



2023 Interim Financial Report

(FREE TRANSLATION OF THE ORIGINAL
REPORT IN FRENCH)

CONTENTS

- 1. 2023 Interim Activity Report | Pages 3 to 6**
- 2. Condensed Interim Consolidated Financial Statements | Page 7 to 13**
- 3. Notes to the Condensed Interim Consolidated Financial Statements | Pages 14 to 39**
- 4. Statement by the person in charge of the Interim Financial Report | Page 40**
- 5. Report of the Réviseurs d'entreprises agréés (statutory auditors) on the Interim Financial Information | Page 41 et seq.**

1. 2023 INTERIM ACTIVITY REPORT

1.1. Results and financial position for the first six months of 2023

| €m - Consolidated ⁽¹⁾ | 30/06/2023 | 30/06/2023 without AAA | 30/06/2022 |
|----------------------------------|------------|------------------------|------------|
| Revenue | 146.1 | 139.6 | 132.0 |
| EBITDA | 17.8 | 17.4 | 17.2 |
| EBIT | 14.1 | 13.8 | 13.6 |
| Profit for the period | 13.1 | 12.9 | 106.1 |

⁽¹⁾ The amounts are calculated based on the figures in thousands of euros.

Revenue and EBITDA may be broken down by division as follows:

| €m - Consolidated ⁽¹⁾ | Revenue | EBITDA margin | Organic growth |
|--|--------------|---------------|------------------------|
| BeNeLux Greece Spain EU Locations | 49.7 | 9.1% | +24.6% |
| Switzerland Canada | 38.0 | 10.2% | +16.6% |
| UK US | 50.8 | 14.0% | +33.0% ⁽ⁱⁱ⁾ |
| Offshore Global Services Centers Middle East | 7.6 | 30.3% | +22.6% |
| TOTAL | 146.1 | 12.2% | - |
| TOTAL AAA excluded | 139.6 | 12.5% | +24.3% |

⁽¹⁾ The amounts and percentages are calculated based on the figures in thousands of euros.

The backlog (see also Note 8.3 below) at 30 June 2023 was 20.8 months.

The net cash position, excluding IFRS, corresponds to net cash adjusted for lease obligations and commitments linked to share plans. It fell from €38.7 million at 31 December 2022 to €15.3 million at 30 June 2023.

1.2. Highlights of the first six months of 2023

With effect from 1 June 2023, the Group sold 51% of its stake in AAA Group Ltd, a specialist recruitment and staffing company based in Aberdeen, Scotland, for a consideration of €500 thousand. The disposal scope includes the subsidiary AAA Ltd. Following this transaction, the Group retained 49% of the shares and classified its shares under "Equity associates".

1.3. Strategy

Since its creation, the Group's core business has been global Data Management.

In the space of 20 years, the services offered by the Group have developed from Document Management to Digital Management for companies and organisations.

In terms of its clients, Sword Group works exclusively for large clients, international organisations and government offices.

Its principal technologies are:

CRM, CS, IA, SIG, PI, RPA, ML, BI, BIG DATA, DATA SCIENCE.

The target clients depend on the business area in question and the location of our subsidiaries.

Our service-focused activities are structured around a local approach specific to a country or a group of countries.

In addition to the technologies listed above, the added value provided by our subsidiaries also comes from their specialist knowledge and their ability to adapt to each culture, such as:

- The European Union in the Benelux, with the provision of services to major functional divisions (Customs, Research, Court of Justice, Parliament, EUROSTAT, etc.),
- Government Institutions and Oil & Gas in the United Kingdom, with services provided under major contracts (Health, Police, North Sea, etc.),
- Sport, Luxury goods and International Organisations in Switzerland and in New York, as a result of our ability to support international organisations or leading companies in the luxury goods sector and international sporting organisations,
- Governmental and banking markets in the Middle East and the offshore provision of IT services from Chennai (India) and Beirut (Lebanon).
- In 2023, the Group began a project to create two entities specialising in Artificial Intelligence, which should in future enable the Group to position itself as a major player in this field.

1.4. Related-party transactions

This is discussed in the notes to the consolidated financial statements below (Note 36).

1.5. Principal risks and uncertainties

Risk factors did not change over the six-month period. They are described on pages 32 et seq. of the 2022 Financial Report.

1.6. Outlook

The Group forecasts organic growth of 20% for 2023. The budgeted revenue for 2023 will be close to €286 million with an EBITDA margin of more than 12%.

Acquisitions will remain an additional means of consolidating the Group's competitive position. The Group's management does not rule out the possibility of micro-acquisitions, which can be integrated into other entities that already exist.

1.7. Approval of consolidated financial statements

Sword Group's consolidated financial statements were approved by the Board of Directors on 19 July 2023.

1.8. Subsequent events

No other significant events have occurred since the reporting date for the condensed interim consolidated financial statements.

1.9. Our methodology in relation to alternative performance indicators ("APIs")

The non-IFRS financial indicators presented in the half-year report do not fall under a set of accounting standards or principles and must not be considered a substitute for the accounting aggregates presented in accordance with the IFRS standards. The non-IFRS financial indicators must be read in conjunction with the consolidated financial statements prepared in accordance with IFRS standards. It is also possible that Sword Group's non-IFRS financial indicators will not be comparable with other non-IFRS data used by other companies.

Management use non-IFRS financial indicators, in addition to IFRS financial information, to assess their operating performance, evaluate their ability to generate cash flow, take strategic and operational decisions and plan and set their growth objectives. The Group believes that the non-IFRS financial indicators also provide investors and financial analysts with a relevant basis for assessing the Group's operational performance over time and comparing it with that of other companies in its sector, as well as for meeting its development needs.

The Group mainly uses two non-IFRS financial indicators, i.e. the organic growth rate and a measure of profitability calculated on the basis of EBITDA.

Organic growth is defined as revenue growth on a like-for-like basis. Organic growth on a constant exchange-rate basis corresponds to revenue growth on a like-for-like basis and at constant exchange rates.

To measure revenue growth on a like-for-like basis, the Group takes as its starting point the consolidation scope at the end of the benchmark period (in this case 30 June 2023). Revenue of companies acquired or sold in the previous and current years are therefore excluded from the analysis.

When reference is made to changes in revenue at constant exchange rates, the impact of exchange rates is eliminated by recalculating the revenue for period N-1 on the basis of exchange rates used for period N.

Organic growth can be used to assess the Group's ability to generate internal growth, in other words its ability to develop its business activities and create added value.

This report presents growth in revenue in terms of historical value before restatement, or on a like-for-like and constant exchange-rate basis.

Group profitability is defined as a gross margin rate by comparing current EBITDA with revenue.

Current EBITDA corresponds to revenue less purchases, personnel expenses, other external charges, allocations to provisions and other current operating expenses, plus write-backs on provisions and other current operating income, as presented in the consolidated income statement. In the income statement, reference is made to "Earnings before interest, taxes, depreciation and amortisation, excluding non-recurring items".

This profitability indicator has two objectives:

- to assess the Group's development in the medium term (excluding non-recurring costs);
- to assess the Group's capacity to generate cash flow arising from day-to-day operations (in other words, its self-financing capacity).

In addition to the indicators described above, the Group uses current EBIT (see definition below) as a starting point for assessing free cash flow when it conducts goodwill impairment tests. A sensitivity analysis is conducted in the context of these tests. It aims to ensure fluctuations, within a reasonable range, in the scenarios used as a basis for estimated financial forecasts, including EBIT expressed as a percentage of revenue.

Current EBIT (listed as 'Earnings before interest and taxes, excluding non-recurring items' in the consolidated income statement) is an aggregate similar to current EBITDA, if only in so far as it provides an indication of the Group's operating margin after deducting depreciation charges, i.e. after taking account of its investment structure.

The backlog is calculated by comparing orders placed (before completion) at the end date of an accounting period with the revenue for the period in question. The resulting ratio, expressed in months of revenue, seeks to measure the intensity of the Group's sales activity.

The backlog includes "signed" and "weighted" orders. "Weighted" orders break down as follows: orders that have been verbally agreed are "80% weighted", contracts that are in the process of being awarded where two bidders including the Group have been short-listed are "50% weighted" and contracts that are in the process of being awarded where the Group is still in the running but does not know the number of bidders still in the process are "30% weighted".

2. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

| <i>(in thousands of €)</i> | Notes | 30 June 2023 | 31 December 2022 |
|---------------------------------|-------|-----------------|---------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Goodwill | 14 | 68,666 | 71,227 |
| Other intangible assets | 15 | 7,490 | 7,905 |
| Property, plant and equipment | 16 | 4,804 | 4,649 |
| Right-of-use assets | 17 | 12,053 | 12,340 |
| Equity associates | 13 | 490 | - |
| Derivate instruments | | 328 | 278 |
| Deferred tax assets | | 56 | 655 |
| Other assets | 19 | 683 | 765 |
| TOTAL NON-CURRENT ASSETS | | 94,570 | 97,819 |
| CURRENT ASSETS | | | |
| Trade and other receivables | 18 | 31,128 | 32,173 |
| Work in progress | 8 | 54,109 | 35,627 |
| Current tax assets | | 833 | 855 |
| Other assets | 19 | 12,691 | 14,951 |
| Cash and cash equivalents | | 52,462 | 57,138 |
| Prepaid expenses | | 8,049 | 6,133 |
| TOTAL CURRENT ASSETS | | 159,272 | 146,877 |
| TOTAL ASSETS | | 253,842 | 244,696 |

The notes hereinafter form an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

As at 30 June 2023

| <i>(in thousands of €)</i> | Notes | 30 June 2023 | 31 December 2022 |
|--|--------------|-------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 33 | 9,545 | 9,545 |
| Share premiums | | 70,676 | 70,676 |
| Reserves | | 10,071 | 9,210 |
| Retained earnings | | 7,817 | 11,376 |
| TOTAL EQUITY – GROUP SHARE | | 98,109 | 100,807 |
| Non-controlling interests (minority interests) | 10 | 1,146 | 737 |
| TOTAL EQUITY | | 99,255 | 101,544 |
| NON-CURRENT LIABILITIES | | | |
| Lease obligations | 17 | 9,225 | 9,734 |
| Other financial debts | 21 | 37,000 | 18,000 |
| Pension provisions | | 230 | 228 |
| Other provisions | 20 | - | 13 |
| Deferred tax liabilities | | 1,651 | 1,830 |
| Other liabilities | 23 | 24,110 | 32,488 |
| TOTAL NON-CURRENT LIABILITIES | | 72,216 | 62,293 |
| CURRENT LIABILITIES | | | |
| Lease obligations | 17 | 3,260 | 3,033 |
| Other financial debts | 21 | 166 | 467 |
| Other provisions | 20 | 304 | 343 |
| Trade and other payables | 22 | 22,498 | 24,583 |
| Current tax liabilities | | 1,515 | 1,211 |
| Other liabilities | 23 | 27,485 | 35,587 |
| Prepaid services | 8 | 27,143 | 15,635 |
| TOTAL CURRENT LIABILITIES | | 82,371 | 80,859 |
| TOTAL LIABILITIES | | 154,587 | 143,152 |
| TOTAL EQUITY AND LIABILITIES | | 253,842 | 244,696 |

The notes hereinafter form an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF NET INCOME

As at 30 June 2023

| <i>(in thousands of €)</i> | Notes | 30 June 2023 | 30 June 2022 |
|---|-----------|-----------------|-----------------|
| Revenue | 7.8 | 146,124 | 132,007 |
| Purchases | | (12,976) | (11,068) |
| Personnel expenses | 25 | (68,116) | (59,283) |
| Other external charges | 26 | (47,171) | (44,521) |
| Reversals of provisions/(allocations to provisions), net | 27 | (219) | 93 |
| Other current operating expenses | | (579) | (851) |
| Other current operating income | | 705 | 829 |
| EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION, EXCLUDING NON-RECURRING ITEMS (EBITDA) | | 17,768 | 17,206 |
| EBITDA in % | | 12.16% | 13.03% |
| Charges for depreciation of property, plant and equipment | 16 | (698) | (592) |
| Charges for depreciation of right-of-use assets | 17.1 | (1,698) | (1,520) |
| Charges for depreciation of intangible assets arising from business combinations | | (1,062) | (823) |
| Charges for depreciation of other intangible assets | | (257) | (635) |
| EARNINGS BEFORE INTEREST AND TAXES EXCLUDING NON-RECURRING ITEMS (EBIT) | | 14,053 | 13,636 |
| EBIT in % | | 9.62% | 10.33% |
| Income from disposals of assets and subsidiaries | 28 | (1,026) | 99,128 |
| Impairment loss on assets | 29 | - | (1,087) |
| Other non-recurring items | 30 | (1,897) | (2,940) |
| OPERATING PROFIT (OP) | | 11,130 | 108,737 |
| OP as a % | | 7.62% | 82.7% |
| Financial income | | 6,554 | 922 |
| Financial expenses | | (2,462) | (1,838) |
| Financial result | 31 | 4,092 | (916) |
| PROFIT BEFORE TAX | | 15,222 | 107,821 |
| Income tax | 24 | (2,126) | (1,683) |
| PROFIT FOR THE PERIOD | | 13,096 | 106,138 |
| <i>Including:</i> | | | |
| Group share | | 12,868 | 106,298 |
| Non-controlling interests (minority interests) | | 228 | (160) |
| Earnings per share for the profit for the period – Group share | | | |
| Basic earnings per share <i>(in €)</i> | 32 | 1.35 | 11.15 |
| Diluted earnings per share <i>(in €)</i> | 32 | 1.35 | 11.15 |

The notes hereinafter form an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at 30 June 2023

| <i>(in thousands of €)</i> | Notes | 30 June 2023 | 30 June 2022 |
|---|-------|-----------------|-----------------|
| PROFIT FOR THE PERIOD | | 13,096 | 106,138 |
| <i>Recyclable items in profit or loss</i> | | | |
| Translation differences | | | |
| - during the period | | 951 | 1,812 |
| Total recyclable items in profit or loss | | 951 | 1,812 |
| <i>Non-recyclable items in profit or loss</i> | | | |
| Defined-benefit plans | | | |
| - Actuarial gains and losses on post-employment benefits | | 2 | 14 |
| Financial assets at fair value through other comprehensive income | | | |
| - Gain related to remeasurement at fair value | | - | 89 |
| Total non-recyclable items in profit or loss | | 2 | 103 |
| TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX | | 953 | 1,915 |
| COMPREHENSIVE INCOME FOR THE PERIOD | | 14,049 | 108,053 |
| <i>Including:</i> | | | |
| Group share | | 13,815 | 108,193 |
| Non-controlling interests (minority interests) | | 234 | (140) |

The notes hereinafter form an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2023

| <i>(in thousands of €)</i> | Share capital | Share premium | Treasury shares | Reserve for remeasurement of financial assets | Defined-benefit plans | Foreign-currency translation reserve | Retained earnings | Total | Non-controlling interests (minority interests) | Total equity |
|---|---------------|---------------|-----------------|---|-----------------------|--------------------------------------|-------------------|----------------|--|----------------|
| BALANCE AS AT 1 JANUARY 2022 | 9,545 | 70,676 | 2,092 | 684 | (212) | 5,617 | 4,510 | 92,912 | 1,416 | 94,328 |
| <i>Profit for the period</i> | - | - | - | - | - | - | 106,298 | 106,298 | (160) | 106,138 |
| <i>Other comprehensive income</i> | - | - | - | 89 | 14 | 1,792 | - | 1,895 | 20 | 1,915 |
| Comprehensive income for the period | - | - | - | 89 | 14 | 1,792 | 106,298 | 108,193 | (140) | 108,053 |
| Repurchase/resale of ordinary shares ⁽¹⁾ | - | - | (329) | - | - | - | - | (329) | - | (329) |
| Payment of dividends ⁽²⁾ | - | - | - | - | - | - | (95,414) | (95,414) | - | (95,414) |
| Transactions between shareholders ⁽³⁾ | - | - | - | - | - | - | (5,203) | (5,203) | (436) | (5,639) |
| BALANCE AS AT 30 JUNE 2022 | 9,545 | 70,676 | 1,763 | 773 | (198) | 7,409 | 10,191 | 100,159 | 840 | 100,999 |
| BALANCE AS AT 1 JANUARY 2023 | 9,545 | 70,676 | 1,919 | 2,504 | (197) | 4,984 | 11,376 | 100,807 | 737 | 101,544 |
| <i>Profit for the period</i> | - | - | - | - | - | - | 12,868 | 12,868 | 228 | 13,096 |
| <i>Other comprehensive income</i> | - | - | - | - | 2 | 945 | - | 947 | 6 | 953 |
| Comprehensive income for the period | - | - | - | - | 2 | 945 | 11,623 | 13,815 | 234 | 14,049 |
| Repurchase/resale of ordinary shares ⁽¹⁾ | - | - | (86) | - | - | - | - | (86) | - | (86) |
| Payment of dividends ⁽²⁾ | - | - | - | - | - | - | (16,212) | (16,212) | - | (16,212) |
| Transactions between shareholders ⁽³⁾ | - | - | - | - | - | - | (215) | (215) | 175 | (40) |
| BALANCE AS AT 30 JUNE 2023 | 9,545 | 70,676 | 1,833 | 2,504 | (195) | 5,929 | 7,817 | 98,109 | 1,146 | 99,225 |

⁽¹⁾See note 34.⁽²⁾See Note 35.⁽³⁾See note 10.

The notes hereinafter form an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 June 2023

| <i>(in thousands of €)</i> | Notes | 30 June 2023 | 30 June 2022 |
|--|--------------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Profit for the period | | 13,096 | 106,138 |
| <i>Adjustments:</i> | | | |
| Depreciation charges | 1,617 | 3,715 | 3,570 |
| Impairment loss on property, plant and equipment and intangible assets | | - | 1,087 |
| Impairment losses on trade receivables, net of reversal | | 71 | (78) |
| Allocations to/(reversals of) other provisions | | 51 | (19) |
| Provision charges for employee benefits | | 4 | 4 |
| Net capital losses/gains on disposals of non-current assets, net of transaction costs | 28 | 1,026 | (99,128) |
| Changes in fair value of price complements/commitments to repurchase securities held by minority shareholders/Co-investors | 31 | (4,216) | - |
| Interest expenses on lease obligations | 31 | 103 | 90 |
| Interest expenses on loans and other financial debt | 31 | 537 | 120 |
| Income tax | 24 | 2,126 | 1,683 |
| Change in working capital | | (13,443) | (15,976) |
| Cash flow generated by/(allocated to) operating activities | | 3,070 | (2,509) |
| Tax paid | | (1,674) | (545) |
| NET CASH FLOWS FROM/(ALLOCATED TO) OPERATING ACTIVITIES | | 1,396 | (3,054) |
| Cash flows from investment activities | | | |
| <i>Acquisitions/new consolidations:</i> | | | |
| - Intangible assets generated internally | 15 | (575) | (3,512) |
| - Other intangible assets | 15 | (247) | (344) |
| - Property, plant and equipment | | (825) | (1,312) |
| <i>Disposals/deconsolidations:</i> | | | |
| - Property, plant and equipment | 16 | 28 | 4 |
| Acquisition of control of subsidiaries, net of cash and cash equivalents acquired | | (4,968) | (11,789) |
| Loss of control of subsidiaries, net of cash and cash equivalents disposed of | | 12,094 | 114,527 |
| NET CASH FLOWS FROM/(ALLOCATED TO) INVESTMENT ACTIVITIES | | 5,507 | 97,574 |

The notes hereinafter form an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

As at 30 June 2023

| <i>(in thousands of €)</i> | | 30 June 2023 | 30 June 2022 |
|--|------|-------------------------|-------------------------|
| Cash flows from financing activities | | | |
| Payment related to the repurchase and resale of ordinary shares | | (86) | (329) |
| Acquisitions of non-controlling interests (minority interests) | | - | (1,926) |
| Consideration received from non-controlling interests (minority interests) | | - | 2,219 |
| Repayment of debt on commitments to repurchase securities held by Co-investors | 10.3 | (11,937) | (29,927) |
| Repayment of lease obligations | | (1,720) | (1,924) |
| New loans and use of lines of credit | 21 | 19,000 | 16,000 |
| Interest paid on loans and other financial debt | 31 | (535) | (120) |
| Interest paid on lease obligations | 17.3 | (104) | (87) |
| Dividends paid to shareholders in the parent company | 35 | (16,212) | (95,414) |
| NET CASH FLOWS ALLOCATED TO FINANCING ACTIVITIES | | (11,594) | (111,508) |
| Net change in cash and cash equivalents | | (4,691) | (16,988) |
| Cash and cash equivalents at the start of the period | | 56,671 | 55,017 |
| Change in foreign exchange rate effect | | 316 | 595 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | 52,296 | 38,624 |

The notes hereinafter form an integral part of the consolidated interim financial statements.

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

NOTE 1. GENERAL INFORMATION

1.1 Company presentation

Sword Group SE (the "Company") is a European company (Societas Europaea, or SE) established under Luxembourg law, having its headquarters at 2 Rue d'Arlon, Windhof (Luxembourg). The Company is registered in the Register of Commerce and Companies of Luxembourg under number B 168.244.

Sword Group, comprising the Company and the companies it controls, specialises in the global delivery of IT services, primarily to public institutions and international groups.

The Group offers a wide range of services, including strategic and operational consulting, solution engineering and application development, project ownership support and project management support, infrastructure management and application maintenance for third parties, and resource outsourcing.

The Company's shares are listed on Euronext Paris (Compartment B).

The condensed interim consolidated financial statements are available on the website of the Luxembourg Stock Exchange.

The condensed interim consolidated financial statements were approved by the Board of Directors on 19 July 2023.

1.2 Major events in the period

With effect from 1 June 2023, the Group sold 51% of its stake in AAA Group Ltd, a specialist recruitment and staffing company based in Aberdeen, Scotland, for a consideration of €500,000. The disposal scope includes the subsidiary AAA Ltd. Following this transaction, the Group retained 49% of the shares and classified its shares under "Equity associates". See Note 12 and Note 13

NOTE 2. SEASONALITY

The Group's business is not exposed to material seasonal variations.

NOTE 3. BASIS FOR PREPARATION AND ACCOUNTING PRINCIPLES

3.1 Basis for preparation of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements for the period ended 30 June 2023 have been prepared in accordance with IAS 34, *Interim Financial Reporting* and, accordingly, do not include all the information required for annual consolidated financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022, which were prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union (hereinafter "IFRS" or "IFRS standards").

The condensed interim consolidated financial statements are presented in thousands of euros, unless otherwise indicated.

3.2 Change of accounting methods

The accounting policies and the calculation methods used for the condensed interim consolidated financial statements are the same as those used for the annual consolidated financial statements for the financial year ended on 31 December 2022.

In addition, in 2023, the Group has not applied any standard or interpretation in advance and did not make any change to its accounting policies in the first half of 2023.

NOTE 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the condensed interim consolidated financial statements, the material judgements made by Management in applying the Group's accounting policies and the main sources of uncertainty in making estimates are the same as those that apply to the preparation of the annual consolidated financial statements for the financial year ended on 31 December 2022.

NOTE 5. FINANCIAL RISK MANAGEMENT POLICY

The Group is exposed to credit risk, liquidity risk and market risk (including interest-rate risk and foreign-currency risk) with respect to the use of financial instruments. Financial risk management is handled by the Finance Department and consists of minimising the potentially unfavourable impact of these risks on the Group's performance.

The condensed interim consolidated financial statements do not include all the financial risk management information required in the annual consolidated financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022.

There have been no significant changes in the management of, and policy on, financial risks since the end of the previous year.

NOTE 6. FAIR-VALUE MEASUREMENT**6.1 Fair-value hierarchy**

To reflect the importance of the data used in fair-value measurements, the Group classifies these measurements on the basis of a two-tier hierarchy:

- Level 1: (unadjusted) prices quoted on asset markets for identical assets or liabilities;
- Level 2: data other than the quoted prices targeted at Level 1 that are observable for the asset or liability in question, either directly (i.e. prices) or indirectly (i.e. data derived from prices); and
- Level 3: data relating to the asset or liability which are not based on observable market data (unobservable data).

The tables below provide an analysis of assets and liabilities recognised at fair value in the balance sheet by hierarchical level.

| <i>(In thousands of €)</i> | Level 2 | Level 2 | Level 3 | Total as at 30 June 2023 |
|--|---------|------------|---------|-----------------------------|
| Assets at fair value | | | | |
| <i>Financial assets at fair value through profit or loss</i> | | | | |
| Derivate instruments | - | 328 | - | 328 |
| TOTAL ASSETS AT FAIR VALUE | - | 328 | - | 328 |

| <i>(in thousands of €)</i> | Level 2 | Level 2 | Level 3 | Total as at 31 December 2022 |
|--|---------|------------|---------|------------------------------------|
| Assets at fair value | | | | |
| <i>Financial assets at fair value through profit or loss</i> | | | | |
| Derivate instruments | - | 278 | - | 278 |
| TOTAL ASSETS AT FAIR VALUE | - | 278 | - | 278 |

| <i>(in thousands of €)</i> | Level 2 | Level 2 | Level 3 | Total as at 30 June 2023 |
|--|---------|---------|---------------|-----------------------------|
| Liabilities at fair value | | | | |
| <i>Financial liabilities at fair value through profit or loss</i> | | | | |
| Contingent considerations on acquisitions | - | - | 3,733 | 3,733 |
| Commitments to repurchase securities held by minority shareholders/Co-investors ^(*) | - | - | 29,468 | 29,468 |
| TOTAL LIABILITIES AT FAIR VALUE | - | - | 33,201 | 33,201 |

^(*) Net of any loans made directly to Co-investors

| <i>(in thousands of €)</i> | Level 2 | Level 2 | Level 3 | Total as at 31 December 2022 |
|--|---------|---------|---------------|------------------------------------|
| Liabilities at fair value | | | | |
| <i>Financial liabilities at fair value through profit or loss</i> | | | | |
| Contingent considerations on acquisitions | - | - | 9,776 | 9,776 |
| Commitments to repurchase securities held by minority shareholders/Co-investors ^(*) | - | - | 43,756 | 43,756 |
| TOTAL LIABILITIES AT FAIR VALUE | - | - | 53,532 | 53,532 |

^(*) Net of any loans made directly to Co-investors

Should a fair-value level transfer be necessary, the Group would change the classification (bearing in mind the consequences in terms of measurement) on the date of the triggering event or on the date of the change of circumstances leading to the transfer. There was no transfer between Levels 1 and 2 during the period.

6.2 Measurement techniques

6.2.1. For business combinations, transactions with minority interests and sales of subsidiaries

Intangible assets

The fair value of software for third parties, SaaS contracts, software maintenance contracts, order books and client relations acquired in a business combination is calculated using the most appropriate method under the circumstances, including the multi-period excess earnings method, which consists of measuring the asset in question after deducting a reasonable return for the other assets generating cash flows. The valuation is a function of variables such as the rate of technological obsolescence, the client erosion rate (or even the contract renewal rate) and the discount rate.

Contingent considerations (liabilities) in connection with business combinations

The explanation below provides details of the techniques for measuring the fair value of contingent considerations (liabilities) and the main non-observable data used. Contingent considerations are classified as Level 3 of the fair-value hierarchy taking account of the use of non-observable data specific to the companies/interests acquired.

Ping Network Solutions Ltd

| Measurement technique | Main non-observable data | Estimated values (2023) | (2022) |
|--|---------------------------------------|----------------------------|--------|
| EBITDA multiple, calculated as at 31 January 2023 and 2024 | - Annual revenue growth rate for 2023 | - | 72% |
| | - Annual revenue growth rate for 2024 | 48% | 20% |
| | - EBITDA margin for 2023 | - | 15% |
| | - EBITDA margin for 2024 | 13% | 17% |

The estimated fair value for Ping Network Solutions Ltd is expected to evolve in line with the revenue growth rate, given a probability considered to be high that the EBITDA margin (expressed as a percentage of revenue) will remain stable.

A change of more than 10% in revenue would result in a €613,000 increase in the contingent consideration relating to Ping Network Solutions Ltd (31 December 2022: €891,000). A change of less than 10% in revenue would result in a €613,000 decrease in the contingent consideration relating to Ping Network Solutions Ltd (31 December 2022: -€832,000). The information set out above does not include any discounting, the impact of which is not considered to be material.

Lemonade Software Development S.L.

The fair value of the earn-out payable in two tranches, one in 2024 and the other in 2025, for the acquisition of 49.96% of the share capital of Lemonade Software Development SL is based on growth in sales, EBIT margin and cash position over a three-year period prior to the year of settlement, as shown in the table below.

| Measurement technique | Main non-observable data | Range of estimated values (weighted average) | |
|--|------------------------------|--|---------------|
| | | 2023 | 2022 |
| Technique combining a multiple of EBIT and a multiple of sales | - Annual revenue growth rate | 13.6% - 15.1% | 8.62% - 15.0% |
| | - EBIT margin | 6.22% - 6.95% | 6.95% - 8.31% |

The estimated fair value is expected to increase if the annual revenue growth rate goes above current estimates and the EBIT margin (expressed as a percentage of revenue) remains stable or increases.

A 25% increase or decrease in the sales growth rate, assuming a constant EBITDA margin, would not have a material impact on any consideration due at 30 June 2023 or 31 December 2022. Similarly, a 10% increase or decrease in the EBIT margin, on a constant sales basis, would not result in any material change in the consideration due at either 30 June 2023 or 31 December 2022.

AIM Services Holding S.A. (AIM)

The fair value of the additional consideration for AIM still to pay at 30 June 2023 is CHF750,000 (equivalent to €766,000).

This fair value is determined on the basis of 20% of the gross margin achieved on a contract with a customer operating in the banking sector over the period 2022 to 2025.

A 10% increase or decrease in the gross margin, on a constant sales basis, would not result in any material change in the consideration due at 30 June 2023.

Commitments to repurchase securities held by minority shareholders (also reported as "non-controlling interests")/Co-investors

The repurchase commitments are included at their fair value in the consolidated statement of financial position. The table below lists the techniques used for measuring both the fair value of debt related to commitments to repurchase securities held by minority shareholders/Co-investors and the main non-observable data used by the Group. Debts are classified as Level 3 of the fair-value hierarchy taking account of the use of non-observable data specific to the subsidiaries involved.

| Company | Measurement technique | Key non-observable data | Estimate range of values (weighted average) | |
|--------------------------|---|------------------------------|---|--------------------------|
| | | | 2023 | 2022 |
| Sword Co-Investment Fund | EBIT/EBITDA multiple or average of an EBIT/EBITDA multiple and a revenue multiple | - Annual revenue growth rate | 0.4% - 18.0% (6.6%) | 10.0% - 19.8% (14.4%) |
| | | - EBIT/EBITDA margin | 5.4% to 14.8% (10.7%) | 5.8% - 15.0% (10.7%) |

The estimated fair value is expected to increase if the annual revenue growth rate goes above current estimates and the EBITDA margin (expressed as a percentage of revenue) remains stable or increases.

A change of +25% in the growth rate of revenue generated by investments held by Sword Co-Investment Fund SCSp would result in a €1,118,000 increase in debt related to repurchases of securities held by Co-investors as at 30 June 2023, assuming that the EBITDA margin remained constant (31 December 2022: €2,464,000). A change of -25% in the growth rate would result in a €1,090,000 decrease in debt related to repurchases of securities held by Co-investors as at 30 June 2023 (31 December 2022: €2,427,000).

A change of +10% in the margin rate (EBITDA) of investments held by Sword Co-Investment Fund SCSp would result in a €5,167,000 increase in debt related to repurchases of securities held by Co-investors as at 30 June 2023, assuming that revenue remained constant (31 December 2022: €5,813,000). A change of less than 10% in the margin rate would result in a €4,781,000 decrease in debt related to repurchases of securities held by Co-investors as at 30 June 2023 (31 December 2022: €4,314,000).

Gross debt related to repurchases of securities held by Co-investors with an early repurchase clause (42.4% payable by June 2024 at the earliest, with the balance payable after 31 December 2024, where applicable) amounted to €20,797,000 (31 December 2022: €34,942,000).

6.2.2. In the ordinary course of business

Derivative financial instruments

The fair value of the interest rate cap contract is determined by discounting the estimated future cash flows, taking into account the terms and maturity of the contract and based on observable yield curves at the balance sheet date. For the reasons set out above, interest rate cap contracts are classified in Level 2 of the fair value hierarchy.

6.3 Reconciliation of Level 3 fair-value measurements

Contingent considerations (liabilities)/debts related to commitments to repurchase securities held by minority shareholders/Co-investors

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|---|-----------------|---------------------|
| Balance as at opening of the period/year | 53,532 | 66,517 |
| Acquisitions ^(*) | - | 16,510 |
| Disposals/payments | (17,111) | (33,684) |
| Total (losses)/gains | (3,220) | 4,189 |
| BALANCE AS AT THE END OF THE PERIOD/YEAR | 33,201 | 53,532 |
| Total (losses)/gains relating to contingent considerations/debts related to commitments to repurchase securities held by minority shareholders/Co-investors | (4,216) | 3,577 |

^(*) Net of any loans made directly to Co-investors

Total gains and losses relating to contingent considerations (liabilities) and debts related to commitments to repurchase securities held by minority shareholders/Co-investors are included in income for the year under 'Financial result'.

NOTE 7. BREAKDOWN OF REVENUE

| Breakdown by business line | 30 June 2023 | 30 June 2022 |
|----------------------------|--------------|--------------|
| Software | - | 6,919 |

| | | |
|--------------|----------------|----------------|
| IT Services | 146,124 | 125,088 |
| TOTAL | 146,124 | 132,007 |

| Breakdown by market type | 30 June 2023 | 30 June 2022 |
|---------------------------------------|---------------------|---------------------|
| Health, telecommunications and others | 17,123 | 21,826 |
| Insurance and finance | 17,669 | 11,874 |
| Industry | 49,004 | 47,854 |
| Governments/European institutions | 62,328 | 50,453 |
| TOTAL | 146,124 | 132,007 |

See Note 9 for a breakdown of revenue by geographical sector.

NOTE 8. ASSETS AND LIABILITIES RELATING TO REVENUE RECOGNITION

The table below provides information on trade receivables, work in progress and prepaid services.

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|--|-------------------------|---------------------------------|
| Trade and other receivables (assets) | 31,128 | 32,173 |
| Work in progress (assets) | 54,109 | 35,627 |
| Assets relating to costs of executing contracts ⁽¹⁾ | 1,731 | 816 |
| Prepaid services (liabilities) | 27,143 | 15,635 |

⁽¹⁾ Included in prepaid expenses.

IFRS 15 uses the terms 'contract assets' and 'contract liabilities' to refer to the items commonly known as 'Work in progress' and 'Deferred income'. However, this standard does not prevent an entity using other terms in its statement of financial position. The Group has used the terms 'Work in progress' and 'Deferred income' to label these items in assets and liabilities.

The Group records licence costs that are recharged and spread over the term of the underlying contract as deferred charges under "Assets linked to contract performance costs". These assets are included in "Prepaid expenses".

In accordance with IFRS 15, revenue recognised before the date when it is billed to clients is recognised as 'Work in progress'. Interim payments exceeding the revenue recognised as at the reporting date are recorded as "Prepaid services".

8.1 Analysis of significant changes in assets and liabilities relating to revenue recognition

The change in work in progress, costs of executing the activated contracts and prepaid services is proportional to revenue recognition.

8.2 Revenue relating to prepaid services

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|--|-------------------------|-----------------------------|
| Revenue recognised during the period/year that was included in the opening balance of prepaid services | 12,822 | 10,064 |

8.3 Outstanding performance obligations

Schedule of outstanding performance obligations on long-term and fixed-price contracts

| (in thousands of €) | 30 June 2023 | 31 December 2022 |
|---|-----------------|---------------------|
| Less than 1 year | 174,841 | 160,084 |
| Between 1 and 2 years | 90,783 | 79,551 |
| Between 2 and 4 years | 70,609 | 129,766 |
| Share of revenue allocated to outstanding performance obligations as at reporting date | 336,234 | 369,401 |

The above schedule corresponds to the order-book schedule (also known as the 'production backlog').

8.4 Assets relating to costs of executing contracts

| (in thousands of €) | 30 June 2023 | 31 December 2022 |
|---|-----------------|---------------------|
| Assets relating to costs of executing contracts (gross balance) | 1,731 | 816 |
| Net balance of assets relating to costs of executing contracts | 1,731 | 816 |

NOTE 9. SEGMENT INFORMATION

Following the introduction of employee stock ownership plans in the United Kingdom, the Belux region and Switzerland, and the disposal of the GRC business in 2022, the segments presented by the Group were revised to reflect both the "Business" dimension and the "Geographical segment" dimension, given that only those segments that generate more than 10% of revenue or 10% of net profit are presented in accordance with the requirements of IFRS 8.

For the year ended on 31 December 2022, the Group has the following operating segments:

- Services/United Kingdom
- Services/Belux
- Services/Switzerland
- Software

For the period ended 30 June 2023, information on software has not been presented as it was deemed immaterial.

9.1 Information by segment

9.1.1 Analysis of the income statement as at 30 June 2023

| (in thousands of €) | Services/Belux | Services/Switzerland | Services/United Kingdom | Non-allocated | Consolidated total |
|---|----------------|----------------------|-------------------------|---------------|--------------------|
| Revenue outside Group (External clients) | 48,848 | 46,334 | 50,942 | - | 146,124 |
| Total revenue | 48,848 | 46,334 | 50,942 | - | 146,124 |
| EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION, EXCLUDING NON-RECURRING ITEMS (EBITDA) | 4,861 | 6,726 | 6,181 | - | 17,768 |
| Depreciation charges | (1,165) | (1,355) | (1,195) | - | (3,715) |
| Earnings before interest and taxes, excluding non- | 3,696 | 5,371 | 4,986 | - | 14,053 |
| Income from disposals of | (5) | 15 | (1,004) | (32) | (1,026) |
| Other non-recurring items | (560) | (631) | (396) | (310) | (1,897) |
| Operating profit (OP) | 3,131 | 4,755 | 3,586 | (342) | 11,130 |
| Financial result | | | | | 4,092 |
| Income tax | | | | | (2,126) |
| Profit for the period | | | | | 13,096 |
| Non-controlling interests | | | | | 228 |

Group share

12 68

9.1.2 Analysis of the income statement as at 30 June 2022

| (in thousands of €) | Services/Belux | Services/Switzerland | Services/United Kingdom | Software | Non-allocated | Consolidated total |
|---|----------------|----------------------|-------------------------|----------------|----------------|--------------------|
| Revenue outside Group (External clients) | 39,705 | 39,137 | 46,246 | 6,919 | - | 132,007 |
| Total revenue | 39,705 | 39,137 | 46,246 | 6,919 | - | 132,007 |
| EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION, EXCLUDING NON-RECURRING ITEMS (EBITDA) | 3,797 | 5,548 | 4,719 | 3,142 | - | 17,206 |
| Depreciation charges | (900) | (1,091) | (509) | (921) | (149) | (3,570) |
| Earnings before interest and taxes, excluding non-recurring items (EBIT) | 2,897 | 4,457 | 4,210 | 2,221 | (149) | 13,636 |
| Income from disposals of assets | (8) | (372) | - | 103,639 | (4,131) | 99,128 |
| Impairment losses on assets | - | (1,087) | - | - | - | (1,087) |
| Other non-recurring items | (451) | (1,467) | (272) | (107) | (643) | (2,940) |
| Operating profit (OP) | 2,438 | 1,531 | 3,938 | 105,753 | (4,923) | 108,737 |
| Financial result | | | | | | (916) |
| Income tax | | | | | | (1,683) |
| Profit for the period | | | | | | 106,138 |
| Non-controlling interests | | | | | | (160) |
| Group share | | | | | | 106,298 |

9.1.3. Analysis of assets and liabilities as at 30 June 2022

| (in thousands of €) | Services/Belux | Services/Switzerland | Services/United Kingdom | Non-allocated | Adjustments and eliminations | Total consolidated |
|---|----------------|----------------------|-------------------------|---------------|------------------------------|--------------------|
| Segment assets | 77,894 | 68,412 | 76,035 | - | - | 222,341 |
| Non-allocated assets | - | - | - | 31,501 | - | 31,501 |
| TOTAL ASSETS | 77,894 | 68,412 | 76,035 | 31,501 | - | 253,842 |
| Segment liabilities | 49,589 | 29,906 | 37,472 | - | 74,966 | 191,933 |
| Non-allocated liabilities | - | - | - | 37,620 | (74,966) | (37,346) |
| TOTAL LIABILITIES | 49,589 | 29,906 | 37,472 | 37,620 | - | 154,587 |
| <i>Investments in property, plant and equipment and intangible assets during the period</i> | <i>1,466</i> | <i>832</i> | <i>893</i> | <i>54</i> | <i>-</i> | <i>3,245</i> |

9.1.4. Analysis of assets and liabilities as at 31 December 2022

| (in thousands of €) | Services/Belux | Services/Switzerland | Services/United Kingdom | Software | Non-allocated | Adjustments and eliminations | Consolidated total |
|---------------------|----------------|----------------------|-------------------------|----------|---------------|------------------------------|--------------------|
| Segment assets | 61,141 | 63,695 | 82,641 | - | - | - | 207,477 |

| | | | | | | | |
|---|---------------|---------------|---------------|--------------|---------------|----------|----------------|
| Non-allocated assets | - | - | - | - | 37,219 | - | 37,219 |
| TOTAL ASSETS | 61,141 | 63,695 | 82,641 | - | 37,219 | - | 244,696 |
| Segment liabilities | 39,296 | 29,670 | 55,357 | - | - | 81,907 | 206,230 |
| Non-allocated liabilities | - | - | - | - | 18,829 | (81,907) | (63,078) |
| TOTAL LIABILITIES | 39,296 | 29,670 | 55,357 | - | 18,829 | - | 143,152 |
| <i>Investments in property, plant and equipment and intangible assets during the period</i> | <i>3,445</i> | <i>5,288</i> | <i>2,589</i> | <i>2,712</i> | <i>517</i> | - | <i>14,551</i> |

See Note 14.2 for the allocation of goodwill to cash-generating units.

All of the assets are allocated to the segments, except assets which cannot be allocated to a CGU, which comprise mainly cash and cash equivalents held by the Company.

All the liabilities are allocated to the segments, except liabilities which cannot be allocated to a CGU, which comprise mainly loans taken out by the Company with credit institutions in the amount of €37,000,000 as at 30 June 2022" (31 December 2022: €18,000,000 (Note 21).

NOTE 10. GROUP INFORMATION

10.1 Scope of consolidation

| Company | Main business | Method | % control | | % interest | |
|---------------------------------------|-----------------|--------|--------------|------------------|--------------|------------------|
| | | | 30 June 2023 | 31 December 2022 | 30 June 2023 | 31 December 2022 |
| Luxembourg | | | | | | |
| Sword Group S.E. | Parent company | | | | | |
| Sword Co-Investment Fund SCSp | Holding company | FC | 100% | 100% | 100% | 100% |
| Sword Technologies S.A. | IT Services | FC | 100% | 100% | 100% | 100% |
| Belgium | | | | | | |
| Sword Integra S.A. | IT Services | FC | 100% | 100% | 100% | 100% |
| Tipik Communication Agency S.A. | IT Services | FC | 100% | 100% | 100% | 100% |
| Vadear S.A. | IT Services | FC | 100% | 100% | 100% | 100% |
| Canada | | | | | | |
| Sword Corporation Inc. ⁽⁴⁾ | IT Services | FC | 100% | 100% | 45% | 45% |
| Cyprus | | | | | | |
| Sword Cyprus Ltd | IT Services | FC | 100% | 100% | 100% | 100% |
| Dubai | | | | | | |
| Sword Middle East FZ LLC | IT Services | FC | 100% | 100% | 100% | 100% |
| United States | | | | | | |
| Sword ITS LLC | IT Services | FC | 100% | 100% | 100% | 100% |
| Sword Solutions Inc. | IT Services | FC | 100% | 100% | 100% | 100% |
| Spain | | | | | | |
| Lemonade Software Development S.L. | IT Services | FC | 100% | 100% | 100% | 100% |
| France | | | | | | |
| Le Connecteur S.à r.l. | - | FC | 100% | 100% | 100% | 100% |
| Sword Software France S.à r.l. | - | FC | 100% | 100% | 100% | 100% |
| Greece | | | | | | |
| Sword Services Greece S.A. | IT Services | FC | 99% | 99% | 99% | 99% |
| India | | | | | | |
| Sword Global India Pvt Ltd | IT Services | FC | 100% | 100% | 100% | 100% |

| | | | | | | |
|-------------------------|-------------|----|------|------|------|------|
| Lebanon | | | | | | |
| Sword Lebanon S.A.L. | IT Services | FC | 100% | 100% | 100% | 100% |
| Sword Middle East LLC | IT Services | FC | 98% | 98% | 98% | 98% |
| Netherlands | | | | | | |
| DataCo Netherlands B.V. | IT Services | FC | 100% | 100% | 100% | 100% |

| Company | Main business | Method | % control | | % interest | |
|--|-----------------|--------|--------------|------------------|--------------|------------------|
| | | | 30 June 2023 | 31 December 2022 | 30 June 2023 | 31 December 2022 |
| United Kingdom | | | | | | |
| AAA Group Ltd ⁽¹⁾ | Holding company | FC | - | 100% | - | 100% |
| AAA Group Ltd ⁽¹⁾ | IT Services | FC | - | 100% | - | 100% |
| Codify Holdings Ltd | IT Services | FC | 100% | 100% | 100% | 100% |
| Codify Ltd | IT Services | FC | 100% | 100% | 100% | 100% |
| Geores Ltd ⁽²⁾ | IT Services | FC | - | 100% | - | 100% |
| DataCo Ltd | IT Services | FC | 100% | 100% | 100% | 100% |
| Infinity Ltd | IT Services | FC | 100% | 100% | 100% | 100% |
| Mint Tulip Ltd ⁽²⁾ | IT Services | FC | - | 100% | - | 100% |
| Onsite Information Management Pty Ltd | IT Services | FC | 100% | 100% | 100% | 100% |
| Phusion IM Ltd | IT Services | FC | 100% | 100% | 100% | 100% |
| Ping Network Solutions Ltd | IT Services | FC | 100% | 100% | 100% | 100% |
| Sword Charteris Ltd | Holding company | FC | 100% | 100% | 100% | 100% |
| Sword IT Solutions Ltd | IT Services | FC | 100% | 100% | 100% | 100% |
| Sword Soft Ltd | Holding company | FC | 100% | 100% | 100% | 100% |
| Sword Technologies Solutions Ltd | IT Services | FC | 100% | 100% | 100% | 100% |
| Venture Information Management Ltd ⁽²⁾ | IT Services | FC | - | 100% | - | 100% |
| Switzerland | | | | | | |
| Almaz Informatique S.A. ⁽³⁾ | IT Services | FC | - | 100% | - | 100% |
| AiM Services Holding S.A. ⁽³⁾ | IT Services | FC | - | 100% | - | 100% |
| AiM Services S.A. ⁽³⁾ | IT Services | FC | - | 100% | - | 100% |
| CBA Sourcing S.A. | IT Services | FC | 51% | 51% | 51% | 51% |
| Sword Services S.A. (antérieurement Sword Engineering S.A.) | IT Services | FC | 100% | 100% | 100% | 100% |
| Sword Technologies S.A ⁽⁴⁾ | IT Services | FC | 45% | 45% | 45% | 45% |
| Swissgenia S.A. | IT Services | FC | 100% | 100% | 100% | 100% |
| Sword Services Holding S.A (previously Sword Services S.A) | IT Services | FC | 100% | 100% | 100% | 100% |
| Sword Sports & Events S.A ⁽⁵⁾ | IT Services | FC | - | 81% | - | 81% |
| Sword Suisse Holding S.A. | Holding company | FC | 100% | 100% | 100% | 100% |
| Sword Venue S.à r.l. | Software | FC | 100% | 100% | 100% | 81% |

⁽¹⁾ With effect from 1 June 2023, the Group sold 51% of its stake in AAA Group Ltd. The disposal scope includes the subsidiary AAA Ltd. See Note 12 and Note 13

⁽²⁾ Dissolved on 31 March 2023.

⁽³⁾ Absorbed by Sword Services S.A. (formerly Sword Engineering S.A.) with effect from 1 January 2023.

⁽⁴⁾ The Group signed a shareholders' agreement taking effect on 1 January 2014 that gave it control over Sword Technologies S.A. (Switzerland). Consequently, the company is fully consolidated.

⁽⁵⁾ With effect from 1 January 2023, the Group sold 100% of its shareholding in Sword Sports & Events S.A. to a related party of the Group for CHF 26 thousand (equivalent to €27,000). See Note 12.

10.2 Transactions with non-controlling interests (minority interests)

10.2.1 Impact of transactions with minority interests on equity – Group share for the periods ended on 30 June 2023 and 30 June 2022

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|--|-----------------|-----------------|
| Changes in reserves, in terms of the Group share, due to: | | |
| - Acquisitions/repurchases of securities in: | | |
| <i>Sword Venue S.à r.l.</i> | (265) | - |
| <i>Sword Lebanon S.A.L.</i> | - | (261) |
| <i>Other</i> | 50 | - |
| - Acquisitions of stakes by Co-investors in: | | |
| Sword Co-Investment Fund (Note 10.2.2) | - | 723 |
| - Commitments to repurchase securities held by Co-investors in: | | |
| Sword Co-Investment Fund (Note 10.2.2) | - | (6,094) |
| - Changes in put options over minority interests relating to Sword GRC Group Ltd | - | 429 |
| NET IMPACT ON EQUITY – GROUP SHARE | (215) | (5,203) |

10.2.2 Sword Co-Investment Fund

The Group has established a special investment fund called the Sword Co-Investment Fund (hereinafter the “Fund”) to bring together all the Group's employee stock ownership plans. During 2022, three new plans relating to Switzerland attracted subscriptions of €6,777,000.

The Fund is open only to managers in certain subsidiaries (the “Co-investors”).

The goal of the Fund is to harmonise the rules that apply to plans spread across several jurisdictions and to use a centralised platform to increase the efficiency of the subscription process.

The Fund is managed by Sword Group S.E. in its capacity as general partner.

By subscribing for Fund shares, Co-investors are exposed to the financial performance of their subsidiaries.

Therefore, whenever a plan is put in place for Co-investors from a subsidiary, a share of the subsidiary's securities, which are classified as underlying securities, are transferred to the Fund in exchange for the subscribed shares, at their fair value calculated on the basis of an EBIT multiple applied to the securities of the subsidiary involved.

The Group co-finances the investment up to a level of 85%, in the form of a loan either to the Fund or to the Co-investors. This loan is subject to a market interest rate of 4% as at 30 June 2023 (2022: 2%).

Under these plans, at the end of a period generally ranging from three to five years, the shares held by the Co-investors will be repurchased by the Fund at their fair value at the time of the repurchase, calculated on the basis of an EBIT multiple applied to the securities of the subsidiary involved. In some cases, put options are granted to Co-investors, allowing them to request the early repurchase of their securities.

The repurchase price of the shares will be paid to the Co-investors after deduction of the loan amounts, if applicable.

During 2023, a proportion of the shares held by the Co-investors were bought back for a total of €16,098,000, excluding the effect of the offsetting of amounts owed by the Co-investors to the Group of €3,955,000.

The amount invested in the plans via the Fund stood at €19,977,000 (2022: €27,432,000), of which €9,889,000 (2022: €14,739,000) had been paid up as at 30 June 2023.

In the event of a negative performance of the underlying subsidiary, the plan states that the Co-investors cover the deficit up to the amount either of the sums the Group has lent to them, or of the sums they have subscribed but not paid up.

The repurchase commitment gives rise to the recognition of a financial debt, with a corresponding cancellation of the related non-controlling interests. Financial debt is remeasured at its fair value as at each reporting date, with a corresponding charge to the financial result.

10.3 Commitments to repurchase non-controlling interests

Commitments to repurchase equity securities granted to non-controlling interests (minority interests) were as follows as at 30 June 2023:

| (in thousands of €) | Share (%) held by minority shareholders | Minority interests included in the repurchase plan | Measuremen t method | Fair value of commitments (current debts) | Fair value of commitments (non-current debts) |
|--|--|--|-----------------------------|--|--|
| Sword Co-Investment Fund ^(**) | - | - | EBITDA/reve nue multiple | 8,814 ^(*) | 27,545 ^(*) |

^(*) Excluding the effect of offsetting with the receivable worth €3,457,000 (current portion) and €3,436,000 (non-current portion) respectively.

^(**) It should be noted that the non-controlling interests were cancelled following the repurchase commitment. See Note 10.2.

Commitments to purchase equity securities granted to non-controlling interests (minority interests) were as follows as at 31 December 2022:

| (in thousands of €) | Share (%) held by minority shareholders | Minority interests included in the repurchase plan | Measuremen t method | Fair value of commitments (current debts) | Fair value of commitments (non-current debts) |
|--|--|--|-----------------------------|--|--|
| Sword Co-Investment Fund ^(**) | - | - | EBITDA/reve nue multiple | 15,892 ^(*) | 38,489 ^(*) |

^(*) Excluding the impact of offsetting with the receivable worth €3,955,000 (current portion) and €6,670,000 (non-current portion) respectively.

^(**) It should be noted that the non-controlling interests were cancelled following the repurchase commitment. See Note 10.2.

For the method used to measure the fair value of commitments, see Note 6.2.

NOTE 11. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS

There were no business combinations or other acquisitions during the first half of 2023.

NOTE 12. DISPOSALS

AAA Group Ltd

With effect from 1 June 2023, the Group sold 51% of its stake in AAA Group Ltd, a specialist recruitment and staffing company based in Aberdeen, Scotland, for a consideration of €500,000. The disposal scope includes the subsidiary AAA Ltd. Following this transaction, the Group retained 49% of the shares and classified its shares under "Equity associates". See Note 13.

Sword Sports & Events S.A.

With effect from 1 January 2023, the Group sold 100% of its shareholding in Sword Sports & Events S.A. to a party related to the Group for €27,000 (equivalent to €26,000 Swiss francs). As the investment sold was not material at the Group level, the information required under IFRS 3 has been omitted.

12.1 Consideration received

| <i>(in thousands of €)</i> | TOTAL |
|---|--------------|
| Consideration received in cash and cash equivalents | - |
| Deferred consideration receivable | 500 |
| TOTAL CONSIDERATION | 500 |

12.2 Net cash inflow on disposal

| <i>(in thousands of €)</i> | TOTAL |
|---|--------------|
| Consideration received in cash and cash equivalents | - |
| Less: Balance of cash and cash equivalents disposed of ⁽¹⁾ | 762 |
| NET CASH INFLOW | 762 |

⁽¹⁾ Negative cash due to the existence of a bank loan of €762,000 at the date of disposal.

12.3 Analysis of assets and liabilities over which control was lost

| <i>(in thousands of €)</i> | TOTAL |
|--|--------------|
| Non-current assets | |
| Goodwill | 3,750 |
| Property, plant and equipment | 23 |
| Right-of-use assets | 16 |
| Financial assets | 2,027 |
| Deferred tax assets | 324 |
| Current assets | |
| Trade and other receivables | 1,626 |
| Work in progress | 521 |
| Current tax assets | 19 |
| Prepaid expenses | 78 |
| Current liabilities | |
| Financial liabilities (bank overdrafts) | (762) |
| Trade and other payables | (1,303) |
| Current tax liabilities | (101) |
| Other liabilities | (4,254) |
| IDENTIFIABLE NET ASSETS DISPOSED OF | 1,964 |

12.4 Profit generated on disposal

| <i>(in thousands of €)</i> | TOTAL |
|---|--------------|
| Total consideration | 500 |
| Less: Net assets disposed of | 1,964 |
| Plus: Fair value of retained equity interests | 490 |
| LOSS GENERATED ON DISPOSAL | (964) |

The loss generated on disposal, including the share attributable to the fair value measurement of the retained interest, is included in the income statement under "Gains and losses on disposal of assets".

NOTE 13. ASSOCIATED COMPANIES**13.1 Changes during the period**

| <i>(in thousands of €)</i> | 30 June 2023 |
|--|---------------------|
| Balance as at opening | - |
| Acquisition and significant influence ⁽¹⁾ | 490 |
| Share of profit for the year | - |
| Dividends paid | - |
| BALANCE AS AT THE END OF THE PERIOD | 490 |

⁽¹⁾ With effect from 1 June 2023, the Group sold 51% of the capital of its subsidiary AAA Group Ltd, reducing the Group's holding in AAA Group Ltd from 100% to 49%. On completion of this transaction, Group Management decided that the conditions for exercising exclusive control under IFRS 10 were no longer met, and classified its investment as an "Associate" for a total amount of €490,000.

13.2 Details of associated companies

| Company | Place of incorporation and principal place of business | Main business/ operating segment | % ownership 30 June 2023 |
|----------------|---|---|---------------------------------|
| AAA Group Ltd | United Kingdom | Holding/ IT Services | 49% |

As the investment in the associate was not material at 30 June 2023, the condensed financial information required under IFRS 12 has been omitted.

NOTE 14. GOODWILL**14.1 Changes in goodwill**

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|--|---------------------|-------------------------|
| GROSS AMOUNT | | |
| Balance as at opening of the period/year | 96,227 | 91,503 |
| Additional amounts recognised following business combinations arising during the period/year | - | 19,065 |
| Disposals/deconsolidations (Note 12) | (3,750) | (13,390) |
| Translation difference | 1,189 | (951) |
| Balance as at end of the period/year | 93,666 | 96,227 |
| ACCUMULATED IMPAIRMENT LOSSES | | |
| Balance as at opening of the period/year | 25,000 | 25,000 |
| Balance as at end of the period/year | 25,000 | 25,000 |
| GOODWILL, NET CARRYING AMOUNT | 68,666 | 71,227 |

14.2 Allocation of goodwill to cash-generating units (CGUs)

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|----------------------------|---------------------|-------------------------|
| Services/Belux | 15,391 | 15,391 |
| Services/Switzerland | 18,727 | 18,615 |
| Services/United Kingdom | 34,548 | 37,221 |
| TOTAL | 68,666 | 71,227 |

NOTE 15. OTHER INTANGIBLE ASSETS

| <i>(in thousands of €)</i> | Software | Client contracts | Non-compete clause | Other intangible assets | TOTAL |
|---|----------------|------------------|--------------------|-------------------------|-----------------|
| GROSS AMOUNT | | | | | |
| As at 31 December 2021 | 22,491 | 9,790 | 1,113 | 9,012 | 42,406 |
| Inflows of assets generated internally | 3,939 | - | - | - | 3,939 |
| Acquisitions | - | - | - | 379 | 379 |
| Acquisitions via business combinations | - | 3,815 | - | - | 3,815 |
| Disposals | (842) | - | - | - | (842) |
| Deconsolidations | (21,934) | (3,175) | - | - | (25,109) |
| Translation difference | 253 | (103) | - | - | 150 |
| Other movements | (376) | (736) | - | 1,112 | - |
| As at 31 December 2022 | 3,531 | 9,591 | 1,113 | 10,503 | 24,738 |
| Inflows of assets generated internally | 575 | - | - | - | 575 |
| Acquisitions | - | - | - | 247 | 247 |
| Deconsolidations | - | - | - | (1,273) | (1,273) |
| Translation difference | 16 | 206 | - | (31) | 191 |
| As at 30 June 2023 | 4,122 | 9,797 | 1,113 | 9,446 | 24,478 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES | | | | | |
| As at 31 December 2021 | (8,069) | (6,955) | - | (8,350) | (23,374) |
| Depreciation charges | (865) | (2,248) | - | (388) | (3,501) |
| Scope changes | 7,539 | 3,175 | - | - | 10,714 |
| Recognised impairment losses | (1,082) | - | - | - | (1,082) |
| Reversals of impairment losses | 456 | - | - | - | 456 |
| Translation difference | (93) | 47 | - | - | (46) |
| Other movements | - | 736 | - | (736) | - |
| As at 31 December 2022 | (2,114) | (5,245) | - | (9,474) | (16,833) |
| Depreciation charges | (165) | (926) | - | (228) | (1,319) |
| Scope changes | - | - | - | 1,273 | 1,273 |
| Translation difference | (15) | (125) | - | 31 | (109) |
| As at 30 June 2023 | (2,294) | (6,296) | - | (8,398) | (16,988) |
| NET AMOUNT | | | | | |
| Net amount as at 31 December 2022 | 1,417 | 4,346 | 1,113 | 1,029 | 7,905 |
| Net amount as at 30 June 2023 | 1,828 | 3,501 | 1,113 | 1,048 | 7,490 |

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

| <i>(in thousands of €)</i> | Land and buildings | Facilities, developments and fixtures | Transport equipment | Office and IT equipment | Office furniture | TOTAL |
|---|--------------------|---------------------------------------|---------------------|-------------------------|------------------|-----------------|
| GROSS AMOUNT | | | | | | |
| As at 31 December 2021 | 433 | 3,750 | 233 | 6,522 | 1,630 | 12,568 |
| Acquisitions | - | 662 | 46 | 879 | 120 | 1,707 |
| Acquisitions via business combinations | 1,305 | - | - | 677 | 1,513 | 3,495 |
| Disposals | (138) | (7) | (17) | (1,723) | (93) | (1,978) |
| Deconsolidations | - | - | - | (752) | (386) | (1,138) |
| Translation difference | (59) | (67) | 10 | (77) | (58) | (251) |
| Other movements | (24) | - | - | - | - | (24) |
| As at 31 December 2022 | 1,517 | 4,338 | 272 | 5,526 | 2,726 | 14,379 |
| Acquisitions | - | 79 | 200 | 488 | 58 | 825 |
| Disposals | - | - | (64) | (4) | (13) | (81) |
| Deconsolidations | (253) | - | - | (153) | (84) | (490) |
| Translation difference | 48 | 50 | 3 | 73 | 55 | 229 |
| Other movements | (7) | (9) | - | 18 | (2) | - |
| As at 30 June 2023 | 1,305 | 4,458 | 411 | 5,948 | 2,740 | 14,862 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES | | | | | | |
| As at 31 December 2021 | (433) | (2,536) | (164) | (5,125) | (1,139) | (9,397) |
| Depreciation charges | (9) | (286) | (10) | (791) | (145) | (1,241) |
| Scope changes | (332) | - | 17 | 1,821 | (798) | 708 |
| Impairment losses | - | - | (33) | - | - | (33) |
| Translation difference | 33 | 78 | (8) | 62 | 44 | 209 |
| Other movements | 24 | - | - | - | - | 24 |
| As at 31 December 2022 | (717) | (2,744) | (198) | (4,033) | (2,038) | (9,730) |
| Depreciation charges | (9) | (163) | (67) | (375) | (84) | (698) |
| Scope changes | 253 | - | 64 | 139 | 89 | 545 |
| Translation difference | (22) | (50) | (1) | (57) | (45) | (175) |
| Other movements | 7 | 9 | - | (15) | (1) | - |
| As at 30 June 2023 | (488) | (2,948) | (202) | (4,341) | (2,079) | (10,058) |
| NET AMOUNT | | | | | | |
| As at 31 December 2022 | 800 | 1,594 | 74 | 1,493 | 688 | 4,649 |
| As at 30 June 2023 | 817 | 1,510 | 209 | 1,607 | 661 | 4,804 |

As at 30 June 2023, no guarantees had been issued regarding property, plant and equipment (the same had been the case in 2022).

NOTE 17. LEASES**17.1 Right-of-use assets by category**

| <i>(in thousands of €)</i> | Land and buildings | Transport equipment | TOTAL |
|---|---------------------------|----------------------------|-----------------|
| GROSS AMOUNT | | | |
| As at 31 December 2021 | 20,295 | 1,589 | 21,884 |
| New contracts | 6,961 | 1,190 | 8,151 |
| Disposals/exits from contracts | (3,861) | (413) | (4,274) |
| Deconsolidations | (1,660) | - | (1,660) |
| Translation difference | (256) | 1 | (255) |
| As at 31 December 2022 | 21,479 | 2,367 | 23,846 |
| New contracts | 800 | 798 | 1,598 |
| Deconsolidations | (2,566) | - | (2,566) |
| Translation difference | 243 | - | 243 |
| As at 30 June 2023 | 19,956 | 3,165 | 23,121 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES | | | |
| As at 31 December 2021 | (13,243) | (781) | (14,024) |
| Depreciation charges | (2,578) | (542) | (3,120) |
| Disposals/exits from contracts | 3,861 | 412 | 4,273 |
| Scope changes | 1,133 | - | 1,133 |
| Translation difference | 233 | (1) | 232 |
| As at 31 December 2022 | (10,594) | (912) | (11,506) |
| Depreciation charges | (1,336) | (362) | (1,698) |
| Scope changes | 2,289 | - | 2,289 |
| Translation difference | (153) | - | (153) |
| As at 30 June 2023 | (9,794) | (1,274) | (11,068) |
| NET AMOUNT | | | |
| As at 31 December 2022 | 10,885 | 1,455 | 12,340 |
| As at 30 June 2023 | 10,162 | 1,891 | 12,053 |

17.2 Maturities of lease obligations

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|------------------------------|---------------------|-------------------------|
| Less than one year | 3,260 | 3,033 |
| Between one and two years | 2,943 | 2,840 |
| Between two and three years | 2,423 | 2,234 |
| Between three and five years | 2,402 | 2,892 |
| More than five years | 1,457 | 1,768 |
| TOTAL | 12,485 | 12,767 |

17.3 Items recognised in profit or loss

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|---|---------------------|---------------------|
| Charges for depreciation for right-of-use assets | (1,698) | (1,520) |
| Interest expenses on lease obligations | (103) | (90) |
| Lease expenses for short-term leases | (47) | (77) |
| Lease expenses for leases for low-value underlying assets | (11) | (40) |
| TOTAL | (1,859) | (1,727) |

The Group's leases do not include variable payments, apart from adjustments for inflation.

Total cash outflows relating to leases were €1,824,000 in 2023 (30 June 2022: €2,011,000).

NOTE 18. TRADE AND OTHER RECEIVABLES

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|----------------------------------|---------------------|-------------------------|
| Trade receivables | 32,800 | 33,712 |
| Allowances for doubtful accounts | (1,672) | (1,539) |
| TRADE RECEIVABLES, NET | 31,128 | 32,173 |

Due to their short-term maturity, the carrying amount of trade and other receivables is close to the fair value.

Change in allowance for doubtful accounts

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|---|---------------------|-------------------------|
| Balance as at opening of the period/year | (1,539) | (1,411) |
| Impairment losses recognised during the period/year | (71) | (267) |
| Scope change | (16) | 201 |
| Translation difference | (9) | (45) |
| Other movements | (37) | (17) |
| BALANCE AS AT THE END OF THE PERIOD/YEAR | (1,672) | (1,539) |

NOTE 19. OTHER ASSETS

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|--|-------------------------|-----------------------------|
| Deposits and guarantees | 683 | 703 |
| Other non-current receivables | - | 62 |
| Total other non-current assets, gross amount | 683 | 765 |
| Provisions for other non-current assets | - | - |
| TOTAL OTHER NON-CURRENT ASSETS, NET AMOUNT | 683 | 765 |
| Tax and social security receivables | 11,195 | 2,874 |
| Deferred consideration receivable on the disposal of Sword GRC Group Ltd | - | 11,380 |
| Deferred consideration receivable on the disposal of AAA Group Limited (Note 12) | 500 | - |
| Other current receivables | 996 | 697 |
| Total other current assets, gross amount | 12,691 | 14,951 |
| Provisions for other current assets | - | - |
| TOTAL OTHER CURRENT ASSETS, NET AMOUNT | 12,691 | 14,951 |

The net carrying amount of the financial assets included in 'other current assets' is a reasonable approximation of their fair value due to their short-term maturity. Other non-current assets have not been revalued, given the small amounts involved. Financial assets included in "Other assets" are classified in Level 2 of the fair value hierarchy.

NOTE 20. OTHER PROVISIONS

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|---|-------------------------|-----------------------------|
| Balance as at start of period/year | 356 | 1,086 |
| Charges for provisions | 144 | 176 |
| Write-backs on used provisions | (93) | (545) |
| Deconsolidations | (111) | (387) |
| Translation differences | 8 | (16) |
| Other movements | - | 42 |
| BALANCE AS AT THE END OF PERIOD/YEAR | 304 | 356 |
| Current | 304 | 343 |
| Non-current | - | 13 |

Provision charges/write-backs on provisions for litigation risks are included in "Other non-recurring items" in the consolidated income statement.

NOTE 21. OTHER FINANCIAL DEBTS**21.1 Breakdown of other financial debts by type**

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|------------------------------------|-------------------------|-----------------------------|
| Bank loans | 37,000 | 18,000 |
| Non-current financial debts | 37,000 | 18,000 |
| Bank overdrafts | 166 | 467 |
| Current financial debts | 166 | 467 |
| TOTAL FINANCIAL DEBTS | 37,166 | 18,467 |

21.2 Maturity schedule

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|----------------------------|-----------------|---------------------|
| Less than one year | 166 | 467 |
| Between one and five years | 37,000 | 18,000 |
| More than five years | - | - |
| TOTAL | 37,166 | 18,467 |

21.3 Available lines of credit

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|----------------------------|-----------------|---------------------|
| Authorised amount | 90,000 | 90,000 |
| Less than one year | 20,000 | 20,000 |
| Between one and five years | 70,000 | 70,000 |
| More than five years | - | - |
| Amount drawn down | 37,000 | 18,000 |
| Less than one year | - | - |
| Between one and five years | 37,000 | 18,000 |
| More than five years | - | - |
| Available amount | 53,000 | 72,000 |
| Less than one year | 20,000 | 20,000 |
| Between one and five years | 33,000 | 52,000 |
| More than five years | - | - |

If borrowings are needed, the Group's banking arrangements require compliance with financial ratios: a "net consolidated financial debt/consolidated EBITDA" ratio of less than 3 or 3.5 depending on the contracts, and a "net consolidated financial debt/consolidated equity" ratio of less than 1.

21.4 Change in financial debt

The change in financial debts (including lease obligations) during the periods ending 30 June 2023 and 2022 is included in cash flows from financing activities (see the consolidated statement of cash flows).

NOTE 22. TRADE AND OTHER PAYABLES

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|----------------------------|-----------------|---------------------|
| Suppliers | 10,239 | 9,673 |
| Accrued invoices | 12,109 | 12,098 |
| Other | 150 | 2,812 |
| TOTAL | 22,498 | 24,583 |

NOTE 23. OTHER LIABILITIES

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|--|-------------------------|-----------------------------|
| Commitments to repurchase securities held by minority shareholders/Co-investors (see Note 10) ^(*) | 24,110 | 31,819 |
| Contingent consideration related to the additional acquisition of shares in Lemonade Software Development S.A. (Note 6.2.) | - | 600 |
| Other | - | 69 |
| TOTAL OTHER NON-CURRENT LIABILITIES | 24,110 | 32,488 |
| Value-added tax and other taxes | 13,294 | 6,982 |
| Social security and other social bodies | 4,999 | 6,425 |
| Commitments to repurchase securities held by minority shareholders/Co-investors (see Note 10) ^(*) | 5,358 | 11,937 |
| Contingent consideration on the acquisition of: | | |
| - Lemonade Software Development S.A. (Note 6.2) | 600 | 700 |
| - Ping Network Solutions Ltd (Note 6.2) | 2,507 | 8,517 |
| - Phusion IM Ltd | 524 | 507 |
| - AiM Holding SA (Note 6.2) | 102 | 152 |
| Other | 101 | 367 |
| TOTAL OTHER CURRENT LIABILITIES | 27,485 | 35,587 |

^(*) Under netting arrangements, the amounts to be reimbursed to Sword Group SE come to €6,892,000 (31 December 2022: €10,625,000) and have been presented as a deduction from financial debts related to commitments to repurchase securities valued at €36,360,000 (31 December 2022: €54,381,000). See Note 10.2.2.

NOTE 24. TAXES**24.1 Breakdown of tax expense**

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|--|---------------------|---------------------|
| Tax on profit recognised in the profit for the period | | |
| Current tax | 2,083 | 1,689 |
| Deferred tax | 43 | (6) |
| TOTAL | 2,126 | 1,683 |

NOTE 25. STAFF EXPENSES

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|-------------------------------|---------------------|---------------------|
| Gross remuneration | (58,590) | (51,102) |
| Social security contributions | (8,398) | (7,600) |
| Other | (1,128) | (581) |
| TOTAL | (68,116) | (59,283) |

The Group's average head count is:

| Average head count | 30 June 2023 | 30 June 2022 |
|---------------------------|---------------------|---------------------|
| Billable workforce | 1,756 | 1,248 |
| Non-billable workforce | 232 | 198 |
| TOTAL | 1,988 | 1,446 |

As at 30 June 2023 and 2022, the Group had no stock-option plans in place.

NOTE 26. OTHER EXTERNAL CHARGES

As at 30 June 2023, other external charges principally comprised sub-contracting costs of €40,546,000 (30 June 2022: €38,063,000) and fees and commissions of €3,252,000 (2022: €2,540,000).

NOTE 27. PROVISION CHARGES AND REVERSALS

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|---|--------------|--------------|
| Provision charges for retirement benefits | (4) | (14) |
| Write-backs on pension provisions | - | 10 |
| Charges for other provisions | (144) | (56) |
| Reversals on other provisions | - | 75 |
| Allowances for doubtful accounts | (71) | (210) |
| Reversals on allowances for doubtful accounts | - | 288 |
| TOTAL | (219) | 93 |

NOTE 28. INCOME FROM DISPOSALS OF ASSETS AND SUBSIDIARIES

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|---|------------------------|---------------|
| Disposal costs | (32) | (2,925) |
| Income from the disposal of consolidated securities | (1,020) ⁽¹⁾ | 102,444 |
| Income from the disposal of property, plant and equipment | 26 | (14) |
| Income from the disposal of intangible assets | - | (377) |
| TOTAL | (1,026) | 99,128 |

⁽¹⁾ Comprising mainly the loss on disposal of AAA Group Ltd of €964,000 (see Note 12) and the liquidation losses of Geores Ltd, Mint Tulip Ltd and Venture Information Management Ltd in the first half of 2023 (see Note 10.1).

NOTE 29. IMPAIRMENT LOSS ON ASSETS

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|---|--------------|----------------|
| Impairment loss on intangible assets ^(*) | - | (1,087) |
| TOTAL | - | (1,087) |

^(*) Related to product obsolescence in Switzerland.

NOTE 30. OTHER NON-RECURRING ITEMS

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|---------------------------------|----------------|----------------|
| Litigation costs ⁽¹⁾ | (177) | (210) |
| Restructuring costs | (720) | (370) |
| Acquisition costs | (421) | (634) |
| Other expenses ⁽²⁾ | (702) | (1,730) |
| Other income | 123 | 4 |
| TOTAL | (1,897) | (2,940) |

⁽¹⁾ The litigation is mainly commercial and social.

⁽²⁾ At 30 June 2023, other expenses mainly include redundancy costs of €92,000, GDPR compliance costs of €387,000 and rent of €42,000.

NOTE 31. FINANCIAL RESULT

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|---|---------------------|---------------------|
| Interest expense on loans and financial debt | (537) | (120) |
| Interest expenses on lease obligations | (103) | (90) |
| NET FINANCIAL DEBT COST | (640) | (210) |
| Foreign-exchange gain | 1,774 | 786 |
| Foreign-exchange loss | (1,460) | (1,072) |
| Change in fair value of derivatives | 50 | - |
| Changes in fair value of contingent considerations | 1,050 | - |
| Changes in fair value for commitments to repurchase securities held by minority shareholders/Co-investors | 2,970 | (102) |
| Other financial income | 515 | 135 |
| Other financial expenses | (167) | (453) |
| NET FINANCIAL RESULT | 4,092 | (916) |

NOTE 32. EARNINGS PER SHARE

| <i>(in thousands of € and units of account)</i> | 30 June 2023 | 30 June 2022 |
|--|---------------------|---------------------|
| Profit for the period, attributable to shareholders | 12,868 | 106,298 |
| Weighted average number of ordinary shares in circulation | 9,535,365 | 9,535,849 |
| Impact of dilutive instruments | - | - |
| Diluted weighted average number of shares | 9,535,365 | 9,535,849 |
| Earnings per share | | |
| Basic net earnings per share | 1.35 | 11.15 |
| Diluted net earnings per share | 1.35 | 11.15 |

NOTE 33. SHARE CAPITAL

As at 30 June 2023, the share capital stood at €9,545,000 (unchanged from 31 December 2022), represented by 9,544,965 shares (also unchanged from 31 December 2022) with a par value of €1 each, fully paid up.

NOTE 34. TREASURY SHARES

During the 2023 period, 38,280 treasury shares (30 June 2022: 49,859 treasury shares) were acquired for a total of €1,658,000 (30 June 2022: €2,098,000) and 35,726 treasury shares (30 June 2022: 39,843 treasury shares) were sold, bringing in a total of €1,559,000 (30 June 2022: €1,769,000).

As at 30 June 2023, there were 12,749 treasury shares (2022: 12,870 treasury shares).

NOTE 35. DIVIDENDS30 June 2023

The General Meeting of Shareholders held on 28 April 2023 resolved to allocate to the shareholders a dividend of €1.7 per share, giving rise to a payout of €16,212,000.

30 June 2022

The General Meeting of Shareholders held on 28 April 2022 resolved to allocate to the shareholders a dividend of €10.0 per share, giving rise to a payout of €95,414,000.

NOTE 36. RELATED-PARTY TRANSACTIONS**36.1 Remuneration for members of the Board of Directors and management**

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|--------------------------------------|--------------|--------------|
| Short-term benefits: | | |
| - Gross (excluding benefits in kind) | (292) | (582) |
| - Employer contributions | (54) | (81) |
| Benefits in kind | (21) | (38) |
| Directors' fees | (101) | (15) |
| Other fees | (153) | (226) |
| TOTAL | (621) | (942) |

Such remuneration pertained to 13 members of the Board of Directors and management (the same number as at 30 June 2022).

36.2 Other

Financière Sémaphore, which holds a 17.9% interest in the Group, provides the following services:

| <i>(in thousands of €)</i> | 30 June 2023 | 30 June 2022 |
|----------------------------|--------------|--------------|
| Management fees | (175) | (175) |
| TOTAL | (175) | (175) |

During the first six months of 2023, a company controlled by a Company director supplied Group companies with accounting and administrative services totalling €180,000 (30 June 2022: €680,000).

The Group granted loans of €3,687,000 (31 December 2022: €5,765,000) to members of the Group's management to finance the acquisition of minority interests held by these members in certain subsidiaries. These loans are reimbursed at a rate of 2% per annum and will mature between 2024 and 2025.

As at 30 June 2023, Ruitor S.à r.l., a company controlled by Financière Sémaphore, provided the Group with offices in Luxembourg at a cost of €81,000 (the same amount as in 2022).

See Note 10.1 and Note 12 for the disposal of Sword Sports & Events S.A. to a related party of the Group.

NOTE 37. OFF-BALANCE-SHEET COMMITMENTS

| <i>(in thousands of €)</i> | 30 June 2023 | 31 December 2022 |
|---|--------------|------------------|
| Sureties for third parties | 36 | 36 |
| Less than one year | - | - |
| Between one and five years | 36 | 36 |
| More than five years | - | - |
| Other guarantees issued ⁽¹⁾ | 511 | 511 |
| Less than one year | 11 | 11 |
| Between one and five years | 500 | 500 |
| More than five years | - | - |
| TOTAL | 547 | 547 |

⁽¹⁾Including performance guarantees.

NOTE 38. CONTINGENT LIABILITIES

As at 30 June 2022, there was no significant risk of contingent liabilities.

NOTE 39. SUBSEQUENT EVENTS

No other significant events have occurred since the reporting date for the condensed interim consolidated financial statements.

4. STATEMENT BY THE PERSON IN CHARGE OF THE INTERIM FINANCIAL REPORT

“I confirm that, to the best of my knowledge, the condensed interim consolidated financial statements for the period ended on 30 June 2023 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of all the companies included in the consolidation of the Sword group, and that the interim activity report includes a fair review of any significant events that occurred in the first six months of the financial year and their impact on the interim financial statements, the principal risks and uncertainties for the remaining six months of the financial year and the principal transactions between related parties”.

Windhof, 26 July 2023

Jacques Mottard
Executive Chairman

5. REPORT OF THE RÉVISEURS D'ENTREPRISES AGRÉÉS (STATUTORY AUDITORS) ON THE INTERIM FINANCIAL INFORMATION

Report not translated, see French version.

Extract from the report:

“Conclusion: Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the consolidated financial position of SWORD GROUP S.E. and its subsidiaries at 30 June 2023, and its consolidated financial performance and cash flows for the six month period then ended in accordance with IAS 34 as adopted by the European Union.”