majorel

Annual Report 2021

Driven to
go further

Contents

Introduction

1. Introduction

1.1 A NEXT GENERATION GLOBAL CX LEADER

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

Our comprehensive East-to-West global footprint in 35 countries across five continents, with around 69,000 team members and 60 languages, means we can deliver flexible solutions that leverage our unique expertise in cultural nuance – essential for true excellence in CX[1].

We have deep domain expertise in tech-augmented front to-back-office CX. Additionally, we offer Digital Consumer Engagement, CX Consulting, and an innovative suite of Proprietary Digital Solutions for industry verticals. We are a global leader in Content Services, Trust & Safety.

The 'Majorel difference' is our culture of entrepreneurship, this is captured in our company tagline: "Driven to go further."

1.2 HIGHLIGHTS

Financial highlights

We have achieved substantial growth in both net revenue and profitability in 2021.

Net revenue[2]

up 31% compared to 2020

€1,752m

Operating EBITDA[3]

up 61% compared to 2020

€316m

Operating EBITDA margin[4]

up by 340bps compared to 14.6% in 2020, to

18.0%

Earnings per share (EPS)[5]

a potential dividend payment will be proposed at the AGM scheduled for June 20, 2022

€0.8

[1] Number of countries and languages at February 28, 2022. Team members as of December 31, 2021.

[2] Net revenue for the Group corresponds to revenues as reported in our management reporting less certain direct, order-related external costs which are part of external expenses and costs of materials and consist mainly of cost of services purchased (subcontracted or outsourced services). Net revenue for each Segment correspond to the according Segment revenues less certain direct, order-related inter-Segment and external costs. Management reporting data exclude revenues from minor activities (primarily the Sonopress Business) outside the Majorel Group's core business which are reported in the consolidated income statement (the "Sonopress Business" is defined as certain non-core business activities historically carried out by Arvato de Mexico, S.A. de C.V., which was wound down in 2021).

[3] Operating EBITDA is defined as EBIT (earnings before interest and taxes) adjusted for depreciation/amortization, impairment and reversal on intangible assets, property, plant and equipment and right-of-use assets, adjusted for (i) impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations, (ii) impairment on carrying amounts on assets held for sale, (iii) impairment/reversals on other financial assets at amortized cost, (iv) impairment/reversals on investments accounted for using the equity method, (v) results from disposals of investments, (vi) fair value measurement of investments, and (vii) restructuring and other special items. We use operating EBITDA to assess the operating performance of our business as operating EBITDA shows our EBIT as adjusted for depreciation and amortization, which are non-cash charges, and specific periodic outcomes to enhance comparability of results over periods. When comparing operating EBITDA with peer group data, it should be taken into account that the total adjustments in a given year do not represent the full amount of all special effects incurred in a given year, as rather only material effects subject to certain thresholds will be considered for the purpose of calculating operating EBITDA

[4] We define operating EBITDA margin as operating EBITDA divided by net revenue.

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

Business highlights

Our focus is on growing business with existing clients while, at the same time, winning new logos. Our existing clients have extended their business with us, adding new service lines, new locations, and new solutions. This development is demonstrated by the increasing net revenue retention which has grown to 116% in 2021 (2020: 113%).

Our business growth was a driver of significant recruitment that saw us welcome 13,000 additional team members into the Majorel family. At December 31, 2021 we numbered around 69,000.

- Global Internet clients at 45% of total net revenue;
- Content Services, Trust & Safety at 21% of total net revenue;
- Tech & Expert Services at 9% of total net revenue; and
- net revenue from offshore delivery at 39%.

Further to deepening and extending our partnerships with existing clients, we also succeeded in adding more than 40 new logos to our client portfolio during 2021.

Directors' Report

2. Directors' Report

2.1 MAJOREL AT A GLANCE

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

We are:

- global: our comprehensive East-to-West footprint spans 35 countries across five continents serving our clients' customers in 129 countries;
- multilingual: we speak 60 languages, equipping us to deliver the cultural nuance that is essential for excellent CX;
- human experts augmented by deep technological sophistication: we deliver front-to-back-office CX; digital consumer engagement; CX consulting; content services, trust and safety; and an innovative suite of proprietary digital solutions for industry verticals.

2.1.1 Mission, vision, values, culture

Our mission: We create amazing customer experiences that people value and that we are proud of. By combining human talent, process, data and technology we deliver real impact for all our stakeholders. We are "Driven to go further."

Our vision: Our vision is to be our clients' trusted long-term partner for customer engagement in an ever-changing world. Creativity, Excellence and Respect drive everything we do. This ensures success for our partners and allows us to thrive as one team.

Our values: The qualities of Creativity, Excellence and Respect guide everything we do, underpinned by the diversity of our team members, which is a natural part of our DNA.

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

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

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

Our culture: "Driven to go further"

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

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

2.1.2 A little history

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

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

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

In January 2021, Majorel acquired a significant footprint in China from Bertelsmann. In November 2021, we announced the acquisition of Mayen, a leading nearshore provider in Turkey, further expanding our global reach and cultural diversity, which became part of Majorel on January 1, 2022.

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

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

2.1.3 Global scale, East to West

From China and South-East Asia to Europe, and from Africa to the Americas, Majorel operates from 135+ sites in 35 countries, serving our clients' end-customers in 129 countries.

This equips us to bring consistent CX to global brands. In particular, we are one of the few international CX providers with operations at scale in China, and have one of the largest footprints in Africa, where we employ around 20,000 team members.

To provide seamless client support across the globe, our highly agile delivery model includes onshore and offshore locations, 22 multilingual hubs[6] and Majorel Anywhere™, our hybrid digital workplace, that allows our teams to deliver great CX from literally anywhere.

2.1.4 Our solutions

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

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

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

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

6 As of February 28, 2022.

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

Tech & Expert Services. Our range of Digital Consumer Engagement services includes the design, build and delivery of direct-to-consumer (D2C) and various digital marketing approaches to enable our clients to engage with their customers across multiple touchpoints. Our dedicated digital CX Consulting practice helps our clients in their digital transformation by providing CX strategy development, consumer journey optimization, process digitization, and technology advisory services.

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

To generate value for our clients, enhance their customers' digital journeys and make CX processes more efficient, we complement our service offering with technological solutions – we call these "**Tech enablers**." These include our proprietary Customer Service Analytics platform enabling a personalized customer experience, Process Automation and Robotic Process Automation (Majorel Automate™) for which we have established our own "Majorel RPA Center of Excellence" supporting our business units in evaluating, designing and implementing RPA use cases, Automated Interactions and Bots (Majorel Bot™) that combine conversational AI with around 30 years of experience in CX and human talent as well as our **omni-language solution** (Majorel Lingua™) that facilitates the bundling of multilingual services as well as serving customers in rare and expensive languages.

2.1.5 Our business Segments

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

EASA – Europe, Africa, and South America[7]

This Segment currently includes Armenia, Colombia, Croatia, Estonia, France, Germany, Georgia, Ghana, Italy, Ivory Coast, Luxembourg, Morocco, the Netherlands, North Macedonia, Peru, Poland, Portugal, Romania, Senegal, Spain, Togo and Turkey.

GEMS – Global English, Middle East, and South-East Asia

This Segment currently includes Canada, Egypt, India, Ireland, Kenya, Malaysia, Mexico, the Philippines, Qatar, Saudi Arabia, the United Kingdom and the United States.

CEA – China and East Asia
This Segment currently includes China.

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

2.1.6 Industries

As a leader in the global CX market, Majorel's around 69,000[8] team members serve more than 400 clients from all industries, and with a particular focus on Global Internet and BFSI (Banking, Financial Services and Insurance). These two sectors together accounted for 59% of our net revenue in 2021.

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

[7] As of February 28,2022. Ghana, North Macedonia and Turkey added in January, 2022.
[8] As of December 31, 2022.

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

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

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

Moreover, during the COVID-19 pandemic in 2021, we supported a number of public institutions in EMEA by delivering citizen hotlines and end-to-end management of vaccination campaigns.

2.2 INVESTMENT CASE

Majorel: driven to make a difference

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

A large and growing market

Global CX market size

$330bn

Majorel operates in the global CX market which, with in-house and outsourced CX, is valued at more than US$330 billion[9].

The outsourced market alone is worth around US$92-94 billion [10]– and growing at a CAGR of 4-5% from 2020 to 2022. Within the market, digital CX is growing particularly fast. We are well positioned to benefit from market growth, the still relatively low level of outsourcing, and the increasing share of digital CX services and digital clients.

The COVID-19 pandemic creates additional momentum in the CX market, accelerating the megatrends for digital transformation and customer experience. This means that clients are looking for trusted partners with proven capabilities who can help in their global rollouts and digital transformation. Majorel's solutions, and our rapid response to the constantly changing consumer environment, position us to be a transformative long-term partner.

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

Global scale, local nuance

Locations worldwide

135+

Majorel is a major force in the global CX market, ranking #5 [11]in terms of country presence, and with a footprint spanning from East to West. From our 135+ locations we service our global clients' customers residing in 129 countries[12]. We are also one of few international CX providers with operations at scale in China, and have one of the largest footprints in Africa with currently around 20,000 team members there alone. Around the world, we bring authentic personalization and a cultural nuance in more than 60 languages. This is essential for excellent CX – and equally important for our Content Services, Trust & Safety business line, where understanding cultural context is key.

End-to-end CX services

Experience in delivering amazing end-to-end CX services

30 years

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

Deep, long-term client relationships

Net revenue retention[13]

116%

The deep long-term relationships we have built with our more than 400 clients around the world are one of our biggest assets. Our clients like to do business with us, which is underlined by the 116% net revenue retention in 2021. A particular strength is the trust we have earned, often over decades. We are a partner of choice for both growing Global Internet brands, and leaders in major verticals like BFSI, automotive, consumer goods, telecommunications and utilities. In a growing market, our proven operational excellence and domain expertise puts us in pole position to cross-sell additional services and geographies, adapting to our clients' constantly evolving needs.

9 Source: Everest Group 2021.
10 Source: Everest Group 2021.
11 Company research.
12 As of February 28,2022.
13 Net revenue retention is defined as net revenue generated by clients in FY2021 divided by net revenue generated by the same cohort of clients in FY2020 (excluding China Business).

A financially attractive profile

Net revenue growth

31%

Majorel delivered strong net revenue growth of 31% in 2021. In September 2021, we listed our shares on Euronext Amsterdam. We have expanded our margins and have a strong cash conversion rate, and a robust balance sheet showing a net cash position of €79 million, as of December 31, 2021. Our economic debt at the end of the year was €89 million, allowing us strategic flexibility for inorganic growth. In addition, we have an oversubscribed credit facility of €200 million (including an accordion option), the first syndicated credit facility for Majorel. At the end of 2021, €130 million (including an accordion option) remain undrawn, allowing additional flexibility for bolt-on and strategic M&A activity. In the event of larger M&A opportunities, we are prepared to increase our leverage ratio to up to 2.5 times operating EBITDA.

Multiple growth vectors

Target global footprint, countries

40

Our growth in the near and mid term will come in multiple shapes and forms. We are targeting further growth from both existing and new clients. We are also actively seeking to increase our global footprint to 40 countries mid-term, in particular, the Americas, Asia and Africa. We will leverage our strong expertise to innovate and develop new solutions, and we have a robust M&A pipeline to fuel our inorganic growth.

A people-driven company

Team members

~69,000

CX is all about people – and so are we. We know that happy team members make happy customers. Which means our clients are happy too. This is why we ensure that Majorel is the best home for talent, and the health and safety of our people is a priority. Our team members are part of a warm and global family; a genuinely diverse team of talented individuals. We take care of our people in many ways, offering the benefits and personal development opportunities you'd expect from a global and fast growing organization. During 2021, we welcomed an additional 13,000 team members to the Majorel family.

Digital expansion

Net revenue share of Global Internet clients

45%

Majorel is well positioned to benefit from growth opportunities linked to digital expansion, in three areas: first, by growing with our digital-native clients by leveraging their strong growth; second, by gaining additional share of wallet; and third, by winning new digital-native clients. We expect that all of this will increase the share of net revenue from our Global Internet clients from the current 45% to over 50% in the mid term. This includes continued growth in the Content Services, Trust & Safety business. In 2021, we achieved a net revenue share of 21%, which is already within the Company's mid-term guidance of 20-25%. In addition, we see new business opportunities for our Tech & Expert Services created by digital transformation, and we aim at a net revenue share for our Tech & Expert Services of 10-15% in the mid term.

Deep domain expertise

Clients worldwide

400+

Our 400+ clients entrust us with their two most valuable assets: their brands and their customers. They feel comfortable to do so because they know that we deliver great CX based on our extensive experience in customer interaction, subject matter and vertical-specific processes, honed over around 30 years. We support this expertise with continually refined tools, platforms and processes, as well our own innovations in, for example, vertical-specific BPO and digital vertical solutions.

Entrepreneurial DNA

First Global Internet client

1998

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

We are building a business for the long term.

2.3 CHIEF EXECUTIVE'S REPORT

"By every key measure, we can look back on a year that captures the spirit of our company: 'Driven to go further.' Pursuing our strategy, we significantly grew our business with existing clients, won new logos, expanded into new geographies and made strategic acquisitions."

Thomas Mackenbrock
CEO

Following the year in which Majorel became a public company, we are proud to publish our inaugural Annual Report for 2021. By every key measure, we can look back on a year that captures the spirit of our company: "Driven to go further."

During 2021, we excelled across each of our three business lines of Customer Interaction Services, Business Process Services and Tech & Expert Services as well as across all of our three business Segments, EASA, GEMS and CEA.

We continued to be an unwavering partner to many of the world's major internet brands and other key verticals such as BFSI, automotive, consumer goods, telecommunications, public sector, and utilities.

Pursuing our strategy, we significantly grew our business with existing clients, won new logos, expanded into new geographies and made strategic acquisitions.

Naturally, during the ongoing COVID-19 pandemic, the safety, wellbeing and development of our team members remained our primary objective – no matter whether working at our sites or from home, enabled by our proprietary Majorel Anywhere™ hybrid digital workplace. To support our growth, we welcomed around 13,000 additional team members into the Majorel family in 2021.

We also rolled up our sleeves, in every sense, to provide vaccinations for our own team members, to support government vaccination programs, and to engage in other important community-focused initiatives worldwide.

A strong financial performance

I am pleased to report that we maintained and built on our momentum of 2020 to deliver again a strong all-round financial performance in 2021, with continued revenue and profitability growth, together with strong free cash flow.

We made significant progress across all of our operational KPIs with regard to the percentage of net revenue:

- Share of Global Internet was 45% (2020: 38%) vs. our mid-term target of >50%.
- Share of Content Services, Trust & Safety was 21% (2020: 17%) vs. our mid-term target of 20-25%.
- Share of Tech & Expert Services was 9% (2020: 5%) vs. our mid-term target of 10-15%.
- Share of offshore delivery was 39% (2020: 35%) vs. our mid-term target of 45-50%.

Segmental performance

Our EASA (Europe, Africa, South America) Segment performed strongly with growth in net revenue of 19% to €1,290 million (2020: €1,086 million). This result was driven by the expansion of Global Internet and BFSI clients and the contribution of COVID-19-related business. Like-for-like, excluding the COVID-19 effect, the EASA Segment exhibited a healthy growth in organic net revenue of 9% in 2021.

Our GEMS (Global English, Middle East, South-East Asia) Segment, showed very strong growth momentum with an increase in net revenue of 44%. In 2021, net revenue amounted to €364 million (2020: €253 million). This expansion was mainly driven by significant growth with Global Internet clients, both in our GEMS onshore locations and, in our offshore locations in South-East Asia, Egypt, India and Kenya.

Net revenue for our CEA (China, East Asia) Segment, including for the first time the contribution of our China business[14] acquired in January 2021, amounted to €98 million. This revenue contribution is in line with our expectations of 5-7% of Group net revenue. In particular, CEA further strengthens our Tech & Expert Services portfolio as well as our solution offering for Global Internet and consumer goods clients in China and East Asia.

Our response to COVID-19

In the face of the pandemic, I am very proud of how Majorel has performed over the last two very taxing years. Not only did we maintain our levels of service; we continued to scale up, in order to meet clients' needs. The resilience and flexibility we exhibited reminded our clients that they can rely on us in even the most difficult of circumstances, and this served to deepen our partnerships with them.

In times like these, safety becomes the overriding priority. At the beginning of the pandemic in 2020, we introduced stringent measures to protect those working at our sites, and in a giant team effort we relocated large parts of our workforce to work from home. Critically, we also maintained without compromise the operational excellence, quality and security that our clients demand and expect.

In 2021, it became increasingly important for us to facilitate vaccinations for our team members. We organized vaccination drives at our sites, worked with company doctors, educated our people about the COVID-19 vaccination process and used other local measures to drive the vaccination effort.

At the same time, we supported several public institutions and governments with their pandemic initiatives. This included our Customer Interaction Services to answer citizens' questions, and the management of the entire back office communications between government and individual citizens through our Business Process Services. And our Tech & Expert Services developed and ran platforms that booked vaccination appointments, and the processes in the vaccination centers.

Majorel Anywhere™ hybrid digital workplace

Leveraging learnings from the pandemic, was the further development of Majorel Anywhere™. This hybrid digital workplace allows our team members to work literally from anywhere, while maintaining a consistent level of training, service quality and data security. It combines state of the art connectivity and security solutions, workspace solutions and collaboration tools with performance management and recruitment and training solutions baked-in – from both an IT and an operations perspective.

Becoming the best home for talent

We are a global business of around 69,000 team members across five different continents and many cultures. Being the best home for talent therefore takes many shapes and forms across our different locations and service lines – from providing the right environment for MarTech experts in Shanghai, working on our D2C platform; enabling our team members in the Philippines to achieve operational excellence in Content Services, Trust & Safety; and helping young people to take their first steps on the digital career ladder in Morocco; while ensuring everyone's wellbeing.

I remain impressed by the professionalism, team spirit and drive that I witness interacting with Majorel team members every day.

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

Our diverse and entrepreneurial culture that unites our team members worldwide is something that we cherish and will continue to nourish as it shapes the Majorel difference.

Organic growth leveraged by strategic acquisitions

In January 2021, we acquired Arvato CRM in China, expanding our geographic footprint in this dynamic market and making us one of the few international providers operating at scale in the country. In June 2021, we followed this by welcoming the German Junokai CX consultancy firm into the Group, strengthening our Tech & Expert Services line of business. In November 2021, we announced that we had signed a contract to acquire Mayen, one of Turkey's leading nearshore CX providers, which became a member of the Majorel Group on January 1, 2022.

Growth levers

Our 2021 performance was achieved by focusing on three growth levers:

Growth with existing clients

Our current client portfolio, which comprises more than 400 clients worldwide from a wide range of industries, has a focus on fast-growing Global Internet and BFSI clients. Retaining and growing their business is the bedrock of our own success and our key focus area for growth. We call this "winning with the winners." We can also point to many clients we first met as startups and who are now major multinationals with many thousands of employees worldwide.

Across all of our verticals, we work and grow with our clients in true partnership, and with deep roots built on trust. In 2021, this resulted in a notable net revenue retention of 116% (2020:113%).

Further to deepening and extending our partnerships with existing clients, Majorel also succeeded in adding more than 40 new logos to its client portfolio during 2021 – a strong foundation for building future long-term client relationships.

Ongoing regional expansion

On January 1, 2021 we successfully integrated Arvato CRM's CX operations in the growing and unique market of China into our global offering. We also expanded into Croatia and made significant progress in developing our 2020 entry into Kenya – adding an extra dimension to our Global English offshore capabilities.

Mayen became a member of the Majorel Group on January 1, 2022.The company has more than 3,500 team members in seven locations in Turkey, providing end-to-end CX services to leading brands in 12 languages. The acquisition is fully aligned with Majorel's stated growth strategy of further geographic expansion, with a particular focus on countries that strengthen our offshore leverage.

In addition, we prepared the market entry into North Macedonia and Ghana in 2021. These organic expansion plans have been realized in Q1 2022. Hence today, we are present in 35[15] countries across North and South America, Europe, Africa, and Asia, and further regional expansion is in preparation. Our mid-term target is a geographic footprint of more than 40 countries.

We have also derived an increasing share of our net revenue from offshore delivery. Uncompromised quality is key here: we draw on long experience of establishing operations in more remote locations and supporting them to achieve the same level of service that we achieve everywhere. This requires equal language proficiency, uniform brand knowledge and high-quality standards, common processes and IT, and deep domain expertise. The share of offshore in our global delivery mix rose from 35% in 2020 to 39% in 2021.

Digital expansion

In line with our operational targets, Majorel leveraged growth opportunities linked to digital expansion in 2021. We realized substantial growth with our digital clients, and this drove an increased share of net revenue from Global Internet clients from 38% in 2020 to 45% in 2021. A relevant driver and therein included, was the strong growth

[15] As of February 28, 2022.

momentum in the Content Services, Trust & Safety business, where we increased the net revenue share from 17% in 2020 to 21% in 2021.

We have a continuous program of innovation to meet clients' existing and future needs in the fields of digital consumer engagement, CX consulting, startups and vertical digital solutions. 9% of our 2021 net revenue (2020: 5%) were generated from our Tech & Expert Services, and our mid-term target is to generate 10-15% of our net revenue from this business line, either organically or through selective acquisitions.

Indeed, our 2021 acquisitions have already added value to our digital offering. The China business includes a proprietary digital solution platform for managing and implementing complex D2C (direct to consumer) programs, which we plan to develop further. Alongside this, our Junokai acquisition represents an additional step towards expanding our CX consultancy/advisory services in EMEA – supporting wide-ranging clients in aspects of digital transformation of customer service.

We also created a new business, MajUp™, to offer solutions exclusively for startups. Our around 30 years of CX experience, combined with our own startup spirit, makes us a perfect partner to meet their immediate and long-term needs.

Our proprietary vertical digital solutions continue to support our global digital offer. These include Majorel Digital Banking™, supporting financial service providers in digitalizing and optimizing their processes and services to drive cost efficiencies, revenues and value-added services. The platform also includes Majorel Switch™ for bank account switching services and Majorel Navigator™ for next-generation insurance sales based on account information analysis.

Leveraging our Tech & Expert Services, we supported several public institutions and governments in EMEA with their pandemic initiatives by developing and running technology platforms for booking vaccination appointments and managing complex processes in the vaccination centers.

Corporate Responsibility

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

Our CR framework comprises five pillars: Diversity, Equity & Inclusion; Environment & Local Communities; Employee Rights & Fair Working Conditions; Wellbeing & Resiliency; and Corporate Citizenship.

As a people-driven company, we are an employer that welcomes, pays and promotes team members equally, regardless of gender, sexual orientation, ethnicity and disability.

We are also expanding our potential talent pool by offering opportunities through impact sourcing. This initiative is making an important difference, reaching people in disadvantaged circumstances (whether socially, economically or through disability) who are typically missed by traditional recruitment programs.

Active initiatives to care for all our team members include our Feel Good program to promote good mental and physical health across the business through a team of wellbeing managers at the sites. We then take this a step further for our team members working in Content Services, Trust and Safety. For this business line we offer expanded elements of our global Feel Good wellbeing and resiliency program, that provides very comprehensive support and training.

In the wider world, we are committed to making a positive impact, being an active contributor to our host communities, and treading as lightly as we can. We have also defined a roadmap with the destination of being a climate-neutral enterprise by 2030.

Outlook

The pandemic has opened many more eyes to the critical importance of CX management – not simply as a task that has to be completed, but as a fundamental tool with which brands can reach their customers to build and deepen brand relationships.

In a constantly changing world, we will continue to be an agile and high-performing partner to our clients, who entrust us with their two most valuable assets: their brands and their customers.

The last two years have also left a legacy of successful home working and we believe that in the future it will be a crucial tool for recruiting and retaining talent. With the Majorel Anywhere™ hybrid digital workplace, we are embracing this opportunity for our team members and clients alike.

Acting in an attractive and dynamic market that offers a multitude of growth opportunities, we remain committed to the targets that we have set ourselves concerning growth and profitability. To reach our ambitions, we will continue to follow the proven strategy that has brought us to the strong position that we are in today. We will continue to build on the strengths that have consistently encouraged our clients to place their trust in us and grow with us. In addition, we plan to leverage our strong capabilities and growth by strategic M&A activities.

We will also be alert to headwinds: labor scarcity and wage inflation are topics for our industry. We will continue to focus on our employer brand, including our wellbeing programs, creating a great place to work.

And, more broadly, we will continue to keep a vigilant eye on the ongoing COVID-19 pandemic and the potential economic impacts of the unfolding geopolitical situation. In particular, we are closely monitoring the impacts of the recent events in Ukraine.

Thank you

I'd like to take this opportunity to thank all of our super-talented team members for their loyalty and commitment to Majorel. It fills me with great pride to collaborate every day with our truly diverse and passionate colleagues across the world, focused on one goal – delivering amazing customer experience.

Naturally, I'd also like to thank our clients for putting their trust in Majorel. We're working hard to ensure that we continue to deserve your business and very much looking forward to being at your side in all your future endeavors.

Finally, I would like to extend my thanks to our anchor shareholders, Saham and Bertelsmann, for the invaluable support they have given Majorel since our founding in 2019. And also to our new shareholders, who have joined us since our listing in September, for their confidence and vision.

I am very proud of how we navigated through the challenges that the pandemic posed on us. We can rightly say that we have grown stronger over the last years – further deepening the partnerships with our clients by standing at their side; expanding our footprint and business; leveraging our expertise and entrepreneurial drive to develop new solutions; and have continued to build the best home for talent.

Thomas Mackenbrock

Chief Executive Officer

2.4 MARKET OVERVIEW

Global CX: a market overview

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

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

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

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

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

As clients look to maximize the capabilities of digital solutions to manage their brand experience, both digital-native brands and vertical leaders turn to specialist CX service providers such as Majorel.

We create a customer experience that is consistent, personalized and integrated across any channel that their customers may choose.

The market opportunity

Majorel is a next generation specialist in a market valued at US$92-94 billion in 2021[16]. This is the current size of the global outsourced CX market, which is projected to grow at a CAGR of 4%-5% from 2020 to 2022[17].

However, with outsourcing only accounting for less than 30% of all CX expenditure[18], it is a market that remains significantly under-penetrated. More than $240 billion[19] of the total addressable market currently remains serviced by in-house teams, which is an opportunity for further growth.

Within the market, digital segments are showing high growth. The need to digitalize processes to reflect consumer preferences has driven up demand for digital CX services, which combine digital concepts and tools with high-touch human intervention to transform the customer experience. This digital segment is also expected to witness continued double-digit growth going forward[20].

In addition, our fast-growing Content Services, Trust & Safety offering, which exists to protect brand perception and CX on digital platforms, reached a market size of $4 to $5 billion in 2020[21]. Among many drivers has been the proliferation of user-generated content on digital platforms, driving expected double digit growth in the years ahead[22].

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16 Source: Everest Group, 2021.
17 Source: Everest Group, 2021.
18 Source: Everest Group, 2021.
19 Source: Everest Group, 2021.
20 Source: Everest Group, 2021.
21 Source: Everest Group, 2021.
22 Source: Everest Group, 2021.

Industry trends

Several tailwinds are powering the CX industry forward as we enter 2022 and beyond.

- **Elevated consumer expectations.** With technology in their hands and an on-demand culture, consumers have more information, choices and influence than ever before. They expect to engage with brands at any time, on any device and on the channel of their choice. Brand perception is no longer determined by individual touchpoints, but rather by the entire consumer experience. Brands therefore need to seize the advantages, and minimize the risks, that come in an always-on digital world. Facing these new realities, companies across all industries are engaging specialist CX solution providers to design and manage best-in-class customer experience.
- **Customer experience as a key driver of brand equity.** With products becoming increasingly interchangeable, customer experience has become a vital point of difference. Companies are exploring new ways to provide meaningful and intuitive interactions that reflect the intentions and characteristics of individual consumers. Brands that maintain a merely transactional approach are losing value, while those managing experiences holistically across the consumer lifecycle can become an indispensable part of their lives.
- **A shift to CX leaders.** In shifting their focus to managing customer experiences along the entire lifecycle, brands are increasingly realizing the need for a fundamental change in their operating model: front- and back-end processes need to be managed holistically and enabled by the latest technology to deliver the desired results. However, they may not have the in-house expertise to build the technology and process architecture they need. Instead, they are consolidating activities with integrated CX solution providers that combine deep domain expertise, process know-how, innovative consulting and profound IT/technology capabilities, as well as extensive skills in managing large scale operations.
- **Growth of digital and global companies.** Next-generation brands are expected to continue their trajectory of growth and international expansion, which makes capturing market share critical. In addition, a focus on their key competitive advantages is strategically important. Hence, we see a continuing demand for reliable CX providers that are able to scale quickly across the world, with quality, innovation and efficiency, thereby becoming long-term growth partners.

Our strengths drive us to go further…

Our strengths

Passionate team members

Our 69,000 team members across 135+ sites are passionate about delivering great CX[23]. They are resourceful, resilient, agile, energetic and focused, with a can-do-attitude and a drive to get things done. They truly act as #OneTeam and are fun to work with. In order for our team members to excel, we provide a positive working environment and continuously invest in developing, retaining and promoting the right talent.

Digital native

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

Operational excellence

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

Long-term client partnerships

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

Deep domain expertise

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

End-to-end capabilities

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

A truly global footprint

With an East-to-West presence spanning 35 countries and 135+ sites, Majorel ranks #5 in terms of geographic coverage[24]. This enables us to deliver CX that is attuned to local culture and needs, to customers from 129 countries. Our footprint includes a strong presence in China, and one of the largest CX footprints in Africa.

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23 Approximate number of team members as of December 31, 2021. Number of sites at February 28, 2022.
24 Source: Company research. Majorel coverage vs. leading CX providers.

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

Our diverse, customer-centric proposition

Clients	Customer Interaction Services	Business Process Services	Tech & Expert Services
Global Internet	Global partner of choice for digital-native companies	Leader for Content Services, Trust & Safety	Digital consumer engagement solutions Digital CX consultancy MajUp™ for startups Portfolio of vertical digital solutions
Other Verticals[25]: BFSI[26], Automotive, CPG[27], Utilities	Long-term partner in integrated end-to-end CX services for industry leaders & digital disruptors		

Leverage	domain expertise / next generation technology / global platform
Delivery model	Majorel Anywhere™ / multilingual hubs / global and regional
Talent	learning & development / diversity, equity & inclusion / wellness & resiliency

Underpinned by our mission and values: We create amazing customer experiences that people value, and that we are proud of. By combining human talent, process, data and technology we deliver real impact for our all our stakeholders. We are "Driven to go further."

Our values Creativity, Excellence, Respect

...to drive value creation for our stakeholders

Our value creation for stakeholders

People

We provide high-quality employment, training and career development for around 69,000 team members worldwide. In Africa alone, we are an attractive employer for around 20,000 talented individuals. In 2021, we also welcomed 13,000 additional team members to the Majorel family.

Career opportunities for additional team members

13,000

Shareholders

We are committed to creating shareholder value. During the year, our operating EBITDA was €316 million (2020: €196 million) and we have increased our EBITDA margin by 340 basis points (bps) to18.0% (2020: 14.6%).

Operating EBITDA

€316 million

Communities

Community outreach and volunteering programs at 135+ sites across five continents, with our team members making a real difference to their local communities.

Local communities

135+

Clients

We serve our clients' customers in 129 countries. In our 2021 Client Satisfaction Survey, the highest rating we received was for the way we manage customer relationships.

Consumer reach, worldwide

129

[25] Selected verticals.
[26] Banking, financial services and insurance.
[27] Consumer packaged goods.

2.6 STRATEGY

Our strategy for expansion and growth

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

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

1. Increase our differentiated global footprint

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

In the medium term, we expect to expand our geographic footprint to more than 40 countries that can satisfy our key criteria: these include access to diverse, skilled talent, market share of clients, benefit to clients, competitive density, convenience of location, and an ability to deliver our services over multiple time zones and in multiple languages.

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

As part of this strategy we seek to:

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

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

We are proud to serve more than 400 clients across the globe, and of being a partner of choice for fast-growing Global Internet brands, leaders in major industries, and upcoming startups.

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

We have shown significant growth from existing clients and want to maintain this momentum. Many are digital-native leaders showing double-digit growth, and to grow further with our clients we:

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

To win new clients, we will also focus on our proven strengths in the Global Internet, BFSI, automotive, consumer goods, utilities and telecom industries, targeting vertical leaders as well as digital disruptors. To this end, our dedicated regional and global sales teams will seek to generate new business with national companies and global accounts. Majorel succeeded in adding more than 40 new logos to its client portfolio during 2021. We have also created MajUp™, a tailored set of CX services designed for the evolving needs of startups.

3. Innovate fresh solutions and drive digital improvements

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

1. Customer Interaction Services: we leverage our CX heritage to optimize existing technology and implement new tools for omnichannel solutions and omni-language support. By continuing to enhance sophisticated sales and marketing services, we seek to generate additional revenue for our clients.
2. Business Process Services: we continue to grow our Content Services, Trust & Safety – which contributed 47% of our net revenue from Global Internet clients in 2021 – by strengthening our broad solutions scope. We are also driving our vertical BPO services, which increase clients' process efficiency and revenue while reducing operating costs. Alongside organic expansion, disciplined M&A will accelerate our goals in this business process space.
3. Tech & Expert Services: we are driving further growth, particularly in our digital consumer engagement solutions and CX Consulting. We constantly enhance and expand our portfolio of vertical digital solutions, especially for our BFSI clients, and will broaden it both organically and through value-accretive M&A.

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

We will continue to complement organic growth, our primary driver of increasing revenue, with carefully selected M&A activities. Following our successful acquisitions in 2021, we continue to evaluate an attractive set of potential targets. Our strategy is disciplined, focusing on creating value for our shareholders and further supporting the growth and transformative needs of our clients.

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

At the close of 2021 we had an exciting pipeline of potential acquisition targets. Amongst these are interesting opportunities that would further widen the scale and scope of our Tech & Expert services in areas such as CX consulting, vertical digital solutions and digital consumer engagement.

The other targets would either serve our goal to expand geographically or allow us to gain additional expertise for our business process services.

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

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

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

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

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

All the while, our team members' wellbeing and resiliency is a priority of our people strategy. This is particularly important for those working in Content Services, Trust & Safety, who are supported, if needed, through a global network of support specialists. And right across the business, our global Feel Good program promotes general physical and mental wellbeing in an environment that helps everyone develop professionally and personally.

Our Feel Good program is specially designed to meet the support needs of our team members while promoting a work environment driven by our values: Creativity, Excellence and Respect. This program is a global, bottom-up initiative that empowers our people to create custom wellness and engagement activities for their local team members at any Majorel location around the world.

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

2.7 CHAIRMAN'S STATEMENT

"Great customer experiences are delivered by passionate people who are given a stage on which they can truly perform. Our unique entrepreneurial culture means that our team members are highly creative, unafraid to challenge the status quo, and always strive for operational excellence in everything they do."

Moulay Mhamed Elalamy
Chairman

2021 has been a very special year for Majorel – a year in which we continued to shape our company, a year in which we grew significantly, and a year in which we completed our private placement and listing.

2021 was also the second year of the global health crisis caused by COVID-19. I am extremely proud of how well we managed under these circumstances.

Navigating the global health crisis

The last two years have tested the whole world, and particularly those who have lost loved ones or have struggled with their health due to the coronavirus. As I write, the pandemic continues to impact personal and professional lives, and the safety of our team members remains our constant and utmost priority.

The pandemic posed major challenges for our clients, especially in maintaining close connections with their customers. During lockdown, all traditional face-to-face customer contact was lost. Demand for e-commerce surged, leading to a greater need than ever before for robust, omnichannel CX.

The majority of our team members had transitioned to working from home in 2020, to ensure their health and safety, and they have continued to work from home during 2021. As for work on sites, we have kept health measures strong, and intensified our support for local vaccination programs for our team members.

At the same time, we have leveraged our experience from the pandemic to further enhance our hybrid digital workplace, Majorel Anywhere™, and remained unshaken in delivering reliant and high-quality CX.

In this second year of the pandemic, we are also proud to have supported several public institutions and governments in EMEA in their fight against COVID-19 with a wide range of services across our portfolio.

Continuing to deliver

However, 2021 was so much more than a year of defensive reaction. We proactively continued to create jobs and career opportunities for thousands of people around the globe and persevered with the execution of our strategy. Thanks to the dedication of our team members and the trust of our clients, we have been able to deliver on our targets – both financial and operational.

We have continued on our strong growth trajectory – especially in the Global Internet space and in BFSI – both with our existing clients and also by winning new logos. We also further deepened our Tech & Expert Services by integrating the Chinese digital portfolio, as well as by leveraging our abilities to offer platform-based vaccination services. As a result of these efforts, we are proud to report significant progress towards our mid-term targets of digital expansion.

We also grew our global reach by becoming one of the few international providers of scale in the growing Chinese market by way of acquiring Arvato CRM's China business in January 2021. We also opened our first site in Croatia, and announced that we had signed a contract to acquire Turkish CX provider Mayen in November 2021, which establishes our presence in Turkey, starting in 2022.

Passionate people, delivering great customer experiences

Great customer experiences are delivered by passionate people who are given a stage on which they can truly perform. Our unique entrepreneurial culture, which stems from our predecessor companies, means that our team members are highly creative, unafraid to challenge the status quo, and always strive for operational excellence in everything they do.

The diversity of our workforce also plays a crucial part in our success, enabling us to personalize our interactions to local and cultural nuances. We strive to attract and retain the best talent for our business and provide a good home for them. The facts speak for themselves, based on our DE&I survey: 55% of our team members are women; 3% have a disability; we speak more than 60 languages; and 24% are expats – for example, our team members in Berlin represent more than 50 nationalities.

True to our mission, we augment the talent of our team members with process, data and technology to deliver impact for our partners. We truly believe that the greater the use of technology, the more human we can be.

Corporate Responsibility, defined and focused

We are driven to do the right thing, and see Corporate Responsibility (CR) as an essential part of our company, culture and purpose. CR also receives an increased focus from investors, analysts, clients and the wider public, and profoundly shapes our employer brand for attracting and keeping talent. That is why I am especially pleased that Majorel has continued to make progress in CR.

As part of our preparations for becoming a public company, we enhanced our approach towards ESG (environment, social and governance). In 2021, we updated our CR strategy to all countries of operation, defining the five pillars of our approach:

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

The diversity of our team members is baked into our DNA. That is why I am especially proud of our global Diversity, Equity and Inclusion (DE&I) charter “We Are One.” Under the leadership of our international DE&I team, its objective is to embed best practice within the business and celebrate the benefits of our truly diverse workforce.

As part of this, we have established two lighthouse projects: our Global Impact Sourcing standard and the Majorel Women’s Leadership program. For example, one of our long-term impact programs in Egypt supports education, health and wellbeing for African refugees and for young people aged 16-22. And our Women’s Leadership program provides coaching, networking and professional development opportunities for women at Majorel.

We have committed to increase workforce diversity still further, at all levels and in all respects.

Continuing to shape our company

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

It is a day that I will remember with emotion, as it represents an important milestone in our history. Becoming a public company has increased our visibility and transparency to our clients, has enhanced our visibility compared to our peers, and is an asset in attracting top talent. It also offers strategic optionality for future M&A opportunities.

I would like to take the opportunity to thank the teams at Majorel, Bertelsmann, and Saham for their great work in preparing Majorel's listing – their dedication and individual contribution to this exciting phase of the Company's history were truly outstanding.

The Supervisory Board has worked closely with the Management Board to shape the future strategy of Majorel. We also solidified our governance by establishing an Audit Committee and a Nomination and Compensation Committee.

I am delighted by the quality of directors that we have been able to attract to Majorel. Our Board brings together seasoned professionals with a wealth of complementary skills – whether functional, operational or international – as well as diverse backgrounds and cultures. Four different nationalities are represented on our Board, with an average age of 47, and 44% are women.

They have already made a considerable impact and I am looking forward to working with them and the Management Board in the coming years.

Thank you

On behalf of the Supervisory Board I'd like to sincerely thank everyone who contributed to our success in 2021.

First and foremost, my heartfelt thanks go out to every single one of our 69,000 team members around the globe. They are the direct connection between our clients and their customers, driving customer satisfaction and brand loyalty.

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

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

Finally, I'd like to thank our investors for their continued trust in Majorel as a newly listed company. We all are committed to create substantial value for our shareholders, and I look forward to reporting on our progress.

Moulay Mhamed Elalamy
Chairman of the Supervisory Board

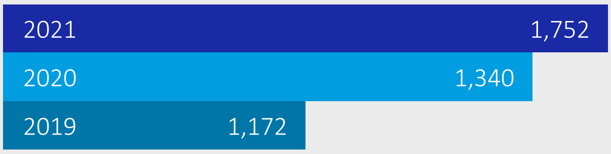
2.8 KEY PERFORMANCE INDICATORS[28]

We assess the ongoing performance of our global business with KPIs focusing on six areas: Growth Momentum; Growth with Existing Clients; Regional Expansion; Client Mix; Delivery Mix; and Product Mix.

1 GROWTH MOMENTUM

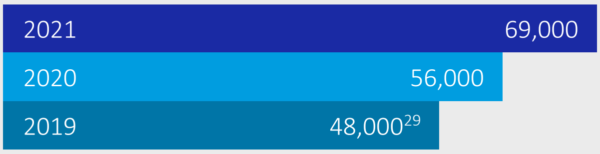
Net revenue

€ million



We have increased our net revenue by around €580 million, or almost +50% since 2019.

Number of team members



Since our launch in 2019, our team worldwide has grown by more than 20,000 passionate and talented individuals.

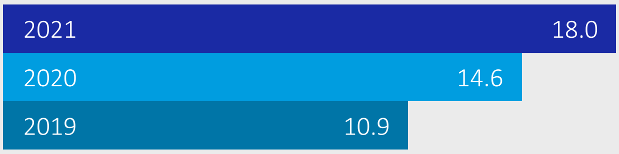
Operating EBITDA

€ million

Operating EBITDA increased by €187 million over the last two years, corresponding to an average annual growth of +57%.

Operating EBITDA margin

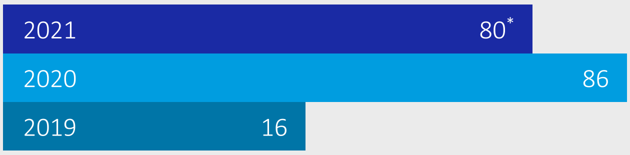
%



Since 2019, the operating EBITDA margin has increased significantly from 10.9% to 18.0% or by 710 bps.

Group profit

€ million



* Impacted by the IPO Bonus with Equity Deferral.

Since the end of 2019, Group profit has increased by €64 million.

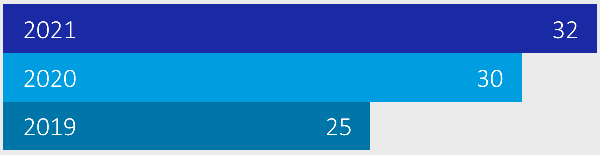
[28] All data as of the end of each calendar year.
[29] At launch, January 2019.

2. GROWTH WITH EXISTING CLIENTS
Net revenue retention

(%)

The success of our strategy of retaining and expanding business with our existing clients is demonstrated in the net revenue retention figure of 116%.

3. REGIONAL EXPANSION
Countries present



Since inception Majorel has extended its reach by 7 countries and has announced entry into three more during Q1 2022, taking the total to 35.

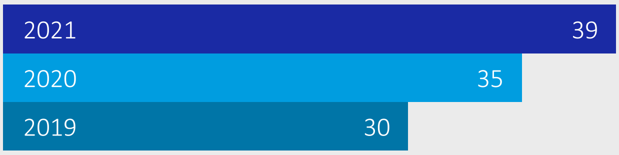
4. CLIENT MIX
Global Internet clients – share of net revenue

%

Majorel continued its strong growth trajectory with digital-born clients, resulting in an increase of net revenue with Global Internet clients. Majorel aims to generate more than 50% of its net revenue with digital native clients in the mid term.

5. DELIVERY MIX
Offshore delivery – share of net revenue

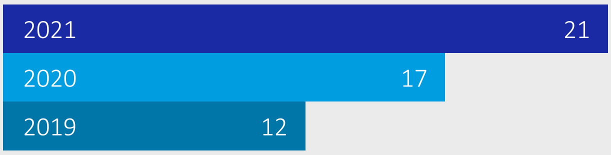
%



In the last two years, Majorel's strategy has delivered continued strong growth of our offshore locations in line with our strategic target of generating 45-50% of Majorel's net revenue from offshore locations in the mid term.

6. PRODUCT MIX
Content Services, Trust & Safety – share of net revenue

%



Majorel has been successful in growing Content Services, Trust & Safety, with net revenue share already in line with Majorel's aim to generate 20-25% of net revenue from this business line in the mid term.

6. PRODUCT MIX
Tech & Expert Services – share of net revenue

%

Net revenue share of Majorel's Tech & Expert Services has grown from to 9%, in line with its intention to generate 10-15% of net revenue from this business line in the mid term.

2.9 CORPORATE RESPONSIBILITY

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

As part of our preparations for becoming a public company, we further developed our CR strategy, expanding it along the five pillars of our approach:

The diversity of our workforce also plays a crucial part in our success. Based on our DE&I survey, 55% of our team members are women; 3% have a disability; we speak more than 60 languages; and 24% are expats.

We also expand our potential talent pool by offering opportunities through impact sourcing. This global initiative is making an important difference, reaching people in disadvantaged circumstances who are typically missed by traditional recruitment programs.

In the wider world, we are committed to making a positive impact, being an active contributor to our host communities, and treading as lightly as we can. We have also defined a roadmap with the destination of being a climate-neutral enterprise by 2030.

The information for the Combined Non-Financial Statement (compliant with the European Directive 2014/95/EU and provisions by the law of July 23, 2016 regarding the publication of non-financial and diversity information in Luxembourg) can be found in the annual report of Bertelsmann SE & Co KGaA, Majorel's consolidating shareholder. Further information on Majorel's non-financial information can also be found in the GRI (Global Reporting Initiative) reporting of Bertelsmann SE & Co KGaA on *Bertelsmann.com*.

2.9.1 Environmental and employee-related issues

There have been no significant environmental or employee-related issues during 2021, aside from the shift of large parts of our workforce to working from home in response to the ongoing COVID-19 pandemic, which is covered elsewhere in this report.

2.10 FINANCIAL REVIEW

"I am very proud that Majorel has overachieved on its financial targets for 2021. Total net revenues of €1,752 million for the year represent a 31% increase over 2020, and operating EBITDA reached €316 million. In addition, Majorel generated free cash flow of €118 million and the net cash position at the end of the year was €79 million, allowing us strategic flexibility for inorganic growth."

Otmane Serraj
Chief Financial & Shared Services Officer

The accounting policies applied by the Group in the preparation of its consolidated financial statements are disclosed in the Accounting and Measurement Policies to the Consolidated Financial Statements.

A description of the internal controls in place for financial reporting can be found in section 2.11 below.

In all sections of this Annual Report, except Section 6, calculations of financial ratios are based on non-rounded absolute amounts, which can result in minor deviations.

2.10.1 Financial KPIs

Net revenue

Net revenue for the Group corresponds to revenues as reported in our management reporting less certain direct, order-related external costs which are part of external expenses and costs of materials and consist mainly of cost of services purchased (subcontracted or outsourced services). Net revenue for each Segment corresponds to the according Segment revenues less certain direct, order-related inter-Segment and external costs. Management reporting data exclude revenues from minor activities (primarily the Sonopress Business) outside the Majorel Group's core business which are reported in the consolidated income statement (the "Sonopress Business" is defined as certain non-core business activities historically carried out by Arvato de Mexico, S.A. de C.V., which was wound down in 2021).

in € million	2021	2020	growth
Revenue	**1,811**	**1,375**	**+32%**
less minor activities	2	4	
less direct costs	57	31	
Net revenue	**1,752**	**1,340**	**+31%**

Change in like-for-like net revenue

Change in like-for-like net revenue corresponds to net revenue growth year over year, adjusted for certain specific, probably non-recurring items. For 2021 to 2020 like-for-like net revenue comparison the contribution of the first-time consolidation of the Chinese business and COVID-related business were adjusted.

in € million	Total
Net revenue 2020	1,340
COVID-related business	102
China	98
Like-for-like	**212**
Net revenue 2021	1,752

Operating EBITDA

Operating EBITDA is defined as EBIT (earnings before interest and taxes) adjusted for depreciation/amortization, impairment and reversal on intangible assets, property, plant and equipment and right-of-use assets, adjusted for (i) impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations, (ii) impairment on carrying amounts on assets held for sale, (iii) impairment/reversals on other financial assets at amortized cost, (iv) impairment/reversals on investments accounted for using the equity method, (v) results from disposals of investments, (vi) fair value measurement of investments, and (vii) restructuring and other special items. We use operating EBITDA to assess the operating performance of our business as operating EBITDA shows our EBIT as adjusted for depreciation and amortization, which are non-cash charges, and specific periodic outcomes to enhance comparability of results over periods. When comparing operating EBITDA with peer group data, it should be taken into account that the total adjustments in a given year do not represent the full amount of all special effects incurred in a given year, as rather only material effects subject to certain thresholds will be considered for the purpose of calculating operating EBITDA.

in € million	2021	2020
EBIT (earnings before interest and taxes)	**105**	**116**
Special items	126	3
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	85	77
Operating EBITDA	**316**	**196**

Operating EBITDA margin

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

Free cash flow

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

Capital expenditure

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

Net working capital

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

Economic debt

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

Cash conversion rate

Cash conversion rate is defined as free cash flow divided by operating EBITDA.

2.10.2 Financial highlights

Majorel has successfully delivered another year of revenue and profitability growth. Net revenue has grown by 31% to €1,752 million and operating EBITDA has increased by 61% to €316 million. EBIT for 2021 amounted to €105 million and Group profit of €80 million. Earnings per share (EPS) were €0.8. A potential dividend payment will be proposed at the AGM scheduled for June 20, 2022.

Majorel generated free cash flow of €118 million. Our net cash position at the end of the year was €79 million, allowing us strategic flexibility for inorganic growth.

2.10.3 Revenue and net revenue

Majorel Group

Revenue for the year ended December 31, 2021 amounted to €1,811 million, representing an increase of 32% (2020: €1,375 million).

Net revenue in 2021 was €1,752 million, which represents an increase of 31% year over year (2020: €1,340 million). This growth was supported by the integration of the China business, that was acquired as of January 1, 2021, and COVID-19-related business in the EASA Segment.

Like-for-like net revenue growth, excluding these effects, amounted to 16% and was driven by clients in the target verticals of Global Internet and BFSI.

Net revenue from Global Internet clients represented 45% of net revenue (2020: 38%) at €788 million, an increase of 53% compared to the previous year. This is in line with our mid-term target to increase the share of Global Internet to more than 50% of Group net revenue. Net revenue with BFSI clients increased in 2021 by 12% compared to 2020. The net revenue share of Telco clients reduced from 19% at the end of 2020 to 12% at the end of 2021, in line with our mid-term targets (of around 10%).

In terms of our service lines, we have seen growth in Content Services, Trust & Safety, increasing the share of net revenue from 17% at the end of 2020 to 21% at the end of 2021 (mid-term target 20-25%). The net revenue share of Tech & Expert Services increased from 5% in 2020 to 9% in 2021 (mid-term target 10-15%), partially supported by the integration of the China business and our technology solutions for the COVID-19-related business.

Contributing to the 2021 net revenue growth was a further increase in volumes observed in our offshore locations around the world. In line with our strategic targets (mid-term target: 45-50%) we increased the offshore net revenue share from 35% in 2020 to 39% in 2021. Excluding COVID-19-related business, the offshore net revenue share in 2021 would have been 41%.

Segment reporting

			% change	
Net revenue in € million	**2021**	**2020**	**reported**	**like-for-like**
EASA	1,290	1,086	+19%	+9%
GEMS	364	253	+44%	+44%
CEA	98	0		
Total	**1,752**	**1,340**	**+31%**	**+16%**

EASA Segment

Net revenue from our EASA Segment (Europe, Africa, South America) was €1,290 million in the year ended December 31, 2021. The increase of 19% compared to 2020 was also attributed to the contribution of COVID-19-related business (of €102 million of net revenue in 2021), where Majorel supported several public institutions and governments with their pandemic initiatives.

Like-for-like, excluding the COVID-19-related business, net revenue in EASA increased by 9% in 2021. This growth was mainly driven by existing and new clients in our target verticals Global Internet and BFSI, also compensating for active client portfolio management in line with our strategy.

The increase of net revenue in EASA was also driven by the strong development in our near- and offshore locations in Africa, Eastern Europe, and Latin America.

GEMS Segment

Net revenue from our GEMS Segment (Global English, Middle East, South-East Asia) was €364 million in the year ended December 31. 2021, corresponding to a year-on-year growth rate of 44%. The key driver for this growth was the strong increase of net revenue with Global Internet clients, particularly in the Philippines, Canada, the US, Egypt, Malaysia, India and Kenya.

CEA Segment

The CEA Segment reported net revenue of €98 million for the year 2021 – in line with the Company's guidance that the CEA Segment would contribute 5-7% of Group net revenue. The positive contribution from this regional Segment has been driven by further expansion of the footprint in China, the continuing growth of digital consumer engagement services, and a focus on consumer products and digital clients.

2.10.4 Operating EBITDA

Majorel Group

Operating EBITDA amounted to €316 million in the year ended December 31, 2021, showing a strong increase of 61% compared to the previous year (2020: €196 million). The operating EBITDA margin increased from 14.6% at the end of 2020 to 18.0% at the end of 2021, corresponding to a margin expansion of 340bps.

The key drivers for the increase in operating EBITDA and the margin expansion were:

- overall business growth;
- operational excellence;
- more complex, value-added services;
- client portfolio management;
- improved global delivery mix;
- COVID-19 related business;
- continued high work-from-home rate; and
- the first-time consolidation of the China business acquired at the beginning of 2021.

in € million	2021	2020
EASA	223	153
in % of net revenue	*17.3%*	*14.1%*
GEMS	75	44
in % of net revenue	*20.6%*	*17.5%*
CEA	15	0
in % of net revenue	*15.3%*	
Other/minor activities	3	-1
Total	**316**	**196**
in % of net revenue	**18.0%**	**14.6%**

Segment reporting

EASA Segment

Operating EBITDA for the EASA Segment amounted to €223 million at the end of 2021, a significant increase compared to 2020 operating EBITDA of €153 million. The operating EBITDA margin increased accordingly from 14.1% in 2020 to 17.3% in 2021.

The margin improvement is driven by our main profitability drivers, especially: continued operational excellence; more complex, value added services; client portfolio management; continued high work-from-home rates; further expansion of Tech & Expert Services; and an increasing share of offshore delivery.

The COVID-19-related businesses also contributed to the operating EBITDA growth in EASA in 2021.

GEMS Segment

Operating EBITDA for the GEMS Segment amounted to €75 million for the year ended December 31, 2021, increasing by 69% year over year from €44 million in 2020. The operating EBITDA margin increased from 17.5% in 2020 to 20.6% in 2021.

Margin improvement in GEMS has been driven by our operational excellence; more complex, value added services; client portfolio management; continued high work-from-home rates; and an increasing share of offshore delivery.

CEA Segment

Operating EBITDA from the first-time consolidation of the China business amounted to €15 million for 2021 with an operating EBITDA margin of 15.3%.

The CEA results benefited from the continuing growth of digital consumer engagement services, the growth of consumer products and digital clients, and the expansion of the footprint in China.

2.10.5 EBIT and Group profit

EBIT amounted to €105 million for the year ended December 31, 2021, corresponding to a decline of 10% compared to the 2020 results of €116 million.

EBIT for 2021 corresponds to operating EBITDA after deducting:

- depreciation/amortization, impairment and reversal on intangible assets, property, plant and equipment and right-of-use assets, amounting to €85 million in 2021 (2020: €77 million);
- restructuring and other special items of €126 million (2020: €3 million), of which, €128 million related to the IPO Bonus with Equity Deferral granted to the Management Board members and selected other managers versus a (positive) €2 million relating to a partial release of a restructuring provision built in 2020.

Financial result corresponded to expenses of €5 million in 2021 compared to expenses of €9 million in 2020.

Income tax expenses amounted to €20 million in 2021, slightly lower than in 2020 (€21 million). The effective tax rate of Majorel Group in 2021 was 20%, (2020: 20%).

Group profit amounted to €80 million for 2021, representing a year over year decrease versus €86 million generated in 2020. Earnings per share (EPS) are at €0.8.

A potential dividend payment will be proposed at the AGM scheduled for June 20, 2022.

2.10.6 Free cash flow and capital structure

Free cash flow

in € million	2021	2020
Cash flow from operating activities	**185**	**223**
add back: Taxes paid	40	17
add back: Other adjustments not included in free cash flow	(1)	1
less: Capital expenditure	(61)	(46)
less: Payment from lease	(50)	(43)
less: Scope and other effects	5	(2)
Free cash flow	**118**	**150**
in % of operating EBITDA (CCR)	*37%*	*77%*

Our free cash flow is negatively affected by IPO-related bonus payments.

Net working capital

	in € million	31.12.2021	31.12.2020
	Inventories	0	0
+	Trade receivables	388	291
-	Trade payables	-129	-104
	Trade working capital	**259**	**187**
+	Other receivables and other current assets[30]	75	60
+	Deferred items (assets)	15	12
-	Other payables	-285	-174
-	Deferred items (liabilities)	-2	-5
-	Other provisions	-30	-22
	Other working capital	**-228**	**-129**
	Net working capital	**31**	**58**

Our other payables were affected by IPO-related bonus payments. Trade and other receivables acquired in business combinations equaled €34 million. These effects aside, the trade working capital has improved.

Capital expenditure

CAPEX, investments in intangible assets, property, plant and equipment, amounted to €61 million in 2021 compared to €46 million in 2020, mainly relating to:

- footprint expansion to new countries (Croatia in 2021 and preparation for North Macedonia and Ghana, which were launched in early 2022);
- opening of new sites;
- expansion and refurbishment of existing sites.

CAPEX in relation to net revenue was at 3.5%, compared to 3.4% in 2020. Excluding COVID-19-related business from net revenue, CAPEX would amount to 3.7% of net revenue, in line with our target range of 3.5-4.0%.

[30] Advance payments on business acquisition are excluded (€58 million).

Cash conversion rate

The cash conversion rate (CCR) was at 37% in 2021 compared to 77% in 2020. The key reason for the decline in 2021 was the payment of the IPO Bonus with Equity Deferral. Excluding this effect, the CCR amounts to 64% and would be above our target corridor of 51-56%.

Equity

The equity amounts to €399 million compared to €317 million in the previous year. The net result represented €80 million. €19 million were distributed to the shareholder Bertelsmann Luxembourg S.à r.l. during the first semester. Cumulative foreign exchange differences amounted to €8 million.

Net cash position and economic cash/debt

in € million	31.12.2021	31.12.2020
Cash and cash equivalents	238	195
Liabilities to banks	(74)	(33)
Other financial debt	(85)	(21)
Net cash position	**79**	**141**
Provisions for pensions and similar obligations	(43)	(50)
Lease liabilities	(125)	(95)
Economic cash/(debt)	**(89)**	**(4)**

Our net cash position of €79 million includes an addition of new financial debt of €70 million in December 2021, funding partially the year's investments, exceptional IPO-related working capital effects and the acquisition of the new entity in Turkey.

Adding the lease liabilities and the provisions for pensions and similar obligations, which have progressed by 16% in line with our growth, our economic debt lies at €89 million.

2.10.7 Subsequent events

We have continued to successfully execute our strategy since the end of 2021, and have maintained our momentum with further geographic expansion and additional business growth.

- We executed the acquisition of Mayen Telekomünikasyon Hizmetleri A.Ş. ("Mayen"), one of Turkey's leading independent nearshore CX providers. Mayen became part of Majorel as of January 1, 2022, strengthening our offshore leverage for Europe and allowing us to offer expanded services to our international clients – especially in the Global Internet vertical.
- On January 24, we announced our entry into North Macedonia, in Skopje, further adding to our strong footprint for European languages. On January 25, we communicated our entry into Ghana, further strengthening our already leading position in Africa.
- On February 10, we announced an agreement to an expanded strategic partnership with our client Booking.com to transfer 12 of Booking.com's 14 internal CX service centers in Europe, Asia Pacific, and the Americas to Majorel. It also fulfills our strategic goal of expanding our geographic footprint into new countries – South Korea, Japan, Thailand and Lithuania – and further consolidates our existing presence in the other markets too. The new partnership agreement is expected to commence in the second quarter of 2022 after the transfer of the service centers from Booking.com to Majorel takes place, which is subject to customary closing conditions, including regulatory approvals and completion of works council consultations.
- We will continue to monitor risks on an ongoing basis given the ever-changing regulatory and situational landscape as well as the development of current events in Ukraine including economic consequences around the world and their potential impact on our business.

2.10.8 Outlook

This outlook is based on Majorel's current assessment on the development of the business in 2022 and the general CX market, combined with economic and labor market conditions in the Company's geographic footprint. It remains to be seen how recent events in Ukraine, and the ongoing COVID-19 pandemic, may impact the business environment and world economy in this year.

Based on current visibility, Majorel continues to expect strong organic growth from existing clients, supplemented by new logo wins and the positive impact from the effects of the acquisition of Mayen and the expanded strategic partnership with Booking.com (subject to customary closing conditions). This would result in an increase of 12% to 18% compared to the net revenue without COVID-19 related services in 2021. The company anticipates some COVID-19 business will remain in 2022, but at a much smaller scale than 2021 – this would approximately offset the expected limited negative business impacts resulting from the Ukraine crisis.

Against this background, Majorel expects its net revenue in 2022 to again increase and to be in the range of €1,850-1,950 million. Further, the Company expects its Operating EBITDA margin for 2022 to be between 16.0%-17.0%, also factoring in the above mentioned effects.

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

Otmane Serraj
Chief Financial & Shared Services Officer (CFSO)

2.10.9 Review of the Parent Company results

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

Majorel Group Luxembourg S.A. became a publicly listed company on the Euronext Amsterdam stock exchange on September 24, 2021. In 2021 the Company continued to centralize core corporate functions of the Group. As in prior years, the Company did not have any branches during 2021.

The profit of the Company for the year 2021 amounted to €11 million (2020: loss of €1 million). This increase relates to an improvement in the financial result of €50 million which offsets the decrease in the operating result by €37 million.

The financial result mainly improved thanks to dividend income of €50 million received in 2021 (2020: €nil million). The decrease of the operating result mainly resulted from an increase in operating costs due to expenses relating to the IPO Bonus with Equity Deferral of €39 million in 2021 (2020: €nil million).

in € million	31.12.2021	31.12.2020
Sales	-	-
Operating income (1)	35	17
Operating expenses (2)	(72)	(17)
Operating result	(37)	-
Financial income (3)	61	3
Financial expenses (4)	(12)	(4)
Financial result	49	(1)
Taxes	(1)	-
Net result	**11**	**(1)**

(1) Operating income mainly relates to invoicing subsidiaries with management service and trademark fees.
(2) Operating expenses mainly include staff costs of €14 million (2020: €1 million), general expenses of €57 million (2020: €15 million) and value adjustments of €1 million (2020: €nil million).
(3) Financial income includes dividends of €50 million (2020: €nil million), foreign exchange gains of €9 million (2020: below €1 million) and interest income of €2 million (2020: €2 million).
(4) Financial expenses mainly include foreign exchange losses of €10 million (2020: €3 million) and interest charges of €2 million (2020: €1 million).

2.11 INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Standards and rules

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

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

Systems and related controls

Locally used (ERP, treasury applications) finance systems are monitored to ensure a consistent set-up of system-embedded controls. Segregation of duties, access rights and approval limits are regularly reviewed by the local data owners for all reporting units. Internal and external financial reporting is transmitted through a centrally managed integrated finance system – from budgeting and trend year analysis, monthly internal management reporting, and forecasting of financial KPIs, to consolidation and external financial reporting, and finally risk management reporting (see risk management section on pages 41 to 49).

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

Analytics and reporting

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

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

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

Transparency

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

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

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

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

2.12 RISK MANAGEMENT

2.12.1 Risk management

2.12.1.1 Principles of our risk management system

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

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

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

Majorel follows the key principle that managing risk is everyone's responsibility. Accordingly, the risk management process is focused on the following three main objectives:

- **promote and embed a culture** of common risk management in the daily work of Majorel team members at all levels;
- **develop consistent risk policies** on key matters at reporting unit level while also considering local challenges and environments; and
- **ensure a harmonized set of measures** for prevention, detection and mitigation when assessing key risks, with continuous monitoring and improvement.

2.12.1.2 Risk management framework

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

2.12.1.3 Risk management process

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

Risk identification and assessment

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

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

Risk response measures

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

- Risk avoidance (e.g. by not entering into contracts fraught with risk).
- Risk reduction (e.g. by diversifying products).
- Risk transfer (e.g. by using the protection of insurance contracts).

- Risk acceptance (e.g. by electing to bear a risk ourselves).

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

Risk recording and monitoring

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

The entire risk management process is overseen by the Majorel Corporate Risk department, which also ensures the appropriateness of reporting. Risk response measures are monitored by our internal Risk and Compliance Committee[31], which reports to the management and other committees (e.g. the Audit Committee). The monitoring of the system is also the focus of regular internal audits to ensure the effectiveness and quality of the RMS/ICS. This is achieved by a self-assessment of the controls integrated into the business processes, with audits conducted by the Corporate Audit department and, as needed, external auditors.

2.12.2 Principal risks and uncertainties

Majorel is exposed to a variety of risks. The top ten risks to Majorel identified in its most recent risk review in 2021 are listed in order of priority in the table below. In line with the level of potential financial loss, the risks are classified as low, moderate, significant, considerable or endangering, for the purposes of risk tolerability.

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

Risk classification (potential financial loss in a three-year period): low: <€3 million, moderate: <€5 million, significant: <€15 million, considerable: <€30 million, endangering: >€30 million

■ Existing risks

Note: There are no risks classified as considerable or endangering in this reporting cycle.

Majorel is committed to the vigilant management of material risks. The following table outlines the principal risks and uncertainties identified by Majorel's most recent risk review in 2021. They are not listed in any particular order and Majorel recognizes that risks can and will evolve over time. While the following table has been prepared to the best of Majorel's knowledge and is based on its risk management framework, there may be other risks not currently known to Majorel or not considered material on the date of this Annual Report, which may become major

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

factors and may adversely impact Majorel. In addition, Majorel cannot guarantee that all objectives will be achieved and that risks will be completely mitigated.

Type of risk	Description and areas of impact	Mitigation activities
Client risks		
Loss of clients	Majorel's business is dependent on key clients, and the loss of one or more of these key clients could adversely affect its business.	Majorel goes to considerable lengths to ensure client demands are met through operational excellence, good account management, contract adherence and service-level agreement performance.
Industry	Majorel's business depends significantly on specific industry verticals. Any decrease in demand from these industries for its services and solutions could reduce Majorel's revenue and harm its business.	Majorel continuously reviews its services and industry verticals. The market is monitored to take advantage of emerging opportunities across a wide range of industries and services. This approach ensures that we continue to diversify the verticals in which we operate.
Contracts	Majorel's contracts do not contain volume commitments and contain provisions, including termination-at-convenience clauses, that could cause fluctuations in its revenue and adversely affect its operations and financial results.	Through its account management team and by consistently delivering upon Majorel's commitments through key performance indicators and service level agreements, Majorel maintains strong, positive relationships with its clients. Majorel also looks to develop a strategic partnership with its key customers to help them achieve their long- and short-term objectives.
Client acquisition	Majorel's continued growth depends on its ability to cost-effectively acquire new clients, particularly high-growth companies, and failure to do so could adversely affect its business.	Majorel has recently allocated additional resources and dedicated sales teams for winning new clients. The Company's vertical-focused sales model includes differentiated growth strategies for existing as well as new customers and a customized approach for global and regional customers.
Hazard risks		
Business continuity	Majorel is vulnerable to natural disasters, technical disruptions, pandemics, accidents and other events impacting its facilities that could severely disrupt the normal operation of its business. Although Majorel carries commercial liability insurance, the coverage may be insufficient, or provide no coverage at all, for certain events.	Majorel develops and evaluates detailed business continuity plans in order to be able to continue operations with minimal impact, in case of damage to its facilities. Plans may include diversion of services to other sites or countries, as well as physical movement of staff from one location to another, or remote working solutions. Another key component in Majorel's contracts is business continuity testing, where the plans are fully tested in a controlled simulation to ensure all aspects of the client's service are maintained and operate as expected.

Growth	Majorel's growth and profitability could be materially affected if it fails to adapt its services and solutions to changes in technology and customer expectations.	Majorel's focus on technology and tailored customer solutions ensures that it monitors the latest technical developments. This, combined with its dedicated account management team, means that it can assess customer needs and deliver the most effective solution.
Market risks		
Competition	Majorel faces intense competition from existing and emerging competitors. Any inability to compete successfully as well as pricing pressure or loss of market share could result in reduced operating profit margins and diminished financial performance.	Majorel continuously assesses its competitive environment and is always abreast of competitor performance and aspirations. In addition, the Company continues to improve the collaboration and performance of its sales and bid management teams to increase its market share.
Emerging markets	Majorel operates in certain emerging market economies, and its strategy may involve expanding or developing its business in these or similar regions. This may expose it to certain risks such as adverse trade policies or barriers, inflation, hyperinflation, currency volatility and negative economic effects, difficulties in enforcing agreements or judgements and collecting receivables in foreign jurisdictions, as well as inadequate infrastructure and logistics challenges.	Risks related to emerging markets are assessed, managed and reported through Majorel's risk management system. In addition, the Company has a suite of measures and controls that apply to all locations to ensure a consistent standard globally. This includes policies, training and awareness related to topics such as trade compliance, anti-trust and anti-corruption.
Consolidation	Current trends of consolidation in Majorel's industries and among peers may result in new competitors with a greater scale, a broader footprint, better technologies, and price efficiencies that are attractive to Majorel's customers.	Majorel constantly evaluates its opportunities to expand its services and geographical footprint through organic growth or strategic acquisitions.
Financial market risks		
Currency risk	Majorel's financial performance could be adversely affected over time by certain movements in exchange rates, particularly if currencies in which it incurs expenses appreciate against the Euro, or if the currencies in which it receives revenues depreciate against the Euro.	Majorel closely monitors foreign exchange rates and advises its subsidiaries to hedge themselves against foreign currency risks in the local reporting currency by signing forward agreements with banks that have a high credit rating. And the Majorel subsidiaries manage their foreign exchange exposure with natural hedges as much as possible.

Integrity & compliance risks		
Compliance with laws and regulations	Majorel and its customers are subject to a variety of laws and regulations globally. Compliance with diverse legal requirements is costly and time-consuming and requires significant resources, and non-compliance may result in civil or criminal penalties and other punitive measures.	Majorel has invested significantly in legal and compliance capabilities in each Segment. In addition, Majorel periodically monitors material compliance obligations and reviews changes to international and domestic legislation.
Fraud	If Majorel's team members were to misuse their access to the Company's and its clients' systems as a conduit for criminal activity or serious misconduct, negative press coverage could harm Majorel's ability to attract new customers. Existing customers might also terminate or reduce the scope of their dealings with Majorel, which would have an adverse effect on its business and the results of its operations.	Majorel has implemented access controls, fraud detection measures and risk assessments for specific clients and sites based on risk level, nature of business, sensitivity of data and levels of employee access to sensitive data.
Working from home	Majorel's global remote working solutions, deployed during the COVID-19 pandemic, could result in heightened confidentiality risks due to services being delivered in a physically unsupervised environment and via computer systems and networks outside of Majorel's control and management.	To maintain an adequate level of security standards, Majorel has implemented new procedures, visual checks, when possible, and new security and data protection requirements to team members' work contracts for anyone working from home. The Company also offers online training on how to manage sensitive information and keep it secure.
Data protection	Majorel's business is subject to a variety of laws and regulations relating to privacy and data security. The unauthorized disclosure of sensitive or confidential client and customer data, or security breaches and incidents, including as a result of a cyber-attack, could subject Majorel to significant liability and protracted and costly litigation. This could also lead to investigations and penalties from regulators, reputational damage and loss of clients.	As part of a holistic approach to protecting the confidentiality, integrity, availability and resilience of its data, its clients' data, their customers' data and Majorel's systems, Majorel has established an integrated approach in three key areas to ensure adequate data protection: • A comprehensive data protection organization with data protection officers at Group and regional level. • A structured cybersecurity global governance framework, where critical assets are monitored across Segments by a global Security Operations Center (SOC) 24X7. • A Central Information Security Officer, responsible for implementing a global information security organization across Majorel and for enforcing the Majorel Information Security Management System (ISMS) guidelines across all countries.

Cybersecurity	Cybersecurity threats and attacks, ranging from inadvertent disclosures or acts by team members to purposeful attacks by individuals and groups of hackers, could result in (i) disclosure, unauthorized access to or corruption of data, including personal, confidential and proprietary information, (ii) defective services, including as a result of system and production downtimes, and (iii) interruptions in the ability to operate Majorel's business.	Majorel has built a structured cybersecurity global governance framework with a Central Information Security Officer responsible for implementing a global information security organization across Majorel and for enforcing the Majorel Information Security Management System (ISMS) guidelines across all countries. Majorel has also set up a global program of Basic Infrastructure Measures (BIM) that aims at continuously strengthening its network, domains, identification and access control, IT security technologies and IT security processes. In addition, Majorel has also established a global Security Operations Center (SOC) that is tasked with secure communication, incident response, threat hunting, security quality and vulnerability management, continuous proactive monitoring and root cause investigation.
Compliance of associated parties	Team members, contractors, consultants or other associated parties may behave in contravention of Majorel's internal policies or laws and regulations applicable to it, or otherwise act unethically or illegally, which could harm Majorel's reputation or subject it to liability.	Majorel is implementing training to increase awareness for compliance-related issues. Additionally, Majorel is establishing minimum compliance controls globally.
Employee-related risks		
Key employees	Majorel's business depends on large numbers of trained and skilled team members and key people. If Majorel fails to attract, train and retain sufficient numbers or loses one or more key leaders, this could negatively affect its business.	Majorel closely monitors the labor market and, if required, proposes better and more competitive benefit packages to its team members.
Personnel costs	Increases in personnel expenses, as well as the inelasticity of Majorel's labor costs relative to short-term movements in client demand, could have a significant impact on its financial performance.	Personnel costs are closely monitored by management. In addition, local labor laws that may impact personnel costs are assessed and reported regularly. Alternative sites and locations with more favorable competitive environments are evaluated on a regular basis. In addition, prices are renegotiated where possible on a regular basis, particularly vis-à-vis wage inflation (e.g. based on indexation clauses).
Litigation and disputes	From time to time, Majorel has been, and may in the future be, party to various claims and litigation proceedings initiated by its team members. In particular, these	Majorel constantly evaluates the working conditions for its team members and aims to maintain a safe and healthy workplace, with careful attention paid to working

	include compensation for personal injury (e.g. as a result of disputes related to Content Services, Trust & Safety), workers' compensation, employment discrimination and other employment-related damages, which could result in significant liabilities and impact Majorel's business.	hours and physical aspects; establishing a code of conduct for its team members; and ensuring compliance with legal rights, especially with regard to employee data protection.
Strikes and social conditions	A strike, work stoppage or slowdown by Majorel's team members, or a significant dispute with its team members, whether or not related to these negotiations, could result in a significant disruption of Majorel's operations or higher ongoing labor costs.	Majorel is mindful of its responsibility towards its people. Respecting and ensuring the rights of its team members, based on respective local legal environments, is the natural basis of Majorel's approach to team member management. To encourage team members to raise compliance concerns, Majorel has set up central "speak up" channels, which allow for anonymity.

In addition, we are closely monitoring the impacts of the recent start of war between Russia and Ukraine. We do not operate directly in these countries. Nevertheless, our business could be impacted by indirect effects and tensions in the macroeconomic environment.

2.12.3 Financial risk management

Financing arrangements

As of December 31, 2020, the Company had various types of financing available to enable it to meet its obligations, and which are set out below:

- Two shareholder loans with Bertelsmann Business Support S.à r.l. totaling €85 million at fixed interest rates, repayable in December 2022.
- A syndicated loan of €200 million, out of which €50 million is an accordion option, was signed in December 2021 at a variable rate on Euribor. Its two facilities mature in December 2024, with an optional year, and December 2025, respectively. As of December 31, 2021, €70 million was drawn. €130 million remain available if we include the accordion option.

As of December 31, 2021, the Company was in compliance with its leverage ratio financial covenant for its syndicated facility.

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

Exposure to credit risk

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

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

Financial instruments

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

Financial risk management

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

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

Currency risk

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

Interest rate risk

Majorel's interest rate risk arises primarily from financing agreements with banks and Bertelsmann Business Support S.à r.l., a subsidiary of Bertelsmann SE & Co. KGaA., and from cash and cash equivalents. As in the previous year, a change of 100 basis points in interest rates would have no significant impact on the Group's interest result.

Liquidity risk

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

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

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

Credit facilities with banks are maintained for unplanned expenditures. Currently, the Group is implementing a centralized cash management policy when in conformity with local legislation applying to its subsidiaries.

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

Financial derivatives

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

Capital management

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

2.13 RECOGNITION AND AWARDS 2021

It is always pleasing to gain the recognition and endorsement of our expert industry peers and clients, and Majorel was proud to receive multiple citations and awards in 2021.

RECOGNITION AND AWARDS 2021

Global Leader in Content Services, Trust & Safety

In April, we were named by research firm Everest Group as a Leader in its report "Trust and Safety – Content Moderation Services, PEAK Matrix® Assessment 2021." Everest rated Majorel particularly highly for its vision and capabilities, highlighting our strong focus and significant growth in the Content Services, Trust & Safety segment; our expansion to new regions of EMEA, South East Asia and LATAM, further increasing language and cultural diversity; our investment in new technologies to empower our team members; and our proactive global program to promote wellness and resiliency. Our clients mentioned Majorel's skilled talent pool and domain expertise as major strengths.

Global CX Leader in the BFSI sector

In June, Majorel was identified as a Leader in NelsonHall's NEAT vendor evaluation of CX Services in the global BFSI (Banking, Financial Services and Insurance) sector. It recognized how Majorel augments traditional human-focused sales skills in this area with specially developed digital platforms incorporating sophisticated analytics. Majorel Digital Banking also offers multiple solutions for digitizing and optimizing BFSI processes, including Majorel Navigator™, our proprietary tool for next generation insurance sales.

STAR PERFORMER

Star Performer in Global CXM

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

CXM Leader in EMEA – for the second year running

In September, Majorel was named by Everest Group as a Leader in its report "Customer Experience Management (CXM) in EMEA – Services PEAK Matrix® Assessment 2021", for the second consecutive year. As part of its assessment, Everest highlighted Majorel's significant growth, strong delivery footprint and the expansion of our digital and consulting capabilities as key strengths. In addition, clients praised our flexibility, agility, cost-efficiency, low attrition, partnership approach, team stability, reliability, and operational transparency.

Our many awards during the year included:

- Best Customer Experience Platinum Award;
- Technological Innovation Bronze Laureate at the CX Awards;
- Top Mittelstands Employer;
- Best European Contact Center at the European Technology Awards;
- Best Strategic Model for Work at Home;
- Analdex-ProColombia National Export Award; and
- Best Commercial Provider, Best Helpdesk, and Most Recommended Provider at the Excellence in Customer Relationship Awards.

Corporate Governance

3. Corporate Governance

Majorel Group Luxembourg S.A. (referred to here as "**Majorel**" or the "**Company**") and with its subsidiaries "**Majorel Group**") became a publicly listed company on the Euronext Amsterdam stock exchange on September 24, 2021. As a public company, Majorel recognizes the importance of appropriate corporate governance procedures in the management and oversight of its business. Majorel implemented a new governance structure prior to the listing.

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

3.1 CORPORATE GOVERNANCE POLICY AND PRACTICES

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

The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange

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

The X Principles include three series of rules, namely:

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

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

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

Recommendation 5.4

Majorel does not fully comply with this Recommendation, which provides that in the event of a declared conflict of interest, the operation or transaction concerned shall, once the Chairman of the Supervisory Board has been informed, be submitted by the conflicted member of the Management Board or Supervisory Board to the Audit

Committee or to the statutory auditor of Majorel, if possible prior to the execution of that operation or transaction. The Audit Committee or the statutory auditor shall then communicate an opinion to the Supervisory Board. Majorel deviates from this Recommendation as it has always been committed to maintaining a proper compliance structure to strengthen the effectiveness and proper functioning of its compliance organization, and has established proper procedures for potential conflicts of interests and intercompany transactions ("arm's length"). Majorel therefore considers the requirement to request a prior opinion to be communicated by the Audit Committee or the statutory auditor to be dispensable, given the conflict of interest procedures that are already in place.

Recommendation 5.6

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

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

Recommendation 8.3

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

3.2 MANAGEMENT

3.2.1 Biographies

3.2.1.1 The Supervisory Board

Moulay Mhamed Elalamy (32)

Chairman of the Supervisory Board, graduated from the University of British Columbia, Vancouver, with a bachelor's degree in commerce in 2012. Moulay started his career as an intern consultant for the Boston Consulting Group in Paris. He then worked as a private equity analyst with the Abraaj Group in Dubai and Istanbul, before joining Saham Assistance as General Manager in Casablanca, Morocco, in 2014. In 2015, he became Chairman of Saham Assistance (until 2017), transforming it from a national player into a large multinational enterprise by expanding its presence to 17 African countries, where it delivered medical and roadside assistance. At the same time, Moulay joined Saham SA (until 2016) as General Secretary, and Saham Agri (an agriculture venture) as Chief Executive Officer. Between 2017 and 2019, he served as Chief Executive Officer of Saham Assurance, a Moroccan publicly traded insurance company. He conducted the digital transformation of the company by creating a digital factory, which delivered end-to-end customer journey transformation for the 800,000 auto policy holders, from lead generation to claims management. In 2018, Moulay led the sale of Saham Finances, the insurance division of Saham SA, for a $2 billion valuation. He is currently the Chief Executive Officer of the Saham Management Company (formerly Saham SA), where he was responsible for the creation of the Saham partnership with Bertelsmann Group.

Moulay Mhamed Elalamy is a member of the Nomination and Compensation Committee.

Pim Berendsen (48)

Graduated from the University of Tilburg, the Netherlands, with a master's degree in economics in 1998. In 1997, he joined Arthur Andersen, where he worked as an international tax advisor until 2000. Pim joined PostNL N.V. and its legal predecessors in 2000 where he held various positions in the Netherlands, the United Kingdom, China, the Czech Republic and Italy, including Financial Director and, successively, Managing Director of Data and Document Management and member of the executive committee of PostNL N.V. Between 2013 and 2015, he was Director for Corporate Development at Van Gansewinkel Group before returning to PostNL N.V. to become a member of the executive committee, responsible for international, growth, M&A and strategic projects. In 2018, he was appointed Chief Financial Officer and a member of the board of management.

Pim Berendsen is Chair of the Audit Committee.

Jörn Caumanns (48)

Joined Bertelsmann in 2001 and, since then, has helped to shape its group portfolio. Over the last decade Jörn has held the position of group head of M&A, in which he has helped create leading players such as Penguin Random House and Majorel. Currently, Jörn's main responsibility is CFO of Bertelsmann Investments, which comprises more than 300 portfolio companies across China, India, Brazil, the US and Europe. He also has direct responsibility for various businesses at Bertelsmann. Prior to Bertelsmann, Jörn worked at J.P. Morgan in London and Frankfurt. Jörn holds a degree in business administration (Diplom-Kaufmann) from the University of Cologne and is a graduate of the HBS Advanced Management Program.

Jörn Caumanns is a member of the Nomination and Compensation Committee and the Audit Committee.

Rolf Hellermann (45)

Studied business administration in Vallendar, Germany, Los Angeles, USA and Nancy, France. He received his doctorate from WHU – Otto Beisheim School of Management in Vallendar. Following his studies, Rolf joined Bertelsmann SE & Co. KGaA at the Bertelsmann Corporate Center in 2004. In 2012, he became head of Bertelsmann's Corporate Controlling and Strategy department. From 2015 to 2018, he was Chief Financial Officer (CFO) of Arvato, the services division of Bertelsmann, and served as CEO of Arvato Financial Solutions from 2018 to 2020. He has been a member of Bertelsmann's Group Management Committee since 2019 and also heads the Bertelsmann Tech and Data Advisory Board. On January 1, 2021, Rolf became CFO and a member of the executive board at Bertelsmann Management SE. On the same date he joined the board of RTL Group S.A.

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

Laureen Kouassi-Olsson (39)

Holds a Master in Science of Management (MSc) with a specialization in Corporate Finance and Capital Markets from the EM Lyon Business School and is an alumna of Harvard Business School. Laureen is the founder and Executive Chair of Birimian Holding, an operational investment company dedicated to luxury and premium African heritage brands. She is a seasoned executive in the African financial services and private equity industries. She has over a decade of experience in investing in private companies and financial institutions on the African continent with positions at Lehman Brothers in London, Proparco, subsidiary of the French Development Agency and Amethis, leading French private equity fund dedicated to the African private sector and supported by the Edmond de Rothschild Group. Her professional achievements and commitments have gained significant recognition within the African financial services and private equity industries. Laureen has been recognized as one of the 100 most influential African women and has been cited in several Top 100 African young leader rankings.

Laureen Kouassi-Olsson is Chair of the Nomination and Compensation Committee.

Ghita Lahlou El Yacoubi (55)

Graduated from l'École Centrale de Paris, France, with a degree in engineering. Ghita started her career in 1991 as a finance and organizational consultant at Arthur Andersen, France. She joined Altair in Morocco as Financial Director in 1993 before moving to Groupe ONA in 1994, where she started as a project manager. In 1996, she became Director of Human Resources and Communications at Groupe ONA and, in 1999, she became Director of Purchasing, Human Resources and Marketing for Marjane, a group company of Group ONA. She joined Saham in 2001 as Managing Director of various subsidiaries, including Phone Group, Distribution Division, Saham Assurance Maroc, Saham Santé, Saham Education, Saham SA and the Saham Foundation for Equal Opportunity. Since 2014, Ghita has been Director of Saham Group, Africa, heading up the outsourced services and education divisions. She is also the Chief Executive Officer of GLENY, a financial and real estate investment company, and École Centrale Casablanca, Morocco. Additionally, she has been a member of the General Confederation of Enterprises of Morocco (CGEM) since 2012. She is also the President and co-founder of the "Les Citoyens" movement; administrator of the Orient Occident Foundation; and administrator and member of the office of the Ali Zaoua Association for the Development of "Les Étoiles" Cultural Centers.

Ghita Lahlou El Yacoubi is a member of the Audit Committee.

Matthias Moeller (51)

Studied computer science and business administration before joining Bertelsmann/Arvato in 1995, where he has held various roles. He has been a part of the senior management team for IT Services since 2003. From 2012 to the end of 2016, Matthias was CEO of Arvato Systems Perdata GmbH and, therefore, responsible for IT solutions and services for the utilities industry. As CEO of Arvato Systems, he has been responsible for the overall business of the Arvato Systems Group since April 1, 2016. On January 1, 2019, he additionally took on the role of CIO of Bertelsmann.

Nina Weiden (47)

Holds a master's degree in business administration from WHU-Otto Beisheim School of Management, Vallendar, Germany; an MBA from INSEAD, Fontainebleau, France; and a doctoral degree from the University of St Gallen, Switzerland. Nina has 20 years of experience in M&A and spent 12 years in London as a telecom and media sector banker working for Morgan Stanley, UBS and Credit Suisse/DLJ. She advised large multinationals, family-owned companies, sponsors and founders on M&A, IPOs and debt financings across Europe, the Middle East and Africa (EMEA). Nina joined Bertelsmann in 2013 as Senior Vice President M&A, focusing on buy- and sell-side transactions for the Group across all geographies.

Bettina Wulf (59)

Graduated from the University of Bielefeld, Germany, with a degree in law in 1988. After being admitted to the bar, she worked as an associate/freelancer at a law firm before joining the legal department of Siemens Nixdorf Informationssysteme AG from 1989 to 1993. Bettina has been a member of the corporate legal department of Bertelsmann SE & Co. KGaA since July 1993, with particular experience in global M&A transactions. In 2014, she was honored by the International Law Office with the "European Counsel Award" for her prominent role in highly complex M&A transactions requiring level-headed negotiation skills.

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

3.2.1.2 The Management Board

Thomas Mackenbrock (46)

Chief Executive Officer (CEO). Thomas has served as Majorel's CEO since the Company was founded in January 2019.

Thomas studied business administration and economics in Ingolstadt, Chicago and Leipzig, and obtained his doctorate (Ph.D.) at the Martin Luther University of Halle-Wittenberg. In 2000, he started his professional career with McKinsey & Company where he supported clients across various industry sectors with a particular focus on the high-tech and telecom space. In 2006, he joined Bertelsmann as a Senior Director for Business Development and in 2008 was promoted to Vice President. In this role, he worked on numerous strategy and corporate development projects across Bertelsmann's business portfolio in Europe, China and the Americas. In 2012, he became Managing Director of Bertelsmann Brazil, leading Bertelsmann's business development and investments there for the following four years. In 2016, Thomas returned to Europe and worked as Executive Vice President for BMG. In 2017, he was appointed Chief Strategy Officer (CSO) at Arvato Group before becoming Chief Executive Officer (CEO) of Arvato CRM Solutions. In 2019, he was appointed Chief Executive Officer of Majorel Group Luxembourg S.A.

Otmane Serraj (48)

Chief Financial & Shared Services Officer (CFSO). Otmane has served as Majorel's CFSO since the company was founded in January 2019. He is also Chief Information Officer (CIO).

Otmane studied mechanical engineering with a focus on mechanics, fluid mechanics and oceanography at the École Polytechnique in Paris, France and MIT in Boston, USA. He also studied telecommunications at the École Nationale Supérieure des Telecommunications in Paris, France. Otmane started his career in 1996 as Security Product Manager at France Telecom before joining Siris as IP Networks Design Manager in 1997. After several positions in the technical and IT departments at Oreka, Firstream and Alphyra, he became the head of the Dell offshore business center in Morocco in 2007, serving all French, Spanish and Italian-speaking customers in EMEA and Canada. From 2012 to 2014, Otmane served as the General Manager at Bull in Maghreb, supervising its subsidiaries in Morocco, Algeria, Tunisia and Libya. He then joined Majorel's predecessor businesses in 2015, where he served as Managing Director of different Group companies until the end of 2019, and as a board member until the end of 2020. From January to August 2019, he was Managing Director of Majorel Group Luxembourg S.à r.l. before being appointed Chief Financial and Shared Services Officer of Majorel Group Luxembourg S.A.

3.2.2 Boards and committees

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

Management Board

The Management Board is responsible for managing Majorel, and the members of the Management Board represent the Company in dealing with third parties. All decisions of the Management Board require the prior approval of the Supervisory Board; however, the Supervisory Board has decided to authorize all management actions by the Management Board without approval to the extent that such actions do not constitute a matter listed as a "**Supervisory Board Consent Matter**" in the rules of procedure of the Supervisory Board[32]. Within this limit, the Management Board is vested with the broadest powers to act in the name of Majorel and to take any actions necessary or useful to fulfill Majorel's corporate purpose. All powers not expressly attributed to the Supervisory Board or to the General Meeting (by the 1915 Law, by the Articles of Association or the internal rules of procedure of the Supervisory Board) shall be within the competence of the Management Board.

As of December 31, 2021, the Management Board of Majorel was composed of two members, with Thomas Mackenbrock being the Chairman and Chief Executive Officer (the "**CEO**") and Otmane Serraj being the Chief Financial and Shared Services Officer (the "**CFSO**").

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

The biographies of the Management Board members are included on page 57 of this Annual Report.

The members of the Management Board are appointed by the Supervisory Board, following proposal by the Nomination and Compensation Committee (the "**NCC**"). The Supervisory Board also determines the remuneration of the Management Board members and the terms of their office. Pursuant to Majorel's Articles of Association, the members of the Management Board are elected for a term of up to six years. The members of the Management Board are eligible for reappointment. A member of the Management Board may be removed, with or without cause, by a resolution adopted by the Supervisory Board. A member of the Management Board cannot be a member of the Supervisory Board at the same time.

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

Activities of the Management Board in 2021

The Management Board met 17 times in 2021 by conference call and adopted some decisions by circular resolution. The attendance rate was 100%.

Supervisory Board

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

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

necessary to enable the Supervisory Board to supervise the management of Majorel. In addition, the Supervisory Board can proceed to, or require, any verifications in relation to the management function. The Supervisory Board shall grant or deny the Management Board its consent to carry out the Supervisory Board Consent Matters.

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

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

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

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

As of 31 December 2021, the Supervisory Board members were as follows:

Name	Class	Member since	Appointed until
Moulay Mhamed Elalamy	B	2019	AGM 2025
Pim Berendsen	A	2021*	AGM 2025
Jörn Caumanns	A	2019	AGM 2025
Rolf Hellermann	A	2021*	AGM 2025
Laureen Kouassi-Olsson	A	2021*	AGM 2025
Ghita Lahlou El Yacoubi	B	2019	AGM 2025
Matthias Moeller	A	2021*	AGM 2025
Nina Weiden	A	2021*	AGM 2025
Bettina Wulf	A	2020	AGM 2025

* The Extraordinary General Meeting held on September 17, 2021 appointed the Supervisory Members indicated above as being members since 2021, and acknowledged the resignations of Mr. Moulay Hafid Elalamy, Mr. Thomas Götz and Mr. Thomas Rabe as Supervisory Board members with effect from the date of the Extraordinary General Meeting.

The biographies of the Supervisory Board members are included on pages 54 to 56 of this Annual Report.

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

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

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

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

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

Activities of the Supervisory Board in 2021

The Supervisory Board met six times by conference call in 2021, with an attendance rate of 100%. The Supervisory Board approved at its meeting of September 17, 2021 new governance documents implementing the Company's revised governance structure, including the internal rules and governance of Majorel and Majorel's corporate governance charter (as published on Majorel's website (www.majorel.com)).

Committees of the Supervisory Board

The Audit Committee

The Supervisory Board established an Audit Committee (the "**Audit Committee**") on September 17, 2021, which oversees:

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

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

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

The current members of the Audit Committee are Pim Berendsen (Chair), Rolf Hellermann, Jörn Caumanns, Bettina Wulf and Ghita Lahlou.

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

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

Activities of the Audit Committee in 2021

Following its creation on September 17, 2021, the Audit Committee met once by conference call with 100% attendance. At this occasion, the Audit Committee notably reviewed Majorel's governance, compliance and internal control framework and considered the independent audit plan for the year ended December 31, 2021. Its Chairman reported to the subsequent Supervisory Board meeting on the discussions held and conclusions taken by the Audit Committee.

Nomination and Compensation Committee.

The Supervisory Board established the Nomination and Compensation Committee (the "**NCC**") on September 17, 2021. The missions of the NCC are to:

- assist the Supervisory Board in supervising the Management Board with respect to the Majorel Group's compensation programs and compensation of the senior management and other personnel of the Majorel Group (including any long-term incentive and management incentive plan);
- advise the Supervisory Board on the remuneration of the individual members of the Management Board and the Supervisory Board within the scope of the remuneration policy to be submitted to the General Meeting to be held in respect of the financial year ended December 31, 2021;
- monitor the application of the Majorel Group's remuneration policy; and
- assist the Supervisory Board with the selection and appointment procedures for members of the Supervisory Board, the Management Board and other senior management. The NCC shall also be responsible for the preparation of the annual remuneration report of the Supervisory Board, included in section 4 of this Annual Report.

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

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

The current members of the NCC are Laureen Kouassi-Olsson (Chair), Rolf Hellermann, Jörn Caumanns, Bettina Wulf and Moulay Mhamed Elalamy.

The NCC meets at least twice every financial year.

Activities of the NCC in 2021

Since its creation on September 17, 2021, the NCC has met once by conference call with 100% attendance. On this occasion, the NCC notably considered matters related to the long-term incentivization and compensation system for senior managers, the determination of special performance bonuses for 2021, and reviewed the senior executive employees list. Its Chairwoman reported to the subsequent Supervisory Board meeting on the discussions held and conclusions taken by the NCC.

Transactions in shares by management

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

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

3.3 SHARES AND SHAREHOLDERS

Share capital

Issued share capital

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

All Shares entitle to the same rights:

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

Issue of Shares – Authorized share capital

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

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

As of December 31, 2021, pursuant to the Articles of Association, Majorel's authorized capital, excluding the issued share capital, is set at €2,000,000, represented by 200,000,000 shares having an accounting par value of €0.01 each (the "**Authorized Capital**").

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

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

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

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

Treasury shares

The Company purchased no treasury shares during the year ended December 31, 2021 and held no treasury shares on that date.

Significant shareholders

At December 31, 2021, the significant shareholders of Majorel, within the meaning of the Luxembourg law of January 11, 2008 on transparency requirements (the "**Transparency Law**"), were as follows:

- Holding **39.49%** of the Majorel issued share capital, **Bertelsmann Luxembourg S.à r.l.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 43, Boulevard Pierre Frieden, L-1543 Luxembourg, Luxembourg and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 187218. The voting rights held by Bertelsmann Luxembourg S.à r.l. are indirectly controlled by Christoph Mohn through Bertelsmann SE & Co. KGaA and Bertelsmann Verwaltungsgesellschaft mbH. The shares in Bertelsmann SE & Co. KGaA are held by foundations (Bertelsmann Stiftung, Reinhard Mohn Stiftung, BVG-Stiftung) and the Mohn Family. All voting rights at the general meeting of Bertelsmann SE & Co. KGaA are controlled by Bertelsmann Verwaltungsgesellschaft mbH. Only Christoph Mohn has indirect voting control of Bertelsmann Verwaltungsgesellschaft mbH through a veto right.
- Holding together **39.49%** of the Majorel issued share capital, the **Saham Shareholders**, i.e. **Saham Customer Relationship Investments S.à r.l.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 6, Rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 239278; and **Saham Outsourcing Luxembourg S.à r.l.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 12 C, Rue Guillaume Kroll, L-1882 Luxembourg, Luxembourg and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 229519. The voting rights held by the Saham Shareholders are attributed indirectly to Moulay Hafid Elalamy.

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

As at December 31, 2021, senior executives of Majorel held 0.91% of the Majorel issued share capital.

General Meetings of shareholders

The Annual General Meeting is held within six months following the end of the financial year at the address of the registered office of Majorel or at such other place in the Grand Duchy of Luxembourg as may be specified in the convening notice of the Annual General Meeting. Majorel may decide, depending on the developments regarding the COVID-19 pandemic, to hold the Annual General Meeting without any physical attendance as permitted by Luxembourg law.

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

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

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

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

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

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

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

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

3.4 LUXEMBOURG LAW ON TAKEOVER BIDS DISCLOSURES

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

Share capital structure

The Company has issued a single category of shares. At December 31, 2021, Majorel had one hundred million (100,000,000) registered shares with an accounting par value of one eurocent (€0.01) each in issue, all of which are admitted to listing and trading on the regulated market operated by Euronext Amsterdam N.V.

Transfer restrictions

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

Without prejudice to the foregoing, certain lock-up arrangements, which condition the transferability of their shares to a certain extent, have been made between the significant shareholders mentioned in point 3.3 on page 63 of this report (the "**Major Shareholders**") and their respective shareholders (please see "Shareholders' agreement with transfer restrictions" below for further details); between Majorel and certain of its senior executive officers; but also between the Major Shareholders and BNP Paribas, Citigroup Global Markets Limited and J.P. Morgan AG, who acted as joint global coordinators in the context of the admission to listing and trading of the Company's shares on the regulated market operated by Euronext Amsterdam N.V., as further described in the listing prospectus available on Majorel's website at www.majorel.com.

Major shareholders

The details of significant shareholders within the meaning of the Transparency Law are given in point 3.3 on page 63 of this Annual Report.

Special control rights

All shares in Majorel have the same rights (as further described in point 3.3 on page 62 of this report). No securities benefit from special control rights.

Control system in an employee share scheme

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

Voting rights

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

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

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

Shareholders' agreement with transfer restrictions

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

The Shareholders' Agreement:

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

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

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

Appointment and replacement of Board members

Please refer to point 3.2.2 on pages 58 to 60 of this report, which cover the appointment and replacement procedure for the members of the Management Board and the Supervisory Board. These reflect the terms of the arrangements between the Parties to the Shareholders' Agreement on this matter, as have been incorporated in Majorel's Articles of Association and/or internal rules and governance.

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

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

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

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

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

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

Amendments of the Articles of Association

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

Extraordinary general meetings of shareholders have a quorum requirement of at least 50% of Majorel's issued share capital to which voting rights are attached, unless otherwise provided by the Articles of Association or mandatorily required by law. If such quorum is not present, a second extraordinary general meeting of shareholders may be convened at a later date with no quorum according to the appropriate notification procedures. Resolutions must be adopted at an extraordinary general meeting by a two-thirds majority of the votes validly cast on such resolutions. Abstentions are not considered votes validly cast. Except in the case of a merger, a demerger or proceedings assimilated thereto under the 1915 Law, an amendment of the corporate objectives of the Company or its legal form requires in addition the approval by a General Meeting of holders of bonds issued by the Company at the majority and quorum provided for by the 1915 Law. For the avoidance of doubt, the Company has not, as at December 31, 2021, issued any bonds.

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

The Management Board is responsible for managing Majorel, and the members of the Management Board represent the Company in dealing with third parties. All decisions of the Management Board shall require the prior approval of the Supervisory Board; however, the Supervisory Board has decided to authorize all management actions by the Management Board without approval to the extent such actions do not constitute a matter listed as a "Supervisory Board Consent Matter" in the rules of procedure of the Supervisory Board.[33] Within this limit, the Management Board is vested with the broadest powers to act in the name of Majorel and to take any actions necessary or useful to fulfill Majorel's corporate purpose. All powers not expressly attributed to the Supervisory Board or to the General Meeting by the 1915 Law, by the Articles of Association or the internal rules of procedure of the Supervisory Board shall be within the competence of the Management Board.

The power of the Management Board with regard to the issue of shares is detailed under point 3.3 on page 62 of this Annual Report.

The Management Board and/or the Supervisory Board are not empowered to decide on a redemption of Majorel's shares. The only power of the Management Board in this context is the possibility to suspend the dividend rights attached to shares held in treasury by Majorel.

Significant agreements or essential business contracts

Under Majorel's contracts with its clients, Majorel's clients are generally not contractually committed to providing Majorel specific volumes; therefore, irrespective of any termination right that may arise out of a change of control

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

following a takeover bid, clients may in any case decide to reduce the volume provided to Majorel in the case of a takeover bid.

Agreements with board members and employees

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

Remuneration
Report

4. Remuneration Report

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

The Management Board and the Supervisory Board have jointly prepared the report on the remuneration of the members of the Management Board and Supervisory Board, providing a comprehensive overview of the remuneration awarded or due during the financial year 2021. In accordance with Article 7ter of the Luxembourg law of May 24, 2011 on Shareholders' Rights, as amended, the Remuneration Report presents the application of the remuneration policy applicable in the financial year 2021. Furthermore, the Remuneration Report will disclose the intended adjustments of the remuneration policy due to the Listing, which will become effective as of January 1, 2022.

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

The Remuneration Report will be presented to the Annual General Meeting on June 20, 2022 for an advisory vote.

4.1.1 Summary of the financial year 2021

The financial year 2021 represents a truly unique year for Majorel due to the Listing on September 24, 2021. For Majorel, it offers new opportunities for growth (see section 2.10 for more details on the Company's performance in the financial year 2021).

In the context of the Listing, Majorel has reviewed and redesigned the remuneration policy for the members of the Management Board and the Supervisory Board in accordance with Article 7bis of the Luxembourg law of May 24, 2011 on Shareholders' Rights, as amended. The new remuneration policy will be presented to the Annual General Meeting on June 20, 2022 for an advisory vote and will become effective as of January 1, 2022.

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

4.1.2. Management Board remuneration in 2021

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

In order to address the new challenges of Majorel after the successful listing in 2021, the existing remuneration policy will be adjusted from 2022 onwards. The proven and still strategically relevant elements of the remuneration policy will be retained and, where necessary, remuneration elements will be aligned more closely with the corporate strategy and investors' expectations. In addition, the remuneration policy 2022 takes particular account of the new regulatory requirements as a listed company, the interests of the shareholders and international best practice.

Remuneration policy 2021 and 2022

<table>
<tr><th></th><th></th><th>Remuneration policy 2021</th><th>Outlook: Remuneration policy 2022</th></tr>
<tr><td rowspan="3">Fixed remuneration</td><td>Annual base salary</td><td colspan="2">Fixed amount in cash payable in twelve equal installments</td></tr>
<tr><td>Fringe benefits</td><td colspan="2">Market standard benefits mainly comprising contributions to certain insurances and a car allowance</td></tr>
<tr><td>Pension</td><td colspan="2">Local pension benefits</td></tr>
<tr><td rowspan="2">Variable remuneration</td><td>Short-term-incentive (STI)</td><td>Target Bonus Model
Performance Criteria:
30.0% Revenue growth w/o M&A
30.0% Operating EBITDA margin
40.0% Individual targets
Payout: In cash
Cap: 130%</td><td>Target Bonus Model
Performance Criteria:
33.3% Organic net revenue growth
33.3% Operating EBITDA margin
33.3% Business targets
Payout: In cash
Cap: 150%</td></tr>
<tr><td>Long-term-incentive (LTI)</td><td>IPO Bonus with Equity Deferral
Performance Criteria:
Value Creation since inception
Triggering Event IPO Sep 2021
Long-term alignment with shareholders' and investors' expectations
Payout: In cash
Equity Deferral: Obligation to invest 25% of gross (equals approximately 50% of net payout amount assuming 50% tax rate) into company shares at IPO price with a lock-up period of 3 years</td><td>Restricted Stock Plan
Plan Term:
5 years:
1 year performance period
4 years lock-up period
Performance Criteria:
70% Net profit
30% ESG targets
Payout: in Cash; obligation to invest net payout amount into company shares with a lock-up period of four years
Cap: 200% of the target amount</td></tr>
<tr><td rowspan="2">Additional contractual provisions</td><td>Share Ownership Guideline (SOG)</td><td></td><td>SOG target in % of annual base salary:
200% for the CEO
150% for management board members
Holding period: obligation to hold the shares until the end of the service agreement</td></tr>
<tr><td>Malus/Clawback</td><td></td><td>Possibility to reduce (malus) or reclaim (clawback) remuneration due to performance or compliance issues</td></tr>
</table>

4.1.2.1. Fixed remuneration

Annual base salary

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

Fringe benefits

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

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

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

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

4.1.2.2 Variable remuneration

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

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

In connection with the Listing, the members of the Management Board have received an IPO Bonus with Equity Deferral, a part of which has to be reinvested in shares and which was expected to result in a cash expense. While the full amount of the IPO Bonus with Equity Deferral was expensed in 2021, the impact on cash flow from operating activities and free cash flow occurred in November 2021 and January 2022. The IPO Bonus with Equity Deferral has not impacted our operating EBITDA as it is adjusted as a special item. The Management Board members invested 25% of the gross payout amount (equals approximately 50% of the net payout amount after individual taxation) into company shares at offer share price of €33 per share with a lock-up period of three years to ensure long-term alignment with the other shareholders.

The Supervisory Board of Majorel has established a new remuneration policy with effect from January 1, 2022. To provide a holistic picture, both the variable remuneration applied in 2021 and the variable remuneration that will be applied from 2022 onwards are described below. Since the target achievement and payouts are solely available for 2021, the information on the variable remuneration in 2022 serves only as a guide.

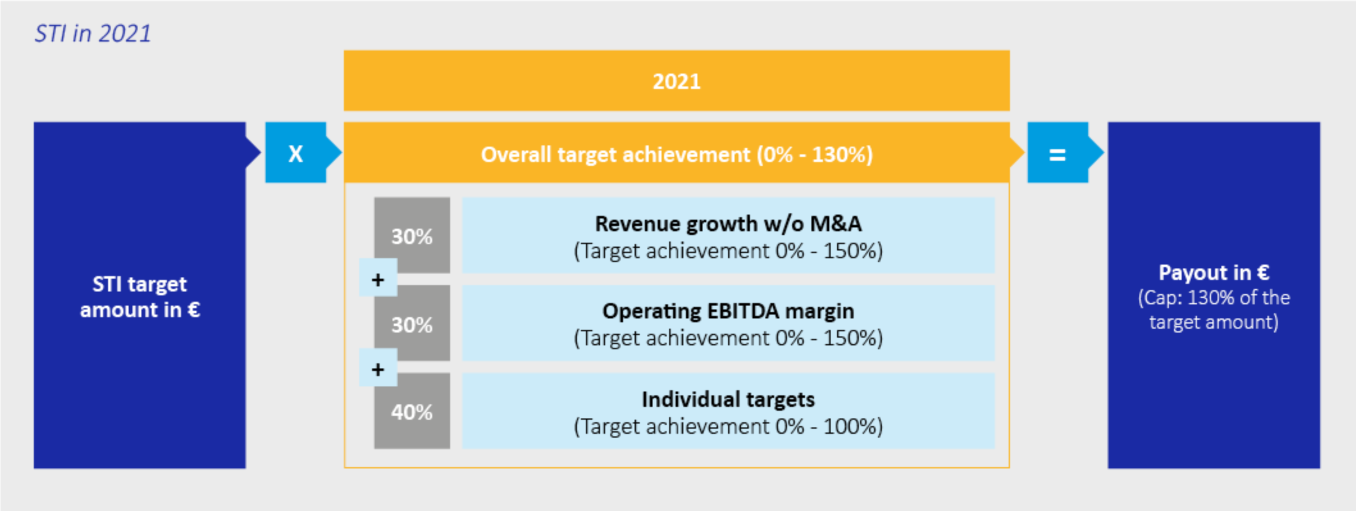
Short-term incentive (STI)
The STI 2021 was designed as a target bonus and included both financial and individual targets that are measured over a one-year period. For each Management Board member, the Supervisory Board determined a target amount (at 100% target achievement and a maximum of 130% in case of overachievement of the financial numbers) for the STI. The final payout of the STI will be made in cash at the end of the performance period and depends on the annual performance with regard to the defined financial and individual targets.

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

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

The financial targets have a weight of 60% (30% each), and the individual target(s) have a weight of 40% (100% in total). The target achievement of the financial targets can range from 0% to 150%, whereas the target achievement of the individual targets is capped at 100%. Consequently, the overall target achievement, and therefore the final payout of the STI, is capped at 130% of the target amount.

STI 2021 – Overview



Financial performance in 2021

The Supervisory Board set the target and threshold values for the financial targets at the beginning of the financial year.

In 2021, the target and threshold values as well as the actual values and the resulting achievement of the financial targets were as follows:

Target achievement for financial targets in STI 2021

		Target achievement							
Financial target	**Weighting**	**0%**	**25%**	**50%**	**100%**	**125%**	**150%**	**Actual**	**Target achievement**
Revenue growth w/o M&A*	30%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%	**23.6%**	**150.0%**
Operating EBITDA margin (STI definition)**	30%	12.0%	13.0%	14.0%	15.0%	16.0%	17.0%	**17.4%**	**150.0%**
					Weighted target achievement financial targets				**90.0%**

* Excluding China acquisition.
** STI agreement was based on operating EBITDA margin of total revenue; Official operating EBITDA based on net revenue is 18.0%.

Individual performance 2021

To take into account the non-financial and operationally relevant performance of the members of the Board of Management, individual targets were set at the beginning of the financial year at the reasonable discretion of the Supervisory Board. These targets address objectives relevant to the implementation of the Company's long-term strategy. For 2021, these individual targets covered the continued management of the COVID-19 pandemic, the further enhancement of Majorel's business development and organization, and the execution of certain strategic projects.

The Supervisory Board has assessed the individual performance of the members of the Management Board against the background of the predefined individual targets and set the target achievement at 100% for both members of the Management Board, given the fulfillment of their respective targets and the outstanding development of Majorel that is reflected in all financial and operational key performance indicators (see section 2.8 for KPIs).

Summary for STI 2021

Based on the performance with regard to financial and individual targets, the total target achievement and resulting payout for the STI 2021 was as follows:

Overview of STI 2021

		Target achievement				
	Target amount in € thousand	Revenue growth w/o M&A (30%)	Operating EBITDA margin (STI definition) (30%)	Individual targets (40%)	Total target achievement	Payout amount in € thousand
Thomas Mackenbrock	324	150%	150%	100%	130%	422
Otmane Serraj	216	150%	150%	100%	130%	281

Outlook: STI 2022 onwards

The STI from 2022 onwards will be slightly adjusted compared to the STI in 2021, in order to better reflect the Company's business model. The mechanism of the STI remains the same.

The financial performance target of "Revenue Growth w/o M&A" will change to "Organic net revenue Growth", in order to focus on the net revenue growth of the Company adjusted for foreign exchange effects and M&A activities.

The operating EBITDA margin target 2022 will be calculated in line with the Company definition as a percentage of Majorel's net revenue.

The individual targets will be adapted to business targets, which will be based on individual financial/operational targets that are quantitatively measurable. The target achievement for the performance targets can range from 0% to 150%. Hence, the maximum overall target achievement of the STI will be 150%.

Furthermore, the weighting of the targets is to be adjusted. The financial and business targets will be equally weighted at one-third each from 2022.

STI 2021 to 2022

Adaption of STI 2021 to STI 2022

	STI 2021		Outlook: STI 2022	
Performance period	One year		One year	
Performance targets	30%	Revenue growth w/o M&A	33.3%	Organic net revenue growth
	30%	Operating EBITDA margin	33.3%	Operating EBITDA margin
	40%	Individual targets	33.3%	Business targets
Cap	130% of target amount		150% of target amount	
Payout	In cash		In cash	

Long-term incentive (LTI)

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

The members of the Management Board were granted a long-term incentive plan, the main objectives of which were business development since the inception of Majorel and the subsequent long-term value creation of Majorel. The commitment was implemented by the Company in the form of an IPO Bonus with an Equity Deferral in 2021.

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

IPO Bonus with Equity Deferral

The IPO Bonus with Equity Deferral was designed as a one-off cash bonus to reward the successful value creation since inception and the completion of the Company's listing. It also aims to retain key managers and secure the successful future development of Majorel.

Under the IPO Bonus with Equity Deferral, the members of the Management Board have been required to invest 25% of the gross amount of the IPO Bonus (equal to approximately 50% of net payout amount after individual taxation) with Equity Deferral in Shares ("Deferral Shares"). This means that the Management Board members are obliged to invest in Deferral Shares from their post-tax net payment. Following determination of the Offer Price, the beneficiaries under the IPO Bonus with Equity Deferral have purchased Deferral Shares from the Selling Shareholders against payment of the Offer Price of €33 per share.

The Deferral Shares have then been deposited in the share deposit account of each of the beneficiaries. For each beneficiary under the IPO Bonus with Equity Deferral, a share deposit account was set up with a financial services provider designated by the Company. The costs of such share deposit accounts are borne by the Company. For the acquisition of the Deferral Shares, the Company had granted each beneficiary under the IPO Bonus with Equity Deferral an interest-free loan in an amount equal to the respective share of the purchase price. Upon request of the beneficiaries, the Company was entitled to pay out the loan on behalf of the members of the Management Board to the Selling Shareholder to facilitate the settlement process. The interest-free loan amount has been offset against the IPO Bonus with Equity Deferral paid to the relevant beneficiary.

In addition, the Deferral Shares are subject to a three year lock-up following the first day of trading ("Bonus Lock-Up Period"). If one of the following three conditions occurs during the Bonus Lock-Up Period, the Deferral Shares will be released and be at the free disposal of the members of the Management Board: (i) the completion of an M&A transaction and subsequent delisting of the Company, (ii) the free float of the Shares falling below 20% for more than six consecutive months, or (iii) a mandatory public offer being made for the Shares. The costs for the IPO Bonus with Equity Deferral and the share deposit accounts are borne by the Company.

The listing was successfully completed in September 2021. The IPO Bonus amounted to €29 million (gross) for Thomas Mackenbrock and €19 million (gross) for Otmane Serraj and was paid out in November 2021 for Thomas Mackenbrock and in January 2022 for Otmane Serraj.

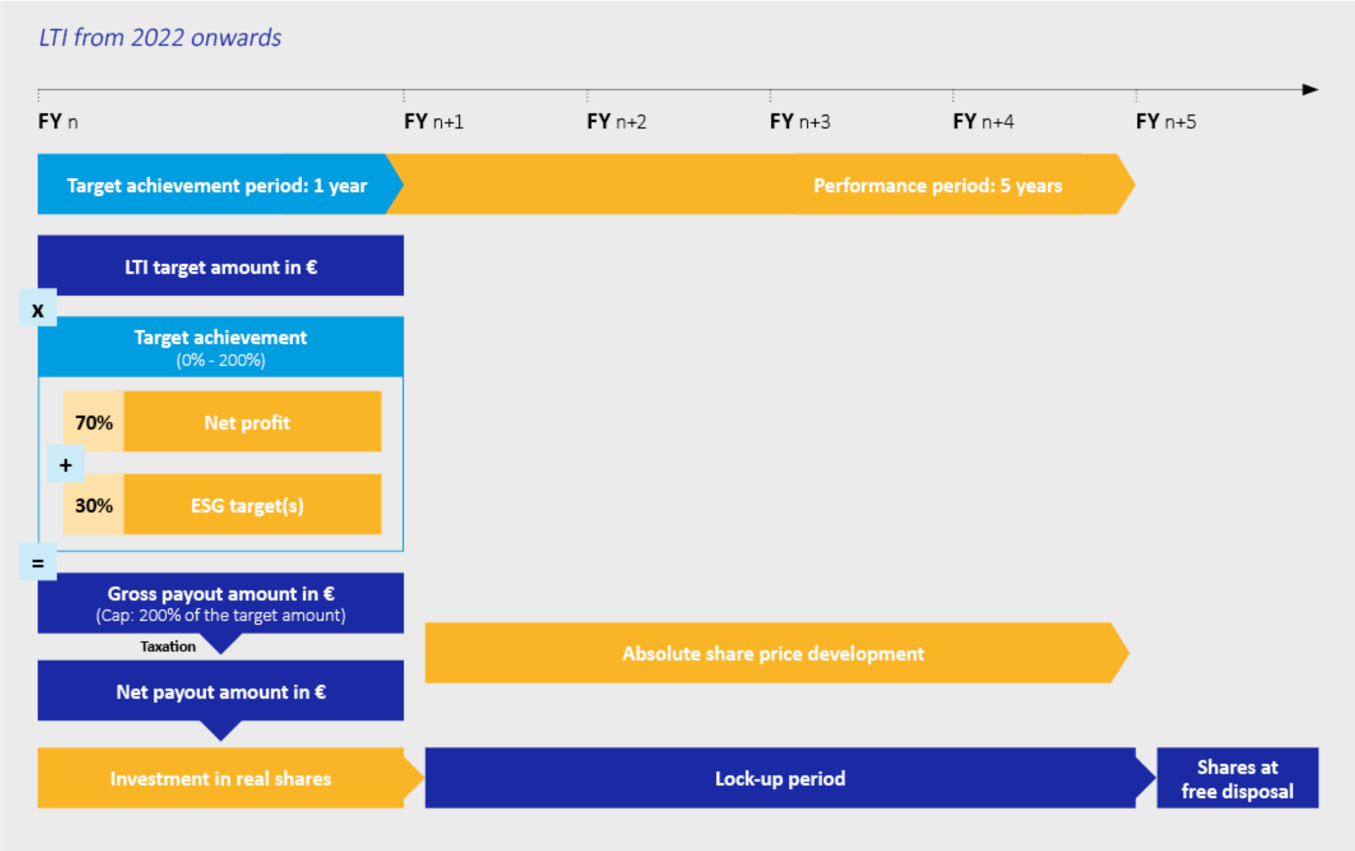
Outlook: LTI 2022 onwards

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

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

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

LTI 2022+ Overview



Share ownership guideline

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

Malus/clawback

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

In 2021, no variable remuneration was forfeited nor reclaimed.

4.1.2.3 Individual disclosure of Management Board remuneration in 2021

The following table summarizes the remuneration awarded or due during the financial year 2021 to the members of the Management Board, and the proportion of fixed to variable remuneration.

The members of the Management Board entered into service agreements with Majorel based on essentially similar terms. In addition to his service agreement with Majorel, Thomas Mackenbrock entered into a service agreement with Majorel Holding Deutschland GmbH, which stipulates that he will perform 80% of his total working activities in Germany and the remaining 20% in Luxembourg. At the same time, in addition to the service agreement with Majorel, Otmane Serraj entered into a service agreement with Majorel Holding Nederland B.V., which stipulates that he will perform 70% of his total working activities in the Netherlands and the remaining 30% in Luxembourg. The remuneration is paid by the respective companies in accordance with the split between the countries.

Remuneration awarded or due to the members of the Management Board during the financial year 2021

	Thomas Mackenbrock (Chief Executive Officer)		Otmane Serraj (Chief Financial and Shared Services Officer)	
	€ thousand	**%**	**€ thousand**	**%**
Fixed remuneration	547	2%	348	2%
Annual base salary	487		324	
Fringe benefits	12		15	
Pension expenses	48		9	
STI: Short-Term Incentive 2021	422	1%	281	1%
LTI: IPO Bonus with Equity Deferral	29,000	97%	19,000	97%
Total remuneration	**29,969**		**19,629**	

4.1.3 Supervisory Board remuneration in 2021

The current members of the Supervisory Board have been appointed/reconfirmed by a resolution of the Extraordinary General Meeting of Majorel, held on September 17, 2021, in accordance with the Articles of Association and applicable law.

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

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

The remuneration awarded or due during the financial year 2021 to the members of the Supervisory Board is summarized in the following table. It consists entirely of fixed remuneration elements. Payments were only made from September 17, 2022. No compensation for Supervisory Board members was agreed for the period prior to this.

Remuneration awarded or due to the members of the Supervisory Board during the financial year 2021

€ in thousand	Period	Fixed annual payment	Committee fees	Total remuneration
Members in office as of Dec. 31, 2021				
Moulay Mhamed Elalamy (Chairman since 17.09.2021)	01.01. - 31.12.2021	29	-	29
Pim Berendsen (Chair of Audit Committee)	17.09. - 31.12.2021	14	7	22
Jörn Caumanns	01.01. - 31.12.2021	14	-	14
Rolf Hellermann	17.09. - 31.12.2021	14	-	14
Laureen Kouassi-Olsson (Chair of NCC)	17.09. - 31.12.2021	14	7	22
Ghita Lahlou El Yacoubi	01.01. - 31.12.2021	14	-	14
Matthias Moeller	17.09. - 31.12.2021	14	-	14
Nina Weiden	17.09. - 31.12.2021	14	-	14
Bettina Wulf	01.01. - 31.12.2021	14	-	14
Former members				
Thomas Rabe	01.01. - 16.09.2021	-	-	0
Moulay Hafid Elalamy (Chairman)	01.01. - 16.09.2021	-	-	0
Thomas Götz	01.01. - 16.09.2021	-	-	0

Development of remuneration and Company performance over time

Annual values	2021	2020	2019
Remuneration of the Management Board in thousand €*			
Thomas Mackenbrock (Chief Executive Officer)	909	1,027	708
Otmane Serraj (Chief Financial and Shared Services Officer)	605	651	472
Remuneration of the Supervisory Board in thousand € **			
Moulay Mhamed Elalamy (Chairman of the Supervisory Board)	29	0	0
Pim Berendsen (Member of the Supervisory Board and Chair of Audit Committee)	22	n/a	n/a
Jörn Caumanns (Member of the Supervisory Board)	14	0	0
Rolf Hellermann (Member of the Supervisory Board)	14	n/a	n/a
Laureen Kouassi-Olsson (Member of the Supervisory Board and Chair of NCC)	22	n/a	n/a
Ghita Lahlou El Yacoubi (Member of the Supervisory Board)	14	0	0
Matthias Moeller (Member of the Supervisory Board)	14	n/a	n/a
Nina Weiden (Member of the Supervisory Board)	14	n/a	n/a
Bettina Wulf (Member of the Supervisory Board)	14	0	0
Average remuneration on a full-time equivalent basis of employees in thousand €			
Ø remuneration of employees of Majorel Group Luxembourg S.A.***	110	106	125
Company performance in million €			
Net revenue	1,752	1,340	1,172
Operating EBITDA	316	196	128

* Based on base salary, STI, discretionary bonuses, and without IPO Bonus with Equity Deferral in 2021
** No remuneration before September 17, 2021
*** Employees with employment contract in Luxembourg not within Management Board

Glossary of Terms

5. Glossary of Terms

Capital expenditure (CAPEX)

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

Cash conversion rate

Cash conversion rate is defined as free cash flow divided by operating EBITDA.

CEA

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

Change in like-for-like net revenue

Change in like-for-like net revenue corresponds to net revenue growth year over year, adjusted for certain specific, probably non-recurring items. For 2021 to 2020 like-for-like net revenue comparison the contribution of the first-time consolidation of the Chinese business and COVID-related business were adjusted.

China Business

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

COVID-19 Business

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

CR

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

CX/CXM

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

DE&I

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

EASA

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

EBIT

EBIT is defined as earnings before interest and taxes.

Economic debt

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

EPS

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

Free cash flow

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

GEMS

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

GRI

GRI refers to the Global Reporting Initiative, the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. They provide the world's most widely used standards for sustainability reporting – the GRI Standards.

Net revenue

Net revenue for the Group corresponds to revenues as reported in our management reporting less certain direct, order-related external costs which are part of external expenses and costs of materials and consist mainly of cost of services purchased (subcontracted or outsourced services). Net revenue for each Segment correspond to the according Segment revenues less certain direct, order-related inter-Segment and external costs. Management reporting data exclude revenues from minor activities (primarily the Sonopress Business) outside the Majorel Group's core business which are reported in the consolidated income statement (the "Sonopress Business" is defined as certain non-core business activities historically carried out by Arvato de Mexico, S.A. de C.V., which was wound down in 2021).

Net revenue retention

Net revenue retention is defined as net revenue generated by clients in FY2021 divided by net revenue generated by the same cohort of clients in FY2020 (excluding China Business).

Net working capital

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

Offshore

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

Operating EBITDA

Operating EBITDA is defined as EBIT (earnings before interest and taxes) adjusted for depreciation/amortization, impairment and reversal on intangible assets, property, plant and equipment and right-of-use assets, adjusted for (i) impairment on goodwill and other intangible assets with indefinite useful life as well as gains from business combinations, (ii) impairment on carrying amounts on assets held for sale, (iii) impairment/reversals on other financial assets at amortized cost, (iv) impairment/reversals on investments accounted for using the equity method, (v) results from disposals of investments, (vi) fair value measurement of investments, and (vii) restructuring and other special items. We use operating EBITDA to assess the operating performance of our business as operating EBITDA shows our EBIT as adjusted for depreciation and amortization, which are non-cash charges, and specific periodic outcomes to enhance comparability of results over periods. When comparing operating EBITDA with peer group data, it should be taken into account that the total adjustments in a given year do not represent the full amount of all special effects incurred in a given year, as rather only material effects subject to certain thresholds will be considered for the purpose of calculating operating EBITDA.

Operating EBITDA margin

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

Consolidated
Financial Statements

6. Consolidated Financial Statements

Consolidated statement of profit and loss

in € millions	Notes	2021	2020
Revenues	1	1,811	1,375
Other operating income	2	37	20
External expenses and costs of materials	3	(423)	(308)
Personnel costs	4	(1,236)	(894)
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	5	(85)	(77)
Results from investments accounted for using the equity method	12	1	1
Results from disposals of investments		-	(1)
EBIT (earnings before interest and taxes)		105	116
Interest income	6	1	-
Interest expenses	6	(3)	(2)
Other financial income	7	2	-
Other financial expenses	7	(5)	(7)
Financial result		(5)	(9)
Earnings before taxes		100	107
Income tax expense	8	(20)	(21)
Group profit or loss		**80**	**86**
attributable to:			
Majorel shareholders		80	86
Non-controlling interests		-	-
Earnings per share (in €)			
– Basic	9	0.80	0.86
– Diluted	9	0.80	0.86

The notes on pages 89 to 133 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

in € millions	Notes	2021	2020
Group profit or loss		80	86
Items that will not be reclassified subsequently to profit or loss			
Remeasurement component of defined benefit plans		9	(4)
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences			
– changes recognized in other comprehensive income		12	(8)
Other comprehensive income net of tax	17	21	(12)
Group total comprehensive income		**101**	**74**
attributable to:			
Majorel shareholders		101	74
Non-controlling interests		-	-

The notes on pages 89 to 133 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

in € millions	Notes	12/31/2021	12/31/2020
Assets			
Non-current assets			
Goodwill	10	94	53
Other intangible assets	10	20	8
Property, plant and equipment and right-of-use assets	11	245	190
Investments accounted for using the equity method	12	3	2
Trade and other receivables	14	1	1
Other non-financial assets	15	-	2
Deferred tax assets	8	38	15
		401	271
Current assets			
Trade and other receivables	14	467	307
Other financial assets	13	11	1
Other non-financial assets	15	68	56
Current income tax receivables		18	9
Cash and cash equivalents	16	238	195
		802	568
		1,203	**839**
Equity and liabilities			
Equity	17		
Subscribed capital[a)]		1	-
Capital reserve		255	275
Retained earnings		138	37
Majorel shareholders' equity		394	312
Non-controlling interests		5	5
		399	317
Non-current liabilities			
Provisions for pensions and similar obligations	18	43	50
Other provisions	19	8	5
Deferred tax liabilities	8	2	-
Financial debt	20	70	20
Lease liabilities	21	80	58
Other non-financial liabilities	22	-	1
		203	134
Current liabilities			
Other provisions	19	30	22
Financial debt	20	89	34
Lease liabilities	21	45	37
Trade and other payables	22	156	132
Other non-financial liabilities	22	261	153
Current income tax payables		20	10
		601	388
		1,203	**839**

a) As of December 31, 2021, the subscribed capital amounts to €1 million (December 31,2020: €404 thousand).
The notes on pages 89 to 133 are an integral part of these consolidated financial statements.

Consolidated statement of cash flow

in € millions	Notes	2021	2020
Earnings before interest and taxes		105	116
Amortization, depreciation and write-ups of non-current assets	5	85	77
Gains/losses from disposals of non-current assets		-	1
Change in provisions for pensions and similar obligations	18	(1)	(5)
Change in other provisions	19	11	13
Change in net working capital		24	39
Taxes paid	8	(40)	(17)
Other effects		1	(1)
Cash flow from operating activities		185	223
Investments in:			
– intangible assets	10	(4)	(3)
– property, plant and equipment	11	(57)	(43)
– purchase prices for consolidated investments (net of acquired cash)	25	(56)	(3)
– prepaid consideration for business acquisition	14	(58)	-
- other investments and financial assets		(5)	-
Disposals of other fixed assets		6	4
Cash flow from investing activities		(174)	(45)
Proceeds from/redemption of other financial debt	26	105	(16)
Redemption of lease liabilities		(46)	(40)
Interest paid		(6)	(5)
Change in equity		-	2
Dividends to Majorel shareholders	17	(19)	-
Other effects		(8)	1
Cash flow from financing activities		26	(58)
Change in cash and cash equivalents		37	120
Exchange rate effects and other changes in cash and cash equivalents		6	(4)
Cash and cash equivalents as of 1/1		195	79
Cash and cash equivalents as of 12/31	**16**	**238**	**195**

The notes on pages 89 to 133 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

in € millions	Notes	Subscribed capital[a)]	Capital reserve	Retained earnings	Majorel shareholders' equity	Non-controlling interests	Total
Balance as of 1/1/2020		-	275	(37)	238	4	242
Group profit or loss		-	-	86	86	-	86
Other comprehensive income	17	-	-	(12)	(12)	-	(12)
Group total comprehensive income		-	-	74	74	-	74
Dividend distributions		-	-	-	-	-	-
Equity transactions with shareholders		-	-	-	-	-	-
Other changes		-	-	-	-	1	1
Balance as of 12/31/2020		**-**	**275**	**37**	**312**	**5**	**317**
Balance as of 1/1/2021		-	275	37	312	5	317
Group profit or loss		-	-	80	80	-	80
Other comprehensive income	17	-	-	21	21	-	21
Group total comprehensive income		-	-	101	101	-	101
Dividend distributions	17	-	(19)	-	(19)	-	(19)
Transfer	17	1	(1)	-	-	-	-
Equity transactions with shareholders		1	(20)	-	(19)	-	(19)
Other changes		-	-	-	-	-	-
Balance as of 12/31/2021		**1**	**255**	**138**	**394**	**5**	**399**

a) As of December 31, 2021, the subscribed capital amounts to €1 million (December 31, 2020: €404 thousand).
The notes on pages 89 to 133 are an integral part of these consolidated financial statements.

General Principles

Majorel is a customer experience (CX) service provider with more than 69,000 employees based in 35 countries (32 operating countries) as of December 31, 2021 in Europe, the Middle East, Africa, Americas and Asia.

Majorel (hereafter also referred to as "Majorel Group" or "Group") was established when the German-based Bertelsmann SE & Co. KGaA (hereafter referred to as "Bertelsmann" or "Bertelsmann Group") and the Moroccan-based Saham Group (hereafter also referred to as "Saham") merged their respective customer relationship management (CRM) businesses Arvato Customer Relationship Management and Phone Group, ECCO Outsourcing and Pioneers Outsourcing. The transaction was agreed upon between Bertelsmann and Saham in September 2018, following which Bertelsmann contributed its customer relationship management business subsidiaries. On January 4, 2019, Saham contributed its customer relationship management business subsidiaries. Since then, the Majorel Group has been operating as a venture between Bertelsmann and Saham.

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

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

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

The Majorel Consolidated Financial Statements as of December 31, 2021, were prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the related interpretations (IFRIC) of the IFRS Interpretations Committee (IFRS IC) that are applicable in the European Union (IFRS-EU).

Majorel uses one set of global accounting policies, which are IFRS compliant. The principal accounting policies adopted in the preparation of the Consolidated Financial Statements are set out in the section "Accounting and Measurement Policies." These policies have been consistently applied to all the years and consolidated statement of financial position dates presented, unless otherwise stated. The Consolidated Financial Statements as of December 31, 2021, were authorized for issue by the Management Board on March 15, 2022.

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

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

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

Impact of New Financial Reporting Standards

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

Impact of Issued Financial Reporting Standards that Are Not Yet Effective

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

Effects of Coronavirus Pandemic on the Consolidated Financial Statements

The coronavirus outbreak has continued to develop during 2021, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. Majorel Management has continuously been monitoring the business and financial performance of the Majorel Group and has not identified any severe impacts on business and financial performance.

During the ongoing coronavirus pandemic, accounting impacts continue to be evaluated for the particularly relevant areas of impairment testing for goodwill and individual assets, leasing, trade receivables, government grants, deferred tax assets, losses from onerous contracts and revenues. No significant issues have been noted. Due to the overall economic situation in 2021, which appears to be significantly more stable and is expected to remain more stable, no triggering event has been identified for a necessary impairment test of goodwill during the period, despite the ongoing coronavirus pandemic. Overall, no negative effects on the Majorel Group's financial position, performance and cash flows are currently expected. Furthermore, the information presented in the notes to the Consolidated Financial Statements of December 31, 2021 in section "Significant Accounting Judgments, Estimates and Assumptions" applies. Management is of the opinion that the additional estimates and discretionary decisions required by the coronavirus pandemic take appropriate account of the currently foreseeable microeconomic and macroeconomic situation.

Consolidation

Principles of Consolidation

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

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are companies controlled by Majorel Group Luxembourg S.A. in accordance with IFRS 10. Consolidation begins on the date on which the ability to exercise control exists and ends when Majorel loses the ability to exercise control. Profit or loss and each component of total comprehensive income are attributed to the shareholders of the parent company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. In accordance with IFRS 3, business combinations are accounted for using the acquisition method. At the acquisition date, the identifiable assets and liabilities are measured at their fair values, non-controlling interests are measured at the proportionate share in the recognized amounts of the acquiree's identifiable net assets. If the consideration transferred for the business combination or the fair values attributable to the identifiable assets and liabilities of the company acquired can only be provisionally identified on the date of initial accounting, the business combination is accounted for using these provisional values. Initial accounting is completed in accordance with IFRS 3.45, taking into account the one-year measurement period. Comparative information for reporting periods prior to the completion of initial accounting is presented as if it had already been completed on the acquisition date. Changes in the parent's ownership interest in a subsidiary that do not lead to a loss of control are accounted for as equity transactions. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the consolidated statement of profit and loss. Any investment retained in the former subsidiary as well as any amounts owed by or to the former subsidiary are accounted for in accordance with the applicable IFRSs from the date when control is lost. That retained interest is remeasured, at the date that control is lost at fair value on initial recognition of a financial asset in accordance with IFRS 9 or at the cost on initial recognition of an investment in an associate or joint venture.

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

Majorel recognizes immaterial investments in accordance with IFRS 9.

Scope of Consolidation

The scope of consolidation consists of 96 (December 31, 2020: 87) companies. This includes 95 (December 31, 2020: 86) fully consolidated companies. In addition, 1 associate (December 31, 2020: 1) is accounted for using the equity method in the Consolidated Financial Statements. There were 3 companies without significant business operations which were excluded from the scope of consolidation due to their negligible importance for the financial position and financial performance of Majorel (previous year: nil).

As of December 31, 2021 and 2020, the detailed list of fully consolidated subsidiaries (FC) and the associate accounted for using the equity method (EM) is as follows:

Name	Country	Consolidation Method	2021 Share	2020 Share
3media SARL	France	FC	100	100
ACR France SARL	France	FC	100	100
Administration Personnel Services Sp. z o.o.	Poland	FC	100	100
Anteles SARL	France	FC	100	100
AQUITEL SAS	France	FC	100	100
Arvalife SAS	France	FC	100	100
Arvato de Mexico, S.A. de C.V.	Mexico	FC	100	100
Arvato Services S.A.C.	Peru	FC	100	100
Bertelsmann - Arvato Commercial Services (Shanghai) Co. Ltd**	China	FC	100	-
Call Insurance SARL	France	FC	100	100
Camaris SARL	France	FC	100	100
Cap2Call SARL	France	FC	100	100
Capdune SARL	France	FC	100	100
Ceacom SARL	France	FC	100	100
Cometz SARL	France	FC	100	100
CRM Holding GmbH	Germany	FC	100	100
Document Channel SAS	France	FC	100	100
Duacom SARL	France	FC	100	100
Ecco Gulf WLL	Qatar	EM	49	49
Eclipse Holdings Limited	Malta	FC	100	100
Eclipse Technologies for Business Services Majorel S.A.E.	Egypt	FC	100	100
Egyptian Call Center Operators Majorel S.A.E.	Egypt	FC	100	100

EMEA CRM hub Netherlands B.V.	Netherlands	FC	100	100
Euracom SARL	France	FC	100	100
Hainan Mairui Information Technology Co. Ltd**	China	FC	100	-
International Company for Human Resources and Management Services IMI Majorel S.A.E.	Egypt	FC	100	100
Isilis SAS	France	FC	100	100
Junokai GmbH**	Germany	FC	100	-
KWS Kontowechsel Service GmbH	Germany	FC	100	100
Majorel Academy SARL	Morocco	FC	100	100
Majorel Africa S.A.	Morocco	FC	100	100
Majorel Africa Services SARL	Morocco	FC	100	100
Majorel Armenia LLC	Armenia	FC	100	100
Majorel Benelux B.V.	Netherlands	FC	100	100
Majorel Berlin GmbH	Germany	FC	100	100
Majorel Brandenburg GmbH	Germany	FC	100	100
Majorel Bucaramanga S.A.S.	Colombia	FC	100	100
Majorel C.Limited**	Crotia	FC	100	-
Majorel Canada, Inc.	Canada	FC	100	100
Majorel Colombia S.A.S.	Colombia	FC	100	100
Majorel Consulting GmbH*	Germany	FC	-	100
Majorel Corporate Portugal, SGPS, Lda.	Portugal	FC	100	100
Majorel Cote D'Ivoire S.A.R.L.	Cote d'Ivoire	FC	100	100
Majorel Cottbus GmbH	Germany	FC	100	100
Majorel Deutschland GmbH	Germany	FC	100	100
Majorel Dortmund GmbH	Germany	FC	100	100
Majorel Energy GmbH	Germany	FC	100	100
Majorel Erfurt GmbH	Germany	FC	100	100
Majorel Estonia OÜ	Estonia	FC	100	100
Majorel Georgia LLC	Georgia	FC	100	100
Majorel Group Luxembourg S.A.	Luxembourg	FC	100	100
Majorel Holding Deutschland GmbH	Germany	FC	100	100
Majorel Holding Nederland B.V.	Netherlands	FC	100	100
Majorel Hong Kong Limited	China	FC	100	100
Majorel Iberia, S.L.U.	Spain	FC	100	100
Majorel India Private Limited	India	FC	100	100
Majorel Ireland Limited	Ireland	FC	100	100
Majorel Italy S.r.l.	Italy	FC	100	100
Majorel Kenia Limited	Kenya	FC	100	100
Majorel Malaysia Sdn. Bhd.	Malaysia	FC	100	100
Majorel Morocco SARL	Morocco	FC	100	100
Majorel Münster GmbH	Germany	FC	100	100
Majorel Nordhorn GmbH	Germany	FC	100	100
Majorel Outsourcing SARL	Morocco	FC	100	100

Majorel Philippines Corp.	Philippines	FC	100	100
Majorel Polska Sp. z o.o.	Poland	FC	100	100
Majorel Portugal, Unipessoal, Lda.	Portugal	FC	100	100
Majorel QA Solutions, S.A.U.	Spain	FC	100	100
Majorel Real Estate GmbH	Germany	FC	100	100
Majorel Rostock I GmbH	Germany	FC	100	100
Majorel Rostock II GmbH	Germany	FC	100	100
Majorel Saarbrücken GmbH	Germany	FC	100	100
Majorel Saudi for Business Services Co. Limited	Saudi Arabia	FC	70	70
Majorel Severna Makedonija Dooel Skopje**	North Macedonia	FC	100	-
Majorel Senegal SUARL	Senegal	FC	100	100
Majorel SP Solutions, S.A.U.	Spain	FC	100	100
Majorel Systems Spain, S.A.U.	Spain	FC	100	100
Majorel Togo SARL	Togo	FC	100	100
Majorel Tria, S.L.U.	Spain	FC	100	100
Majorel UK Limited	Great Britain	FC	100	100
Majorel USA, Inc.	USA	FC	100	100
Majorel Wilhelmshaven GmbH	Germany	FC	100	100
MBD - Majorel Business Developpement SAS	France	FC	100	100
MSE - Majorel Strategie & Expertises SARL	France	FC	100	100
MSE - Majorel Strategy & Expertise SRL	Romania	FC	100	100
Nordcall SARL	France	FC	100	100
Ramyam Intelligence Lab Private Limited	India	FC	100	100
Saubren S.A.**	Uruguay	FC	100	-
Shanghai Bertelsmann Commercial Services Co. Ltd.**	China	FC	100	-
Shanghai Bertelsmann-arvato Information Services Co. Ltd.**	China	FC	100	-
Shanghai Kaichang information technology Co., Ltd**	China	FC	100	-
Soneo SARL	France	FC	100	100
Tellis Telephone Limousin Services SARL	France	FC	100	100
Twin Trust SARL	Morocco	FC	100	100
Wuxi Kaize Information Technology Services Co. Ltd**	China	FC	100	-
yzee - services SARL	France	FC	100	100

*Merged with Junokai GmbH in October 2021
** Acquired or incorporated in 2021

Foreign Currency Translation

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

The financial statements of subsidiaries and associates that were prepared in foreign currencies are translated into euros using the functional currency concept set out in IAS 21 before they are included in the Consolidated Financial

Statements. Assets and liabilities are translated into the reporting currency at the closing rate at the end of the reporting period, while statement of profit or loss items are translated at the average rate for the financial year. Foreign currency translation differences are recognized in statement of other comprehensive income. Such differences arise from translating items in the statement of financial position at a closing rate that differs from the previous closing rate and from using the average rate for the period and the closing rate at the end of the reporting period to translate the Group profit or loss. At the time of deconsolidation of Group companies, the respective accumulated exchange differences recognized in other comprehensive income and accumulated in a separate component of equity are reclassified from equity to profit or loss. The following euro exchange rates were used for currency translation purposes for the most significant foreign currencies for the Group.

Euro Exchange Rates for Significant Foreign Currencies

		Average rates		Closing rates	
Foreign currency unit per €1		**2021**	**2020**	**12/31/2021**	**12/31/2020**
Moroccan Dirham	MAD	10.6163	10.8371	10.3836	10.9328
Philippine Peso	PHP	58.2972	56.6652	57.7630	59.1250
Polish Zloty	PLN	4.5688	4.4491	4.5969	4.5597
US dollar	USD	1.1827	1.1422	1.1326	1.2271
Yuan Renminbi	CNY	7.6272	7.8809	7.1947	8.0225

Accounting and Measurement Policies

Revenues from contracts with customers

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

End-to end CX services includes customer interaction services, business process services (''BPS'') except Global internet clients and tech & expert services. In the customer interaction services, typically, there is one integrated performance obligation in form of a stand-ready obligation; i.e., Majorel stands ready to provide a series of customer experience services, mainly customer interaction and care services via different mediums like voice, self-service, e-mail, callback or chat over a certain period of time. The volume of work performed are at the customers discretion. Thus a performance obligation in form of a stand-ready obligation as a series is identified. Subsequently the transaction price is determined. Usually contracts include a fixed consideration for the stand-ready obligation as well as a variable consideration, which depends on the number of requests by end-consumers. Revenue recognition occurs upon satisfaction of the performance obligation generally over time. As the service to stand ready is provided continuously over the contract term to the end consumers, a fixed consideration is recognized entirely on a linear basis. Basis of revenue recognition for the variable component is the amount of units of services provided to the end-consumers in a given period, e.g. on a monthly basis. This is because, under the terms of the contract, the variable payment relates to the amount of customer services provided during a period of time and therefore the variable consideration is allocated only to the satisfied portion of the performance obligation.

Further, contracts for content services, trust & safety services for Global Internet clients relate to services for social media platforms and digital retailer in regulating user-generated content and maintaining brand integrity to be safe and compliant with applicable laws and client policies and contain one performance obligation (a stand ready obligation) and are rendered over a period of time. The contracts could contain a fixed and a variable consideration. In determining the transaction price, fixed and variable consideration are taken into consideration by applying the constraint condition. Revenue recognition occurs upon satisfaction of the performance obligation over time based on the volume of service provided in the period.

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

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

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

Goodwill

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

Other Intangible Assets

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

Property, Plant and Equipment

Items of property, plant and equipment are accounted for in accordance with IAS 16 and carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined on a straight-line basis over the estimated useful life of the asset. In the financial year 2021, depreciation was generally based on the following useful lives:

- buildings: ten to 50 years
- technical equipment and machinery: four to 15 years
- other equipment, fixtures, furniture and office equipment: three to 15 years

Land is not subject to depreciation.

Impairment

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

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

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

Leases

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

Financial Assets

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

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

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

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

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

Subsequent measurement of financial instruments depends on the classification categories:

- At amortized cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are measured at amortized cost. This category mainly comprises trade receivables and other financial receivables. Any gain or loss arising on derecognition and impairment losses are recognized directly in profit or loss.
- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling, where the assets’ cash flows represent solely payments of principal and interest on the principal amount outstanding, are measured at fair value with changes in fair value through other comprehensive income. The Majorel Group held no debt and equity instruments measured at fair value through other comprehensive income.

- FVTPL: Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are also of minor importance for the Group.

Impairment and measurement of expected credit losses:

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

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

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

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

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

Measurement at Fair Value

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

Inventories

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

Income Taxes

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

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

Deferred taxes are not recognized for:

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

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

Accumulated Other Comprehensive Income

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

Provisions

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

Financial Liabilities

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

Derivative Financial Instruments

As set out in IFRS 9, all derivative financial instruments are recognized at fair value on the consolidated statement of financial position. Derivative financial instruments are recognized as of the transaction date. Some derivatives do not meet the requirements included in IFRS 9 for recognition as hedges, despite this being their economic purpose (stand-alone hedge). Changes in the fair value of derivatives that do not meet the criteria for recognition as hedges are recognized in profit or loss. In the financial years 2021 and 2020, no hedge transactions were recognized with fair value hedges and cash flow hedges. Likewise, no hedge of net investment in foreign operations was made.

Earnings per Share

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

Significant Accounting Judgments, Estimates and Assumptions

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

- Recognition of income and expense: The transaction prices to be determined using the contract-based five-step model defined in IFRS 15 often include both fixed and variable consideration. The variable components are determined on the basis of estimates, which are made and updated in accordance with constraint conditions.
- Trade and other receivables: Calculation of loss allowance for accounts receivable is based on historical credit loss rates for groups of financial assets with similar credit risk characteristics and on forward-looking information, including customer-specific information and forecasts of future economic conditions.
- Impairment: The management's estimates of cash flow, on which impairment tests are based, are based on factors including assumptions of economic trends and the associated risks, the regulatory environment, the competitive environment, market share, investments, EBITDA margins and growth rates. A combination of long-term trends, industry forecasts and in-house knowledge, with special emphasis on recent experience, is used in forming the assumptions about the development of the various relevant markets in which Majorel operates. The relevant markets are an area highly exposed to the general economic conditions. The development of the relevant markets is just one of the key operational drivers Majorel uses when assessing individual business models. The most important assumptions include estimated growth rates, the weighted average cost of capital and tax rates. All these different elements are variable, interrelated and difficult to isolate as the main driver of the various business models and respective valuations. Changes to these estimates as a result of more recent information could have a material impact on the amount of the possible impairment. The growth rates applied are based on long-term real growth rates for the relevant economies, growth expectations for the relevant sectors and long-term inflation forecasts for the countries in which the cash-generating units operate. The values allocated to the key assumptions are in line with external sources of information. The figures obtained using the respective discount rates reflect the recoverable amount of the

cash-generating units. Material changes in the market or competitive environment may impair the value of cash-generating units. Details on impairment testing for intangible assets (including goodwill) in the Group are presented in note 10 “Goodwill and Other Intangible Assets”.

- Pension obligations: Pension obligations are measured using the projected unit credit method. Using this approach, biometric calculations, the prevailing long-term capital market interest rates and, in particular, assumptions about future salary and pension increases are taken into account. Details on the assumptions made in pension accounting are presented in note 18 “Provisions for Pensions and Similar Obligations.”
- Provisions for onerous contracts are also based to a significant extent on management estimates with regard to their amount. Assessments of whether there is a present obligation, whether an outflow of resources is probable and whether it is possible to reliably determine the amount of the obligation are generally based on the expertise of in-house or third-party specialists. More recent information could change the estimates and thus impact the Group’s financial position and financial performance. With regard to risk provisioning, a provision for potential losses from litigation is recognized when the risks of a loss are considered probable and when a reliable estimate of the anticipated financial impact is possible. For significant contingent liabilities for which the possibility of a future loss is more than remote but less than probable, Majorel estimates the possible loss where the Group believes that an estimate can be made. Contingent liabilities from litigation that were of subordinate significance from a Group perspective existed at the end of the reporting period. Management regularly reviews the recognition, measurement and use of provisions along with the disclosure requirements for contingent liabilities.
- Leases: Some real estate lease contracts include extension or termination options. Payments from these optional periods are included in the lease liability, provided it is reasonably certain that the lease will be extended beyond the non-cancellable lease period or that a termination option will not be exercised. In assessing whether an option to extend or terminate will be exercised, management considers all facts and circumstances for the respective lease object that are associated with an economic incentive to exercise the extension option or not to exercise the termination option. These include, in particular, the amount of lease payments compared to market prices in the optional period, completed or expected leasehold improvements, and the importance of the underlying asset to Majorel's operations. The assessment is carried out individually on a lease-by-lease basis.

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

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

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

Notes to the consolidated statement of profit or loss and the consolidated statement of financial position

1 Revenues

In the financial year 2021, Group revenues of €1,811 million (previous year: €1,375 million) were generated from contracts with customers in accordance with IFRS 15 and primarily relate to the end-to-end CX services and content services, trust &safety. The following table shows the revenues from contracts with customers in accordance with IFRS 15 by segment and broken down by revenue source and timing of revenue recognition. Following the acquisition of Chinese companies in January 2021, from the beginning of 2021, segment reporting consists of three reportable operating segments. Minor activities presented as ”other“ in the tabular segment information are excluded (further information is presented in note 27 “Segment Reporting”).

Revenue from Contracts with Customers

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

	2020			
in € millions	**Europe, Africa, South America**	**Global English, Middle East, Southeast Asia**	**China, East Asia**	**Total segments**
Revenue Sources				
End-to-end CX services	948	193	n/a	1,141
Content services, trust & safety	184	46	n/a	230
Other	-	-	n/a	-
	1,132	**239**	**n/a**	**1,371**
Timing				
Point in time	-	-	n/a	-
Over time	1,132	239	n/a	1,371
	1,132	**239**	**n/a**	**1,371**

During the reporting period, the revenues from contracts with customers presented in the table above resulted from performance obligations fulfilled at a certain point in time of €2 million (previous year: €nil million) and from performance obligations fulfilled over a certain period of time in the amount of €1,807 million (previous year: €1,371 million). If revenue is recognized at a point in time, the respective timing of revenue recognition is determined by the contractually agreed terms of sale. As in the previous year, no revenues result from performance obligations already satisfied in previous periods. Majorel makes use of practical expedients set out in

IFRS 15 and does not disclose any unsatisfied performance obligations for contracts with an original duration of no more than 12 months or for contracts for which revenue can be recognized according to the amount invoiced for simplification purposes. As of December 31, 2021, Majorel expects future revenues from existing long-term service level agreements of €32 million (previous year: €9 million), which will be attributable to unsatisfied (or partially unsatisfied) performance obligations as of the statement of financial position date and is expected to be recognized in the amount of €7 million (previous year: €7 million) in the next financial year and in the amount of €25 million (previous year: €2 million) in the following years.

2 Other Operating Income

in € millions	2021	2020
Income from reimbursements	13	5
Income from sideline operations	1	1
Foreign exchange gains	1	-
Sundry operating income	22	14
	37	**20**

In 2021, sundry operating income consists mainly of gains from disposal of tangible assets and reversal of provisions.

3 External Expenses and Costs of Materials

in € millions	2021	2020
Cost of services purchased	204	136
Other cost of material	5	11
Rental and lease expenses	16	14
Repairs and maintenance expenses	9	8
IT external expenses	65	36
Other administration expenses	74	65
Advertising costs	1	1
Audit, legal and consulting fees	18	13
Operating taxes	10	6
Foreign exchange losses	-	1
Losses on disposal of non-current assets	3	2
Other sundry operating expenses	18	15
	423	**308**

In the financial years 2021 and 2020, no write-downs on and no reversals of write-downs on inventories were recognized. As of December 31, 2021, and as of December 31, 2020, no inventories were subject to restrictions on disposal. During 2021, cost of services purchased increased significantly due to newly acquired Chinese entities (€28 million) and organic growth of the Group. Expenses for raw materials and supplies amounting to €-4 million (previous year: €-6 million) were recognized, and the cost for merchandise amounted to €-2 million (previous year: €-6 million). Changes in inventories of work in progress and finished goods and own costs capitalized amounted to below €1 million (previous year: €1 million).

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

in € millions	2021	2020
Audit services pursuant to legislation	2	1
Audit-related services[1)]	-	-
Non-audit services	1	-
Total	**3**	**1**

1) Audit-related services amounted to €0.4 million for 2021 (previous year: €nil million).

During year 2021, out of the above fees related to audit services pursuant to legislation of €0.5 million (previous year: €0.2 million) and non-audit services of €1 million (previous year: below €1 million) was related to KPMG Luxembourg S.A..

4 Personnel Costs

in € millions	2021	2020
Wages and salaries	1,019	731
Statutory social security contributions	179	134
Expenses for pensions and similar obligations	5	5
Profit sharing	2	1
Other employee benefits	31	23
	1,236	**894**

The contributions paid by the employer to state pension plans amounted to €99 million in the financial year 2021 (previous year: €62 million).

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

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

in € millions	2021	2020
Amortization/depreciation, impairment and reversals on		
– intangible assets	5	3
– property, plant and equipment and right-of-use assets	80	74
	85	**77**

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

6 Interest Income and Expenses

Interest income

in € millions	2021	2020
Other interest income	1	-
	1	**-**

Interest Expenses

in € millions	2021	2020
Interest expenses on financial debt	2	1
Other interest expenses	1	1
	3	**2**

7 Other Financial Income and Expenses

Other financial Income

in € millions	2021	2020
Non-operating foreign exchange gains	2	-
Sundry financial income	-	-
	2	**-**

Other financial Expenses

in € millions	2021	2020
Net interest on defined benefit plans	-	1
Interest expenses on lease liabilities	4	3
Non-operating foreign exchange losses	-	3
Sundry financial expenses	1	-
	5	**7**

8 Income Taxes

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

Income Taxes

in € millions	2021	2020
Earnings before income taxes	100	107
Current income taxes	(39)	(26)
Deferred income taxes	19	5
Income taxes	(20)	(21)
Net income after income taxes	**80**	**86**

The amount of the tax benefit arising from a previously unrecognized tax loss that is used to reduce current tax expense amounts to €2 million (previous year: €4 million). The recognition of deductible temporary differences led to a reduction in deferred tax expense of €2 million (previous year: €7 million). There was no deferred tax expense arising from a write-down of a deferred tax asset (previous year: €3 million).

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

Deferred taxes

	12/31/2021			12/31/2020		
in € millions	Assets	Liabilities	Recognized in profit or loss in the financial year	Assets	Liabilities	Recognized in profit or loss in the financial year
Other intangible assets	-	3	-	–	–	–
Property, plant and equipment and right-of-use assets	3	16	(3)	4	12	4
Other financial assets	-	-	-	1	–	–
Trade and other receivables	1	-	-	1	–	–
Provisions for pensions and similar obligations	20	12	(1)	11	6	1
Other provisions	13	3	6	7	4	1
Lease liabilities	15	-	3	11	2	(4)
Trade and other payables	1	1	-	1	1	–
Other non-financial liabilities	-	-	-	–	–	1
Loss carryforwards/tax credits	18		14	4		2
Total	71	35	19	40	25	5
Offset	(33)	(33)		(25)	(25)	
Carrying amount	**38**	**2**		**15**	**–**	

The item “Property, plant and equipment and right-of-use assets” includes deferred tax assets of €1 million (previous year: €2 million) and deferred tax liabilities of €15 million (previous year: €11 million) in connection with right-of-use assets in accordance with IFRS 16. No deferred tax liabilities were recognized for temporary differences in connection with investments in subsidiaries in the amount of €74 million (previous year: €59 million) as Majorel can control their reversal, and it is probable that these temporary differences will not be reversed in the foreseeable future. Current and deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and meet the criteria for offsetting. The term of the deferred taxes on temporary differences is mostly long-term.

Deferred tax assets in other comprehensive income amounting to €3 million relates to provisions for pensions and similar obligations (previous year: €2 million).

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

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

Expiration

in € millions	12/31/2021	12/31/2020
Temporary differences (unlimited carryforward period)	14	38
Tax loss carryforwards		
Unlimited carryforward period	46	40
To be carried forward for more than 5 years	-	10
To be carried forward for up to 5 years	8	4

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

Reconciliation to Actual Tax Expense

in € millions	2021	2020
Earnings before income taxes	100	107
Income tax rate applicable to Majorel Group	24.94%	24.94%
Expected tax expense	(25)	(27)
The tax effects of the following items led to differences between the expected and actual tax expense:		
Adjustment to different national tax rates	11	3
Current income taxes for previous years	(2)	2
Deferred income taxes for previous years	(1)	(1)
Effects of measurements of deferred tax assets	1	5
Permanent differences	(2)	(1)
Other adjustments	(2)	(2)
Total of adjustments	5	6
Actual tax expense	**(20)**	**(21)**

The positive effects from tax rate differences mainly result from the Group companies in Morocco, in the Philippines and in Georgia.

The effective tax rate of 24.94 percent is based on the statutory tax rate of the Group parent entity Majorel Luxembourg Group S.A. In addition, the Group operates mainly in Germany with a tax rate of 31.10 percent, in France with a tax rate of 28 percent, in Morocco with a tax rate of 20 percent, in the Philippines with a tax rate of 5 percent and in Georgia with a tax rate of 15 percent.

9 Earnings per Share

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

The calculation of basic earnings per share is based on the profit attributable to Majorel Group shareholders of €80 million (previous year: €86 million) and a weighted average number of ordinary shares outstanding during the year of 100,000,000 (previous year retrospectively adjusted for share split: 100,000,000), calculated as follows:

	2021	2020
Profit attributable to Majorel Group shareholders (in € million)	80	86
Weighted average number of ordinary shares	100,000,000	100,000,000
Basic earnings per share (in €)	0.80	0.86
Diluted earnings per share (in €)	0.80	0.86

10 Goodwill and Other Intangible Assets

in € millions	Goodwill	Other intangible assets: Other rights and licenses	Other intangible assets: Internally generated intangible assets	Other intangible assets: Advance payments	Other intangible assets: Total	Total
Cost						
Balance as of 1/1/2020	53	48	1	-	49	102
Exchange differences	(1)	(1)	1	-	-	(1)
Acquisitions through business combinations	1	1	-	-	1	2
Other additions	-	3	-	1	4	4
Other disposals	-	(3)	-	-	(3)	(3)
Reclassifications and other changes	-	-	-	-	-	-
Balance as of 12/31/2020	53	48	2	1	51	104
Exchange differences	6	2	-	-	2	8
Acquisitions through business combinations	35	14	-	-	14	49
Other additions	-	4	-	-	4	4
Other disposals	-	(4)	-	-	(4)	(4)
Reclassifications and other changes	-	-	1	(1)	-	-
Balance as of 12/31/2021	94	64	3	-	67	161
Accumulated amortization						
Balance as of 1/1/2020	-	42	1	-	43	43
Exchange differences	-	-	-	-	-	-
Amortization	-	3	-	-	3	3
Impairment losses	-	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-	-
Other disposals	-	(3)	-	-	(3)	(3)
Reclassifications and other changes	-	-	-	-	-	-
Balance as of 12/31/2020	-	42	1	-	43	43
Exchange differences	-	1	-	-	1	1
Amortization	-	5	-	-	5	5
Impairment losses	-	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-	-
Other disposals	-	(2)	-	-	(2)	(2)
Reclassifications and other changes	-	-	-	-	-	-
Balance as of 12/31/2021	-	46	1	-	47	47
Carrying amount as of 12/31/2021	**94**	**18**	**2**	**-**	**20**	**114**
Carrying amount as of 12/31/2020	**53**	**6**	**1**	**1**	**8**	**61**

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

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

Goodwill by Cash-Generating Units

in € millions	12/31/2021	12/31/2020
France, Netherlands & Western Africa	47	45
Germany & Eastern Europe	4	2
Iberia, Italy & Latin America	-	-
North America, UK, India, Kenya, Ireland & Southeast Asia	1	-
Egypt, Middle East & East Africa	6	6
China and East Asia	36	-
	94	**53**

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

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

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

The revenue forecasts for 2022 underlying the impairment testing of the individual cash-generating units show two digit growth rates for the CGU North America, UK, India, Kenya, Ireland & Southeast Asia, the CGU Iberia, Italy & Latin America, the CGU Egypt, Middle East & East Africa and the CGU China and East Asia, while the assumptions with regards to revenue development of the remaining CGU are less dynamic. In addition, fair values based on discounted cash flows were measured using the following individual business-specific growth rates and discount rates for periods after the detailed planning period:

Overview of Growth and Discount Rates

	Growth rate in % for the year		Discount rate in % for the year	
in € millions+	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
France, Netherlands & Western Africa	1.6	1.4	10.9	10.4
Germany & Eastern Europe	4.4	2.1	11.1	10.6
Iberia, Italy & Latin America	2.7	2.0	11.1	10.4
North America,UK, India, Kenya, Ireland & Southeast Asia	3.1	2.6	11.5	10.7
Egypt, Middle East & East Africa	5.3	5.2	16.5	16.0
China and East Asia	2.2	n/a	10.2	n/a

In the financial year 2021, no impairment losses on goodwill were recognized. For all cash-generating units goodwill was not subject to impairment even given the change by one of the two most important factors: discount rate (increase of 1.0 percentage point) and long-term growth rate (decrease of 1.0 percentage point). Any reasonable change on the discount rate and long-term growth rate will not result in an impairment.

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

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

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

in € millions	2021	2020
Owned property, plant and equipment	129	102
Right-of-use assets from leased property, plant and equipment	116	88
	245	190

Property, Plant and Equipment

in € millions	Land and buildings	Technical equipment and machinery	Other equipment, fixtures, furniture and office equipment	Advance payments and construction in progress	Total
Cost					
Balance as of 1/1/2020	37	31	236	2	306
Exchange differences	-	(2)	(6)	(1)	(9)
Other additions	1	-	31	11	43
Reductions through disposal of investments	-	-	(8)	-	(8)
Other disposals	-	(2)	(17)	-	(19)
Reclassifications and other changes	(1)	1	4	(5)	(1)
Balance as of 12/31/2020	37	28	240	7	312
Exchange differences	1	1	6	1	9
Other additions	3	1	43	14	61
Reductions through disposal of investments	-	-	-	-	-
Other disposals	(4)	(10)	(14)	(3)	(31)
Reclassifications and other changes	25	(2)	(17)	(10)	(4)
Balance as of 12/31/2021	62	18	258	9	347
Accumulated depreciation					
Balance as of 1/1/2020	14	29	168	-	211
Exchange differences	-	(2)	(3)	-	(5)
Depreciation	2	1	26	-	29
Impairment losses	-	-	1	-	1
Reversals of impairment losses	-	-	-	-	-
Reductions through disposal of investments	-	-	(7)	-	(7)
Other disposals	-	(2)	(15)	-	(17)
Reclassifications and other changes	(1)	-	(1)	-	(2)

Balance as of 12/31/2020	15	26	169	-	210
Exchange differences	-	1	3	-	4
Depreciation	4	1	29	-	34
Impairment losses	-	-	1	-	1
Reversals of impairment losses	-	-	-	-	-
Reductions through disposal of investments	-	-	-	-	-
Other disposals	(4)	(10)	(15)	-	(29)
Reclassifications and other changes	13	(2)	(13)	-	(2)
Balance as of 12/31/2021	28	16	174	-	218
Carrying amount as of 12/31/2021	**34**	**2**	**84**	**9**	**129**
Carrying amount as of 12/31/2020	**22**	**2**	**71**	**7**	**102**

The position “Other equipment, fixtures, furniture and office equipment” mainly includes IT equipment used to provide customer experience services. During 2021, €4 million costs of ‘Other equipment, fixtures, furniture and office equipment’ included in ‘Other additions’ raised from business acquisitions (previous year: €nil million). As of December 31, 2021, no property, plant and equipment were subject to restrictions on disposal (December 31, 2020: €1 million). Impairment losses totaling €1 million were recognized for property, plant and equipment in the financial year 2021 (previous year: €1 million).

Right-of-Use Assets

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

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

Change in Right-of-Use Assets

in € millions	Land and buildings	Technical equipment and machinery	Other equipment, fixtures, furniture and office equipment	Total
Carrying amount of leased property, plant and equipment as of 1/1/2020	80	1	1	82
Additions	48	-	3	51
Depreciation and impairment	(43)	-	(1)	(44)
Other changes	(1)	-	-	(1)
Carrying amount of leased property, plant and equipment as of 12/31/2020	**84**	**1**	**3**	**88**
Carrying amount of leased property, plant and equipment as of 1/1/2021	84	1	3	88
Additions	42	-	2	44
Depreciation and impairment	(43)	-	(2)	(45)
Other changes	29	-	-	29
Carrying amount of leased property, plant and equipment as of 12/31/2021	**112**	**1**	**3**	**116**

During 2021, right-of-use assets for land and buildings amounting to €12 million which were included in 'Additions' raised from business acquisitions (previous year: €nil million).

12 Interests in Other Entities

As of December 31, 2021, Majorel holds an investment in 1 (December 31, 2020: 1) associate (Ecco Gulf WLL, Qatar).

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

Financial Information on the Associate

in € millions	2021	2020
Earnings after taxes from continuing operations	1	1
Other comprehensive income	-	-
Total comprehensive income	1	1

At the end of the reporting period, the total carrying amount of the investment in this associate amounts to €3 million (December 31, 2020: €2 million).

13 Other Financial Assets

	Current		Non-current	
in € millions	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Loans	6	1	-	-
Financial assets recognized at fair value	5	-	-	-
	11	1	-	-

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

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

14 Trade and Other Receivables

in € millions	12/31/2021	12/31/2020
Non-current	1	1
Other receivables	1	1
Current	467	307
Trade receivables	388	291
Contract assets	-	1
Other receivables	79	15

Trade receivables are due for payment generally within 12 months. The item “Contract assets” covers the conditional right to consideration for satisfied performance obligations in accordance with IFRS 15. As of December 31, 2021, trade and other receivables totaling €6 million were subject to restrictions on disposals (December 31, 2020: €3 million). The "Other receivables" contains €58 million of prepaid consideration for business acquisition of Mayen Telekomünikasyon Hizmetleri A.Ş. (further information is presented in note 29 “Events after the Reporting Period”).

15 Other Non-Financial Assets

in € millions	12/31/2021	12/31/2020
Non-current		
Other non-financial assets	-	2
Current		
Other non-financial assets	68	56
– advance payments	3	3
– deferred items	15	12
– other tax receivables	35	23
– sundry non-financial assets	15	18

16 Cash and Cash Equivalents

in € millions	12/31/2021	12/31/2020
Bank balances and cash on hand	231	182
Cash equivalents	7	13
	238	**195**

Cash equivalents include short-term, highly liquid securities with a term to maturity on acquisition of not more than three months. As at 31 December 2021, cash and cash equivalents totaling to €3 million were restricted (previous year: €nil million).

17 Equity

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

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

Number of shares issued

	12/31/2021	12/31/2020
Ordinary shares in issue at January 1st	404,000	404,000
Share split	39,996,000	-
Shares issued in year	59,600,000	-
	100,000,000	**404,000**

On June 24, 2021 the general meeting of shareholders resolved to declare and pay a dividend of €19 million exclusively to the shareholder Bertelsmann Luxembourg S.à r.l..

The change in other comprehensive income after taxes is derived as follows:

Changes to Components of Other Comprehensive Income after Taxes

in € millions	2021				
	Before-tax amount	Taxes	Net-of-tax amount	Attributable to Majorel shareholders	Attributable to non-controlling interests
Items that will not be reclassified subsequently to profit or loss					
Remeasurement component of defined benefit plans	6	3	9	9	-
Changes in fair value of equity instruments	-	-	-	-	-
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	-	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met					
Exchange differences	12	-	12	12	-
Cash flow hedges	-	-	-	-	-
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	-	-
Other comprehensive income net of tax	**18**	**3**	**21**	**21**	**-**

in € millions	2020				
	Before-tax amount	Taxes	Net-of-tax amount	Attributable to Majorel shareholders	Attributable to non-controlling interests
Items that will not be reclassified subsequently to profit or loss					
Remeasurement component of defined benefit plans	(6)	2	(4)	(4)	-
Changes in fair value of equity instruments	-	-	-	-	-
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	-	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met					
Exchange differences	(8)	-	(8)	(8)	-
Cash flow hedges	-	-	-	-	-
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	-	-
Other comprehensive income net of tax	**(14)**	**2**	**(12)**	**(12)**	**-**

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

18 Provisions for Pensions and Similar Obligations

in € millions	12/31/2021	12/31/2020
Defined benefit obligation	40	48
Obligations similar to pensions	3	2
	43	**50**

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

In the case of defined contribution plans, the company makes payments into an external pension fund or another welfare fund through a statutory, contractual or voluntary model. The company has no obligation to provide further benefits once it has made these payments, so no provisions are recognized. Expenses for defined contribution plans in the amount of €3 million were recognized as part of personnel costs in the consolidated statement of profit and loss in the financial year 2021 (previous year: €1 million).

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

Net Defined Benefit Liability Recognized in the statement of financial position

in € millions	12/31/2021	12/31/2020
Present value of defined benefit obligation of unfunded plans	29	34
Present value of defined benefit obligation of funded plans	39	42
Total present value of defined benefit obligation	68	76
Fair value of plan assets	(28)	(28)
Impact from asset ceiling	-	-
Net defined benefit liability recognized in the balance sheet	**40**	**48**
– thereof provisions for pensions	40	48

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

Defined Benefit Plans

in € millions	12/31/2021	12/31/2020
Flat salary plans/plans with fixed amounts	27	30
Final salary plans	17	21
Career average plans	24	25
Present value of defined benefit obligation	**68**	**76**
– thereof capital commitments	23	27

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

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

Further significant actuarial assumptions were made as follows:

Actuarial Assumptions

	12/31/2021	12/31/2020
Discount rate	1.3%	1.2%
Rate of salary increase	2.2%	2.3%
Rate of pension increase	1.4%	1.4%

An increase or decrease in the assumptions set out above compared to the assumptions actually applied would have had the following effects on the present value of the defined benefit obligation as of December 31, 2021:

Effect of Actuarial Assumptions

in € millions	Increase	Decrease
Effect of 0.5 percentage point change in discount rate	(5)	5
Effect of 0.5 percentage point change in rate of salary increase	1	(1)
Effect of 0.5 percentage point change in rate of pension increase	2	(2)

In order to determine the sensitivity of the longevity, the mortality rates for all beneficiaries were reduced or increased evenly so that the life expectancy of a person of a country-specific retirement age increases or decreases by one year. An increase in average life expectancy by 1 year will result of an increase of €2 million of the present value of the defined benefit obligation as of December 31, 2021 and a decrease in average life expectancy by 1 year will result of a decrease of €2 million of the present value of the defined benefit obligation as of December 31, 2021.

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

Development of the Defined Benefit Plans

	Defined benefit obligation (I)		Fair value of plan assets (II)		Net defined benefit balance (I)-(II)	
in € millions	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Balance as of 1/1	76	94	28	29	48	65
Service cost	1	2	-	-	1	2
Interest expenses	1	1	-	-	1	1
Income and expenses for defined benefit plans recognized in the consolidated statement of profit and loss	**2**	**3**	**-**	**-**	**2**	**3**
Income/expense on plan assets excluding amounts included in net interest income and net interest expenses	-	-	-	(1)	-	1
Actuarial gains (-) and losses (+)						
– changes in financial assumptions	(2)	7	-	-	(2)	7
– experience adjustments	(4)	(2)	-	-	(4)	(2)
Remeasurements for defined benefit plans recognized in the consolidated statement of comprehensive income	**(6)**	**5**	**-**	**(1)**	**(6)**	**6**
Contributions to plan assets by employer	-	-	-	-	-	-
Pension payments	(3)	(4)	-	-	(3)	(4)
Change of consolidation scope	-	(28)	-	-	-	(28)
Other changes	(1)	6	-	-	(1)	6

Other reconciling items	**(4)**	**(26)**	**-**	**-**	**(4)**	**(26)**
Balance as of 12/31	**68**	**76**	**28**	**28**	**40**	**48**
thereof						
Germany	62	67	28	28	34	39
Other countries	6	9	-	-	6	9

The contributions to plan assets fully pertain to Germany.

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

Expenses for Defined Benefit Plans

in € millions	2021	2020
Service cost	1	2
Net interest expenses	1	1
Net pension expenses	**2**	**3**

The portfolio structure of plan assets is composed as follows:

Portfolio Structure of Plan Assets

in € millions	12/31/2021	12/31/2020
Debt instruments[1)]	19	1
Cash and cash equivalents	1	26
Qualifying insurance policies	-	1
Other funds	8	-
Fair value of plan assets	**28**	**28**

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

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

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

The weighted average duration of the pension obligations on December 31, 2021, was 15 years (December 31, 2020: 16 years). The maturity profile of the anticipated undiscounted pension payments is presented in the following table:

Maturity Profile of Pension Payments

in € millions	Expected pension payments
2022	4
2023	3
2024	3
2025	3
2026	3
2027-2031	16

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

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

Breakdown of Obligations Similar to Pensions

in € millions	12/31/2021	12/31/2020
Provisions for severance payments	2	1
Provisions for employee service anniversaries	1	1
Obligations similar to pensions	**3**	**2**

19 Other Provisions

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

	1/1/2020								12/31/2020	
in € millions		**of which > 1 year**	**Additions**	**Reversal**	**Usage**	**Other effects**	**Change of consolidation scope**	**Accrued interest**		**of which > 1 year**
Onerous contracts	1	-	3	-	(1)	-	-	-	3	1
Litigation	2	2	2	(1)	-	-	-	-	3	2
Restructuring	5	-	4	(1)	(4)	-	-	-	4	-
Other employee benefits	1	-	3	-	-	-	-	-	4	-
Other	5	2	10	(1)	(1)	-	-	-	13	2
	14	**4**	**22**	**(3)**	**(6)**	**-**	**-**	**-**	**27**	**5**

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

20 Financial Debt

Carrying amounts of financial debt are calculated as follows:

Current and Non-Current Financial Debt

	Current		Non-current	
in € millions	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Liabilities to banks	4	33	70	-
Other financial debt	85	1	-	20
	89	**34**	**70**	**20**

Majorel contracted a fixed-interest term loan agreement of €20 million with Bertelsmann Business Support S.à r.l., a subsidiary of Bertelsmann SE & Co. KGaA, valid until December 2022. As of December 31, 2021, the term loan balance amounts to €20 million and bears interest amount of 2.60% per annum. As of December 31, 2021 the term loan was included in the position "Other financial debt."

In January 2021 Majorel entered into a second fixed-interest term loan agreement of €65 million with Bertelsmann Business Support S.à.r.l., a subsidiary of Bertelsmann SE & Co. KGaA, valid until December 2022. As of December 31, 2021, the term loan balance amounts to €65 million and bears interest in the amount of 1.50% per annum. As of December 31, 2021 the term loan was included in position "Other financial debt".

In December 2021 Majorel contracted a committed Facility Agreement of €150 million with group of banks. The Agreement includes a term loan facility of €70 million (Facility A) which is valid until December 2025 and a multicurrency revolving loan facility of €80 million (Facility B) which is valid until December 2024 with an option to extend the maturity for next 12 months. As of December 31, 2021, the Facility A balance amounts to €70 million and bears floating interest calculated as EURIBOR 3M + margin. As of December 31, 2021, the Facility A was included in position "Liabilities to banks." As of December 31, 2021, the Facility B was not drawn.

Fixed-interest loan of €30 million from a bank, valid until July 2021, was repaid entirely in June 2021. Committed short term revolving credit facility of €20 million from a bank, valid until November 2021, was ended on maturity. Committed short-term revolving credit facility of €20 million from a bank, valid until November 2022, was cancelled in December 2021.

Financial debt is generally unsecured.

21 Lease Liabilities

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

Maturity Analysis for Lease Liabilities

		Undiscounted cash flows			
in € millions	**Carrying amount**	**Up to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Balance as of 12/31/2021	125	52	84	10	146
Balance as of 12/31/2020	95	44	60	2	106

As of December 31, 2021, potential future cash outflows of €11 million were not included in the lease liabilities (December 31, 2020: €20 million), as it could not be assumed with reasonable certainty that the leases would be extended (or would not be terminated). Future payments arising from short-term leases and leases for low-value assets are not recognized as right-of-use assets and lease liabilities. For such leases, the payments are recognized on straight-line basis as expenses (note 3 "External Expenses and Costs of Materials"). During the year 2021, short-term leases amounted to €7 million (previous year: €4 million) and low value leases amounted to €3 million (previous year: €3 million). Expenses from variable lease payments not included in the lease liability were immaterial (previous year: immaterial). The same applies for income from subleasing right-of-use assets and the resulting lease payments expected in the future. Details on the corresponding right-of-use assets are presented in note 11 “Property, Plant and Equipment and Right-of-Use Assets.”

22 Liabilities

in € millions	12/31/2021	12/31/2020
Non-current	**-**	**1**
Sundry non-financial payables	-	1
Current	**417**	**285**
Trade payables	129	104
Derivative financial instruments	-	-
Sundry financial payables	27	28
Contract liabilities	5	4
Sundry non-financial payables	256	149
– personnel-related liabilities	143	74
– tax liabilities	38	28
– social security liabilities	44	26
– deferred items	2	5
– other	29	16

The item “Contract liabilities” includes payments received by Majorel in advance; that is, prior to satisfaction of the contractual obligations in accordance with IFRS 15. They are recognized as revenue as soon as the contractual obligation has been rendered. Accordingly, revenues amounting to €7 million were recognized in the financial year 2021, which were included in the balance of contract liabilities at the beginning of the financial year. The item “Sundry financial payables” mainly contains debtors with a credit balance amounting to €1 million (previous year: €9 million), refund liabilities amounting to €13 million (previous year: €4 million) and payables resulting from acquisition of property, plant and equipment amounting to €2 million (previous year: €2 million).

23 Contingent Liabilities

Contingent liabilities as of December 31, 2021 and 2020 were immaterial.

24 Additional Disclosures on Financial Instruments

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

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

Carrying Amounts and Measurement Categories of Financial Assets

in € millions	12/31/2021	12/31/2020
Financial assets measured at amortized cost		
– trade receivables	388	291
– sundry financial receivables	80	16
– other financial assets	11	1
– bank balances and cash on hand	231	182
– cash equivalents	7	13
	717	**503**

Carrying Amounts and Measurement Categories of Financial Liabilities

in € millions	12/31/2021	12/31/2020
Financial liabilities measured at amortized cost		
– liabilities to banks	74	33
– other financial debt	85	21
– trade payables	129	104
– other	27	28
	315	**186**

Except for the loans with Bertelsmann Business Support S.à r.l., a subsidiary of Bertelsmann SE & Co. KGaA, the fair value of each class of financial assets and liabilities measured at amortized cost represent a reasonable approximation of fair value. The fair value of the loan with Bertelsmann Business Support S.à r.l. with a carrying amount of €65 million amounts to €67 million (level 2) and the fair value of the loan with Bertelsmann Business Support S.à r.l. with a carrying amount of €20 million amounts to €21 million (level 2). Both loans are included in the current balance sheet position “Financial debt”. The fair value of the loan under Facility A with group of banks with a carrying amount of €70 million amounts to €72 million (level 2). This loan is included in the non-current balance sheet position “Financial debt“.

As of December 31, 2021, other financial assets include financial assets recognized at fair value (level 1), which relates to a highly liquid investment fund for an amount of €5 million (December 31, 2020: nil). The financial instruments including derivatives measured at fair value are immaterial (level 2) as of December 31, 2021 and 2020.

As in the previous year, no on-balance-sheet offsetting of financial assets and financial liabilities were performed, nor were there any significant non-recognized offsetting potential as of December 31, 2021.

Credit Risk

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

Based on this, the loss allowance as of December 31, 2021 amounted to €-6 million for trade receivables (December 31, 2020: €-5 million). In the financial year 2021 and 2020, an immaterial amount of impairment losses and reversals were recognized on trade receivables and contract assets. The following table shows a reconciliation from the opening balance to the closing balance of loss allowances for trade receivables and contract assets in the financial year 2021 and 2020.

Reconciliation of Loss Allowance for Trade Receivables and Contract Assets

in € millions	2021	2020
Balance as of 1/1	(5)	(5)
Additions	(2)	(2)
Usage	1	-
Reversal	2	2
Change of consolidation scope	(2)	-
Exchange rate effects	-	-
Balance as of 12/31	**(6)**	**(5)**

The following table details the risk profile of trade receivables based on the Group's provision matrix.

in € millions	Trade receivables- days past due						
2021	**Not past due**	**< 30 days**	**31- 90 days**	**91-180 days**	**181-360 days**	**>360 days**	**Total**
Trade receivables after individual impairment	352	23	4	4	1	6	390
Expected Credit Loss	(1)	-	-	-	-	(1)	(2)

in € millions	Trade receivables- days past due						
2020	**Not past due**	**< 30 days**	**31- 90 days**	**91-180 days**	**181-360 days**	**>360 days**	**Total**
Trade receivables after individual impairment	255	19	7	2	1	8	292
Expected Credit Loss	-	-	-	-	-	(1)	(1)

Expected credit losses for cash and cash equivalents as of December 31, 2021 and as of December 31, 2020, were immaterial. Majorel applies the general approach for all other financial assets that are subject to the expected credit loss model. Insignificant impairment losses were identified for these financial assets as of December 31, 2021, and December 31, 2020. As of December 31, 2021, and as of December 31, 2020, the carrying amount of all receivables, loans and securities constitutes Majorel's maximum default risk. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in diverse markets. Revenues from the five biggest clients of the Group represented approximately 33% of the Group's total revenues.

The following table presents the contractually fixed undiscounted cash flows of the financial liabilities for settlement. The figures are based on undiscounted cash flows at the earliest date at which Majorel can be held liable for payment.

Maturity Analysis for Non-Derivative Financial Liabilities

		Undiscounted cash flows			
in € millions	**Carrying amount**	**Up to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Liabilities to banks	74	4	-	70	74
Other financial debt	85	85	-	-	85
Trade payables	129	129	-	-	129
Other	27	27	-	-	27
Balance as of 12/31/2021	**315**	**245**	**-**	**70**	**315**
Liabilities to banks	33	33	-	-	33
Other financial debt	21	1	20	-	21
Trade payables	104	104	-	-	104
Other	28	28	-	-	28
Balance as of 12/31/2020	**186**	**166**	**20**	**-**	**186**

Current cash outflows from financial liabilities are offset by planned cash inflows from receivables and other financial assets. To cover current cash flows, Majorel also has adequate financial reserves in the amount of the cash and cash equivalents in place at the end of the reporting period.

The maturity analysis for lease liabilities is presented in note 21 "Lease Liabilities."

Based on the remaining contractual terms of its financial liabilities at the end of the reporting period, Majorel will have to make the following future interest payments:

Future Interest Payments

	Undiscounted interest payments			
in € millions	**Up to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Liabilities to banks	1	2	-	3
Other financial debt	1	-	-	1
Balance as of 12/31/2021	**2**	**2**	**-**	**4**
Liabilities to banks	-	-	-	-
Other financial debt	1	1	-	2
Balance as of 12/31/2020	**1**	**1**	**-**	**2**

Risk Management of Financial Instruments

The principles of the financial risk policy are described below.

Financial Risk Management

The Majorel Group is exposed to various forms of financial risk through its international business operations. Above all, this includes the effects of changes in foreign exchange rates and interest rates. Majorel's risk management activities are designed to effectively mitigate these risks. The Management Board establishes basic risk management policy, outlining general procedures for hedging currency and interest rate risk and the utilization of derivative financial instruments. The Majorel Group Treasury advises subsidiaries on operating risk and hedges risks using derivative financial instruments as necessary.

Currency Risk

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

The analysis of foreign currency sensitivity includes the Group's financial debt and operating transactions at the end of the reporting period and the derivative contracts entered into. The calculation is performed for the unsecured net exposure on the basis of an assumed 10 percent appreciation of the euro versus all foreign currencies, and is presented before tax. Based on a total risk position of €129 million (previous year: €97 million), a uniform devaluation of foreign currencies would have resulted in a change in the carrying amount recognized in profit or loss of €-12.9 million (previous year: €-9.7 million). If there had been a uniform increase in the value of foreign currencies, this would have led to opposite changes in these amounts.

Interest Rate Risk

Majorel´s interest rate risk arises primarily from financing agreements with banks and from cash and cash equivalents. As in the previous year, a change of 100 basis points in interest rates would have no significant impact on the Group's interest result.

Liquidity Risk

Liquidity risks may arise through a lack of rollover financing (liquidity risk in a narrow sense), delayed receipt of payment and unforeseen expenditure (budgeting risk). Budgeting risk is determined by comparing deviations in actual spending with budget and reserve amounts. In a narrow sense, liquidity risk depends on the volume of debt due within a given period. Majorel Group's policy in respect of its financing is to maintain sufficient liquidity at all times to finance group assets, short-term cash requirements, and its development, both in terms of amount and duration, and at the lowest possible cost. Liquidity risk is monitored on an ongoing basis with reference to the budget for current and future years. New and unplanned transactions (e.g., acquisitions) are continuously tracked. The maturity profile of financial assets and liabilities is also reconciled on a regular basis. Budget risks are managed through effective cash management and constant monitoring of projected versus actual cash flows. Debt maturities are also diversified to ensure that rising financing costs do not have a short-term impact. Credit facilities with banks are also maintained for unplanned expenditures. The Group has implemented a centralized cash management policy when in conformity with local legislation applying to its subsidiaries and taking into consideration interest rates and funding needs of these subsidiaries. All medium- and long-term financing operations are authorized and overseen by the Group's financial management. The Group obtains its financing in the form of loans from shareholders and banks as well as revolving credit facilities with maturities ranging till December 2025 and until further notice as disclosed in note 20 "Financial Debt." Given the maturities of its borrowings and the Group's capacity to generate free cash flow, liquidity risk is considered to be low.

Financial Derivatives

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

Capital Management

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

25 Acquisitions and Disposals

In the financial year 2021, the cash flow due to acquisition activities totaled €-56 million, which fully related to new acquisitions during the reporting period less cash and cash equivalents acquired and consolidated in 2021. The consideration transferred amounted to €70 million.

In January 2021, Majorel acquired an interest of 100 percent in each of the Chinese companies Shanghai Bertelsmann Commercial Services Co. Ltd, Shanghai Bertelsmann – arvato Information Services Co. Ltd. and Bertelsmann-Arvato Commercial Services (Shanghai) Co., Ltd., all based in Shanghai, China, expanding its geographic footprint and making Majorel one of the few international providers operating at scale in the country. The consideration transferred amounted to €65 million and was paid in cash. To finance the acquisition of the Chinese business, Majorel entered into a term loan agreement with Bertelsmann Business Support S.à r.l., a subsidiary of Bertelsmann SE & Co. KGaA , with respect to an aggregate term loan amount of €65 million. The acquisition is accounted for as a transaction under common control. In selecting its accounting policy for the accounting of transactions under common control, Majorel opted to apply the methodology of IFRS 3, in particular identifying and measuring the consideration transferred, identifying and measuring the identifiable assets and liabilities, and recognizing goodwill. Consistent with IFRS 3, Majorel as acquirer did not restate its comparatives when applying acquisition accounting to the transaction. The acquisition resulted in goodwill totaling €32 million, which reflects synergy from expanding group geographic footprint, global client and digital offering. The goodwill is not tax deductible.

In June 2021, Majorel acquired an interest of 100 percent in Junokai GmbH, one of Germany's leading companies operating in customer experience consultancy services in order to strengthen the Tech & Expert Services line of business. Junokai complements Majorel's existing consultancy practice in the areas of process optimization, technology consulting and implementation, and organizational design. The consideration transferred amounted to €5 million and was paid in cash. The acquisition resulted in goodwill totaling €2 million, which reflects synergy and leverage in CX consultancy and advisory services. The goodwill is not tax deductible.

Transaction-related costs were insignificant in 2021 for both acquisition and have been recognized in profit or loss.

In accordance with IFRS 3, business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Fair value of other intangible assets amounting to €12 million are measured based on present value of the net cash flows expected to be generated by the customer relationships. €12 million of lease liabilities and €12 million of right-of-use assets are accounted for leases identified in accordance with IFRS 16. The purchase price allocation considers all the facts and circumstances prevailing as of the respective date of acquisition that were known prior to preparation of the Consolidated Financial Statements. In accordance with IFRS 3, should further facts and circumstances become known within the 12-month measurement period, the purchase price allocation will be adjusted accordingly.

The following table shows the fair values of the assets and liabilities of the acquisitions on their dates of initial consolidation based on the purchase price allocations:

in € millions	Chinese companies	Junokai	Total
Non-current assets			
Other intangible assets	13	1	14
Property, plant and equipment and right-of-use assets	16	-	16
Other non-current assets	1	-	1
Current assets			
Trade and other receivables	33	1	34
Cash and cash equivalents	12	2	14
Liabilities			
Lease liabilities	(12)	-	(12)
Other financial and non-financial liabilities	(30)	(1)	(31)
Net assets acquired	33	3	36
Goodwill	32	2	34
Non-controlling interests	-	-	-
Consideration transferred according to IFRS 3	65	5	70
Consideration paid in cash	65	5	70
Cash and cash equivalents acquired	(12)	(2)	(14)
Cash outflow on acquisitions	**53**	**3**	**56**
Payments on prior year's acquisitions	-	-	-
Total cash flow from acquisition activities	**53**	**3**	**56**

It is expected that the full contractual amounts of trade receivables can be collected.

Since initial consolidation, all new acquisitions in 2021 have contributed €117 million to revenue and €6 million to Group profit or loss. If consolidated as of January 1, 2021, these would have contributed €120 million to revenue and €6 million to Group profit or loss.

In November 2021, Majorel had signed an agreement for the acquisition of 80 percent of the shares in Mayen Telekomünikasyon Hizmetleri A.Ş., a company based in Turkey (further information is presented in note 29 “Events after the Reporting Period”).

During the year 2021, Majorel disposed no subsidiary or other business unit.

26 Cash Flow Statement

The consolidated cash flow statement has been prepared in accordance with IAS 7 and is used to evaluate the Group’s ability to generate cash and cash equivalents. Cash flows are divided into those relating to operating activities, investing activities and financing activities. Cash flows from operating activities are presented using the indirect method, whereby EBIT is adjusted for the effects of a non-cash nature, any deferrals or accruals of past or future operating receipts or payments, and items of income or expenses associated with investing cash flows. In addition, cash flows arising from income taxes are classified as cash flows from operating activities as well as other cash flows that are neither investing nor financing.

The management of Group operations of Majorel utilizes indicators that include operating EBITDA and is thus before interest, taxes, amortization/depreciation, impairment and reversals and special items. Operating results and the resulting cash flow from operating activities should therefore be consistent and comparable. Accordingly, the net balances of interest paid and interest received during the financial year are shown in the cash flow statement as part of financing activities.

The change in provisions for pensions and similar obligations represents the balance of personnel costs for pensions and similar obligations and company payments for these obligations. No contributions to pension plans were made in the financial year 2021 and 2020.

The consolidated cash flow statement includes the effects of changes in foreign currencies and changes in the scope of consolidation. Items in the consolidated cash flow statement thus cannot be reconciled with changes in items reported on the consolidated statement of financial position.

Investing activities include payments for investments in non-current assets and purchase price payments for acquisitions, financial assets recognized at fair value as well as proceeds from the disposal of non-current assets. Further explanations concerning acquisitions made during the financial year are presented in the section “Acquisitions and Disposals.”

Cash flow from financing activities includes changes in equity, financial debt, dividend payments, lease liabilities and interest paid and interest received (including interest paid due to leases). The item “Proceeds from/redemption of other financial debt” includes receipts in the amount of €136 million (previous year: €57 million) and payments in the amount of €-31 million (previous year: -€73 million). Total cash outflows from leases amounted to €-50 million in the financial year 2021 (previous year: €-43 million).

The following table shows the cash changes and non-cash changes of liabilities arising from financing activities:

Changes in Liabilities Arising from Financing Activities

in € millions	1/1/2021	Cash changes	Non-cash changes		12/31/2021
			Exchange rate effects	Other changes	
Liabilities to banks	33	40	-	1	74
Lease liabilities	95	(50)	4	76	125
Other financial debt	21	64	-	-	85
Liabilities arising from financing activities	**149**	**54**	**4**	**77**	**284**

in € millions	1/1/2020	Cash changes	Non-cash changes		12/31/2020
			Exchange rate effects	Other changes	
Liabilities to banks	21	12	-	-	33
Lease liabilities	85	(43)	(3)	56	95
Other financial debt	23	(28)	-	26	21
Liabilities arising from financing activities	**129**	**(59)**	**(3)**	**82**	**149**

As of December 31, 2021, and as of December 31, 2020, the other non-cash changes in lease liabilities mainly relate to lease contracts extended in the financial year 2021 and 2020, respectively.

Changes in Net Liabilities Arising from Financing Activities

in € millions	2021	2020
Net liabilities arising from financing activities as of 1/1	46	(50)
Cash flow from operating activities	185	223
Cash flow from investing activities	(174)	(45)
Interest, dividends and changes in equity	(25)	(3)
Exchange rate effects and other changes in net liabilities arising from financing activities	(78)	(79)
Net liabilities arising from financing activities as of 12/31	**(46)**	**46**

Net liabilities arising from financing activities are the balance of the statement of financial position items "Cash and cash equivalents," "Financial debt" and "Lease liabilities."

27 Segment Reporting

IFRS 8 Operating Segments requires that external segment reporting must be based on the internal organizational and management structure, and on management and reporting indicators used internally. Following the acquisition of three Chinese companies in January 2021, from the beginning of 2021, segment reporting reflects three reportable operating segments (Europe, Africa, South America; Global English, Middle East, Southeast Asia; China, East Asia), differentiated according to the geographical region in which services are offered and which are reported by segment managers to the Board of Majorel Group Luxembourg S.A. in its role as the chief operating decision maker in accordance with IFRS 8. Minor activities in Mexico are included in the column "Consolidation/other." This column also comprises intersegment eliminations.

Specific segment information is defined according to the definitions on which Group management is based. As a rule, accounting and measurement in the segment reporting uses the same IFRS principles as in the Consolidated Financial Statements. Invested capital is calculated on the basis of the Group's operating assets less non-interest-bearing operating liabilities. Intercompany revenues are recognized using the same arm's-length conditions applied to transactions with third parties.

	Europe, Africa, South America		Global English, Middle East, Southeast Asia		China, East Asia		Total segments		Consolidation/ other		Total Group	
in € millions	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	1,428	1,132	269	239	112	n/a	1,809	1,371	2	4	1,811	1,375
Intersegment revenues	42	42	138	60	-	n/a	180	102	(180)	(102)	-	-
Segment revenues	**1,470**	**1,174**	**407**	**299**	**112**	**n/a**	**1,989**	**1,473**	**(178)**	**(98)**	**1,811**	**1,375**
Operating EBITDA	223	153	75	44	15	n/a	313	197	3	(1)	316	196
Depreciation, amortization and impairment	(55)	(58)	(22)	(19)	(8)	n/a	(85)	(77)	-	-	(85)	(77)
Results from investments accounted for using the equity method	-	-	1	1	-	n/a	1	1	-	-	1	1
Invested capital	233	218	88	94	78	n/a	399	312	(4)	(3)	395	309

Operating EBITDA serves as a key performance indicator for a sustainable determination of operating result. Assessment of the operating segments' performance is also based on this performance indicator. Operating EBITDA represents the operating earnings generated by the respective segment management before interest and taxes, as well as amortization/depreciation, impairment and reversals, and it is adjusted for special items. Elimination of these special items allows the determination of a normalized performance indicator, to reflect normal operational business activities, and which are not influenced by periodic outcomes or structural distortions, thus simplifying forecasting and comparability. In 2021 special items included IPO bonuses with equity deferral and related statutory social security contributions in the amount of €128 million and reversal of substantial restructuring provisions of €2 million (previous year: recognized provision on material restructuring of €2 million and losses on disposals of investments in €1 million).

Segment amortization/depreciation, impairment and reversals relate to property, plant and equipment and right-of-use assets, and to intangible assets as set out in notes 10 "Goodwill and Other Intangible Assets" and 11 "Property, Plant and Equipment and Right-of-Use Assets."

Invested capital is calculated on the basis of the Group's operating assets less non-interest bearing operating liabilities.

Each segment shows the investments accounted for using the equity method and their results, provided these companies can be clearly allocated to the segment concerned. Results from investments accounted for using the equity method are shown before impairment. In addition to the segment breakdown, revenues are broken down by customer location and revenue source.

The following table shows the reconciliation of segment information to the Consolidated Financial Statements:

Reconciliation of Segment Information to Group Profit or Loss

in € millions	2021	2020
Operating EBITDA	316	196
Amortization/depreciation, impairment and reversals on intangible assets, property, plant and equipment and right-of-use assets	(85)	(77)
Special items	(126)	(3)
EBIT	105	116
Financial result	(5)	(9)
Earnings before taxes	100	107
Income tax expense	(20)	(21)
Group profit or loss	**80**	**86**

28 Related Party Disclosures

For Majorel, related parties as defined in IAS 24 are those persons and entities that control or exercise a significant influence over Majorel, as well as those persons and entities controlled or jointly controlled by Majorel, or over which it exercises a significant influence. Accordingly, all legal entities controlled or jointly controlled by the ultimate parent company of Majorel preparing consolidated financial statements for public use. Bertelsmann SE & Co. KGaA, or over which it exercises a significant influence, all legal entities controlled or jointly controlled by Saham parent entities and key management personnel of Majorel and all its parents including close members of their families and the companies that are controlled or jointly managed by them, are defined as related parties. Majorel Group Luxembourg S.A. is the parent company of the Majorel Group. Bertelsmann Verwaltungsgesellschaft mbH (BVG), Gütersloh, a holding company with no operating activities, has control of the Bertelsmann Group. Johannes Mohn GmbH has informed Bertelsmann SE & Co. KGaA that it directly owns more than 50 percent of the shares in Bertelsmann Management SE and of Bertelsmann SE & Co. KGaA. Reinhard Mohn Verwaltungsgesellschaft mbH continues to own more than one-quarter of the shares in Bertelsmann Management SE and in Bertelsmann SE & Co. KGaA, respectively.

Remuneration for key management personnel includes the following:

Remuneration for Key Management Personnel

in € millions	2021	2020
Short-term employee and termination benefits	2	2
Post-employment benefits	-	-
Other long-term benefits	48	-

The remuneration shown includes IPO bonus with equity deferral of the members of the Management Board and remuneration for activities by the members of the Management Board of Majorel Group Luxembourg S.A. The advisory services received from the members of the Supervisory Board of Majorel Group Luxembourg S.A. are included in the item "Other related parties" in the table below.

Loans of €12 million was granted to Management Board members out of which €7 million was repaid during the year. Outstanding loans as at year end to those members amounted to €5 million.

Transactions with subsidiaries included in the scope of consolidation are eliminated and are not further disclosed. In addition to transactions with consolidated subsidiaries, the following transactions with related parties and entities were conducted in the reporting period:

Transactions with Related Parties

in € millions	Parent	Entities with significant influence	Key members of management	Associates	Other related parties
Goods delivered and services provided in 2021	-	-	-	-	39
Goods and services received in 2021	-	-	-	-	(51)
Receivables against as of December 31, 2021	-	1	5	-	14
Amounts owed to as of December 31, 2021	-	6	-	-	93
Goods delivered and services provided in 2020	-	-	-	-	44
Goods and services received in 2020	-	-	-	-	(32)
Receivables against as of December 31, 2020	-	-	-	1	24
Amounts owed to as of December 31, 2020	-	-	-	-	32

Transactions with the parent company contain transactions with Bertelsmann Luxembourg S.à r.l. as this entity is the direct parent company of Majorel. Customer Relationship Investments S.à r.l. and Saham Outsourcing Luxembourg S.à r.l. are entities that have significant influence over Majorel. On June 24, 2021 the general meeting of shareholders resolved to declare and pay a dividend of €19 million exclusively to the shareholder Bertelsmann Luxembourg S.à r.l. pursuant to a separate agreement between the shareholders of the Company and the certain venture agreement entered into between the shareholders. No transactions occurred with Bertelsmann Luxembourg S.à r.l. in 2020.

The transactions with related parties recognized in the position “Goods delivered and services provided” mainly include income from rental services and revenues from providing diverse services. The transactions with related parties recognized in the position “Goods and services received” primarily contain expenses for rental and lease expenses and expenses receiving sundry services from Bertelsmann. The outstanding receivables against related parties mainly contain trade receivables. Trade payables and loans payable from a revolving credit agreement and from a term loan agreement are the main content of the amounts owed payable to related.

In December 2018, Majorel contracted a fixed-interest term loan agreement of €20 million with Bertelsmann Business Support S.à r.l., a subsidiary of Bertelsmann SE & Co. KGaA, valid until December 2022. The interest expense for the period amounts to €1 million.

In January 2021, Majorel entered with Bertelsmann Business Support S.à r.l., into another term loan agreement of €65 million, valid until December 2022. The term loan was used to cover funding requirements in connection with the acquisitions of Chinese companies from Bertelsmann China Holding GmbH. The interest expense for the period amounts to €1 million. As of December 31, 2021, the term loan balance amounts to €65 million. The outstanding liability is part of the table concerning the transactions with related parties.

As of December 31, 2020, there was a revolving credit agreement with the minority shareholder of a Majorel subsidiary. The loan was repaid during 2021. As of December 31, 2021, there are no loans receivables from associates (previous year: €1 million).

During the year 2021, the Group received reimbursement of costs for IPO from both Saham and Bertelsmann in the amount of €4 million (previous year: €nil million).

As of December 31, 2021, Majorel has guarantees from Saham in the amount of €2 million (December 31, 2020: €2 million). No capital contributions were made in the financial year 2021 (previous year: less than € 1 million). Expenses from lease contracts were recognized with other Saham entities in the amount of €1 million (previous year: €1 million with other Bertelsmann entities and €1 million with Saham entities).

29 Events after the Reporting Period

In November 2021, Majorel had signed an agreement for the acquisition of 80 percent of the shares in Mayen Telekomünikasyon Hizmetleri A.Ş., a company based in Turkey. As of December 31, 2021, an advance payment of €58 million was already paid. In accordance with IFRS 3, the acquisition date is January 1, 2022. The transaction will be accounted for as a business combination in accordance with IFRS 3. At the time the Consolidated Financial Statements were prepared, the purchase price allocation was at a very preliminary stage. In particular, the valuations have not yet been finalized.

In February 2022, Booking.com and Majorel have entered into an agreement to transfer Booking.com's internal CX service centers in Europe, Asia Pacific, and the Americas to Majorel. The transaction will be accounted for as a business combination in accordance with IFRS 3. The agreement is expected to be effective in the second quarter of 2022, which is subject to closing conditions, including regulatory approvals and completion of works council consultations.

Statutory Auditors' Report on the Consolidated Financial Statements

7. Statutory Auditors’ Report on the Consolidated Financial Statements

To the Shareholders of
Majorel Group Luxembourg S.A.
18 Boulevard de Kockelscheuer,
1821 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D’ENTREPRISES AGREE

Opinion

We have audited the consolidated financial statements of Majorel Group Luxembourg S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (“Law of 23 July 2016”) and with International Standards on Auditing (“ISAs”) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (“CSSF”). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the “réviseur d'entreprises agréé” for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

a) Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period:

Refer to Note 1 Revenues of the consolidated financial statements and to Revenues from contracts with customers on page 14 for the relevant accounting policies.

Revenue of the Group amounts to € 1,811 million for the year ended 31 December 2021 compared to € 1,375 million in the previous year. Revenues are generated from contracts with customers and primarily relate to the end-to-end customer experience ("CX") services and content services, trust & safety. Revenue is recognized in accordance with the various revenue recognition principles that apply to the specific revenue streams in accordance with IFRS 15 "Revenue from Contracts with Customers". There is a judgement linked to timing of revenue recognition around year end for revenue recognized over time. The amount of consideration can also vary and should be taken into account to assess appropriately the revenues. The above judgement and the significance of the amount relative to other captions in the consolidated financial statements led us to identify revenue recognition as key audit matter.

b) How the matter was addressed during the audit

- Our procedures over revenue recognition include, but are not limited to:
- Obtained an understanding of the revenue streams and evaluated the applicable accounting policy for revenue recognition;

  - Performed detailed testing work at components level, including:
  - Evaluation of the design & implementation of relevant controls;
  - Assessed compliance with IFRS 15 and Majorel Group Financial Reporting Manual for complex revenue streams;
  - For multi-year agreements or revenue recognized over time, performed test of details including cash proofing and cut-off procedures to ensure revenue is recognized in the correct period;
  - Obtained supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items.

Other information

The Management Board is responsible for the other information. The other information comprises the information stated in the consolidated report including the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board and Those Charged with Governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Management Board is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Shareholders on 24 June 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letter c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of Majorel Group Luxembourg S.A. as at 31 December 2021, identified as 529900M90DFPXG97IJ03-2021-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the consolidated financial statements of Majorel Group Luxembourg S.A. as at 31 December 2021, identified as 529900M90DFPXG97IJ03-2021-12-31-en.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 16 March 2022

KPMG Luxembourg

Société anonyme

Cabinet de révision agréé

Thierry Ravasio

Partner

Annual Accounts
of the Parent Company

8. Annual Accounts of the Parent Company

Balance sheet at 31 December 2021

	Notes	2021	2020
ASSETS		**€**	**€**
Fixed assets	**3.1.**	**331,748,217**	**281,991,849**
Intangible assets		128,331	117,583
Concessions, patents, licenses, trade marks and similar rights and assets, if they were			
a) acquired for valuable consideration and		128,331	117,583
need not be shown under C.I.3			
Tangible assets		22,637	5,819
Other fixtures and fittings, tools and equipment		22,637	5,819
Financial assets		331,597,249	281,868,447
Shares in affiliated undertakings	3.1.1.	311,539,872	274,529,312
Loans to affiliated undertakings	3.1.2.	18,830,213	6,111,971
Participating interests	3.1.3.	1,227,164	1,227,164
Current assets		**243,126,203**	**152,064,695**
Debtors	3.2.	142,380,506	62,092,223
Trade debtors			
a) becoming due and payable within one year		92,908	2,025
Amounts owed by affiliated undertakings			
a) becoming due and payable within one year	3.2.1.	136,536,246	61,271,281
Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year	3.2.2.	-	550,863
Other debtors			
a) becoming due and payable within one year	3.2.3.	5,751,352	268,054
Cash at bank and in hand		100,745,697	89,972,472
Prepayments		**1,101,447**	**309,452**
TOTAL (ASSETS)		**575,975,867**	**434,365,996**

The notes in the annex form an integral part of the annual accounts.

Balance sheet at 31 December 2021

	Notes	2021	2020
CAPITAL, RESERVES AND LIABILITIES			
Capital and reserves	**3.3.**	**265,140,501**	273,576,875
Subscribed capital	3.3.1.	1,000,000	404,000
Share premium account	3.3.3.	255,370,005	275,366,005
Profit or loss brought forward		(2,193,130)	(996,454)
Profit or loss for the financial year		10,963,626	(1,196,676)
Provisions		-	27,066
Creditors	**3.4.**	**310,835,366**	160,762,055
Amounts owed to credit institutions	3.4.1.		
a) becoming due and payable within one year		19,833	-
b) becoming due and payable after more than one year		69,669,025	-
Trade creditors			
a) becoming due and payable within one year	3.4.2.	2,480,165	1,428,107
Amounts owed to affiliated undertakings	3.4.3.		
a) becoming due and payable within one year		198,677,636	138,793,435
b) becoming due and payable after more than one year		34,700,000	20,000,000
Other creditors			
a) Tax authorities	3.4.4.	404,814	65,483
b) Social security authorities		59,337	20,488
c) Other creditors			
i) becoming due and payable within one year	3.4.5.	4,824,556	454,542
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		**575,975,867**	**434,365,996**

The notes in the annex form an integral part of the annual accounts.

Profit and loss account for the period ended 31 December 2021

			Notes	2021 €	2020 €
		Other operating income	**4.1.**	**35,212,340**	16,883,250
		Raw materials and consumables and other external expenses		**(57,501,272)**	(14,820,305)
a)		Raw materials and consumables		(3,396)	(5,968)
b)		Other external expenses	4.2.	(57,497,876)	(14,814,337)
		Staff costs	**4.3.**	**(13,524,639)**	(1,323,859)
a)		Wages and salaries		(13,392,369)	(1,240,866)
b)		Social security costs		(130,320)	(82,893)
	i)	relating to pensions		(81,840)	(51,636)
	ii)	other social security costs		(48,480)	(31,257)
c)		Other staff costs		(1,950)	(100)
		Value adjustments	**3.1.**	**(706,695)**	(16,204)
a)		in respect of formation expenses and of tangible and intangible fixed assets		(23,902)	(16,204)
b)		in respect of current assets	3.2.1.	(682,793)	-
		Other operating expenses	**4.4.**	**(948,517)**	(500,130)
		Income from participating interests		**50,033,245**	-
a)		derived from affiliated undertakings	4.5.	50,033,245	-
		Income from other investments and loans forming part of fixed assets		**177,396**	101,033
a)		derived from affiliated undertakings	3.1.2.	177,396	101,033
		Other interest receivable and similar income		**11,044,612**	2,989,265
a)		derived from affiliated undertakings	4.6.	11,010,775	1,812,568
b)		other interest and similar income	4.7.	33,837	1,176,697
		Interest payable and similar expenses		**(12,104,236)**	(4,032,192)
a)		concerning affiliated undertakings	4.8.	(11,810,989)	(3,671,846)
b)		other interest and similar expenses	4.9.	(293,247)	(360,346)
		Tax on profit or loss		**(713,793)**	(472,719)
		Profit after taxation		**10,968,441**	(1,191,861)
		Other taxes not shown under items 1 to 16	**4.10.**	**(4,815)**	(4,815)
		Profit for the financial year		**10,963,626**	**(1,196,676)**

The notes in the annex form an integral part of the annual accounts.

1 GENERAL

Majorel Group Luxembourg SA (the “Company”) was incorporated on 12 September 2018 as Reinhard Mohn Luxembourg Sarl and organized under the laws of Luxembourg as a “Société à responsabilité limitée” for an unlimited period.

By resolution dated on 4 January 2019 the Company was renamed to ACR - Advanced Customer Relation Sarl and by resolution dated 30 August, 2019 the Company was renamed to Majorel Group Luxembourg SA. In addition, it was resolved to change the legal form from a private limited company (société à responsabilité limitée) into a public limited company (société anonyme).

The Company is registered in the Commercial Register RCS Luxembourg under number B 227626.

The registered office of the Company is established at 18, Boulevard de Kockelscheuer, L-1821 Luxembourg.

The Company’s financial year starts on 1 January and ends on 31 December of each year.

The purpose of the Company is the holding of participations in any form whatsoever in Luxembourg and foreign companies and in any other form of investment, the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, management, control and development of its portfolio. The Company may grant loans to, as well as guarantees or securities for the benefit of third parties to secure obligations of, companies in which it holds a direct or indirect participation or right of any kind or which form part of the same group of companies as the Company, or otherwise assist such companies. The Company may raise funds through borrowing in any form or by issuing any kind of notes, securities or debt instruments, bonds and debentures and generally issue securities of any type. The Company may not publicly issue shares. The Company may carry out any commercial, industrial, financial, real estate or intellectual property activities which it considers useful for the accomplishment of these purposes.

On 24 September 2021, the Company completed the initial public offering of its own shares on the Euronext Amsterdam NV (“Euronext Amsterdam”) stock exchange. At 31 December 2021, the Company’s share price was €27.88 per share.

The Company also prepares consolidated financial statements which are published according to the provisions of the law and may be obtained at its registered office and on its official website.

The Company is included in the consolidated financial statements of Bertelsmann SE & Co. KGaA, a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Strasse 270, D-33311 Gütersloh, Germany. The consolidated financial statements of Bertelsmann SE & Co. KGaA (the “Group”) may be obtained at its registered office and on its official website.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the Amended Law, dated 19 December 2002, determined and applied by the Management Board.

The annual accounts have been prepared under the historical cost convention. The annual accounts have been prepared on the going concern basis which the Directors believe to be appropriate.

All monetary amounts in the notes are in EUR unless otherwise indicated.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management Board to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore fairly present the financial position and results.

The Company makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next financial year(s). Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 Foreign currency translation, foreign exchange risks and derivatives

The Company maintains its accounts in EUR.

Transactions in foreign currencies are recorded at the rate of exchange ruling on the transaction date. With the exception of non-monetary fixed assets, all assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Related realized and unrealized gains and losses are recognized in the profit and loss account.

Unrealized losses and gains resulting from the revaluation of the foreign currency derivative contracts (internal and external) are recognized in the profit and loss account with a counterpart in the balance sheet in “Other creditors” or “Other debtors”, respectively.

2.3 Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto or at production costs, less cumulated amortization amounts written off and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The intangible assets consist of trademark rights, which are amortized on a linear basis over a period of 10 years.

2.4 Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto or at production cost. They are depreciated over their estimated useful economic lives. Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Estimated useful lives are as follows:

- Other fixtures and fittings, tools and equipment: three to five years.

2.5 Financial assets

Shares in affiliated undertakings, participating interests and loans to affiliated undertakings are valued at acquisition cost or at their nominal value, including the expenses incidental thereto.

Investments are classified as affiliated undertakings if the Company is able to exercise control over the company concerned.

In the case of durable depreciation in value according to the opinion of the Management Board, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.6 Debtors

Debtors are recorded at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.7 Cash at bank and in hand

Bank balances and cash in hand are carried at nominal value. Foreign currency holdings are carried at the applicable exchange rate at the balance sheet date.

The Company reports in the balance sheet the net amount of the debit and credit positions of the bank accounts when these positions relate to the same nature of bank account with the same currency in the same bank and a netting agreement exists with the bank. If these conditions are not met, credit positions are recorded as bank overdrafts in “Amounts owed to credit institutions”.

2.8 Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

2.9 Subscribed capital

Subscribed capital is recognized at the nominal amount.

2.10 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

2.11 Creditors

Creditors are stated at their reimbursement value.

3 BALANCE SHEET

3.1 Fixed assets

The movements for the year are as follows:

Cost	31.12.2020 €	Additions €	Disposals €	31.12.2021 €
Intangible assets				
Concessions, patents, licenses, trade mark and similar rights and assets	139,113	28,051	-	167,164
Total Intangible assets	139,113	28,051	-	167,164
Tangible assets				
Other fixtures and fittings, tools and equipment	8,053	23,417	(1,753)	29,717
Total Tangible assets	8,053	23,417	(1,753)	29,717
Financial assets				
Shares in affiliated undertakings	274,529,312	37,010,560	-	311,539,872
Loans to affiliated undertakings	6,111,971	12,718,242	-	18,830,213
Participating interests	1,227,164	-	-	1,227,164
Total Financial assets	281,868,447	49,728,802	-	331,597,249
Total Fixed assets	**282,015,613**	**49,780,270**	**(1,753)**	**331,794,130**

					Net book value	
Amortization, depreciation and write-downs	31.12.2020 €	Allocations €	Reversals €	31.12.2021 €	31.12.2020 €	31.12.2021 €
Intangible assets						
Concessions, patents, licenses, trade mark and similar rights and assets	21,530	17,303	-	38,833	117,583	128,331
Tangible assets						
Other fixtures and fittings, tools and equipment	2,234	6,599	(1,753)	7,080	5,819	22,637
Financial assets						
Shares in affiliated undertakings	-	-	-	-	274,529,312	311,539,872
Loans to affiliated undertakings	-	-	-	-	6,111,971	18,830,213
Participating interests	-	-	-	-	1,227,164	1,227,164
Total Fixed assets	**23,764**	**23,902**	**(1,753)**	**45,913**	**281,991,849**	**331,748,217**

3.1.1 Shares in affiliated undertakings

In 2021, “Shares in affiliated undertakings” evolved as follows:

	€
Balance as of 31.12.2020	274,529,312
Increase	37,010,560
Balance as of 31.12.2021	**311,539,872**

On 18 June 2021, the Company founded Majorel Severna Makeodnija Dooel Skopje (North Macedonia) and contributed an amount of €5,000 into its subscribed capital.

On 16 September 2021, the Company founded Majorel C LLC (Croatia) and contributed an amount of €2,700 into its subscribed capital.

On 21 December 2021, the Company contributed €37,000,000 to the capital of Majorel Holding Nederland BV, a wholly owned subsidiary.

In addition, in 2021, the Company also capitalized ancillary costs of €2,860 incurred in the context of the acquisition of Majorel Hong Kong Limited which occurred at the end of 2020.

Details of shares:

Name of the company	Legal form	Country	Direct % held	Acquisition cost	Value adjustments	Net	Equity at 2020 year end (last period closed) 1)	Result for FY 2020 (last period closed) 1)
Majorel Holding Deutschland	GmbH	Germany	100.0	150,557,630	-	150,557,630	185,868,360	25,896,159
ACR France Sarl	Sarl	France	100.0	100,000,001	-	100,000,001	110,723,989	(2,963,397)
Majorel Holding Nederland BV	BV	Netherlands	100.0	51,000,001	-	51,000,001	18,526,537	3,569,598
Eclipse Holdings Limited	Limited	Malta	100.0	9,946,485	-	9,946,485	2,270,148	17,492
Majorel Real Estate GmbH	GmbH	Germany	100.0	25,000	-	25,000	125,594	56,343
Majorel Severna Makedonija Dooel Skopje	Dooel	North Macedonia	100.0	5,000		5,000	n/a 2)	n/a 2)
Majorel Hong Kong	Limited	Hong Kong	100.0	2,860	-	2,860	-	-
Majorel C LLC	LLC	Croatia	100.0	2,700		2,700	n/a 2)	n/a 2)
Majorel Armenia LLC	LLC	Armenia	100.0	193	-	193	(47,521,321)	(14,627,720)
EMEA CRM Hub Netherlands BV	BV	Netherlands	100.0	1	-	1	503,676	408,857
Majorel UK Limited	Limited	Great Britain	100.0	1	-	1	(498,251)	(116,502)
				311,539,872	**-**	**311,539,872**		

(1) Except unless otherwise stated, amounts on a 100% basis before dividend distribution, if any, and converted at the 2020 closing rate, if required
(2) Founded in 2021 only. No accounts filed to date

The Management Board has assessed that the fair values of the investments were above book values at 31 December 2021 and hence did not book any impairment.

3.1.2 Loans to affiliated undertakings

At 31 December 2021, "Loans to affiliated undertakings" related to

- a promissory note of up to USD 10,000,000 (2020: USD 10,000,000) granted to an affiliated undertaking, bearing interest at Libor adjusted for a margin. On the balance sheet date, the loan had an outstanding principal of €10,330,213 (2020: €6,111,971);
- long-term loans grated to affiliated undertakings of €8,500,000 (2020: € nil), bearing interest at a rate based on EURIBOR for Euro or equivalent base rate for non-Euro countries adjusted for a margin reflecting the specific risks attached to the group companies, and then converted into a fixed rate.

Total interest income from "Loans to affiliated undertakings" amounted €177,396 (2020: €101,033).

3.1.2 *Participating interests*

At 31 December 2021 and 2020, “Participating interests” related to the following:

Name of the company	Legal form	Country	Direct % held	Acquisition cost	Value adjustments	Net	Equity at 2020 year end (last period closed) 1)	Result for FY 2020 (last period closed) 1)
Ecco Gulf WLL	WLL	Qatar	49.0	1,227,164	-	1,227,164	4,028,913	1,139,986

(1) Amount on a 100% basis before dividend distribution and converted at the 2020 closing rate

The Management Board has assessed that the fair value of the investment was above book value at 31 December 2021 and hence did not book any impairment.

3.2 Debtors

3.2.1 *Amounts owed by affiliated undertakings*

At 31 December 2021, “Amounts owed by affiliated undertakings” consisted of:

- Cash pooling accounts receivables of €118,890,704 (2020: €48,582,853), net of a value adjustment of €682,793 (2020: € nil), due from affiliated undertakings. The interest rate of the cash pooling is based on EURIBOR for Euro or equivalent base rate for non-Euro cash pooling, adjusted for a margin reflecting the specific risks attached to the group companies;
- Interest accrued on the promissory note €226,823 (2020: €123,845) (Note 3.1.2);
- Short-term loans receivable from affiliated undertakings of €531,727 (2020: €2,120,638). The interest rate of the loan is based on EURIBOR for Euro or equivalent base rate for non-Euro countries adjusted for a margin reflecting the specific risks attached to the group companies, and then converted into a fixed rate;
- Interest accrued on long-term loans (Note 3.1.2) and short-term loans of €601,797 (2020: €410,161);
- Trade accounts receivable from various group companies of €16,285,195 (2020: €10,033,784).

On 31 December 2021, the Company recorded a value adjustment of €682,793 on the cash pooling account receivable due from on affiliated undertaking.

In 2021, total interest income from “Amounts owed by affiliated undertakings” amounted to €2,063,031 (2020: €1,349,311).

3.2.2 *Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests*

At 31 December 2020, “Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests” related to one loan of €550,078 and accrued interest thereon of €785.

The loan which bore interest at a rate of 4.75% was granted on 8 December 2020 for a period of 180 days, renewable by mutual agreement for a period not exceeding one year and was collected in full in 2021.

3.2.3 *Other debtors*

At 31 December 2021, “Other debtors” mainly related to short-term loans to employees of €5,449,960 (2020: € nil) provided to members of Majorel leadership team for the purchase of Majorel Group’s shares made in the context of the stock listing and to derivative financial instruments of €174,592 (2020: €266,162), all due within less than one year, corresponding to unrealized gains on foreign exchange derivative assets.

3.3 Capital and reserves

	Subscribed capital	Share premium account	Profit or loss brought forward	Profit or loss for the financial year	Total
On 31.12.2020	**404,000**	**275,366,005**	**(996,454)**	**(1,196,676)**	**273,576,875**
Allocation of 2020 results	-	-	(1,196,676)	1,196,676	-
Dividend distribution	-	(19,400,000)	-	-	(19,400,000)
Transfer	596,000	(596,000)	-	-	-
Profit for the financial year	-	-	-	10,963,626	10,963,626
On 31.12.2021	**1,000,000**	**255,370,005**	**(2,193,130)**	**10,963,626**	**265,140,501**

3.3.1 Subscribed capital

In an extraordinary shareholder meeting held on 6 September 2021, the shareholders unanimously decided to split the shares and change their value from a nominal value of €1 each to an accounting par value of €0.01 each.

The shareholders also resolved to increase the share capital of the Company from its current amount of €404,000 to €1,000,000 through the issue of 59,600,000 new shares with an accounting par value of €0.01. The shareholders subscribed the capital increase through the conversion of the corresponding amount taken from the share premium account.

As a result, at 31 December 2021, "Subscribed capital" amounted to €1,000,000, represented by 100,000,000 shares with an accounting par value of €0.01 each and fully paid up (2020: €404,000 represented by 404,000 shares with a nominal value of €1 each).

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

3.3.2 Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

3.3.3 Share premium account

On June 24 2021 the general meeting of shareholders resolved to declare and pay a dividend of €19,400,000 exclusively to the shareholder Bertelsmann Luxembourg S.à r.l.. In an extraordinary shareholder meeting held on 6 September 2021, the shareholders resolved to increase the share capital of the Company through the issue of 59,600,000 new shares with an accounting par value of €0.01 through the conversion of the corresponding amount taken from the share premium account.

As a result, at 31 December 2021, "Share premium account" amounted to €255,370,005 (2020: €275,366,005).

3.4 Creditors

3.4.1 Amounts owed to credit institutions

At 31 December 2021, “Amounts owed to credit institutions” consisted of a credit facility for a total amount of €70,000,000 less transaction costs bearing interest at a rate of 0.85% and maturing on 31 December 2025. The facility also included a net leverage covenant the Company complied with.

At 31 December 2021, the amount borrowed under the agreement amounted to €69,669,025 including interest accrued on the loan of €19,833.

3.4.2 Trade creditors

At 31 December 2021, “Trade creditors” related to payables and outstanding invoices mainly for services rendered in the ordinary course of business.

3.4.3 Amounts owed to affiliated undertakings

At 31 December 2021, “Amounts owed to affiliated undertakings” consisted of:

- Cash pooling accounts payable from various group companies of €80,261,765 (2020: €136,121,111). The interest rate of the cash pooling is based on EURIBOR for Euro or equivalent base rate for non-Euro cash pooling, adjusted for a margin reflecting the specific risks attached to the group companies;
- A short-term loan granted by an affiliated undertaking on 11 January 2021 of €65,371,000 (2020: € nil) maturing on 30 December 2022. The interest rate of the loan is based on EURIBOR for Euro or equivalent base rate for non-Euro countries adjusted for a margin reflecting the specific risks attached to the group companies, and then converted into a fixed rate. Interest accrued on the loan amounted to €953,700 (2020: € nil);
- A short-term loan originally granted by an affiliated undertaking on 19 December 2018 of €20,000,000 (2020: € 20,000,000) maturing on 19 December 2022. The interest rate of the loan is based on EURIBOR for Euro or equivalent base rate for non-Euro countries adjusted for a margin reflecting the specific risks attached to the group companies, and then converted into a fixed rate. Interest accrued on the loan amounted to €17,096 (2020: €15,670);
- A long-term loan granted by an affiliated undertaking on 28 October 2021 of €34,700,000 for a term of two years, bearing interest at a rate of 1.50 per cent. Interest accrued on the loan amounted to €81,284;
- Trade accounts payable to various group companies of €31,608,777 (2020: €2,656,654);
- Other payables of €384,014 (2020: € nil).

In 2021, interest expenses from “Amounts owed to affiliated undertakings” amounted to €1,682,787 (2020: €729,849).

3.4.4 Tax authorities

The Company has received final assessments for income tax up to 2019 and net wealth tax up to 2020.

3.4.5 Other creditors

At 31 December 2021, “Other creditors” mainly included amounts payable to staff of €4,685,387 (2020: €398,721) and foreign exchange derivative financial instruments of €128,767 (2020: €55,821), all contracted with an affiliated undertaking.

4 PROFIT AND LOSS ACCOUNT

4.1 Other operating income

In 2021, “Other operating income” mainly related to management service charges and other charges to affiliated undertakings of €18,520,910 (2020: €10,162,876) and trade mark fees of €12,735,882 (2020: €6,702,252).

The increase if compared to the prior year was due to the growth experienced by the Majorel group, the inclusion of new companies and higher rates.

4.2 Other external expenses

	2021	2020
Recharged expenses from affiliated undertakings	39,930,468	7,354,023
Auditing, consulting and legal expenses	9,763,271	6,240,420
Cloud- and IT-services	4,381,788	663,047
Insurance costs	2,279,405	329,831
Serviced offices	213,044	132,430
Travelling and entertainment expenses	21,912	15,656
Other expenses	907,988	78,930
Total	**57,497,876**	**14,814,337**

The strong increase year-on-year was primarily driven by the costs linked to the initial public offering of the Company’s shares on the Amsterdam Stock Exchange. In particular, €27,535,834 relates to IPO costs incurred by Majorel subsidiaries and recharged to the Company during the year.

4.3 Staff costs

During 2021, the Company had an average staff of 14 employees (2020: 10) who were dedicated to corporate functions including 2 directors.

4.4 Other operating expenses

In 2021, “Other operating expenses” mainly included non-deductible VAT of €395,614 (2020: €344,729) and fees for the supervisory board of €158,889 (2020: € nil). In 2020, they also included allocations to operating provisions of €150,000.

4.5 Income from participating interests derived from affiliated undertakings

In 2021,” Income from participating interests derived from affiliated undertakings” related to dividends received of €50,033,245 (2020: € nil).

4.6 Other interest receivable and similar income derived from affiliated undertakings

In 2021, “Other interest receivable and similar income derived from affiliated undertakings” consisted of:

	2021	2020
Foreign exchange gains, net	8,947,744	463,257
Interest income from cash pooling account receivable	1,824,176	992,960
Interest income from short-term loans and other	238,855	356,351
Total	**11,010,775**	**1,812,568**

Net foreign exchange gains related to:

	2021	2020
Realized net foreign exchange gains	189,531	8,248
Unrealized net foreign exchange gains	7,162,672	320,110
Realized net foreign exchange gains on foreign currency derivatives	1,566,648	-
Unrealized net foreign exchange gains on foreign currency derivatives	28,893	134,899
Total	**8,947,744**	**463,257**

4.7 Other interest and similar income

In 2021, "Interest and similar income" mainly related to realized foreign exchange gains of €33,722 (2020: €1,176,189).

4.8 Interest payable and similar expenses concerning affiliated undertakings

In 2021, "Interest payable and similar expenses concerning affiliated undertakings" consisted of:

	2021	2020
Foreign exchange losses, net	10,128,202	2,941,997
Interest expenses from loans	1,554,949	520,049
Interest expenses from cash pooling accounts payable	127,838	209,800
Total	**11,810,989**	**3,671,846**

Net foreign exchange losses related to:

	2021	2020
Realized foreign exchange losses	1,077,812	619
Unrealized foreign exchange losses	28,693	2,720,334
Realized net foreign exchange losses on foreign currency derivatives	8,828,288	221,044
Unrealized net foreign exchange losses on foreign currency derivatives	193,409	-
Total	**10,128,202**	**2,941,997**

4.9 Other interest and similar expenses

In 2021, "Other interest and similar expenses" consisted of:

	2021	2020
Interest expenses	257,075	329,751
Commissions on guarantees	27,543	30,529
Other	8,629	66
Total	**293,247**	**360,346**

4.10 Other taxes not shown under items 1 to 16

In 2021, "Other taxes not shown under items 1 to 16" related to net wealth tax.

5 OFF-BALANCE SHEET COMMITMENTS

The Company had the following off-balance sheet commitments:

- rental agreements with affiliated undertakings of €2,620,665 (2020: €3,250,132);
- bank guarantees of €8,339,472 (2020: €12,646,748) and AED 9,450,000 (€2,294,960) (2020: € nil). For the guarantee of AED 9,450,000, an amount of USD 2,750,000 was pledged by the Company;
- two letters of support for a total amount of €12,000,000 (2020: €14,000,000);
- other guarantees of €8,829,242 (2020: €10,799,295).

At 31 December 2020, the Company additionally had a financial obligation amounting to €137,934 from a contractual agreement with a supplier.

6 SUBSEQUENT EVENTS

There have been no subsequent events.

7 RELATED PARTIES AND RELATED PARTIES TRANSACTIONS

At 31 December 2021, the shareholders of the Company were Bertelsmann Luxembourg Sarl (39.5%), Saham Customer Relationship Investments Sarl (former Globex Investments Sarl) (19.8%) and Saham Outsourcing Luxembourg Sarl (19.7%). The rest was held as free float.

During the year 2021, all transactions entered into with related parties were carried out at arm's length.

Luxembourg,

Majorel Group Luxembourg SA

…………………………………………………… ……………………………………………………

(Dr. Thomas Mackenbrock) (Otmane Serraj)

Statutory Auditors' Report on the Annual Accounts

9. Statutory Auditors’ Report on the Annual Accounts

To the Shareholders of
Majorel Group Luxembourg S.A.
43, Boulevard Pierre Frieden
L-1543 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D’ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Majorel Group Luxembourg S.A. (the "Company"), which comprise the balance sheet as at 31 December 2021, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2021 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (“Law of 23 July 2016”) and with International Standards on Auditing (“ISAs”) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (“CSSF”). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the “réviseur d'entreprises agréé” for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The Management Board is responsible for the other information. The other information comprises the information stated in the annual report including the combined management report and the Corporate Governance Statement, presented within the publicly available consolidated financial statements of the Company, but does not include the annual accounts and our report of the “réviseur d'entreprises agréé” thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board and Those Charged with Governance for the annual accounts

The Management Board is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Management Board determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

The Management Board is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the annual accounts, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

Our responsibility is to assess whether the annual accounts have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Shareholders on 24 June 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The combined management report, presented within the publicly available consolidated financial statements of the Company, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the combined management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the annual accounts of the Company as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to:

- Annual accounts prepared in a valid xHTML format.

In our opinion, the annual accounts of Majorel Group Luxembourg S.A. as at 31 December 2021, identified as Annual_accounts_Majorel_Luxembourg_Group_S.A._2021.xhtml, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Luxembourg, 16 March 2022

KPMG Luxembourg

Société anonyme

Cabinet de révision agréé

Thierry Ravasio

Partner

Find out more about what it takes to be a next-gen global CX leader at majorel.com

FINANCIAL CALENDAR (INDICATIVE)

Q1 2022 Trading Update	May 5, 2022
Capital Markets Day, London	June 9, 2022
Annual General Meeting	June 20, 2022
H1 2022 Results	August 30, 2022
Q3/9M Trading Update	November 3, 2022

PUBLISHER

Majorel Group Luxembourg S.A.
18, Boulevard de Kockelscheuer,
L-1821 Luxembourg
Luxembourg

CONTACT

Investor Relations
Insa Calsow
EVP, Investor Relations
ir@majorel.com

MEDIA RELATIONS

Andrew Slater
SVP, Global Marketing & Communications
media@majorel.com

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majorel