global credit control team. Approval from CFO is mandatory before standard payment terms and delivery terms and conditions are contractually agreed with new clients. Creditworthiness of trade receivables are actively monitored and concentration risks/debtor ageing is managed in order to limit exposures.

TMF Group has no significant concentrations of credit risk. The maximum credit risk exposure of TMF Group's financial assets at the end of the period is represented by the amounts reported under the corresponding balance sheet headings. The impact of the assumption of the Expected Credit Loss +1% or -1% will not have a material impact on the expected credit loss allowance regarding Trade receivables.

TMF Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Details of concentration of credit risk are included in the note of trade receivables (note 23) and financial assets (note 21).

#### 4.5 LIQUIDITY RISK

Liquidity risk is the risk that TMF Group does not have sufficient headroom (cash and cash equivalents plus committed credit lines) available to meet both TMF Group's day-to-day operating requirements and debt servicing obligations (interest and debt repayment).

TMF Group treasury mitigates liquidity risk by ensuring TMF Group maintains sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Cash flow forecasting is performed by management of the operating entities of TMF Group. These rolling forecasts are monitored to ensure TMF Group's cash and liquidity requirements are sufficient to meet operational needs whilst maintaining sufficient headroom on its undrawn committed borrowing facilities. This enables management to monitor compliance with borrowing limits.

The table below analyses TMF Group's financial liabilities into relevant maturity groupings based on the period remaining to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and including transaction costs. Balances due within 12 months are equal to their carrying balances.

In millions of Euro	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
<b>At 31 December 2019</b>					
Clients' funds held under Trust (note 25)	238.6	-	-	-	238.6
Loans and borrowings (note 30)	299.6	21.3	31.6	1,534.3	1,886.8
Trade and other payables, excluding deferred income (note 33)	95.2	-	-	-	95.2
Financial liability (note 21)	-	1.2	14.2	-	15.4
<b>Total</b>	<b>633.4</b>	<b>22.5</b>	<b>45.8</b>	<b>1,534.3</b>	<b>2,236.0</b>
<b>At 31 December 2020</b>					
Clients' funds held under Trust (note 25)	234.0	-	-	-	234.0
Loans and borrowings (note 30)	263.0	17.6	977.2	196.5	1,454.3
Trade and other payables, excluding deferred income (note 33)	107.9	-	-	-	107.9
Financial liability (note 21)	-	0.5	16.0	-	16.5
<b>Total</b>	<b>604.9</b>	<b>18.1</b>	<b>993.2</b>	<b>196.5</b>	<b>1,812.7</b>

TMF Group's primary sources of finance are secured bank borrowings provided by a syndicate of banks and related party loans. The senior secured bank borrowings were drawn on 3 May 2018, after which on the same date the previous financing was repaid. As part of the secured bank borrowings, TMF Group has a revolving credit facility totalling €150 million as at 31 December 2020 (2019: €150 million).

The revolving credit facility consists of a €125 million (2019: €125 million) facility for cash needs, of which €125 million (2019: €110 million) is undrawn, and a split off facility of €25 million (2019: €25 million) with our primary bank for issuing bank guarantees. Of this guarantee facility €2.4 million (2019: €2.7 million) is not used at 31 December 2020. Refer to disclosure note Loans and borrowings for total overview.

#### 4.6 CAPITAL RISK MANAGEMENT

TMF Group's objectives when managing capital are to ensure TMF Group's ability to continue as a going concern in order to provide returns to shareholders, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. TMF Group's loans and borrowings are considered as the most important items from a capital management perspective.

TMF Group is highly leveraged and management focus is on cash generation and an important KPI used in this respect is the cash flow conversion ratio, which is the percentage of underlying operating result (excluding depreciation, amortisation and impairment charges) converted into cash. Cash flow conversion is calculated as underlying operating result (excluding depreciation, amortisation and impairment charges) plus/minus working capital movement minus investment in and proceeds on disposal of intangible assets and property, plant and equipment divided by underlying operating result (excluding depreciation, amortisation and impairment charges).

The cashflow conversion rate for 2020 is 81.3% and is 28.4% higher than 2019 (2019: 51.9%).

TMF Group treasury monitors cash balances on a daily basis. Appropriate action is taken to optimize interest costs while at the same time safeguarding sufficient liquidity. In order to further increase the efficient management of TMF Group's interest costs and revolving credit facility drawings, TMF Group has a global cash management system and will continue to enhance cash management operations. This focus should make it possible for TMF Group to pay the interest on loans and borrowings.

The following table sets out TMF Group's consolidated cash, total indebtedness, total capitalization and net debt as of 31 December 2020 and 31 December 2019:

In millions of Euro	31 December 2020	31 December 2019
<b>Cash and Cash equivalents</b>	<b>38.9</b>	<b>35.4</b>
Secured bank borrowings	(1,150.0)	(1,150.0)
Revolving credit facility	-	(15.0)
Current portion secured bank borrowing	-	(0.2)
Loans guaranteed by guarantee facility	(6.8)	(6.0)
Other loans	(3.0)	(3.4)
<b>Third-party debt</b>	<b>(1,159.8)</b>	<b>(1,174.6)</b>
<b>Net third party debt</b>	<b>(1,120.9)</b>	<b>(1,139.2)</b>
Subordinated Shareholder Funding	-	(383.7)
Equity	(441.9)	(102.5)
<b>Capitalization</b>	<b>(1,562.8)</b>	<b>(1,625.4)</b>

The net third party debt excludes transaction costs, long-term supply arrangements, advance client payments and deferred consideration. The liabilities for the financial leases and lease accounting are also excluded as they are offset with their assets.

On 31 October 2020, by resolution of Board of Directors of TMF Sapphire Holdco B.V., a contribution in an amount of €414.4 million equal to outstanding balance of shareholder loan and including accrued interest, was converted into share premium, without issuance of shares. With this transaction, the shareholder loan to TMF Sapphire Midco B.V. ceased to exist.

## 5. REVENUE

As per 1 January 2020, TMF Group, has implemented a new service line structure. TMF Group management has changed the service line structure which has contributed to more relevant and reliable insight how TMF Group is operating and how TMF Group is servicing their clients. The simplified structure includes 4 categories and is in accordance to the overall TMF strategy.

TMF Group provides services in 4 types of categories:

- **Accounting and Tax** - Financial administrative services for clients which includes: statutory bookkeeping and international management reporting services, consolidated reporting services, assistance in preparing accounting report, accounting reconciliation, operating bank accounts, preparation of payment instructions, cash management and all tax compliance services;
- **Global Entity Management** - All legal administrative services for clients with respect to representation (i.e. providing directors) and to ensure local entity is in compliance with local legislation. This includes: incorporation and registration, reviewing and preparation of corporate legal documents, maintaining the company (shareholders) register, organising of board and shareholder's meetings, reporting to appropriate authorities and all other on demand services;
- **HR and Payroll** - Human resources and payroll services for clients which includes: contracts, employee relations, leave management, benefits, mobility and general HR administration and processing in-country-payroll;
- **Other, including Consultancy Solutions** - A wide range of consultancy offerings and implementation services.

The following table sets out TMF Group's revenue earned during 2019 split by service line to allow comparison with 2019 financial statements and a description of the 2019 markets.

- **Global Business Services ("GBS")** market focusing on foreign operating entities of multinational corporations that are based outside of that multinational's home country, as well as local small-to-medium size entities; and
- **Trust & Corporate Services ("TCS")** market focusing on servicing holding and financing entities including funds, trusts and special purpose vehicles.

2019

In millions of Euro	Total	GBS	TCS
<b>Accounting and Tax</b>	<b>234.6</b>	<b>234.6</b>	-
Accounting and Tax	156.1	156.1	-
Corporate secretarial	78.5	78.5	-
<b>Global Entity Management</b>	<b>217.5</b>	-	<b>217.5</b>
Funds and Capital markets	95.0	-	95.0
International Structuring	94.7	-	94.7
Family and Business Wealth solutions	27.8	-	27.8
<b>HR and Payroll</b>	<b>121.3</b>	<b>121.3</b>	-
<b>Other</b>	<b>16.1</b>	<b>9.6</b>	<b>6.5</b>
<b>Total revenue</b>	<b>589.5</b>	<b>365.5</b>	<b>224.0</b>

The following table sets out TMF Group's revenue earned during 2020 split by service and restated figures for comparison reason.

Service line information

In millions of Euro	2020	2019 Restated
Accounting and Tax	239.6	234.6
Global Entity Management	231.0	217.5
HR and Payroll	127.9	121.3
Other	16.4	16.1
<b>Revenue</b>	<b>614.9</b>	<b>589.5</b>

Revenue is recognised to the extent that it is probable that the economic benefits will flow to TMF Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding discounts, rebates and sales taxes or duty. Revenue is recognised in profit and loss to the part of the services rendered to the client during the reporting date.

The following revenue recognition methods are used:

- **Fixed fee revenue** – non-time based is generally realised over the period the services are delivered;
- **Fixed fee revenue** – time based is realised based on the finalisation of a performance obligation. This means that at the start of such a contract it is budgeted how many hours of the total hours will be spent per performance obligation;
- **Hourly based revenue** – is recognized at the contractual rates as time is spent. Only chargeable and recoverable hours are recorded as revenue;
- **Item based revenue** – is recognised based on the number of 'items' in the month and the fee per item.

Reference is made to note 33: Trade and other payable regarding the disclosure of deferred income including the impact for over time recognized revenue.

## 6. EMPLOYEE BENEFIT EXPENSES

### Pension obligations

TMF Group operates a number of pension schemes around the world. The schemes are generally funded through payments to insurance companies. TMF Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which TMF Group pays fixed contributions into a separate entity.

TMF Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in Euro (or most appropriate foreign currency in case of an obligation in a non-Euro country) and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains or losses arising from actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the income statement.

For defined contribution plans, TMF Group pays contributions to publicly or privately administered pension-insurance plans on a mandatory, contractual or voluntarily basis. TMF Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they fall due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### Other long-term employee benefits

Some TMF Group companies provide jubilee or anniversary payments to their employees. The expected costs of these benefits are accrued over the period until the benefit is earned using the same accounting methodology as used for defined benefit pension plans, except that remeasurements are recorded in the income statement. These obligations are valued annually.

Paid holidays are regarded as an employee benefit and as such are charged to the income statement as the benefits are earned. An accrual is made at each balance sheet date to reflect the present value of expected future payments of holidays earned but not yet taken.

Employee benefit expense is summarised as follows:

In millions of Euro	2020	2019
Wages and salaries	(278.7)	(261.2)
Social security costs	(36.2)	(33.2)
Pension costs – defined contribution plans	(12.3)	(10.9)
Pension costs – defined benefit plans	(0.7)	(1.8)
Share-based payment	-	(0.1)
Other personnel costs	(35.5)	(49.0)
<b>Employee benefit expenses</b>	<b>(363.4)</b>	<b>(356.2)</b>

Other personnel costs relate to education expenses, commuting allowances, recruitment costs, placement agencies, temporary employees, severance payments and management fees.

The average number of full-time equivalent employees (in continued operations) can be specified as follows:

	2020	2019
Client offering staff (average number of FTE)	6,091	5,697
Support staff (average number of FTE)	1,958	1,991
<b>Average number of FTE</b>	<b>8,049</b>	<b>7,688</b>
Of which working in the Netherlands	470	448
Of which working abroad	7,579	7,240

## 7. OFFICE EXPENSES

The office expenses can be specified as follows:

In millions of Euro	2020	2019
Technology expenses	(18.3)	(23.4)
Office maintenance	(11.3)	(14.1)
Telecom expenses	(6.8)	(7.0)
Office lease	(0.3)	(0.9)
<b>Office expenses</b>	<b>(36.7)</b>	<b>(45.4)</b>

The office lease amount in 2020 and 2019 is related to short-term leases.

## 8. PROFESSIONAL FEES

The professional fees can be specified as follows:

In millions of Euro	2020	2019
Subcontractor fees	(11.5)	(9.9)
Audit and tax fees	(5.3)	(3.6)
Legal fees	(1.5)	(1.7)
Other professional fees	(17.5)	(18.9)
<b>Professional fees</b>	<b>(35.8)</b>	<b>(34.1)</b>



## 9. OTHER EXPENSES

The other expenses can be specified as follows:

In millions of Euro	2020	2019
Insurance	(7.2)	(6.5)
Travel expenses	(2.4)	(6.1)
Marketing and sales expenses	(3.2)	(5.8)
Bank charges	(1.2)	(1.3)
Other	(9.9)	(5.5)
<b>Other expenses</b>	<b>(23.9)</b>	<b>(25.2)</b>

The other amount in 2020 and 2019 is related to integration cost and other selling, general and administrative expenses.

## 10. NET FINANCE COSTS

Finance income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

The net finance cost can be specified as follows:

In millions of Euro	2020	2019
Interest income on short-term bank deposits	2.4	8.6
<b>Finance income</b>	<b>2.4</b>	<b>8.6</b>
Secured senior bank loan	(50.2)	(49.9)
Unsecured related party loan and subordinated loan	(32.8)	(35.7)
Secured bank overdrafts	(3.7)	(4.9)
Interest leases	(2.3)	(2.5)
Other	(14.3)	(2.6)
<b>Finance expenses</b>	<b>(103.3)</b>	<b>(95.6)</b>
<b>Net foreign exchange gain/(loss)</b>	<b>1.6</b>	<b>(3.3)</b>
<b>Net finance costs</b>	<b>(99.3)</b>	<b>(90.3)</b>

The secured senior bank loan includes amortized transaction costs 2020: €4.7 million (2019: €4.7 million).

The other finance cost includes other bank cost such as bank guarantees and other related finance expenses.

## 11. OTHER GAINS/(LOSS)

In millions of Euro	2020	2019
Bargain on purchases	-	1.6
Other losses	(2.1)	(4.5)
<b>Other gains/(loss)</b>	<b>(2.1)</b>	<b>(2.9)</b>

The other losses in 2020 are related to the sale of Freeway Entertainment Group Kft.

## 12. INCOME TAX (EXPENSE)/BENEFIT

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where TMF Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except if it relates to items recognized directly in equity. In this case it is recognized in equity, or if it relates to items recognized directly in OCI, in which case it is recognized in OCI.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

In millions of Euro	2020	2019
Current tax on result for the year	23.5	14.5
Adjustments for current tax of prior periods	1.3	0.5
<b>Current tax expense</b>	<b>24.9</b>	<b>15.0</b>
Deferred income tax	(11.4)	(3.3)
<b>Income tax expense</b>	<b>13.4</b>	<b>11.7</b>

The tax on TMF Group's result before tax differs from the theoretical amount that would arise using the tax rates applicable in the Netherlands (25%) on the results of the consolidated entities as shown below:

In millions of Euro	2020	2019
Result for the year	(58.1)	(75.5)
Income tax expense	13.4	11.7
<b>Result before income tax</b>	<b>(44.7)</b>	<b>(63.8)</b>
Tax calculated at the Company's domestic tax rate	(11.2)	(15.9)
Effect of tax rates in foreign jurisdictions	(0.5)	(1.9)
Change in tax rates	2.2	0.7
Income not subject to tax	(2.6)	(2.2)
Expenses not deductible *	25.7	18.4
(De)recognition of previously (un)recognized tax losses	(1.5)	0.6
Re-assessment of corporate tax previous years	(3.9)	(2.9)
Utilization of previously unrecognized carry forward losses	(3.8)	-
Withholding tax related to taxable profit	2.9	1.0
Tax losses for which no deferred income tax asset was recognised	6.1	13.9
<b>Income tax expense**</b>	<b>13.4</b>	<b>11.7</b>
<b>Weighted average effective tax rate</b>	<b>(30.0%)</b>	<b>(18.3%)</b>

\* The non-deductible expenses mainly relate to financing costs.

\*\* TMF Group is a Dutch company with subsidiaries spread over the world and subject to income tax in the Netherlands and in the countries where TMF Group conduct operations. As part of the normal course of business the Group has uncertain tax positions and exposures resulting from interpretation of applicable tax laws applied in our tax returns. If any uncertain tax positions have been assessed they are provided for under current income tax liabilities as required under the newly adopted accounting guidance in IFRIC. The adoption did not impact the financial position. As per 1 January 2019, TMF Group has changed their transfer pricing model. The model is consistent with the arm's length principle and in accordance to the OECD guidelines.

### 13. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income statement. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by TMF Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax receivables against current tax liabilities and when the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and deferred tax liabilities are offset to extend that an entity has a legally enforceable right to set off current tax assets against current tax liabilities and are levied by same taxation authority.

In millions of Euro	31 December 2020	31 December 2019
<b>Deferred tax assets</b>		
To be recovered after more than 12 months	32.6	28.7
To be recovered within 12 months	8.1	6.4
Netting DTA/DTL	(40.2)	(33.8)
<b>Deferred tax assets</b>	<b>0.5</b>	<b>1.3</b>
<b>Deferred tax liabilities</b>		
To be recovered after more than 12 months	(150.3)	(156.0)
To be recovered within 12 months	(8.1)	(8.2)
Netting DTA/DTL	40.2	33.8
<b>Deferred tax liabilities</b>	<b>(118.2)</b>	<b>(130.4)</b>
<b>Deferred tax liability (net)</b>	<b>(117.7)</b>	<b>(129.1)</b>

The gross movement in the deferred tax account is as follows:

In millions of Euro	2020	2019
<b>Beginning of the year</b>	<b>(129.1)</b>	<b>(132.7)</b>
Exchange differences	(0.1)	0.3
Recorded in profit or loss	11.5	3.3
<b>End of the year</b>	<b>(117.7)</b>	<b>(129.1)</b>

The movement in deferred tax assets and liabilities during the year is as follows:

**Deferred tax assets**

In millions of Euro	Provisions	Tax losses	Property, plant & equipment	Other	Netting DTA/DTL	Total
<b>At 31 December 2018</b>	<b>0.5</b>	<b>31.8</b>	<b>1.8</b>	<b>2.1</b>	<b>(35.4)</b>	<b>0.8</b>
(Charge)/credited to the income statement	-	(2.4)	0.1	1.2	-	(1.1)
Exchange difference	-	-	-	-	-	-
Netting DTA/DTL	-	-	-	-	1.6	1.6
<b>At 31 December 2019</b>	<b>0.5</b>	<b>29.4</b>	<b>1.9</b>	<b>3.3</b>	<b>(33.8)</b>	<b>1.3</b>
(Charge)/credited to the income statement	0.9	6.4	(0.6)	(1.1)	-	5.6
Netting DTA/DTL	-	-	-	-	(6.4)	(6.4)
<b>At 31 December 2020</b>	<b>1.4</b>	<b>35.8</b>	<b>1.3</b>	<b>2.2</b>	<b>(40.2)</b>	<b>0.5</b>

The deferred tax asset for tax losses is to a great extent dependent on future taxable profits. The deferred tax asset not recognized for IFRS 16 Lease accounting amounts to €0.4 million (2019: €0.7 million).

## Deferred tax liabilities

In millions of Euro	Intangible assets	Other	Netting DTA/DTL	Total
<b>At 31 December 2018</b>	<b>167.9</b>	<b>1.0</b>	<b>(35.4)</b>	<b>133.5</b>
Charge/(credited) to the income statement	(8.2)	3.8	-	(4.4)
Exchange differences	-	(0.3)	-	(0.3)
Netting DTA/DTL	-	-	1.6	1.6
<b>At 31 December 2019</b>	<b>159.7</b>	<b>4.5</b>	<b>(33.8)</b>	<b>130.4</b>
Charge/(credited) to the income statement	(5.4)	(0.5)	-	(5.9)
Exchange differences	-	0.1	-	0.1
Netting DTA/DTL	-	-	(6.4)	(6.4)
<b>At 31 December 2020</b>	<b>154.3</b>	<b>4.1</b>	<b>(40.2)</b>	<b>118.2</b>

The category other includes outside base difference of €1.2 million (2019: €1.5 million).

As at 31 December 2020, TMF Group did not recognize deferred tax assets in respect of estimated tax losses and tax credits (carry forward interest expenses) of €318.3 million (2019: €264.8 million). The main part of the non-capitalised losses relates to the Netherlands and Luxembourg. The tax losses in the Netherlands as at 31 December 2020 will expire\* as follows:

In millions of Euro	31 December 2020
1 January 2021	44.4
1 January 2022	25.8
1 January 2023	30.6
1 January 2024	90.9
1 January 2025	23.1
1 January 2026	2.3
1 January 2027	41.4
<b>Taxable losses in the Netherlands</b>	<b>258.5</b>

\* Legislation has been proposed by the Dutch government which changes the loss utilisation rules in Netherlands as per 1 January 2022. Losses available as per 1 January 2022 may be carried forward indefinitely. However, the offset of losses will be limited in a given year against the first €1 million of taxable profit. For taxable profit in excess of this amount, losses may only be offset up to 50% of this excess. The measure is not substantively enacted due to fact that the legislative procedure is not fully completed. However, it is expected that this law will enter into force by 1 January 2022.

The taxable losses of Luxembourg will not expire if generated before 31 December 2016. As from January 2017 generated losses expire after 17 years. As at 31 December 2020, the total taxable losses in Luxembourg are estimated at €71.9 million (2019: €54.8 million). The tax credits (carry forward interest expenses) in the Netherlands of €82.4 million have no expiry date.

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

TMF Brazil Assessoria Contabil e Empresarial Ltda ("TMF Assessoria") is a corporate service provider in Brazil. In compliance with local requirements, 51% of the shares of TMF Assessoria are held by individual accountants, which are local partners of TMF Group in its accounting business in Brazil ("Local Partners").

Based on the agreement entered with the Local Partners, TMF Group is entitled to 80% of the dividends of TMF Assessoria.

In 2019 TMF Assessoria was accounted for as an investment in associates, as TMF Group did not have the ability to direct relevant activities, i.e. could not exercise control over the investee.

TMF Group concluded that it has control over TMF Assessoria as of 2020. The changes in governance structure, reporting structure and organizational restructuring of TMF Assessoria resulted in the ability to exercise control. The obtained control did not result in additional considerations being paid by TMF Group for the transaction, and it did not generate cash inflow and outflow movements, separate from the consolidation.

The deemed sale of the associate and fair value did not result in a significant impact. As a result of the consolidation an amount of €2.7 million is recorded as goodwill and client list under Intangible Assets and related to the transaction in 2018. Refer to note 17 of Intangibles Assets.

The consolidation results in a €0.5 million movement in equity.

In millions of Euro	2020	2019
Opening balance	1.5	1.6
Share of profit/(loss) for investments accounted for using the equity method	-	0.3
Consolidation impact	(1.5)	-
Translation movements	-	(0.4)
End of the year	-	1.5

## 15. NON-CONTROLLING INTEREST

### Non-controlling interest

The total non-controlling interest for the year is €15.1 million (2019: €17.0 million). Since the non-controlling interest is considered not significant for TMF Group no further summarised financial information is disclosed. The Freeway Entertainment group is the non-controlling interest.

### Subsidiaries

For the list of the subsidiaries of TMF Group at 31 December 2020, reference is made to the section 'TMF Group entities' which is included in the financial statements. All subsidiary undertakings are included in the consolidation.

All of the subsidiaries have either operating activities in line with TMF Group's core business or are intermediate holding and/or finance structures.

## 16. BUSINESS COMBINATIONS

### General

Alongside TMF Group's strategies for organic growth, it is TMF Group's intention, where appropriate, to continue to make acquisitions that provide additional scale to the business, enhance a specific service offering, assist in consolidating fragmented markets or address relevant geographical gaps. TMF Group applies a disciplined and rigorous approach to all acquisition evaluations.

TMF Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

### Acquisitions 2020

There were no acquisitions in 2020. Refer to the note 38 Subsequent events.

### Acquisitions 2019

**Vietnam** - On 30 April 2019, TMF Group acquired 100% of NVM Group Joint Stock Company ("NVM"), a Vietnam based provider of payroll services. The acquisition expands the Group's existing footprint in Vietnam and provides access to a complementary portfolio of corporate clients. Consideration at completion was limited on satisfaction of certain performance criteria. No contingent liabilities were acquired in this business combination. The business is expected to contribute to annualized revenue.

**Peru** - On 12 July 2019, following receipt of the necessary regulatory approvals, TMF Group acquired 100% of FiduPerú S.A. Sociedad Fiduciaria ("FiduPeru"). The business provides trust and fiduciary services and the acquisition is in line with TMF Group's strategy to expand its capital markets services in South America. The consideration amounts are very limited and related to the charges for interim support and lease costs payable to the previous owner. There is no contingent consideration agreed and no contingent liabilities were acquired in this business combination. The business is expected to contribute to annualized revenue.



**Channel Islands** - On 2 September 2019, follow receipt of regulatory approvals, TMF Group acquired 100% of State Street (Jersey) Limited and State Street (Guernsey) Limited, the Channel Islands provider private equity and real estate fund administration services ("State Street CI"). The acquisition strengthens TMF Group's position in the fund services sector taking its global Assets under Administration to in excess of \$150 billion. There is a consideration applicable. There will be no cash outflow (net of cash acquired) from this acquisition. There is no contingent consideration agreed and no contingent liabilities were acquired in this business combination. The State Street CI business is expected to contribute to annualized revenue.

**China** - On 10 December 2019, TMF Group acquired 100% of Ecovis Consulting Limited, the Beijing franchise of Ecovis International that provides accounting and tax services ("Ecovis Beijing"). The acquisition expands the Group's existing footprint in Beijing and strengthens its proposition for Western European corporate clients expanding into China. Consideration at completion is related on satisfaction of certain performance criteria. No contingent liabilities were acquired in this business combination. The business is expected to contribute to annualized revenue.

## 17. INTANGIBLE ASSETS

### Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

Gains and losses on the disposal of an entity or business include the carrying amount of goodwill relating to the entity or business sold. Goodwill is not amortised.

### Client lists

Client lists, including client relationships, acquired by TMF Group have finite useful lives. Client lists are acquired as part of business combinations, recognized at their fair value at the date of the acquisition and subsequently amortised on a straight-line basis on the timing of projected cash flows of the contracts over their estimated life time (15 years). The useful lives and the amortisation methods are reviewed periodically and adjusted if appropriate.

### Brands

The intangible asset relates to the 'TMF brand' which is acquired as part of business combinations of TMF Orange Holding B.V. This brand is recognized at the fair value at the date of the acquisition and not amortised. TMF Group believes that there is currently no foreseeable limit to the period over which this brand is expected to generate net cash inflows, and therefore assessed to have an indefinite useful life.

## Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by TMF Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs are amortised over their estimated useful lives of 3 - 7 years on a straight-line basis. The residual values, the useful lives and the amortisation methods are reviewed periodically and adjusted if appropriate.

## Impairment of intangible assets

For intangible assets, TMF Group evaluates if there is an impairment indicator at the end of the reporting period. If there is an impairment indicator, an impairment assessment is performed.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested for impairment at the CGU level, as monitored for internal management purposes, and does not take place at a lower level.

In millions of Euro	Goodwill	Client list	Brands	Software	Total
<b>Cost</b>					
<b>Balance at 31 December 2018</b>	<b>968.9</b>	<b>- 587.4</b>	<b>213.8</b>	<b>56.1</b>	<b>1,826.2</b>
Acquired through business combinations	11.3	1.9	0.8	-	14.0
Additions	-	0.8	-	13.2	14.0
Disposals	-	(0.8)	-	(1.9)	(2.7)
Exchange differences	3.9	1.9	-	(1.3)	4.5
<b>Balance at 31 December 2019</b>	<b>984.1</b>	<b>591.2</b>	<b>214.6</b>	<b>66.1</b>	<b>1,856.0</b>
<b>Balance at 1 January 2020</b>					
Acquired through business combinations	-	-	-	-	-
Additions	2.5	0.2	-	16.6	19.3
Additions – internally developed	-	-	-	4.6	4.6
Disposals	-	(0.3)	-	(0.7)	(1.0)
Exchange differences	(11.0)	(4.2)	(0.5)	1.9	(13.8)
<b>Balance at 31 December 2020</b>	<b>975.6</b>	<b>586.9</b>	<b>214.1</b>	<b>88.5</b>	<b>1,865.1</b>
<b>Amortisation and impairment</b>					
<b>Balance at 31 December 2018</b>	<b>95.0</b>	<b>23.2</b>	<b>-</b>	<b>14.8</b>	<b>133.0</b>
Amortisation for the year	-	34.8	-	18.0	52.8
Disposals	-	(0.8)	0.1	(1.4)	(2.1)
Exchange differences	0.7	0.8	-	(0.7)	0.8
<b>Balance at 31 December 2019</b>	<b>95.7</b>	<b>58.0</b>	<b>0.1</b>	<b>30.7</b>	<b>184.5</b>
<b>Balance at 1 January 2020</b>	<b>95.7</b>	<b>58.0</b>	<b>0.1</b>	<b>30.7</b>	<b>184.5</b>
Amortisation for the year	-	35.1	-	15.7	50.8
Disposals	-	-	-	(0.1)	(0.1)
Exchange differences	(0.4)	(2.4)	(0.6)	(1.1)	(4.6)
<b>Balance at 31 December 2020</b>	<b>95.2</b>	<b>90.7</b>	<b>(0.5)</b>	<b>45.2</b>	<b>230.6</b>
<b>Carrying amounts</b>					
<b>At 31 December 2019</b>	<b>888.4</b>	<b>533.2</b>	<b>213.6</b>	<b>35.4</b>	<b>1,671.5</b>
<b>At 31 December 2020</b>	<b>880.4</b>	<b>496.2</b>	<b>213.6</b>	<b>43.3</b>	<b>1,634.5</b>

As at 31 December 2019 and 31 December 2020, the carrying value of client lists relates to the acquisition of TMF Orange Holding B.V.

As at 31 December 2020, addition to Goodwill of €2.5 million fully relates to consolidation impact of TMF Assessoria and it is allocated to Iberia and Latam Cash Generating Unit. As at 31 December 2020, change in carrying value of Goodwill relates to impact of foreign exchange rates.

	Goodwill	Client list	Brands	Software
Longest estimated useful life remaining				
At 31 December 2020	n/a	15 years	n/a	3-7 years

The goodwill allocation per Cash Generating Unit is presented below for 2019:

In millions of Euro	31 December 2020	31 December 2019
Benelux & Western Europe	-	415.0
APAC	-	206.8
EMEA	-	197.6
Americas	-	69.0
<b>Goodwill</b>	<b>-</b>	<b>888.4</b>

TMF Group management has changed the Cash Generating Units which has contributed to more relevant and reliable insight. The change is primarily driven by the geographical presence, organizational structure and type of services provided by our clients. The Cash Generating Unit Benelux & Western Europe has been renamed to International. France and Belgium has been transitioned from International to EMEA and Spain and Portugal has been transitioned from EMEA to Iberia and Latam. The Cash Generating Unit International includes primarily The Netherlands and Luxembourg which have both interrelated operations. The Cash Generating Unit Americas have been split into Latam and North America.

The goodwill allocation per Cash Generating Unit is presented below for 2020.

In millions of Euro	31 December 2020	31 December 2019 Restated
International	411.5	416.1
APAC	203.7	207.6
EMEA	172.8	174.8
Iberia and Latam	71.8	71.2
North America	20.6	18.7
<b>Goodwill</b>	<b>880.4</b>	<b>888.4</b>

## Goodwill impairment analysis

TMF Group tests annually whether goodwill has suffered any impairment. The recoverable amount of the cash generating units (CGUs) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets and five-year forecasts approved by management. The annual EBITDA (operating result before interest, taxes, depreciation and amortisation) growth for the first 5 years majorly impacts the cash flow projections and is based on past performance, management's expectations and independent market research. Cashflows beyond the five-year period are extrapolated using an estimated perpetual growth rate. Calculating the cash flows requires the use of judgements and estimates that have been included in our strategic plans and long-range forecasts. In addition, judgement is required to estimate the appropriate interest rate to be used to discount the future cash flows.

### Impairment tests for goodwill

Goodwill is monitored by management per Cash Generating Units for goodwill impairment testing purposes.

The recoverable amount of a Cash Generating Unit is determined based on value in use calculations. This value in use is based on 5 years cash flows projections.

The key assumptions used are summarised in the table and notes to this table below for 2019:

2019	Benelux & Western Europe	EMEA	Americas	APAC
Discount rate (a)	5.5%	7.1%	11.7%	6.8%
EBITDA growth (b)	5.0%	10.6%	11.6%	8.1%
Perpetual growth (c)	0.7%	1.3%	6.3%	1.1%

The key assumptions used are summarised in the table and notes to this table below for 2020:

2020	International	EMEA	North America	APAC	Iberia/Latam
Discount rate (a)	6.2%	7.5%	8.0%	7.1%	11.1%
EBITDA growth (b)	5.7%	9.1%	11.8%	6.5%	10.1%
Perpetual growth (c)	0.3%	0.9%	1.8%	0.9%	5.3%

- a) Post-tax local currency discount rates have been determined by country and applied to the respective cash flow projections.
- b) Year-on-year budgeted annual EBITDA growth for the first 5 years has been based on the forecast prepared by local and group management.
- c) Long-term growth rates (perpetual growth) have been estimated based on a base rate of 0.3%, increased if applicable by the inflation differential between the country and the Eurozone inflation (which is also included in the discount rate calculations by country).

Goodwill was tested for impairment as at 31 December 2020 and no goodwill impairment (2019: no impairment) was identified.

#### Sensitivity analysis

Other than as disclosed below, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash-generating unit to materially exceed their carrying values. The changes in the following table to assumptions used in the impairment review would, in isolation, lead to an impairment loss being recognized for the year ended 31 December 2020.

The following change or end values required for carrying value to equal recoverable amount for 2019:

Change required for carrying value to equal recoverable amount				
2019	Benelux & Western Europe	EMEA	Americas	APAC
Initial Headroom (in millions of Euro)	82.4	318.6	100.6	188.5
	%	%	%	%
Discount rate (a)	0.5	4.5	3.1	2.6
EBITDA growth (b)	(5.3)	(25.9)	(17.8)	(16.5)
Perpetual growth (c)	(0.2)	(5.9)	(2.2)	(2.5)

The following change or end values required for carrying value to equal recoverable amount for 2020:

2020	International	EMEA	North America	APAC	Iberia/ Latam
Initial Headroom (in millions of Euro)	189.3	254.9	60.5	228.9	102.2
	%	%	%	%	%
Discount rate	1.5	4.9	7.2	3.7	4.5
EBITDA growth – change	(12.3)	(27.2)	(36.4)	(22.2)	(23.0)
Perpetual growth – end value	(1.8)	(6.9)	(9.9)	(4.6)	(6.2)

## 18. PROPERTY, PLANT AND EQUIPMENT

### Recognition and measurement

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

### Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- **Buildings:** 30 years
- **Leasehold improvements:** term of the lease unless the useful life is shorter
- **Furniture and fittings:** 5 years
- **Office and computer equipment:** 3-5 years
- **Motor vehicles:** 3-5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### Disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other expenses' in the income statement.

**Property, plant and equipment movement schedule**

In millions of Euro	Buildings	Leasehold improvements	Furniture & fittings	Office & computer equipment	Motor vehicles	Total
<b>Cost</b>						
<b>Balance at 1 January 2019</b>	-	20.4	4.6	13.4	0.3	38.7
Opening balance adjustment lease accounting	-	(2.2)	-	(4.0)	-	(6.2)
Additions	-	3.8	1.2	6.6	0.1	11.7
Disposals	(4.2)	(0.8)	(1.2)	(3.5)	(0.4)	(10.1)
Exchange differences	0.1	0.8	0.1	0.9	-	1.9
Reclassification	1.9	(0.2)	-	(0.2)	(0.1)	1.4
<b>Balance at 31 December 2019</b>	<b>(2.2)</b>	<b>21.8</b>	<b>4.7</b>	<b>13.2</b>	<b>(0.1)</b>	<b>37.4</b>
Additions	4.3	0.4	0.7	9.1	-	14.5
Disposals	-	(1.8)	(0.3)	(2.4)	-	(4.5)
Exchange differences	(0.7)	(2.5)	(0.5)	(0.4)	-	(4.1)
Reclassification	-	-	-	-	0.5	0.5
<b>Balance at 31 December 2020</b>	<b>1.4</b>	<b>17.9</b>	<b>4.6</b>	<b>19.5</b>	<b>0.4</b>	<b>43.8</b>
<b>Depreciation</b>						
<b>Balance at 1 January 2019</b>	-	3.3	0.8	2.6	0.1	6.8
Opening balance adjustment lease accounting	-	(1.3)	-	-	-	(1.3)
Depreciation for the year	-	5.4	1.2	3.5	0.1	10.2
Disposals	(2.5)	(0.8)	(1.1)	(2.7)	(0.3)	(7.4)
Exchange differences	0.1	0.3	0.1	0.7	-	1.2
<b>Balance at 31 December 2019</b>	<b>(2.4)</b>	<b>6.9</b>	<b>1.0</b>	<b>4.1</b>	<b>(0.1)</b>	<b>9.5</b>
Depreciation for the year	0.1	5.3	1.3	4.5	-	11.2
Disposals	-	(1.6)	(0.6)	(2.6)	(0.1)	(4.9)
Exchange differences	2.2	(1.7)	(0.4)	(0.3)	-	0.4
Reclassification	-	-	-	-	0.5	0.5
<b>Balance at 31 December 2020</b>	<b>(0.1)</b>	<b>8.9</b>	<b>1.3</b>	<b>6.3</b>	<b>0.3</b>	<b>16.7</b>
<b>Carrying amounts</b>						
<b>At 31 December 2019</b>	<b>0.2</b>	<b>14.9</b>	<b>3.7</b>	<b>9.1</b>	<b>-</b>	<b>27.9</b>
<b>At 31 December 2020</b>	<b>1.5</b>	<b>9.0</b>	<b>3.3</b>	<b>13.2</b>	<b>0.1</b>	<b>27.1</b>



## 19. ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with TMF Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in the income statement. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

The criteria for held for sale classification is regarded as met only when the sale is considered highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

## 20. RIGHT-OF-USE OF ASSETS AND LEASE LIABILITY

Policy applicable from 1 January 2019

At inception of a contract, TMF Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, TMF Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

### As a lessee

At commencement or on modification of a contract that contains a lease component, TMF Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

TMF Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is included in the financial statement line item; Right of use asset as a Non-Current asset. The lease liability is included in the financial statements line item; Lease Liability short term and long term. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to TMF Group by the end of the lease term or the cost of the right-of-use asset reflects that TMF Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, TMF Group's incremental borrowing rate. TMF the Group uses its incremental borrowing rate as the discount rate.

TMF Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that TMF Group is reasonably certain to exercise, lease payments in an optional renewal period if TMF Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless TMF Group is reasonably certain not to terminate early.

The lease liability is measured at the present value of the future lease payments. The key inputs to this calculation are the lease term, the lease payments to be included and the discount rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in TMF Group's estimate of the amount expected to be payable under a residual value guarantee, if TMF Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

As a practical expedient, TMF Group elects, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Non-lease component that is fixed or varies depending on an index or rate can be included in the lease liability calculation, such as common area maintenance or fixed building management fees. Non-lease component that is variable payment that depend on usage can't be included in the lease liability calculation, such as water usage.

### Short-term leases and leases of low-value assets

TMF Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. TMF Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The amount of low value leases is recorded in rental and office expenses.

#### As a lessor

At inception or on modification of a contract that contains a lease component, TMF Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When TMF Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, TMF Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, TMF Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When TMF Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which TMF Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then TMF Group applies IFRS 15 to allocate the consideration in the contract.

TMF Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. TMF Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

TMF Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to TMF Group as a lessor in the comparative period were not different from IFRS 16.

#### Nature of TMF Group's leasing activities

TMF Group leases office buildings, cars and office equipment, which are necessary for the Company to operate. With regards to the assets leased by TMF Group, there are no restrictions or covenants imposed in any of the lease contracts.

## Right-of-use assets

The below movement schedule provides an overview of the changes in lease-related assets in the consolidated financial statements of TMF Group.

In millions of Euro	Lease buildings	Lease vehicles	Lease software	Total
<b>Cost</b>				
Balance at 1 January 2019	128.3	3.7	18.4	150.4
Additions	14.4	1.9	0.4	16.7
Disposals	(0.3)	(1.4)	(0.4)	(2.1)
Exchange differences	(6.8)	-	-	(6.8)
<b>Balance as 31 December 2020</b>	<b>135.6</b>	<b>4.2</b>	<b>18.4</b>	<b>158.2</b>
<b>Depreciation</b>				
Balance at 1 January 2019	43.2	1.5	12.8	57.5
Depreciation for the year	29.8	1.1	2.4	33.3
Disposals	(2.5)	(0.8)	-	(3.3)
Exchange differences	(2.5)	-	(0.2)	(2.7)
<b>Balance as 31 December 2020</b>	<b>68.0</b>	<b>1.8</b>	<b>15.0</b>	<b>84.8</b>
<b>Carrying amounts</b>				
At 31 December 2019	85.1	2.2	5.6	92.9
<b>At 31 December 2020</b>	<b>67.6</b>	<b>2.4</b>	<b>3.1</b>	<b>73.1</b>

## Lease liability

Breakdown of movements in the lease liability is as follows:

In millions of Euro	2020	2019 <sup>1</sup>
<b>Opening balance</b>	<b>103.2</b>	<b>8.7</b>
Finance charge	2.5	2.5
Additions	18.6	130.3
Lease payments	(42.2)	(38.3)
FX, Revaluation and rent concession	(5.9)	-
<b>Closing balance</b>	<b>76.2</b>	<b>103.2</b>

The lease liability is recorded in the loans and borrowings.

TMF Group has reviewed its lease portfolio and agreed on new lease agreements in 13 countries which will become effective in 2021. As a result of this change in lease terms and conditions, total annual lease payments will reduce with €6.3 million in 2021 compared to 2020

## 21. FINANCIAL ASSETS AND LIABILITIES

### Financial assets

TMF Group classifies its financial assets in the following categories: financial assets at amortised cost (loans and receivables) and fair value through income statement (equity instruments). The classification is determined based on TMF Group's business model for managing financial assets and contractual cash flow characteristics of the financial assets. Management determines the classification of its financial assets at initial recognition.

#### Financial assets at amortised cost

Loans and receivables are financial assets measured at amortised cost. Financial assets measured at amortised cost are initially measured at their fair value with transaction costs that are deducted from the fair value. These financial assets are subsequently measured at amortised cost using effective interest method.

Credit risk is managed by each business unit subject to TMF Group's established policy, procedures and control relating to credit risk management. Credit quality of a counterparty is assessed based on a credit rating scorecard.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed further in this note.

### Financial assets at fair value through income statement

Financial assets at fair value through income statement (equity instruments) include investments in non-listed equity shares. TMF Group holds non-controlling interest (between 2% and 10%) in these companies. Financial assets carried at fair value through income statement are initially recognised at fair value and transaction costs are expensed in the income statement. These assets are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through income statement' category are presented in the income statement in the period in which they arise.

These assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and TMF Group has transferred substantially all risks and rewards of ownership.

### Financial assets at amortised cost

The classification of financial assets is as follows:

In millions of Euro	31 December 2020	31 December 2019
Loans to and receivables from related parties	4.4	8.4
Long term deposits	2.8	2.8
<b>Non-current financial assets</b>	<b>7.2</b>	<b>11.2</b>
Loans to and receivables from related parties	1.3	0.5
Shelf companies	0.5	0.7
<b>Current financial assets</b>	<b>1.8</b>	<b>1.2</b>

Loans to and receivables from related parties relate to TMF Sapphire Topco B.V.

### Exposure to credit risk

The gross carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

In millions of Euro	31 December 2020	31 December 2019
Non-current financial assets	7.2	11.2
Trade and other receivables (excluding prepayments and tax-related receivables)	162.0	173.4
Current financial assets	1.8	1.2
Clients' funds held under Trust	234.0	238.6
Cash and cash equivalents	259.6	271.6
<b>Total</b>	<b>664.6</b>	<b>696.0</b>

Refer to note 4.4 Credit risk and note 23 Trade receivables and Unbilled services where all material credit risks and flows are described.

### Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### Financial liability

TMF Group has applied IFRS 9 for hedge accounting.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivatives are measured at fair value and the accounting for the changes therein depend on whether the derivative is designated as a hedging instrument or not.. TMF Group designates certain derivatives as cash flow hedges of particular risks associated with a recognized asset or liability or a highly probable forecast transaction.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

### Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income ("OCI") and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in income statement.

For a modification of contractual cash flows of the hedging instrument due directly from interest rate benchmark reform, the changes to the hedge documentation (such as redefining the hedged risk or the description of the hedging instrument/hedged item to make reference to the benchmark rate) does not result in discontinuation of hedge accounting.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to income statement in the same period or periods as the hedged expected future cash flows affect income statement.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to income statement.

In millions of Euro	31 December 2020	31 December 2019
Interest rate derivative - cap	0.5	1.2
Interest rate derivative - interest rate swap	16.0	14.2
<b>Balance at 31 December</b>	<b>16.5</b>	<b>15.4</b>
Non-current	16.5	15.4
Current	-	-
<b>Total</b>	<b>16.5</b>	<b>15.4</b>

The fair value is based on a Level 2 fair value calculation.

#### Interest rate swaps

TMF Group has an interest rate swap and a cap. For the period July 2018 until July 2021 TMF Group has purchased an interest rate cap, with a notional of €805 million. If the Euribor on the senior loan notes exceeds 0.5% the higher amount will be received. The premium for the interest rate cap is paid over the lifetime of the instrument. For the period July 2021 until July 2023 TMF Group has entered into an interest rate swap, with a notional of €805 million. Euribor on the senior loan notes is partially hedged at 1.034%.

TMF Group has performed an assessment of the reform of interest rate benchmarks (IBOR reform) and determined this will not have a significant impact to financial statements.

Assessment of hedge effectiveness is performed at inception of the hedge, at each reporting date and upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first.

The following potential sources of ineffectiveness are identified:

- Reduction or modification in the hedged item (i.e. debt repayment)
- A change in the credit risk of TMF Group or the counterparty to the purchased cap or cash flow hedge.

The hedge ineffectiveness for the year amount nil. The hedge ratio is 1:1.



The following table details the contracts at the end of the reporting period, as well as information regarding their related hedged items.

In millions of Euro	Changes in value used for calculating hedge ineffectiveness	Balance in cash flow hedge reserve for continuing hedges
<b>Cash flow hedges</b>		
Interest rate derivative – cap	0.6	0.5
Interest rate derivative – interest rate swap	15.5	16.0
<b>Total</b>	<b>16.1</b>	<b>16.5</b>

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve to income statement:

In millions of Euro	Change in the fair value of hedging instruments recognized in OCI	Hedge ineffectiveness recognized in profit or loss	Line item in profit or loss in which hedge ineffectiveness is included
<b>Cash flow hedges</b>			
Interest rate derivative – cap	(0.7)	-	Not applicable
Interest rate derivative – interest rate swap	1.8	-	Not applicable
<b>Total</b>	<b>1.1</b>	<b>-</b>	<b>-</b>

There were no reclassifications from the cash flow hedge reserve to income statement during the period in relation to the interest rate swaps.

## 2.2. CONTRACT ASSETS

The contract assets relate to costs incurred to obtain and/or fulfil a contract. As at 31 December 2020 and 2019, the non-current assets amount to €8.3 million and €8.5 million respectively and the current contract assets amounts to €7.4 million and €6.3 million respectively. There was no impairment loss in relation to the costs capitalized.

The maximum exposure of credit risk at the reporting date is the carrying value of the contract assets. TMF Group does not hold any collateral as security. TMF Group has no significant concentrations of credit risk.

## 23. TRADE RECEIVABLES AND UNBILLED SERVICES

Trade receivables are initially recognised at fair value, and subsequently measured at amortised cost (if the time value is material), using the effective interest method, less allowance for expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit losses on trade receivables are estimated collectively using a provision matrix based on TMF Group's historical credit loss experience and includes an assessment of the forecast direction of macroeconomic conditions at reporting date.

Provision rates are segregated according to geographical location and status of the client (active/inactive) and credit risk category (local/global). The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within 'Impairment financial assets'. When a receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against 'Impairment financial assets' in the income statement. Unbilled services relate to services performed but not yet billed.

The breakdown of total Trade receivables and Unbilled services is:

In millions of Euro	31 December 2020	31 December 2019
Trade receivables	103.2	113.5
Less: Allowance for Expected Credit Loss	(10.4)	(13.2)
Trade receivables – net	92.8	100.3
Unbilled services	45.3	48.5
<b>Trade receivables and Unbilled services</b>	<b>138.1</b>	<b>148.8</b>

The maximum exposure of credit risk at the reporting date is the carrying value of the receivables. TMF Group does not hold any collateral as security. TMF Group has no significant concentrations of credit risk.

The ageing analysis of trade receivables net of the allowance for credit losses is as follows as per 31 December 2020:

In millions of Euro	Gross receivables	Allowance	Net receivables
Less than 30 days	47.6	(0.6)	47.0
30 to 90 days	24.8	(0.6)	24.2
91 to 180 days	11.4	(0.5)	10.9
181 to 360 days	10.8	(1.6)	9.2
More than 360 days	8.6	(7.1)	1.5
<b>Trade receivables</b>	<b>103.2</b>	<b>(10.4)</b>	<b>92.8</b>

The ageing analysis of trade receivables net of the allowance for credit losses is as follows as per 31 December 2019:

In millions of Euro	Gross receivables	Allowance	Net receivables
Less than 30 days	47.2	(0.6)	46.6
30 to 90 days	29.2	(0.7)	28.5
91 to 180 days	13.4	(0.9)	12.5
181 to 360 days	12.5	(1.8)	10.7
More than 360 days	11.2	(9.2)	2.0
<b>Trade receivables</b>	<b>113.5</b>	<b>(13.2)</b>	<b>100.3</b>

Trade receivables are non-interest bearing and are generally on terms of 14 to 45 days.

Breakdown of movements in the allowance, based on expected credit losses, are as follows:

In millions of Euro	2020	2019
Opening balance	13.2	12.7
Increase in the allowance	4.5	4.7
Reversed allowance	(1.1)	(0.6)
Receivables written off during the period as uncollectible	(6.2)	(3.6)
<b>Closing balance</b>	<b>10.4</b>	<b>13.2</b>

TMF Group evaluates the concentration of risk with respect to trade receivables as very low due to international landscape, scale and scope of subsidiaries, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The carrying amounts of TMF Group's total Trade receivables and Unbilled services are denominated in the following currencies:

In millions of Euro	31 December 2020	31 December 2019
Euro	70.7	72.0
US Dollar	31.3	32.5
GBP	12.0	6.6
CNY	3.4	4.3
BRL	2.3	2.9
SGD	2.5	2.2
Other	26.3	41.5
<b>Trade receivables and Unbilled services</b>	<b>148.5</b>	<b>162.0</b>

## 24. OTHER RECEIVABLES

In millions of Euro	31 December 2020	31 December 2019
Prepayments	11.4	15.8
Rental and other deposits	4.3	5.5
Unbilled disbursements	2.3	3.5
Other tax and social security receivables	3.4	3.0
Other receivables	9.8	15.5
<b>Other receivables</b>	<b>31.2</b>	<b>43.3</b>

The maximum exposure of credit risk at the reporting date is the carrying value of the other receivables. TMF Group does not hold any collateral as security. TMF Group has no significant concentrations of credit risk.

## 25. CLIENTS' FUNDS HELD UNDER TRUST

Clients' funds held under Trust consists of client money that is held in TMF Group bank accounts on behalf of clients. Clients' funds held under Trust is recorded separately as an asset on the balance sheet of TMF Group. A corresponding liability is recognised within current liabilities to reflect the linked character for TMF Group. Clients' funds held under trust are measured at amortised cost.

Clients' funds held under Trust are held in investment grade banks (classified as credit risk grade 1), and the credit risk is considered low. The fair value of clients' funds held under Trust and clients' funds ledger balances approximate the carrying value.

In millions of Euro	31 December 2020	31 December 2019
Clients' funds held under Trust	234.0	238.6
Clients' funds ledger balances	(234.0)	(238.6)
<b>Net held under Trust</b>	<b>-</b>	<b>-</b>

## 26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. In the consolidated balance sheet bank overdrafts are shown within borrowings in current liabilities.

In millions of Euro	31 December 2020	31 December 2019
Cash at bank and on hand	258.1	270.0
Short-term bank deposits	1.5	1.6
<b>Cash and cash equivalents</b>	<b>259.6</b>	<b>271.6</b>
Bank overdrafts used for cash management purposes - not offset with cash at bank	(220.7)	(236.2)
<b>Cash and cash equivalents and bank overdrafts</b>	<b>38.9</b>	<b>35.4</b>

The carrying value of the cash and cash equivalents approximate the fair value.

TMF Group manages cash pool at HSBC which contains many currencies of the major currencies are denominated in Euro, US Dollar, GBP, HKD and SGD. In this cash pool, the account balances are notionally offset for interest purposes without the central movement of funds. Interest is earned on the net balance of the pool. The total net balances in the cash pool as at 31 December 2020 was €9.2 million (2019: €0.1 million).

### Significant restrictions

At 31 December 2020, cash and cash equivalents of €4.5 million (2019: €4.4 million) were subject to local exchange control regulations. These local exchange control regulations provide for restrictions on cross border payments and/or capital from the country. The restricted cash at 31 December 2020 is held in Turkey and Argentina.

## 27. EQUITY

### Share capital and share premium

Ordinary shares are classified as equity.

At 31 December 2020, the authorized share capital comprised 323,126,314 shares. The issued share capital amounts to €3,231,263. There are no changes applicable for 2020. All shares are fully paid and have similar rights in meetings of the shareholders.

On 31 October 2020, by resolution of Board of Directors of TMF Sapphire Holdco B.V., a contribution in an amount of €414.4 million, equal to outstanding balance of shareholder loan and including accrued interest, was converted into share premium, without issuance of shares. With this transaction, the shareholder loan to TMF Sapphire Topco B.V. ceased to exist. The total share premium amounts to €734.3 million (2019: €319.9)

## 28. SHARE-BASED PAYMENT

### Senior management share-based payment plan

The share-based payment plan is classified as an equity-settled plan since TMF Group does not have an obligation to repurchase the shares or otherwise settle in cash. A participant leaving TMF Group is obliged to offer the shares for sale to a party designated by CVC, where the price a voluntary leaver is entitled to for the shares is determined as the lower of the fair market value on the repurchase date and the purchase price paid. In general, a participant will therefore have to stay employed until an exit event occurs in order to be entitled to the fair market value for the shares. An exit means sale, Initial Public Offering or a winding up.

Movements in the number of ordinary shares ("Depository receipts") outstanding and their related weighted average exercise prices are as follows:

	Shares (in 1,000)
<b>31 December 2018</b>	<b>1,246.1</b>
Granted	315.6
Forfeited	(410.5)
<b>31 December 2019</b>	<b>1,151.2</b>

	Shares (in 1,000)
<b>31 December 2019</b>	<b>1,151.2</b>
Granted	328.6
Forfeited	(165.5)
<b>31 December 2020</b>	<b>1,314.3</b>

The share capital of TMF Sapphire Topco B.V. comprises of 19,732,100 ordinary shares and 305,053,314 preference shares. Management of TMF Group indirectly owns 6.7% of the ordinary shares ("Depository receipts") and 1.8% of the preference shares. The grant date fair value is determined as the difference between the estimated total fair value of the purchased shares and the total price paid by the participants. For this purpose, the fair value of the different types of underlying shares has been estimated based on the total price paid for the shares when TMF Orange Holding B.V. was acquired in 2018. The fair value of the ordinary shares has been estimated by a EBITDA multiple model that incorporates a range of expectations on the development of EBITDA and Market Multiples. The remaining fair value of the shares has been allocated to the preference shares.

#### Share Appreciation Right

In 2020 senior staff were granted Share Appreciation Rights ("SARs") ("Depository receipts") that entitle them to a cash payment upon an exit event. A participant will have to stay employed until an exit event occurs in order to be entitled to the cash payment. The amount of cash payment is determined based on the increase in the share price of TMF Sapphire Topco B.V. between 30 April 2018 and the time of the exit. The SARs were granted by TMF Sapphire Topco B.V.

Movements in the number of SARs outstanding are as follows:

	Shares (in 1,000)
<b>1 May 2019</b>	-
Granted	129.0
Forfeited	-
<b>31 December 2019</b>	<b>129.0</b>

	Shares (in 1,000)
<b>31 December 2019</b>	<b>129.0</b>
Granted	9.0
Forfeited	(40.5)
<b>31 December 2020</b>	<b>97.5</b>

The total number of SARs is 160,000 and as per 31 December 2020: 97,500 (2019:129,000) are granted to employees. The grant date fair value is determined as the difference between the estimated total fair value of the purchased shares and the issue price.

This total grant date fair value is recognised over the estimated vesting period. The total expenses recognised in the income statement in respect of the SARs amount to €0.04 million.

## 29. RESERVES

The reconciliation of the movements in reserves is as follows:

In millions of Euro	Currency translation reserve	Other legal reserve	Hedging reserve	Share-based payment reserve	Total reserves
<b>Balance at 31 December 2018</b>	<b>2.3</b>	<b>10.5</b>	<b>(7.1)</b>	<b>0.3</b>	<b>6.0</b>
Translation movements	9.8	-	-	-	9.8
Legal reserve	-	3.5	-	-	3.5
Hedging reserve	-	-	(8.3)	-	(8.3)
Share-based payments	-	-	-	0.1	0.1
<b>Balance at 31 December 2019</b>	<b>12.1</b>	<b>14.0</b>	<b>(15.4)</b>	<b>0.4</b>	<b>11.1</b>
<b>Balance at 31 December 2019</b>	<b>12.1</b>	<b>14.0</b>	<b>(15.4)</b>	<b>0.4</b>	<b>11.1</b>
Translation movements	(14.3)	-	-	-	(14.3)
Legal reserve	-	4.5	-	-	4.5
Hedging reserve	-	-	(1.1)	-	(1.1)
Share-based payments	-	-	-	(0.4)	(0.4)
<b>Balance at 31 December 2020</b>	<b>(2.2)</b>	<b>18.5</b>	<b>(16.5)</b>	<b>-</b>	<b>(0.2)</b>

The reserves are not available for distribution to shareholders.

### Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

### Other legal reserve

Legal reserves are mandatory statutory reserves held by TMF Group subsidiaries and legal reserve for internally developed software.

## 30. LOANS AND BORROWINGS

Loans and borrowings are recognized initially at fair value, net of transaction costs incurred. Loan and borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.



Transaction costs incurred during the (re)financing of loans and borrowings are capitalized and amortised over the estimated useful lives of the loans and borrowings. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan if it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. If it is not probable that some or all of the facility will be drawn down, the fee for the facility is capitalised and amortised over the period of the facility to which it relates. Loans and borrowings are presented net of transaction costs.

Loans and borrowings are classified as current liabilities unless TMF Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

TMF Group derecognises financial liabilities when, and only when, TMF Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the income statement.

In millions of Euro	31 December 2020	31 December 2019
<b>Non-current</b>		
Secured bank borrowings	1,129.8	1,125.2
Related party loan	-	383.7
Deferred consideration payable	-	0.4
Lease liability	58.5	74.2
Other non-current loans and borrowings	3.0	3.7
<b>Non-current loans and borrowings</b>	<b>1,191.3</b>	<b>1,587.2</b>
<b>Current</b>		
Secured bank overdrafts	220.7	236.2
Current portion of secured bank borrowings	-	20.5
Due to non-cons/associates/related parties	0.6	3.0
Deferred consideration payable	0.1	-
Lease liability	24.8	28.8
Interest payable	11.1	11.1
Other current loans and borrowings	5.7	-
<b>Current loans and borrowings</b>	<b>263.0</b>	<b>299.6</b>
<b>Loans and borrowings</b>	<b>1,454.3</b>	<b>1,886.8</b>

TMF Group's primary source of finance is secured bank borrowings provided by a syndicate of banks and related party loans. The secured bank borrowings were drawn on 3 May 2018. The deferred consideration payable relates to deferred payments and earn-out agreements with the former shareholders of acquired companies and sellers of acquired assets.

The Interest payable is for a significant part the Q4 2019 accrued interest for the senior bank borrowing. The senior bank borrowing is valued at amortized cost and this accrued interest is directly related to that amount.

#### Terms and repayment schedules

The terms and conditions of outstanding loans, excluding deferred consideration payables and transaction costs on loan notes, are as follows:

In millions of Euro	Nominal interest rate	Year of maturity	Fair value	Carrying amount	Total reserves	Carrying amount
			31 December 2020		31 December 2019	
Senior bank borrowings – Facility B	Euribor (minimum 0.00%) + 3.25%	2025	926.3	950.0	820.0	950.0
Senior bank borrowings – Second Lien Facility	Euribor (minimum 0.00%) + 6.6875%	2026	193.6	200.0	143.0	200.0
Related party loans	10.143%	2027	-	-	213.2	383.7
Secured bank overdraft	Euribor + 3.00%	2025	220.7	220.7	236.2	236.2
Lease liability	-	-	83.3	83.3	103.2	103.2
Other loans and borrowings	-	-	20.5	20.5	27.1	27.1
<b>Total</b>			<b>1,444.4</b>	<b>1,474.5</b>	<b>1,542.7</b>	<b>1,900.2</b>

The carrying value of the non-current deferred consideration approximates to the fair value. The transaction costs amounted to €20.2 million at 31 December 2020 and €24.8 million at 31 December 2019 and fully relate to transaction costs on the senior bank borrowings.

During 2020 the related party loan was converted into premium reserve. At 31 December 2019 the fair values disclosed for the unsecured related party loan was based on Level 2 fair value calculations. The calculations concern discounted cash flow models using a rate based on market interest rate and risk premium specific to the loans payable of 18.53%.

The financial covenants are tested each quarter as from 31 March 2019 and only if cash utilisations of the RCF are above 40 per cent of total RCF commitments. The First Lien Net Leverage must not exceed 9.50X EBITDA.

Each of the lenders within the syndicate of banks can require TMF Group to repay the secured bank borrowings in case of a change of ownership in TMF Group. TMF Group can voluntarily prepay secured bank borrowings, but with break-up costs. The secured bank borrowings and revolving credit facility, including unpaid interest, are secured over certain shares, bank accounts and intercompany receivables of several entities within TMF Group. At 31 December 2020, the secured bank borrowings and revolving credit facility, including unpaid interest, amount to € 1,161 million (2019: €1,176 million). The intercompany receivables are secured up to this amount. The shares are secured up to €130.6 million (2019: €130.6 million) which comprises the shareholder's equity of TMF Sapphire Bidco B.V., the only direct subsidiary of TMF Sapphire Midco B.V. Bank accounts are secured up to €0.2 million (2019: €1.4 million).

For the calculation of the amortised cost price of the secured bank borrowings, it is assumed in the prediction of future cash flows that future interest rates on these loans are comparable with the variable interest rate at inception of the loan.

For the calculation of the amortised cost price of the senior secured loans, it was assumed in the prediction of future cash flows that future interest rates on these loan notes were comparable with the variable interest rate in 2020. The effective interest rate of the secured bank borrowings is 0.46% (2019: 0.46%) higher than the nominal interest rate due to capitalised finance costs.

The exposure of TMF Group's borrowings to interest rate changes are as follows:

In millions of Euro	31 December 2020	31 December 2019
12 months or less	263.0	299.6
1-5 years	994.8	78.3
Over 5 years	196.5	1,508.9
<b>Total</b>	<b>1,454.3</b>	<b>1,886.8</b>

For the maturity of TMF Group's borrowings and further details on the revolving credit facility.

In millions of Euro	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement
<b>31 December 2019</b>		
Non-current loans and borrowings	1,587.2	-
Current loans and borrowings	288.5	-
Derivative financial instruments	-	15.4
Trade and other payables*	98.8	-
Clients' funds ledger balances	238.6	-
<b>Total</b>	<b>2,213.1</b>	<b>15.4</b>
<b>31 December 2020</b>		
Non-current loans and borrowings	1,188.5	-
Current loans and borrowings	263.0	-
Derivative financial instruments	-	16.5
Trade and other payables*	86.7	-
Clients' funds ledger balances	234.0	-
<b>Total</b>	<b>1,772.2</b>	<b>16.5</b>

\*Excluding deferred income, cash advances on rent contracts and rent-free periods, social security and other taxes.

### Reconciliation of liabilities arising from financing activities

The table below details changes in the liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated cash flow statement as cash flows from financing activities.

In millions of Euro	31 December 2018	Financing cash flows	New leases	Other changes	Acquisition of subsidiary	31 December 2019
Secured bank borrowings	1,120.6	-	-	4.6	-	1,125.2
Secured bank overdraft – current	3.6	-	-	1.7	-	5.3
Secured bank overdraft	242.0	(5.8)	-	-	-	236.2
Related party loan	348.0	-	-	35.7	-	383.7
Deferred consideration payable	1.0	-	-	-	(0.6)	0.4
Due from non-consolidated associates	6.0	(3.0)	-	-	-	3.0
Interest payable	10.9	-	-	0.2	-	11.1
Revolving credit facility	16.9	(1.7)	-	-	-	15.2
Other non-current loans and borrowings	18.3	(37.7)	103.3	22.8	-	106.7
<b>Total</b>	<b>1,767.3</b>	<b>(48.2)</b>	<b>103.3</b>	<b>65.0</b>	<b>(0.6)</b>	<b>1,886.8</b>

The other changes include the accrued interest for the shareholder loan.

In millions of Euro	31 December 2019	Financing cash flows	New leases	Other changes	Acquisition of subsidiary	31 December 2020
Secured bank borrowings	1,125.2	-	-	4.6	-	1,129.8
Secured bank overdraft – current	5.3	-	-	(5.3)	-	-
Secured bank overdraft	236.2	-	-	(15.5)	-	220.7
Related party loan	383.7	-	-	(383.7)	-	-
Deferred consideration payable	0.4	(0.2)	-	(0.1)	-	0.1
Due from non-consolidated associates	3.0	(1.2)	-	(1.2)	-	0.6
Interest payable	11.1	-	-	-	-	11.1
Revolving credit facility	15.2	(15.2)	-	-	-	-
Other current loans and borrowings	-	-	-	5.5	-	5.5
Other non-current loans and borrowings	106.7	(49.3)	18.6	10.5	-	86.5
<b>Total</b>	<b>1,886.8</b>	<b>(65.9)</b>	<b>18.6</b>	<b>(385.2)</b>	<b>-</b>	<b>1,454.3</b>

### 31. PROVISIONS

Provisions are recognized when TMF Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

In millions of Euro	Legal	Restructuring	Employee benefits	Dilapidation	Other	Total
<b>Balance at 31 December 2018</b>	<b>5.4</b>	<b>1.5</b>	<b>1.5</b>	<b>2.3</b>	<b>0.2</b>	<b>10.9</b>
Charged to the income statement:						
- Additions	1.9	8.2	1.1	0.5	0.2	11.9
- Exchange differences	-	-	-	-	-	-
Used during the year	(1.3)	(6.1)	0.2	-	(0.3)	(7.5)
<b>Balance at 31 December 2019</b>	<b>6.0</b>	<b>3.6</b>	<b>2.8</b>	<b>2.8</b>	<b>0.1</b>	<b>15.3</b>

<b>Balance at 31 December 2019</b>	<b>6.0</b>	<b>3.6</b>	<b>2.8</b>	<b>2.8</b>	<b>0.1</b>	<b>15.3</b>
Charged to the income statement:						
- Additions	1.6	0.8	1.4	0.2	1.0	5.0
- Exchange differences	(0.5)	-	(0.1)	-	-	(0.6)
Used during the year	(3.9)	(2.7)	(1.9)	(0.7)	0.1	(9.1)
<b>Balance at 31 December 2020</b>	<b>3.2</b>	<b>1.7</b>	<b>2.2</b>	<b>2.3</b>	<b>1.2</b>	<b>10.6</b>

In millions of Euro	31 December 2020	31 December 2019
Non-current	5.7	3.7
Current	4.9	11.6
<b>Provisions</b>	<b>10.6</b>	<b>15.3</b>

## Legal

The legal provisions relate to legal cases involving subsidiaries of TMF Group. The amount provided for relates to costs and damages expected to be incurred for these legal cases.

## Restructuring

At 31 December 2020, the restructuring provisions mainly include a short-term provision for costs of TMF Group-wide (tax) transformation programs. A provision for restructuring is recognized when there is an approved, detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. A provision for restructuring is based on the Group's best estimate of costs to be incurred. If actual costs are different than originally estimated, this could affect operating result and net result.

## Employee benefits

The provision for employee benefits mainly relates to long-term jubilee and anniversary benefit schemes.

## Dilapidation

The dilapidation provision relates to expected dilapidation expenses with respect to the lease of office buildings. The usage of the provision is dependent on the lease term of the office buildings.

# 3 2 . RETIREMENT BENEFIT OBLIGATIONS

## Introduction

TMF Group only operates retirement benefit obligations of significant importance in the Netherlands. Minor retirement benefit obligations are present in Switzerland and in some other countries.

## The Netherlands

Until 31 December 2014, TMF Group operated four average salary pension schemes in the Netherlands. One new pension scheme was introduced for all Dutch staff on the same date. This new pension scheme qualifies as a defined contribution scheme.

In addition to the new pension scheme, TMF Group agreed to contribute a fixed percentage of yearly gross salary of all staff employed at 31 December 2014 until retirement to a separate fund. This fund will be used for indexation of past service benefits to active staff. Since the objective of the payments relating to the plan is indexation over accrual of past service years (retrospective element), this classifies the plan as a defined benefit plan. TMF Group is not obliged to pay any further contribution. This retirement benefit obligation is of a long-term nature.

## Switzerland

A minor retirement benefit obligation is present in Switzerland. The benefits in the scheme results from the conversion of a savings account into a retirement pension. The conversion factor of the savings account into a retirement pension is further defined in the rules of the pension plan. The benefits are financed by both TMF Group and the employees. TMF Group contributes approximately two third of the total costs. Considering the net liability, the results on remeasurement and expenses recognized in income statement, this retirement benefit obligation is considered not significant to TMF Group. As such, only limited IAS 19 disclosures have been included in these financial statements.

## Other countries

Some minor retirement benefit obligations are present in other countries. As the individual retirement benefit obligations have negligible impact on TMF Group's financials, no further disclosures have been included in these financial statements.

## Liability in the balance sheet

The amounts in the balance sheet were determined as follows and are based on external actuarial reports.

In millions of Euro	31 December 2020	31 December 2019
Present value of funded obligations	9.0	8.3
Fair value of plan assets	(3.9)	(2.1)
<b>Liability in the balance sheet</b>	<b>5.1</b>	<b>6.2</b>
The Netherlands (obligation to indexation fund)	1.7	2.8
Switzerland	1.1	1.1
Other countries	2.3	2.3
<b>Liability in the balance sheet</b>	<b>5.1</b>	<b>6.2</b>

## Movement in the liability for defined benefit obligations

In millions of Euro	2020	2019
<b>Beginning of year</b>	<b>8.3</b>	<b>7.3</b>
Acquired through business combinations	-	-
Current service cost	(0.5)	1.9
Remeasurement (gains)/losses	0.3	-
Net benefits paid	0.7	(0.9)
Plan change/curtailment	0.2	-
<b>End of the year</b>	<b>9.0</b>	<b>8.3</b>
The Netherlands (obligation to indexation fund)	1.7	2.8
Switzerland	4.5	3.2
Other countries	2.8	2.3
<b>End of the year</b>	<b>9.0</b>	<b>8.3</b>

The remeasurement gain almost fully related to a gain from actuarial assumptions.

**Movement in plan assets**

In millions of Euro	2020	2019
<b>Beginning of year</b>	<b>2.6</b>	<b>2.4</b>
Employer contributions	0.7	0.3
Employee contributions	0.1	0.1
Net benefits paid	0.5	(0.2)
<b>End of the year</b>	<b>3.9</b>	<b>2.6</b>
Switzerland	3.4	2.1
Other countries	0.5	0.5
<b>End of the year</b>	<b>3.9</b>	<b>2.6</b>

The remeasurement gain/loss is due to differences between the interest income and actual return on assets.

**Expense recognized in the income statement**

In millions of Euro	2020	2019
Current service cost	1.0	(1.8)
<b>Included in employee benefit expense</b>	<b>1.0</b>	<b>(1.0)</b>
Switzerland	(0.3)	(0.8)
Other countries	1.3	(1.0)
<b>Included in employee benefit expense</b>	<b>1.0</b>	<b>(1.8)</b>



**Principal actuarial assumptions – Dutch obligation to indexation fund**

In millions of Euro	2020	2019
Discount rate	0.30%	0.31%
Future salary increases/inflation	1.30%	2.65%
Turnover rate	1.30%-28.28%	1.30%-28.28%
Mortality	AG table 2016	AG table 2016

**Principal actuarial assumptions – Switzerland**

In millions of Euro	2020	2019
Discount rate	0.20%	0.90%
Future salary increases/inflation	2.00%	2.00%
Indexation	0.00%	0.00%
Turnover rate	11% on average	11% on average
Mortality	LPP2015_G	LPP2015_G

**3.3. TRADE AND OTHER PAYABLES**

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities unless TMF Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

In millions of Euro	31 December 2020	31 December 2019
<b>Non-current</b>		
Deferred income	5.6	6.3
<b>Trade and other payables</b>	<b>5.6</b>	<b>6.3</b>

In millions of Euro	31 December 2020	31 December 2019
<b>Current</b>		
Trade payables	20.7	11.6
Deferred income	25.6	28.8
Other tax and social security payables	21.2	21.8
Employee benefit expense payable	27.7	25.7
Accrued expenses	21.2	24.9
Other payables	17.1	11.2
<b>Trade and other payables</b>	<b>133.5</b>	<b>124.0</b>

#### Deferred income

Fixed fees received in advance across all the service lines and up-front fees in respect of services due under the contract period which is primarily in line with the calendar year are time-apportioned to respective accounting periods, and those billed but not yet earned are included in deferred income in the balance sheet. There is limited judgement applicable for longer term contracts. All transaction prices are included in the client contracts and therefore agreed upfront. The allocation is based on timing of the performance obligations.

The expected reversal of the deferred income is shown in the following table:

In millions of Euro	31 December 2020	31 December 2019
12 months or less	25.6	28.8
1-5 years	5.6	6.3
Over 5 years	-	-
<b>Deferred income</b>	<b>31.2</b>	<b>35.1</b>

#### Employee benefits

This includes the bonus payable, holiday allowance, vacation days payable, pension premiums and other employee benefit payables.

#### Accrued expenses

The accrued expenses include invoices to be received from suppliers related to marketing expenses, office expenses, professional fees and other.

### 3 4 . C O M M I T M E N T S

#### Capital commitments

As at 31 December 2020, capital expenditure for the acquisition of property, plant and equipment contracted for at balance sheet date but not yet incurred amounted to €0 million (2019: €0 million).

#### Operating lease commitments

TMF Group leases various offices under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. In addition, TMF Group leases various motor vehicles, office and computer equipment under non-cancellable operating lease agreements. As a result of implementation of IFRS 16 only the short-term lease commitment is included in the operating lease commitment overview:

#### Guarantees

As at 31 December 2020, TMF Group has issued guarantees back up by the ancillary facility and office lease agreements amounting to €22.6 million (2019: €23.0 million).

In millions of Euro	31 December 2020	31 December 2019
Less than 1 year	1.5	0.9
<b>Operating lease commitments</b>	<b>1.5</b>	<b>0.9</b>

### 3 5 . C O N T I N G E N C I E S

TMF Group has claims & litigation arising from the normal course of business. The material outflow of resources in respect of these claims & litigation is not probable and therefore no provision has been recorded other than set out in note 31.

#### Fiscal unity

The majority of the Dutch entities within TMF Group are part of a fiscal unity with TMF Sapphire Midco B.V. Consequently, those entities are jointly and severally liable for corporate income and value added tax of such a fiscal unity. In some other countries, (some of the) entities form part of a fiscal unity and as a consequence those entities are jointly and severally liable for corporate income and sales tax of such a fiscal unity.

#### Acquisitions

Group signed agreements with IQ Nexus - The Netherlands and Selectra Management - Luxembourg to acquire 100% of the shares which became effective in January 2021 and February 2021. Both acquisitions are driving our strategic and operational performance

### 36. RELATED PARTIES

#### Ultimate controlling party

TMF Sapphire Midco B.V. is 100% owned by TMF Sapphire Holdco B.V. which is 100% owned by TMF Sapphire Topco B.V. Ordinary shares and preference shares in TMF Sapphire Topco B.V. are indirectly held by CVC Capital Partners and by current and previous management and senior employees of TMF Group. In 2020, no significant services to CVC Capital Partners and its associated companies have been provided by TMF Sapphire Midco B.V. and its subsidiaries outside the normal course of business.

TMF Group has received loans from its shareholders, which can be specified as follows:

In millions of Euro	31 December 2020	31 December 2019
TMF Sapphire Holdco B.V.	-	381.6
TMF Sapphire Topco B.V.	-	2.1
<b>Loans received</b>	<b>-</b>	<b>383.7</b>

TMF Group has converted the loans to related parties into share premium. Refer to note 27.

#### Transactions with key management and Board of Directors

Key management personnel include the (former) Board of Directors and (former) members of the executive committee.

The compensation of (former) key management of TMF Group comprised:

In millions of Euro	2020	2019
Short term benefits	5.2	4.3
Share-based payment	0.3	0.3
Post-employment benefits	0.4	0.4
Termination benefits	0.3	1.2
<b>Remuneration of (former) key management</b>	<b>6.2</b>	<b>6.2</b>

The compensation of the (former) Board of Directors of TMF Group comprised:

In millions of Euro	2020	2019
Short term benefits	1.3	1.7
Share-based payment	0.2	0.2
Post-employment benefits	0.2	0.2
Termination benefits	0.3	0.7
<b>Remuneration of (former) Board of Directors</b>	<b>2.0</b>	<b>2.8</b>

### 37. INDEPENDENT AUDITOR'S FEE

The remuneration of the auditor Ernst & Young Accountants LLP ("EY NL") and remuneration of other EY network firms can be specified as follows:

	EY NL	Other EY network	Total EY network	EY NL	Other EY network	Total EY network
	31 December 2020			31 December 2019		
Audit of these financial statements	0.9	0.6	1.5	0.9	0.6	1.5
Other audit services	-	0.5	0.5	-	0.3	0.3
<b>Audit services</b>	<b>0.9</b>	<b>1.1</b>	<b>2.0</b>	<b>0.9</b>	<b>0.9</b>	<b>1.8</b>
Fiscal advice	-	-	-	-	-	-
Other services	0.6	-	0.6	0.7	-	0.7
<b>Total</b>	<b>1.5</b>	<b>1.1</b>	<b>2.6</b>	<b>1.6</b>	<b>0.9</b>	<b>2.5</b>

### 38. SUBSEQUENT EVENTS

TMF Group signed agreements with IQ Nexus - The Netherlands and Selectra Management - Luxembourg to acquire 100% of the shares which became effective in January 2021 and February 2021. Both acquisitions are driving our strategic and operational performance



### 39. TMF GROUP ENTITIES

The entities of TMF Group by country of incorporation as at 31 December 2020, as consolidated in these financial statements are included below. All entities have a balance sheet date of 31 December.

#### Argentina

- Almagesto S.R.L. | *TMF Outsourcing S.R.L.*
- TMF Argentina S.R.L. | *TMF Trust Company (Argentina) S.A.*

#### Australia

- TMF Corporate Services (AUST) PTY Limited | *TMF Nominees (AUST) PTY Limited*

#### Austria

- APS Buchführungs- & Steuerberatungs GmbH | *TMF Bilanzbuchhaltungs- und Personen- services GmbH*
- TMF Accounting & Payroll Steuerberatungsgesellschaft GmbH | *TMF Steuerberatungs- & Wirtschaftsprüfung GmbH*
- TMF Austria GmbH

#### Belgium

- TMF Accounting Services BVBA | *TMF Belgium NV*

#### Bermuda

- TMF (Bermuda) Limited

#### Bolivia

- TMF Bolivia S.R.L.

#### Brazil

- TMF Brasil Administracao e Gestao de Ativos Ltda. | *TMF Brasil Assessoria Contabil e Empresarial Ltda.*
- TMF Brasil Administracao e Participacoes Ltda. | *TMF Brasil Atividades Administrativas Ltda.*
- TMF Brasil Servicos Administrativos e Processamento de Dados Ltda.

#### British Virgin Islands

- Anshun Services Limited | *Lucasjet Limited*
- Apexchamp Limited | *Manfell Ltd.*
- Barretta Limited | *Melgusa Limited*
- Beamsbury Limited | *Moonchamps Limited*
- Candorland Limited | *Opti Resources Limited*
- Carissa Limited | *Panbridge Nominee (Asia) Limited*
- Carringbay Limited | *Receivable Global Services Limited*
- Chapway Limited | *S.B. Vanwall Ltd.*
- CMS Limited | *Southfield Management Limited*
- Commonwealth Trust Limited | *TMF (B.V.I.) Ltd.*
- Equity International Holdings Limited | *TMF Administration Services Limited*
- Fanlau Limited | *TMF Authorised Representative (BVI) Limited*
- Fides Management Services Ltd. | *TMF Capital (BVI) Limited*
- Fort Company Limited | *TMF Compliance (BVI) Ltd*
- Guarantee Management Limited | *TMF Corporation (BVI) Limited*
- Homestead Management Inc | *TMF Group (BVI) Limited*
- JAI Services Limited | *TMF Group International Limited*
- Jasmine Nominees Limited | *TMF Management (BVI) Limited*
- KCS China Limited | *TMF Management Services Limited*



- KCS Holdings (I) Limited | *TMF Transactions Limited*
- KCS Limited | *Vencourt Limited*
- KCS Services Limited | *Vision Tower Limited*
- LDC Financial Services Ltd. | *Vision Tower Purpose Trust*
- Leconte Ltd. | *Wickhams Cay Trust Company Limited*

#### **Bulgaria**

- First Data Solutions EOOD | *TMF Services EOOD*
- TMF Bulgaria EOOD

#### **Canada**

- TMF Canada Inc.

#### **Cayman Islands**

- Axiis International Management Limited | *TMF (Cayman) Limited*
- Churchill Directors Ltd. | *TMF Nominees Ltd.*
- Fides Limited

#### **Chile**

- TMF Administradora S.A. | *TMF Empresa de Servicios Transitorios Ltda.*
- TMF Chile Asesorias Empresariales Ltda. | *TMF Servicios Integrales Ltda.*

#### **China**

- Freeway Financial Consulting (Shanghai) Limited | *TMF Services (China) Co., Ltd*
- TMF (BEIJING) Limited | *TMF Services Limited*

#### **Colombia**

- TMF Colombia Ltda.

#### **Costa Rica**

- TMF Costa Rica (TMFCR) Limitada. | *TMF Trust and Corporate Services Costa Rica Limitada*

#### **Croatia**

- TMF Croatia d.o.o.

#### **Curaçao**

- BfT (Curacao) N.V. | *N.V. Fides*
- Cape Capital Foundation | *Pietermaai Building Association N.V.*
- Cape Capital Holding N.V. | *Stichting Beheer TMF Curacao*
- Curab N.V. | *TMF Curacao Holding B.V.*
- EQ Trust Caribbean Holding N.V. | *TMF Curacao N.V.*

#### **Cyprus**

- Stozelia Holdings Limited | *TMF Company Secretary (CY) Limited*
- TMF Administrative Services Cyprus Ltd | *TMF Management Limited*
- UCMS (United Customer Management Services) Group EMEA Limited (Cyprus)

#### **Czech Republic**

- TMF Czech a.s. | *TMF Management Services s.r.o.*

#### **Denmark**

- TMF Denmark A/S

#### **Dominican Republic**

- TMF Republica Dominicana S.R.L

**Ecuador**

- TMF Ecuador S.A.

**El Salvador**

- TMF El Salvador Ltda de C.V.

**Estonia**

- TMF Services Estonia OU

**Finland**

- TMF Finland OY

**France**

- Cinephil France S.A.S. | *TMF France Management Sarl*
- Parnassus Accounting France S.A.S. | *TMF France S.A.S.*
- TMF Accounting France S.A.S. | *TMF VAT Services France S.A.S.*

**Germany**

- TMF Deutschland AG | *Una Management GmbH*
- TMF Management Holding Deutschland GmbH | *UNA.407 Equity Management GmbH*
- TMF Trustee Services GmbH

**Ghana**

- TMF Ghana Ltd

**Greece**

- TMF Group Administrative Services (Hellas) EPE - TMF Group (Hellas) EPE

**Guatemala**

- TMF Guatemala Ltda.

**Guernsey**

- Adelle DS Limited | *Juris Limited*
- Emperor DS Limited | *Gentoo Trustees Limited*
- Gentoo Holdings Limited | *TMF Group Depository Services Limited*
- GNS One Limited | *TMF Group Fund Services Limited*
- GNS Two Limited
- TMF Group Nominees 1 (Guernsey) Limited (former State Street Trustees (Jersey) Limited)
- TMF Group Nominees 1 (Guernsey) Limited (former State Street Nominees 1 (Guernsey) Limited)

**Honduras**

- TMF Services Honduras S. de R.L.

**Hong Kong**

- Abraxas International Limited | *Padnall Enterprises Limited*
- Abraxas Limited | *Panbridge Nominee Limited*
- Byrneco Management Services Limited | *Secnomcon Limited*
- Cobyne Limited | *Secreco Limited*
- Comondale Limited | *Seraph Limited*
- EQ Holdings (HK) Limited | *Swinside Investments Limited*
- EQ Sig Limited | *TMF Accounting Services Limited*
- Fanlaw Limited | *TMF Fiduciaries Limited*
- FK Administration Limited | *TMF Hong Kong Limited*
- Folly Fort Limited | *TMF Secretarial Services Limited*



- KCS China Holdings Limited | *TMF Secretaries (HK) Limited*
- Kelday Enterprises Limited | *TMF Signatories Limited*
- Kelday International Limited | *TMF Trust (HK) Ltd.*
- Lebaron Ltd | *Veritatem & Co.*
- Pacific Taxation Services Limited | *Veritatem Hong Kong Limited*

#### **Hungary**

- Freeway Payments Solutions Kft | *Independent CAM Kft*
- TMF Hungary Accounting and Services Limited Liability Company

#### **India**

- Nyaasa Services Private Limited | *TMF Services India Private Ltd.*

#### **Indonesia**

- PT K C Services Indonesia | *PT TMF Indonesia*

#### **Ireland**

- TMF Administration Services Limited | *TMF Management (Ireland) Limited*
- TMF (Ireland) Professional Trustee Services Limited | *TMF Management Holding (Ireland) Limited*

#### **Israel**

- TMF Management and Accounting Services (Israel) Ltd.

#### **Italy**

- TMF Compliance (Italy) S.r.l. | *TMF Invest Italy S.r.l.*
- TMF Filing Services Italy S.r.l. | *TMF Italy S.r.l.*

#### **Jamaica**

- TMF Jamaica Limited

#### **Japan**

- TMF Group Limited (Japan)

#### **Jersey**

- Amarado Limited | *Leadenhall Nominees Limited*
- C.N. Limited | *Leadenhall Trust Company Limited*
- Derard Limited | *Lively Limited*
- EQ Council Member Limited | *Manacor (Jersey) Limited*
- EQ Directors One Limited | *Offco Limited*
- EQ Directors Two Limited | *TMF Channel Islands Limited*
- EQ Holdings (Jersey) Limited | *TMF Charitable Trustee Limited*
- EQ Trust Holdings (Jersey) Limited | *TMF Group Services (Jersey) Limited*
- Equity Trust (Jersey) Limited | *TMF Property Services Limited*
- Equity Trust Guernsey Limited | *TMF1 Limited*
- Equity Trust Services Limited | *TMF2 Limited*
- TMF Group Fund Services (Jersey) Limited (former State Street (Jersey) Limited)
- TMF Group Secretaries (Jersey) Limited (former State Street Secretaries (Jersey) Limited)

#### **Kazakhstan**

- TMF Kazakhstan LLP.

#### **Kenya**

- TMF Kenya Ltd.

**Korea**

- TMF Korea Co., Ltd.

**Labuan**

- Britannia Limited | *TMF International Pensions Limited*
- Guarantee Management Purpose Trust | *TMF Management Limited*
- Marriott Investments Ltd. | *TMF Secretaries Limited*
- Tiara Ltd. | *TMF Treasury Limited*
- TMF Funds Services (Asia) Limited | *TMF Trust (Labuan) Limited*

**Latvia**

- TMF Latvia SIA

**Lithuania**

- TMF Services UAB

**Luxembourg**

- Belgale Holdings S.à.r.l. | *Manacor (Luxembourg) S.A.*
- Equity Trust Holdings S.à.r.l. | *Mutua (Luxembourg) S.A.*
- Fides (Luxembourg) S.A. | *TMF (Luxembourg) S.A.*
- Gentoo Corporate Services S.à.r.l. | *TMF Participations S.à.r.l.*
- Immobiliere Vauban S.A. | *TMF Supervisory Audit Services S.à.r.l.*
- International Pyramide Holdings (Luxembourg) S.A.

**Malaysia**

- TMF Administrative Services Malaysia Sdn. Bhd. | *TMF Regional Delivery Centre Sdn. Bhd.*
- TMF Global Services (Malaysia) Sdn. Bhd. | *TMF Trustees (Malaysia) Berhad*

**Malta**

- Equity Trust Malta Limited | *TMF Fiduciary Services Malta Limited*
- TMF Management and Administrative Services (Malta) Limited | *TMF International Pensions Limited*

**Mauritius**

- Chardon Limited | *TMF Mauritius Limited*
- TMF Group Africa Management Services

**Mexico**

- Servicios De Personal Y Control Plus S. de R.L. de C.V. | *TMF Business Process Outsourcing S. de R.L. de C.V.*
- TMF BPO Services S. de R.L. de C.V.

**New Zealand**

- TMF Corporate Services New Zealand Limited | *TMF General Partner Limited*
- TMF Fiduciaries New Zealand Limited | *TMF Trustees New Zealand Limited*

**Nicaragua**

- TMF Nicaragua y Compania Ltda.

**Nigeria**

- TMF Administrative Services Nigeria Limited

**Norway**

- TMF Gas & Oil Norway A.S. | *TMF Norway Energy A.S.*
- TMF Norway A.S. | *TMF VAT Services A.S.*

**Panama**

- TMF Mid-America Corp. | *TMF Panama S. de R.L.*

**Paraguay**

- TMF Paraguay Ltda.

**Peru**

- FiduPeru S.A. Sociedad Fiduciaria | *TMF Peru S.R.L.*

**Philippines**

- TMF Philippines Inc.

**Poland**

- TMF Poland Sp. z o.o. | *TMF RDC Europe Sp. z o.o.*
- TMF VAT Services Poland Sp. z o.o.

**Portugal**

- TMFPT Servicos de Gestao e Administracao de Sociedades, Lda.

**Qatar**

- TMF Group Business Services LLC | *TMF Group LLC*

**Romania**

- TMF Management S.R.L. | *TMF Romania S.R.L.*

**Russia**

- Corporate Management Rus L.L.C. - CMR, LLC | *TMF RUS, Ltd.*
- RMA Services, LLC. RMA Services o.o.o.

**Serbia**

- TMF Services d.o.o. Beograd PREDUZEĆE ZA RAČUNOVODSTVENE FINANSIJSKE I KNJIGOVODSTVENE USLUGE TMF | *SERVICES DOO BEOGRAD (NOVI BEOGRAD)*

**Singapore**

- KCS Business Services Pte Ltd | *TMF Singapore H Pte. Ltd.*
- KCS Corporate Services Pte Ltd | *TMF Trustees Singapore Ltd.*
- KCS Outsourcing Solutions Pte Ltd | *Virtual HR Pte Ltd.*
- KCS Payroll Express Pte Ltd

**Slovakia**

- FMTA s.r.o. | *TMF Services Slovakia s.r.o.*
- TMF AUX, s.r.o.

**Slovenia**

- TMF Racunovodstvo in administrativne storitve D.O.O.

**South Africa**

- TMF Corporate Services (South Africa) (Pty) Ltd | *TMF SA BEE NPC*

**Spain**

- Freeway Spain S.L. | *TMF Participations Holdings (Spain) S.L.*
- TMF Latin America Holding Spain One S.L.U. | *TMF Sociedad de Dirección, S.L.*
- TMF Latin America Holding Spain Two S.L.U. | *TMF Sociedad de Participación, S.L.*
- TMF Management Holding Spain S.L.U. | *TMF Spain S.A.*
- TMF Management Spain, S.L. | *TMF VAT & Fiscal Representation Services Spain, S.L.*

**Sweden**

- TMF Sweden AB

**Switzerland**

- TMF Brunnen A.G. | *TMF Payroll Services A.G.*
- TMF Investments S.A. | *TMF Services S.A.*

**Taiwan**

- TMF Taiwan Ltd.

**Tanzania**

- TMF Service Tanzania Limited

**Thailand**

- TMF (Thailand) Limited | *TMF Group Holding (Thailand) Limited*

**The Netherlands**

- BFT Nederland B.V. | *TMF Group EMEA B.V.*
- Clear Management Company B.V. | *TMF Group Services II B.V.*
- FCAM Holding B.V. | *TMF Holding B.V.*
- Freeway CAM B.V. | *TMF Holding International B.V.*
- Freeway Entertainment Group B.V. | *TMF InterLease Aviation B.V.*
- Jeewa B.V. | *TMF InterLease Aviation II B.V.*
- Manacor (Nederland) B.V. | *TMF InterLease Aviation III B.V.*
- Nationale Trust Maatschappij N.V. | *TMF Leasing B.V.*
- Parnassus Trust Amsterdam B.V. | *TMF Management B.V.*
- Stichting Administratiekantoor Dolfinco | *TMF Netherlands B.V.*
- Stichting Administratiekantoor TMF Depositary | *TMF Sapphire Bidco BV*
- Stichting Cerulean | *TMF Sapphire Midco BV*
- Stichting Derdengelden TMF | *TMF Services B.V.*
- Stichting Eljan | *TMF SFS Management B.V.*
- Stichting Freeway Custody | *TMF Slovakia B.V.*
- Stichting Therog | *TMF Structured Finance Services B.V.*
- Stichting TMF Participations | *TMF Structured Products B.V.*
- TMF Asia B.V. | *TMF Trustee B.V.*
- TMF Bewaar B.V. | *Tradman FS Holding B.V.*
- TMF Depositary N.V. | *Tradman Netherlands B.V.*
- TMF Group Americas B.V. | *Venture Support B.V.*
- TMF Group B.V.

**Turkey**

- CPA Serbest Muhasebeci Mali Musavirlik A.S.
- TMF Yonetim Hizmetleri Limited Sirketi - TMF Administrative Services Limited

**Ukraine**

- TMF Ukraine L.L.C.

**United Arab Emirates**

- TMF Services HoldCo Ltd | *TMF Group Fiduciary Services Limited*



#### **United Kingdom**

- 470 Limited | *TMF Corporate Secretarial Services Limited*
- Chigwell Investments Limited | *TMF Corporate Services Limited*
- Equity Trust Consultants (UK) Limited | *TMF Global Services (UK) Limited*
- Freeway CAM (UK) Limited | *TMF Holding UK Limited*
- Joint Corporate Services Limited | *TMF Management Holding UK Limited*
- Joint Secretarial Services Limited | *TMF Nominees Limited*
- Krisolta Film & TV (UK) Limited | *TMF Services (UK) Limited*
- Sonic Corporate Services Limited | *TMF Trustee Limited*
- The D4 Trust | *TMF VAT Services Limited*
- TMF Agency Solutions Limited | *VAT International Limited*
- TMF Corporate Administration Services Limited | *Warwick Investments Limited*
- TMF Corporate Directors Limited | *WH Secretaries Limited*

#### **United States of America**

- 48 Wall St. Holdco Services Inc. | *TMF Group New York LLC*
- Fiorco US Inc. | *TMF US Holding Inc.*
- Lord Securities (Delaware) L.L.C. | *TMF USA Inc.*
- Lord Securities Corporation

#### **Uruguay**

- Parnassus S.R.L. | *TMF Trust Company (Uruguay) S.A.*
- TMF International Services Uruguay S.A. | *TMF Uruguay S.R.L.*
- TMF Uruguay Administradora de Fondos de Inversión y Fideicomisos S.A. - TMF Uruguay AFISA

#### **Venezuela**

- TMF Services Venezuela C.A. | *TMF Venezuela C.A.*

#### **Vietnam**

- KCS Vietnam Company Limited | *TMF Vietnam Company Limited*

#### 40. GUARANTEES ISSUED TO AFFILIATES

The Company has issued several declarations of joint, and several liabilities for various group companies, in compliance with section 403 of Part 9 of Book 2 of the Dutch Civil Code. The UK subsidiaries listed below have claimed audit exemption under Companies Act 2006 s. 497A with respect to the year ended 31 December 2020. The Company has given a statement of guarantee under Companies Act 2006 s. 479C whereby the Company will guarantee all outstanding liabilities to which the respective subsidiary companies are subject as at 31 December 2020.

Entity name	Country of incorporation	Registration number
TMF Holding UK Limited	United Kingdom	07743597
TMF Management Holding UK Limited	United Kingdom	06829918
TMF Global Services (UK) Limited	United Kingdom	03561975
TMF Services (UK) Limited	United Kingdom	05720159
TMF VAT Services Limited	United Kingdom	05562587
VAT International Limited	United Kingdom	03039152
TMF Trustee Limited	United Kingdom	03814168
Equity Trust Consultants (UK) Limited	United Kingdom	04759546
TMF Corporate Secretarial Services Limited	United Kingdom	05159542
TMF Agency Solutions Limited	United Kingdom	05871914

## 41. REGULATORY TABLE

The services rendered by TMF Group local offices in various jurisdictions are regulated and subject to supervision (or self-regulation). This is the case in the following 21 jurisdictions:

Jurisdiction	Jurisdiction Supervisory authority
Abu Dhabi	Abu Dhabi Financial Services Regulatory Authority
Argentina	Argentina Comision Nacional de Valores
British Virgin	British Virgin Islands British Virgin Islands Financial Services Commission.
Cayman Islands	Cayman Islands Monetary Authority
Costa Rica	Costa Rica Superintendencia General de Entidades Financieras
Curacao	Curacao Centrale Bank van Curacao en Sint Maarten
Cyprus	Cyprus Securities and Exchange Commission
Guernsey	Guernsey Financial Services Commission
Hong Kong	Hong Kong Companies Registry
Ireland	Ireland Department of Justice and Equality
Jersey	Jersey Financial Services Commission
Labuan	Labuan International Financial Exchange and Labuan Financial Services Authority and Inland
Luxembourg	Luxembourg Commission de Surveillance du Secteur Financier
Malaysia	Malaysia Companies Commission of Malaysia and Securities Commission
Malta	Malta Maltese Financial Services Authority
Mauritius	Mauritius Financial Services Commission
Norway	The Financial Supervisory Authority of Norway
Peru	Peru Superintendencia de Banca
Quatar	Quatar Financial Center Regulatory Authority
Romania	Corpul Experillor Contabil si Contabililor Authrizati din Romania Camera Consultantilor Fiscali
Singapore	Singapore Monetary Authority of Singapore
Switzerland	Switzerland Self-regulatory body Association Romandie de Intermediaries Financiers
The Netherlands	Dutch Central Bank and Authority for the Financial Markets
United Kingdom	HR Revenue and Customs
Uruguay	Central Bank of Uruguay

## COMPANY INCOME STATEMENT

In millions of Euro	Note	2020	2019
<b>Result before tax and share in result of investments</b>		-	(1.7)
Income tax (expense)/benefit	2	(0.4)	0.4
Result in subsidiaries (net of tax)		(57.4)	(75.1)
<b>Result for the period</b>		<b>(57.8)</b>	<b>(76.4)</b>



## COMPANY BALANCE SHEET

In millions of Euro	Note	31 December 2020	31 December 2019
<b>Assets</b>			
Investment in subsidiaries	2	428.5	86.8
Financial assets		-	385.5
<b>Non-current assets</b>		<b>428.5</b>	<b>472.3</b>
Financial assets		0.5	48.9
Current tax receivables		-	0.4
<b>Current assets</b>		<b>0.5</b>	<b>49.3</b>
<b>Assets</b>		<b>429.0</b>	<b>521.6</b>
<b>Equity</b>			
Share capital		3.2	3.2
Share premium		734.3	319.9
Legal reserves		(0.2)	11.1
Accumulated losses		(310.5)	(248.7)
<b>Equity attributable to owners of the parent</b>		<b>426.8</b>	<b>85.5</b>
<b>Liabilities</b>			
Loans and borrowings		1.6	381.6
<b>Non-current liabilities</b>		<b>1.6</b>	<b>381.6</b>
Trade and other payables		0.3	33.3
Loans and borrowings		-	21.2
Bank overdraft		0.3	-
<b>Current liabilities</b>		<b>0.6</b>	<b>54.5</b>
<b>Liabilities</b>		<b>2.2</b>	<b>436.1</b>
<b>Equity and liabilities</b>		<b>429.0</b>	<b>521.6</b>

The balance sheet is presented before appropriation of dividends.

## COMPANY STATEMENT OF CHANGES IN EQUITY

In millions of Euro	Share capital	Share premium	Legal reserves	Accumulated losses	Total
<b>Balance at 31 December 2018</b>	<b>3.2</b>	<b>319.9</b>	<b>6.0</b>	<b>(164.4)</b>	<b>164.7</b>
Lease accounting adjustment	-	-	-	(3.3)	(3.3)
<b>Restated Balance at 31 December 2018</b>	<b>3.2</b>	<b>319.9</b>	<b>6.0</b>	<b>(167.7)</b>	<b>161.4</b>
Result for the period	-	-	-	(76.4)	(76.4)
<b>Other comprehensive income</b>					
Remeasurement of post-employment benefit obligations	-	-	-	(1.1)	(1.1)
Foreign currency translation differences for foreign operations	-	-	9.8	-	9.8
Fair value gain/(loss) arising on hedging instruments	-	-	(8.3)	-	(8.3)
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1.5</b>	<b>(77.5)</b>	<b>(76.0)</b>
Share-based payment	-	-	0.1	-	0.1
Transfer to/(from) accumulated losses	-	-	3.5	(3.5)	-
<b>Balance at 31 December 2019</b>	<b>3.2</b>	<b>319.9</b>	<b>11.1</b>	<b>(248.7)</b>	<b>85.5</b>
<b>Balance at 31 December 2019</b>	<b>3.2</b>	<b>319.9</b>	<b>11.1</b>	<b>(248.7)</b>	<b>85.5</b>
Result for the period	-	-	-	(57.8)	(57.8)
<b>Other comprehensive income</b>					
Remeasurement of post-employment benefit obligations	-	-	-	(0.7)	(0.7)
Foreign currency translation differences for foreign operations	-	-	(14.3)	-	(14.3)
Fair value gain/(loss) arising on hedging instruments	-	-	(1.1)	-	(1.1)
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(15.4)</b>	<b>(58.5)</b>	<b>(73.9)</b>
Loan conversion	-	414.4	-	-	414.4
Transfer to/(from) accumulated losses	-	-	4.1	(3.3)	0.8
<b>Balance at 31 December 2020</b>	<b>3.2</b>	<b>734.3</b>	<b>(0.2)</b>	<b>(310.5)</b>	<b>426.8</b>

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company financial statements have been prepared in accordance with the Dutch GAAP and financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The Company uses the option of Article 362.8 and Article 402 of Part 9 of Book 2 of the Dutch Civil Code to prepare the Company financial statements, using the same accounting policies as in the consolidated financial statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e. only IFRS that is adopted for use in the EU at the date of authorisation), except for investments in subsidiaries which are carried at net asset value. Refer to the notes of the consolidated financial statements for further information on accounting policies, critical estimates and judgements and financial risk management.

### 2. INCOME TAX (EXPENSE)/BENEFIT

Together with its Dutch group companies, the company constitutes a fiscal unity regarding VAT. Taxes are settled within this fiscal unity as if each company were an independent taxable entity.

The applicable domestic tax rate for the Company is 25%.

### 3. INVESTMENT IN SUBSIDIARIES

In millions of Euro	2020	2019
<b>Opening balance</b>	<b>86.8</b>	<b>164.7</b>
Lease accounting adjustments	-	(3.3)
<b>Restated opening balance</b>	<b>86.8</b>	<b>161.4</b>
Issue of share capital	-	-
Share premium	414.4	-
Result for the period	(57.4)	(75.1)
Transfer to/(from) accumulated losses	0.8	-
Remeasurement of post-employment benefit obligations	(0.7)	(1.1)
Foreign currency translation differences for foreign operations	(14.3)	9.8
Fair value gain/(loss) arising on hedging instruments	(1.1)	(8.3)
Share-based payment	-	0.1
<b>Closing balance</b>	<b>428.5</b>	<b>86.8</b>

TMF Sapphire Bidco B.V. is the only direct subsidiary of the Company

#### 4. FINANCIAL ASSETS

In millions of Euro	31 December 2020	31 December 2019
<b>Non-current other financial assets</b>		
Loans receivable from subsidiaries	-	385.5
<b>Non-current other financial assets</b>	<b>-</b>	<b>385.5</b>
<b>Current other financial assets</b>		
<b>Loans receivable from related parties</b>	<b>-</b>	<b>-</b>
- TMF Sapphire Bidco B.V.	-	28.6
- TMF Group B.V.	0.5	20.3
<b>Loans receivable from subsidiaries</b>	<b>0.5</b>	<b>48.9</b>
<b>Current other financial assets</b>	<b>0.5</b>	<b>48.9</b>

At 31 December 2019, the fair value of loans receivable from subsidiaries amounts to €349.3 million. At 31 December 2020 and 2019, the fair value of the loans receivable from related parties approximates their carrying value. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. None of the financial assets are either past due or impaired. The credit risk is considered to be very limited based on the credit ratings of the related parties and subsidiaries.

On 31 October 2020, by resolution of Board of Directors of TMF Sapphire Midco B.V., a contribution in an amount of €414.4 million, equal to outstanding balance of shareholder loan and including accrued interest, was converted into share premium, without issuance of shares. With this transaction, the shareholder loan to TMF Sapphire Bidco B.V. ceased to exist.

#### 5. EQUITY

##### Share capital and share premium

At 31 December 2020, the authorized share capital comprised 323,126,314 shares. The issued share capital amounts to €3,231,263. There are no changes regarding authorized capital in 2020 applicable. The issued share capital amounts to €3,231,263. All shares are fully paid and have similar rights in meetings of the shareholders.

On 31 October 2020, by resolution of Board of Directors of TMF Sapphire Midco B.V., a contribution in an amount of €414.4 million equal to outstanding balance of shareholder loan and including accrued interest, was converted into share premium, without issuance of shares. With this transaction, the shareholder loan to TMF Sapphire Holdco B.V. ceased to exist and share premium increased. The share premium amount is €734.3 million (2019: €319.9 million).

## Accumulated losses

The Board of Directors propose to add the loss for the year of €57.8 million to the accumulated losses.

## 6. LOANS AND BORROWINGS

In millions of Euro	31 December 2020	31 December 2019
<b>Non-current</b>		
Loans payable to related parties	1.6	381.6
<b>Non-current loans and borrowings</b>	<b>1.6</b>	<b>381.6</b>
<b>Current</b>		
Secured bank overdrafts	-	21.2
<b>Current loans and borrowings</b>	<b>-</b>	<b>21.2</b>
<b>Loans and borrowings</b>	<b>1.6</b>	<b>402.8</b>

The interest on non-current loan as at 31 December 2019 is 10.143%. On 31 October 2020, by resolution of Board of Directors of TMF Sapphire Holdco B.V., a contribution in an amount of €414.4 million, equal to outstanding balance of shareholder loan and including accrued interest, was converted into share premium, without issuance of shares. With this transaction, the shareholder loan payable to TMF Sapphire Holdco B.V. ceased to exist.

Loans payable to related parties as at 31 December 2020 relate to TMF Group B.V. in full. The interest on the non-current loan is 3.0%.

At 31 December 2020, the fair value of the related party loans approximates their carrying value. At 31 December 2019, the fair value of the related party loan amounts to €345.8 million. The fair value of the secured bank overdrafts approximates their carrying value.

## 7. TRADE AND OTHER PAYABLES

In millions of Euro	31 December 2020	31 December 2019
- TMF Group B.V.	-	16.9
- TMF Sapphire Bidco B.V.	-	16.2
<b>Payable to consolidated subsidiaries</b>	<b>-</b>	<b>33.1</b>
Trade and other payables	0.3	0.2
<b>Trade and other payables</b>	<b>0.3</b>	<b>33.3</b>

## **8 . C O M M I T M E N T S**

Operating lease commitments

The Company has no operating lease commitments at the balance sheet date. Refer to the note 34 Commitments in the consolidated financial statements.

## **9 . C O N T I N G E N C I E S**

The Company has no commitments at the balance sheet date.

TMF Sapphire Midco B.V. is the head of the fiscal unity including the majority of the Dutch entities within TMF Group. As a consequence, those entities are jointly and severally liable for corporate income and value added tax of such a fiscal unity. Refer to note 35 Contingencies in the consolidated financial statements.

## **10 . R E L A T E D P A R T Y T R A N S A C T I O N S**

Reference is made to the consolidated financial statements.

## **11 . D I R E C T O R S E M O L U M E N T S**

Reference is made to the consolidated financial statements.

## **12 . S U B S E Q U E N T E V E N T S**

Reference is made to note 38 Subsequent events in the consolidated financial statements.

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## OTHER INFORMATION

### APPROPRIATION OF THE RESULT FOR THE YEAR

According to Article 20 of the Company's Articles of Association, the treatment of the net result for the year is at the discretion of the General Meeting of Shareholders.

### REPORT OF THE INDEPENDENT AUDITOR

For the report of the independent auditor, reference is made to page 37 to 40 of the consolidated financial statements.

### SIGNATURES TO THE COMPANY FINANCIAL STATEMENTS

The Board of Directors have today discussed and approved these company financial statements for 2020 of TMF Sapphire Midco B.V. (the 'Company'). These Financial Statements have been prepared in accordance with the Dutch GAAP and the financial reporting requirements included in Part 9 of Book 2 Dutch Civil Code.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2020 and of the results of the Company's operations and the cash flows for the years ended 31 December 2020.

The Company's financial statements are presented for approval at the Annual General Meeting on 30 March 2021.

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*Signed by:*

**Mark Weil** | Chief Executive Officer

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*Signed by:*

**Patrick de Graaf** | Chief Financial Officer

**Amsterdam, 30 March 2021**

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## INDEPENDENT AUDITOR'S REPORT



Ernst & Young Accountants LLP  
Antonio Vivaldistraat 150, 1083 HP Amsterdam, Netherlands  
Tel: +31 88 407 10 00 | Fax: +31 88 407 89 70 | ey.com

To: the shareholders and management of TMF Sapphire Midco B.V.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2020 INCLUDED IN THE ANNUAL REPORT

#### Our opinion

We have audited the financial statements 2020 of TMF Sapphire Midco B.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

#### In our opinion

- The accompanying consolidated financial statements give a true and fair view of the financial position of TMF Sapphire Midco B.V. as at 31 December 2020, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of TMF Sapphire Midco B.V. as at 31 December 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### The consolidated financial statements comprise

- The consolidated statement of financial position as at 31 December 2020
- The following statements for 2020: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information.

#### The company financial statements comprise

- The company balance sheet as at 31 December 2020
- The company profit and loss account for 2020
- The notes comprising a summary of the accounting policies and other explanatory information.



### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of TMF Sapphire Midco B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

### **DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

#### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

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*Signed by:*

**F.J. Blenderman | Ernst & Young Accountants LLP**

**Amsterdam, 30 March 2021**



**Ernst & Young Accountants LLP**

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