Intertrust sees continued growth and short-term margin pressure in Q2

Amsterdam, the Netherlands – 28 July 2022 – Intertrust N.V. ("Intertrust" or "Company") [Euronext: INTER], a global leader in providing tech-enabled corporate and fund solutions to clients operating and investing in the international business environment, today publishes its results for the second quarter and half year ended 30 June 2022.

Q2 2022 Highlights

- Continued growth in underlying revenue (+2.3%), driven by Rest of the World, US Fund Services and Luxembourg
- Solid pipeline at EUR 86.6m (+8.6% y-o-y); deals won with EUR 18.4 million in annual contract value
- Adjusted EBITA of EUR 34.9 million (Q2 2021: EUR 39.9 million) including one-off costs of EUR 5.4 million from remediation activities. Adjusted EBITA margin of 22.9% (Q2 2021: 27.8%), primarily driven by increased staff expenses (+11.5% y-o-y)
- FY 2022 guidance on revenue growth maintained; EBITA margin expectation adjusted to 26-28% to reflect increased investments in the workforce and one-off remediation costs; medium-term ambitions reiterated
- Transaction progressing as planned and expected to close in H2 2022; AGM approved all Offer-related resolutions; Offer Period extended until two weeks after all Regulatory Clearances have been obtained or waived; Regulatory Clearance obtained from Curaçao, Guernsey, Hong Kong, Jersey, UAE and UK

Shankar Iyer, CEO of Intertrust, commented:

"We continue to see solid underlying revenue growth in Luxembourg, US Fund Services and Rest of the World. Our pipeline stood at a record level at the end of the second quarter and the value of deals won remains robust. In addition, after several quarters of increasing working capital, we now see this stabilised compared to the previous quarter.

As we support our clients to navigate through the current challenging macroeconomic and geopolitical environment, we continue to position the Group for long-term growth. This is achieved by further strengthening our foundations and hence we're investing in compliance & remediation and expanding our talented workforce. As employee attrition remained elevated, we have welcomed more than 1,100 new colleagues to our offices across the globe in the first half which, in the current tight labour market, resulted in markedly higher staff expenses. In addition, we are seeking targeted price increases to partially offset the various inflationary pressures which are inevitably impacting our cost base in the short term.

Taking all this into account, we reiterate our revenue guidance of 3-5% underlying growth for the year and we adjust our EBITA margin guidance to 26-28%. Our medium-term ambitions, which aim for accelerated revenue growth and margin expansion, remain unchanged and reflect our commitment to long-term growth and solid cash generation.

We value our shareholders' support in the transaction with CSC as evidenced during the AGM last May. Together with CSC we are preparing for the integration once the transaction has closed. We are on track with the regulatory approval processes and expect the transaction to close in the second half of this year."

Intertrust Group Q2 2022 figures

	As reported			Adjusted[1]			
	Q2 2022	Q2 2021	% Change	Q2 2022	Q2 2021	% Change	Underlying % change[2]
Revenue (€m)	152.5	143.4	6.4%	152.5	143.4	6.4%	2.3%
EBITA (€m)	31.9	36.1	-11.4%	34.9	39.9	-12.4%	-16.7%
EBITA Margin	20.9%	25.1%	-420bps	22.9%	27.8%	-491bps	-516bps
Net Income (€m)	(2.0)	8.2	-124.8%	21.4	27.3	-21.6%	
Earnings per share (€)[3]	(0.02)	0.09	-122.2%	0.24	0.30	-21.5%	
Cash flow from operating activities (€m)	37.1	28.0	32.7%				

[1] See Reconciliation of performance measures to reported results (see page 8) for further information on Adjusted figures

[2] Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)

[3] Average number of shares for Q2 2022: 90,352,129 shares; average for Q2 2021: 90,539,765 shares

Intertrust Group H1 2022 figures

	As reported			Adjusted[1]			
	H1 2022	H1 2021	% Change	H1 2022	H1 2021	% Change	Underlying % change[2]
Revenue (€m)	300.1	283.7	5.8%	300.1	283.7	5.8%	2.2%
EBITA (€m)	65.9	74.7	-11.8%	73.2	85.2	-14.0%	-17.6%
EBITA Margin	22.0%	26.3%	-438bps	24.4%	30.0%	-563bps	-583bps
Net Income (€m)	(4.2)	31.8	-113.3%	47.0	59.9	-21.5%	
Earnings per share (€)[3]	(0.05)	0.35	-114.3%	0.52	0.66	-21.4%	
Cash flow from operating activities (€m)	56.1	66.6	-15.7%				

[1] See Reconciliation of performance measures to reported results (see page 8) for further information on Adjusted figures

[2] Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)

[3] Average number of shares for H1 2022: 90,189,834 shares; average for H1 2021: 90,369,835 shares

Financial review

Revenue

In Q2 2022, reported revenue increased 6.4% y-o-y to EUR 152.5 million, including a positive currency impact of 4.1% mainly relating to the US dollar and British Pound. Underlying revenue increased 2.3%, driven by double-digit growth in US Fund Services and continued solid growth in Rest of the World and Luxembourg. This was partly offset by lower revenues in the Netherlands and Cayman Islands. Employee attrition remains elevated (Group: 30.7% annualised in H1 2022) and continues to impact productivity in several jurisdictions. Underlying revenue growth excluding the Netherlands and Cayman Islands was 8.7%. These two jurisdictions represented 24% of revenue in the second quarter.

In H1 2022, reported revenue increased 5.8% y-o-y to EUR 300.1 million, of which 3.6% was attributable to a positive FX impact. In the first six months, underlying revenue grew 2.2% compared to the same period last year. Excluding the Netherlands and Cayman Islands underlying revenue grew 8.3% in H1 2022.

Pipeline developments

At the end of the second quarter, Intertrust's open pipeline stood at a record level of EUR 86.6 million (+8.6% y-o-y). Deals won in the quarter reached an annual contract value (ACV) of EUR 18.4 million, which was broadly flat compared to the same period last year. Over the last twelve months, ACV of deals won totalled EUR 75.7 million, an increase of 14.8% compared to the twelve months ending on 30 June 2021.

Revenue per service line

(EUR million)	Q2 2022	Q2 2021	% Change	Underlying % change[1]	H1 2022	H1 2021	% Change	Underlying % change[1]
Corporates	45.8	46.8	-2.2%	-4.6%	92.6	93.7	-1.2%	-3.6%
Funds	73.2	64.5	13.5%	8.0%	141.2	125.7	12.3%	7.8%
Capital Markets	19.2	17.2	11.3%	8.5%	37.6	34.2	9.9%	7.3%
Private Wealth	13.7	14.2	-3.4%	-8.0%	27.6	28.3	-2.5%	-6.9%
Other	0.6	0.6	-5.1%	-9.3%	1.1	1.7	-35.9%	-38.5%
Total Group revenue	**152.5**	**143.4**	**6.4%**	**2.3%**	**300.1**	**283.7**	**5.8%**	**2.2%**

[1] Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)

In Q2 2022, underlying revenue in Corporates declined 4.6%, which was fully driven by the Netherlands and partly offset by growth in particularly Jersey, Luxembourg, Nordics and UK. In H1 2022, underlying revenue in Corporates declined 3.6%.

Underlying revenue in Funds grew 8.0% in the second quarter of 2022. Double-digit growth in fund administration (US Fund Services) and continued strong performance of SPV Services in Luxembourg, Asia Pacific and Channel Islands was somewhat offset by lower revenue from SPV Services in Cayman Islands. In H1 2022, underlying revenue for Funds increased 7.8%.

In Capital Markets, underlying revenue growth of 8.5% in Q2 2022 was supported by strong growth in Luxembourg, UK and Cayman Islands. In H1 2022, underlying revenue in Capital markets increased 7.3%.

In Q2 2022, Private Wealth revenue declined 8.0%, mainly driven by the Channel Islands, the Netherlands and Luxembourg. This was partly offset by growth in Asia Pacific and Cayman Islands. In H1 2022, underlying revenue in Private Wealth declined 6.9%.

Adjusted EBITA and adjusted EBITA margin

Q2 2022 adjusted EBITA was EUR 34.9 million, resulting in a 22.9% adjusted EBITA margin (Q2 2021: 27.8%). This included EUR 5.4 million one-off costs related to remediation activities. The normalised margin excluding one-off costs was 26.4% (Q2 2021: 32.3%), reflecting increased investments in the workforce. Higher staff expenses were particularly driven by a higher headcount, the onboarding and training of new employees and considerable wage inflation. Elevated employee attrition remains a sector-wide phenomenon. Therefore, retention of staff continues to be one of the key focus areas for management throughout the company. In addition, Intertrust witnessed an increase in other costs, mainly related to remediation, recruitment and travel.

H1 2022 adjusted EBITA amounted to EUR 73.2 million, resulting in a 24.4% margin. This included EUR 8.0 million one-off costs related to remediation activities and other legal and compliance costs (H1 2021: EUR 6.4 million, including the CIMA fine). The normalised margin excluding one-off costs was 27.1% (H1 2021: 32.3%).

Compliance framework

As announced last year, Intertrust has decided to accelerate the strengthening and digitalisation of its compliance framework. The compliance framework will consist of an automated risk assessment, coupled with standardised customer due diligence procedures and minimum standards.

Intertrust will continue taking the necessary actions to strengthen its overall compliance risk management and culture throughout the organisation and is making progress with its compliance remediation programmes. Due to the inherent complexity of the project being greater than anticipated, Intertrust is further increasing its investment in remediation and now expects one-off costs between EUR 15-20 million in 2022, compared to its previous expectation of a 'similar amount compared to last year' (FY 2021: EUR 13.8 million). Of this amount, EUR 8.0 million has been spent in the first six months. Per 30 June 2022, Intertrust employed more than 160 FTE (internal and external) dedicated to the remediation activities.

As previously stated, regulatory inspections are a regular and ongoing feature of our industry to which Intertrust Group is subject from time to time. As part of a wider industry trend, Intertrust has experienced heightened scrutiny by authorities in various jurisdictions. Intertrust will always cooperate fully and in the spirit of transparency and provide all resources necessary to make sure the regulatory bodies have the information required and such inspections are carried out with utmost diligence.

Financing and tax expenses

The net financial result in Q2 2022 was EUR 19.9 million negative, consisting of the following items:

(EUR million)	Q2 2022	Q2 2021	H1 2022	H1 2021
Net interest cost	(8.6)	(8.8)	(16.9)	(17.5)
Fair value adjustment of the early redemption option	(12.8)	(4.7)	(29.5)	8.5
Other	1.5	-	2.6	(0.4)
Net financial result	**(19.9)**	**(13.5)**	**(43.8)**	**(9.4)**

As a result of market movements (rising interest rates), the price of the senior notes decreased during the quarter and amounted to 94.95 at the end of Q2 2022. The fair value of the early redemption option decreased by EUR 12.8 million, which had no cash flow impact.

Income tax expense was EUR 1.1 million in H1 2022 (H1 2021: EUR 9.2 million). The change versus H1 2021 was primarily driven by the result of the non-cash revaluation of the early redemption option of the senior notes on profit before income tax and the lower Profit before tax. The effective tax rate (ETR) was -33.5% in H1 2022 and the normalised effective tax rate excluding the impact of the revaluation of the early redemption option was 32.9%. The increase in normalised ETR was driven by lower Profit before tax in Cayman Islands and the Netherlands, which resulted in increased non-deductible interest expenses.

Earnings per share (EPS)

Q2 2022 adjusted EPS was EUR 0.24 (Q2 2021: EUR 0.30). The average number of outstanding shares in Q2 2022 was 90,352,129 (Q2 2021: 90,539,765). In H1 2022 adjusted EPS was EUR 0.52 (H1 2021: EUR 0.66). The average number of outstanding shares in H1 2022 was 90,189,834 (H1 2021: 90,369,835).

Key performance indicators (KPIs)

	Q2 2022	Q2 2021	H1 2022	H1 2021
FTE (end of period)	4,493	4,037	4,493	4,037
Revenue / Billable FTE (€k, LTM)[1]	182.4	182.8	182.4	182.8
Billable FTE / Total FTE (as %, end of period)	76.8%	76.1%	76.8%	76.1%
HQ & IT costs (as % of revenue)	14.6%	14.1%	14.6%	13.9%
Working capital / LTM Revenue (as %)	10.0%	1.5%	10.0%	1.5%

[1] Billable FTE and revenue is calculated based on LTM average, revenue is not corrected for currency impact, 2022 and 2021 ratios include proforma figures for acquisition(s) if applicable

At the end of Q2 2022, the number of FTEs increased to 4,493 (Q2 2021: 4,037) as Intertrust continues to position the Group for long-term growth. Per 30 June 2022, Intertrust employed more than 160 FTE (internal and external) dedicated to the remediation activities. The proportion of billable FTE as part of total FTE and revenue per billable FTE remained broadly flat compared to the same period last year.

Capital employed

(EUR million)	30.06.2022	31.12.2021	30.06.2021
Acquisition-related intangible assets	1,632.3	1,609.3	1,599.5
Other intangible assets	27.7	25.5	23.5
Property, plant and equipment	106.5	110.3	85.3
Total working capital	58.7	40.6	8.5
Other assets	24.4	53.1	41.1
Total Capital employed (Operational)	**1,849.5**	**1,838.9**	**1,757.9**
Total equity	905.6	871.9	817.6
Net debt	770.8	774.5	768.6
Provisions, deferred taxes and other liabilities	173.1	192.5	171.8
Total Capital employed (Finance)	**1,849.5**	**1,838.9**	**1,757.9**

Cash flow, working capital and net debt

In Q2 2022 net cash flow from operating activities was EUR 37.1 million compared to EUR 28.0 million in Q2 2021. The difference was mostly driven by a reduced negative impact from working capital. After several quarters of increasing working capital, at EUR 59.2m positive, Intertrust now sees its total working stabilised compared to Q1 2022 (EUR 60.2 million positive). The year-on-year increase of working capital versus June 2021 mainly relates to temporary local lags in billing and collection related to roll-out of our new ERP system in multiple jurisdictions. The lag in billing led to higher WIP and higher receivables at the end of Q2 2022. The working capital has recovered in jurisdictions where the ERP system was implemented first (e.g. the Netherlands), whereas the working capital in jurisdictions with more recent implementations is still at elevated levels.

(EUR million)	30.06.2022	31.12.2021	30.06.2021
Operating working capital	81.3	62.2	34.8
Net current tax	(22.6)	(21.5)	(26.2)
Total working capital	**58.7**	**40.6**	**8.5**

At the end of Q2 2022 total liquidity amounted to EUR 184 million. Capex in the quarter came in at 2.6% of revenue, in line with our guidance of approximately 3.0%. As of 30 June 2022, net debt was EUR 770.8 million, compared to EUR 774.5 million at the end of 2021. The slight decrease in net debt is mainly driven by Intertrust's cash generation which is partially offset by FX impact on the USD and GBP loans. In April, Intertrust has repaid USD 10m of the Term Loan A3 facility and in June Intertrust has drawn USD 70.0 million (EUR 67.4 million) of the Revolving Credit Facility to fully repay the remainder of the maturing Term Loan A3 facility. The leverage ratio increased to 3.97x from 3.75x at 31 December 2021, versus the bank covenant of 4.50x.

Performance in key jurisdictions

Netherlands

15% of H1 2022 Group revenue

	Q2 2022	Q2 2021	% Change	Underlying % change[1]	H1 2022	H1 2021	% Change	Underlying % change[1]
Revenue (€m)	22.1	26.6	-17.1%	-17.1%	45.3	53.4	-15.1%	-15.1%
Adjusted EBITA (€m)	6.0	12.5	-52.2%	-52.2%	14.7	26.9	-45.3%	-45.3%
Adjusted EBITA Margin	27.0%	46.8%	-1982bps	-1982bps	32.4%	50.3%	-1786bps	-1786bps

[1] Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)

In H1 2022 underlying revenue in the Netherlands declined by 15.1%, mainly driven by lower revenue in Corporates as a result of a contracting market. In addition, productivity in the Netherlands is impacted by continued elevated employee attrition and ongoing remediation effort.

H1 2022 adjusted EBITA for the region amounted to EUR 14.7 million (H1 2021: EUR 26.9 million). The resulting adjusted EBITA margin was 32.4% in H1 2022, reflecting lower revenue and higher costs related to increased regulatory requirements and the training and onboarding of new colleagues.

Luxembourg

19% of H1 2022 Group revenue

	Q2 2022	Q2 2021	% Change	Underlying % change[1]	H1 2022	H1 2021	% Change	Underlying % change[1]
Revenue (€m)	29.5	27.1	8.7%	8.7%	56.9	53.0	7.2%	7.2%
Adjusted EBITA (€m)	12.8	11.6	10.4%	10.4%	25.3	23.6	7.0%	7.0%
Adjusted EBITA Margin	43.4%	42.8%	65bps	65bps	44.5%	44.6%	-8bps	-8bps

[1] Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)

Luxembourg continued to witness solid fundamentals and good cost control. This resulted in +7.2% underlying revenue growth in H1 2022, driven by Funds and Capital Markets, partially offset by Private Wealth. Corporates remained broadly flat in H1 2022 compared to the same period last year.

H1 2022 adjusted EBITA grew 7.0% to EUR 25.3 million (44.5% margin) compared to EUR 23.6 million (44.6% margin) in H1 2021.

Cayman Islands

10% of H1 2022 Group revenue

	Q2 2022	Q2 2021	% Change	Underlying % change[1]	H1 2022	H1 2021	% Change	Underlying % change[1]
Revenue (€m)	14.8	14.2	4.5%	-7.7%	29.9	29.5	1.3%	-8.1%
Adjusted EBITA (€m)	3.1	3.9	-20.6%	-31.2%	8.4	12.9	-35.3%	-41.3%
Adjusted EBITA Margin	21.0%	27.7%	-665bps	-703bps	27.9%	43.7%	-1579bps	-1579bps

[1] Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)

Cayman Islands underlying revenue declined 8.1% in H1 2022, a similar trend compared to Q1 2022 (underlying growth -8.5% y-o-y). Growth in Capital Markets was more than offset by lower revenue from Funds.

Adjusted EBITA for the region was EUR 8.4 million in H1 2022 compared to EUR 12.9 million last year. Adjusted EBITA margin was 27.9% in H1 2022 compared to 43.7% in H1 2021. This is mainly driven by increased staff expenses.

US Fund Services

11% of H1 2022 Group revenue

	Q2 2022	Q2 2021	% Change	Underlying % change[1]	H1 2022	H1 2021	% Change	Underlying % change[1]
Revenue (€m)	18.4	13.7	33.8%	21.1%	34.6	27.1	27.4%	17.7%
Adjusted EBITA (€m)	9.8	7.6	30.0%	16.1%	18.5	14.7	26.1%	15.3%
Adjusted EBITA Margin	53.5%	55.1%	-156bps	-224bps	53.6%	54.2%	-52bps	-109bps

[1] Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)

In H1 2022, US Fund Services reported underlying revenue growth of 17.7%, supported by robust performance of the serviced funds, onboarding of new clients and successful upsell of services to existing clients.

Adjusted EBITA for the business was EUR 18.5 million, resulting a 53.6% adjusted EBITA margin in H1 2022 compared to EUR 14.7 million (54.2% margin) in H1 2021.

Rest of the World

45% of H1 2022 Group revenue

	Q2 2022	Q2 2021	% Change	Underlying % change[1]	H1 2022	H1 2021	% Change	Underlying % change[1]
Revenue (€m)	67.8	61.8	9.8%	5.9%	133.5	120.6	10.7%	6.7%
Adjusted EBITA (€m)	25.5	24.5	4.2%	1.3%	50.2	46.6	7.7%	4.5%
Adjusted EBITA Margin	37.6%	39.6%	-202bps	-172bps	37.6%	38.7%	-102bps	-80bps

[1] Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)

In Rest of the World nearly all jurisdictions contributed to the solid underlying revenue growth of 6.7% in H1 2022 with half of them showing high single-digit or double-digit revenue growth. Growth was driven by Corporates (Jersey, Nordics, UK), Funds (Channel Islands, Australia, Asia Pacific, Nordics) and Capital Markets (UK, Jersey). Private Wealth continued to perform well in select pockets of growth in Asia Pacific.

H1 2022 adjusted EBITA amounted to EUR 50.2 million compared to EUR 46.6 million in H1 2021, showing an underlying increase of 4.5%. The adjusted EBITA margin for H1 2022 was 37.6% compared to 38.7% last year.

Group HQ & IT costs

(EUR million)	Q2 2022	Q2 2021	H1 2022	H1 2021
Group HQ costs	(9.0)	(8.1)	(18.3)	(15.1)
Group IT costs	(13.2)	(12.1)	(25.6)	(24.5)
Total Group HQ & IT costs	**(22.3)**	**(20.2)**	**(43.9)**	**(39.6)**

Total Group HQ & IT costs amounted to EUR 22.3 million in Q2 2022, an increase of 10.6% compared to the same quarter last year and in line with the previously communicated quarterly run rate of around EUR 22.5 million. Group HQ costs include expenses of global employee share plans such as the Long-Term Incentive Plan (LTIP). Group IT expenses of EUR 13.2 million increased compared to the second quarter of 2021 (EUR 12.1 million).

2022 margin guidance adjusted, revenue guidance and medium-term objectives unchanged

Intertrust reiterates its revenue guidance of 3-5% underlying growth for the year and adjusts its EBITA margin guidance to 26-28%, from 28-30% previously. As a result, Intertrust adjusts its year-end leverage target to around 3.5x (previously 'below 3.3x'), while remaining committed to contain its capex envelope at approximately 3% of revenue.

The medium-term objectives remain unchanged with revenue growth between 4% and 6% and adjusted EBITA growth outpacing revenue growth. Intertrust remains committed to sustaining capex at around 3% of revenue whilst considering a leverage ratio of around 3.0x to be adequate for its business in the medium-term. This reflects Intertrust's commitment to long-term growth and solid cash generation.

Update on the transaction with CSC

On 6 December 2021, Corporation Service Company ("CSC") and Intertrust announced that a conditional agreement has been reached on a recommended public offer for all issued and outstanding ordinary shares of Intertrust for EUR 20.00 (cum dividend) in cash per share, or a total consideration of approximately EUR 1.8 billion.

On 31 May 2022, the Offer reached another key milestone with the approval of all Offer-related resolutions at Intertrust's AGM. Furthermore, the Offer Period is further extended until the earlier of (i) the date on which all Regulatory Clearances have been obtained or waived, plus a period of two weeks, or (ii) 6 December 2022, at 17:40 CET. CSC and Intertrust continue to work constructively to satisfy all Offer Conditions as set forth in the Offer Memorandum and the process to obtain the required Regulatory Clearances is ongoing. Regulatory Clearances have been obtained from Curaçao, Guernsey, Hong Kong, Jersey, United Arab Emirates and United Kingdom. CSC and Intertrust anticipate that the Offer will close in the second half of 2022.

Additional information

Financial calendar

Date	Event
27 October 2022	Publication Q3 2022 results

Analyst call / webcast

Today, Intertrust's CEO Shankar Iyer and CFO Rogier van Wijk will hold an analyst / investor call at 10:00 CET. A webcast of the call will be available on the Company's website. The webcast can be accessed here . The supporting presentation can be downloaded from the investor relations website.

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About Intertrust Group

At Intertrust Group (Euronext: INTER; 'the Company") our more than 4,000 employees are dedicated to providing world-leading, specialised administration services to clients in over 30 jurisdictions. This is amplified by the support we offer across our approved partner network which covers a further 100+ jurisdictions. Our focus on bespoke corporate, fund, capital market and private wealth services enables our clients to invest, grow and thrive anywhere in the world. Sitting at the heart of international business, our local, expert knowledge and innovative, proprietary technology combine to deliver a compelling proposition – all of which keeps our clients one step ahead.

Forward-looking statements and presentation of financial and other information

This press release may contain forward looking statements with respect to Intertrust's future financial performance and position. Such statements are based on Intertrust's current expectations, estimates and projections and on information currently available to it. Intertrust cautions investors that such statements contain elements of risk and uncertainties that are difficult to predict and that could cause Intertrust's actual financial performance and position to differ materially from these statements. Intertrust has no obligation to update or revise any statements made in this press release, except as required by law.

All figures included in this press release are unaudited.

Capitalised terms in connection with the recommended public offer (the "Offer") by CSC (Netherlands) Holdings B.V. (the "Offeror" or "CSC") for all the issued and outstanding ordinary shares in the capital of Intertrust that are not defined in this press release have the same meaning as given thereto in the Offer Memorandum, available on the Intertrust website.

This press release contains information that qualifies, or may qualify, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Explanatory tables

Figures presented in EUR million; tables are calculated before roundings.

Reconciliation of performance measures to reported results

(EUR million)	Q2 2022	Q2 2021	H1 2022	H1 2021
Profit from operating activities	**19.2**	23.8	**40.6**	50.4
Amortisation of acquisition-related intangible assets	12.7	12.2	25.2	24.3
Specific items - Integration and transformation costs	1.2	3.1	1.5	8.0
Specific items - Transaction and other costs	1.8	0.7	5.9	2.5
Adjusted EBITA	**34.9**	**39.9**	**73.2**	**85.2**

Adjusted EBITA is defined as EBITA before specific items. Specific items of income or expense are income and expense items that, based on their significance in size or nature, should be separately presented to provide further understanding on financial performance.

(EUR million)	Q2 2022	Q2 2021	H1 2022	H1 2021
Adjusted EBITA	**34.9**	39.9	**73.2**	85.2
Net finance costs (adjusted) - excluding net foreign exchange loss and other adjusting items[1]	(8.8)	(9.2)	(17.5)	(18.2)
Income tax (adjusted)	(4.7)	(3.4)	(8.7)	(7.1)
Adjusted Net income	**21.4**	**27.3**	**47.0**	**59.9**

[1] Foreign exchange gain/(loss) for Q2 2022 was EUR 1.852k; Q2 2021 was EUR 325k, H1 2022 was EUR 3.251k; H1 2021 was EUR 220k

Adjusted Net Income is defined as Adjusted EBITA less net interest costs, less adjusted tax expenses and share of profit of associate (net of tax) and excluding adjusted items in financial results and related taxes.

Tax reconciliation

(EUR million)		H1 2022		H1 2021		Change
Profit before income tax		**3.2**		41.0		(37.8)
Income tax using the Company's domestic tax rate	25.8%	**(0.8)**	25.0%	(10.3)		9.4
Effect of tax rates in foreign jurisdictions		5.2		1.0		4.2
Effect of non-taxable and deferred items		(7.2)		0.2		(7.4)
Income tax	33.5%	**(1.1)**	22.4%	**(9.2)**		**8.1**
Of which:						
Current tax expense		**(13.4)**	28.4%	**(11.6)**		**(1.8)**
Deferred tax (expense)/ income		**12.4**	-6.0%	**2.4**		**9.9**

Specification of the impact of Adjusted items

(EUR million)	April to June		
	As reported	Adjustments	Adjusted
Revenue	**152.5**		**152.5**
Staff expenses	(82.8)	(0.5)	(82.3)
Rental expenses	(2.9)	-	(2.9)
Other operating expenses	(26.5)	(2.5)	(24.0)
Other operating income	0.5	-	0.5
Provision for bad debt	(1.1)	-	(1.1)
Depreciation and amortisation of other intangible assets	(7.8)	-	(7.8)
Amortisation of acquisition-related intangible assets and impairment of goodwill	(12.7)	(12.7)	-
Profit/(loss) from operating activities	**19.2**	**(15.7)**	**34.9**
Financial income	2.4	-	2.4
Financial expense	(22.3)	(11.0)	(11.2)
Financial result	**(19.9)**	**(11.0)**	**(8.8)**
Profit/(loss) before income tax	**(0.6)**	**(26.7)**	**26.1**
Income tax	(1.4)	3.3	(4.7)
Profit/(loss) after tax	**(2.0)**	**(23.4)**	**21.4**
Profit/(loss) for the year after tax attributable to:			
Owners of the Company	(2.0)	(23.4)	21.4
Non-controlling interests	-	-	-
Profit/(loss)	**(2.0)**	**(23.4)**	**21.4**
Basic earnings per share (EUR)	(0.02)		0.24
Diluted earnings per share (EUR)	(0.02)		0.23

(EUR million)	H1 2022		
	As reported	Adjustments	Adjusted
Revenue	**300.1**	-	**300.1**
Staff expenses	(161.7)	(0.9)	(160.7)
Rental expenses	(5.4)	-	(5.4)
Other operating expenses	(49.6)	(6.4)	(43.3)
Other operating income	0.6	-	0.6
Impairment losses on financial assets	(2.8)	-	(2.8)
Depreciation and amortisation of other intangible assets	(15.3)	-	(15.3)
Amortisation of acquisition-related intangible assets and impairment of goodwill	(25.2)	(25.2)	-
Profit/(loss) from operating activities	**40.6**	**(32.6)**	**73.2**
Financial income	4.2	-	4.2
Financial expense	(48.1)	(26.3)	(21.7)
Financial result	**(43.8)**	**(26.3)**	**(17.5)**
Profit/(loss) before income tax	**(3.2)**	**(58.9)**	**55.7**
Income tax	(1.1)	7.6	(8.7)
Profit/(loss) after tax	**(4.2)**	**(51.3)**	**47.0**
Profit/(loss) for the year after tax attributable to:			
Owners of the Company	(4.2)	(51.3)	47.0
Non-controlling interests	-	-	-
Profit/(loss)	**(4.2)**	**(51.3)**	**47.0**
Basic earnings per share (EUR)	(0.05)		0.52
Diluted earnings per share (EUR)	(0.05)		0.52

Intertrust Group Interim Financial Report 30 June 2022

(Unaudited)

Interim Management Board report

Introduction

Intertrust N.V. (the "Company") and its subsidiaries (together referred to as the "Group") is a global leader in providing tech-enabled corporate and fund solutions to clients operating and investing in international business. The Company has more than 4,000 FTEs working in its offices across more than 30 jurisdictions.

Guidance

Intertrust reiterates its revenue guidance of 3-5% underlying growth for the year and adjusts its EBITA margin guidance to 26-28%, from 28-30% previously. As a result, Intertrust adjusts its year-end leverage target to around 3.5x (previously 'below 3.3x'), while remaining committed to contain its capex envelope at approximately 3% of revenue.

The medium-term objectives remain unchanged with revenue growth between 4% and 6% and adjusted EBITA growth outpacing revenue growth. Intertrust remains committed to sustaining capex at around 3% of revenue whilst considering a leverage ratio of around 3.0x to be adequate for its business in the medium-term. This reflects Intertrust's commitment to long-term growth and solid cash generation.

Financial review for the six-month period ended 30 June 2022

In the first half of 2022, the Group generated revenue of EUR 300.1 million, which is EUR 16.4 million higher compared to EUR 283.7 million in the same period of 2021.

- Revenue declined in Netherlands, mainly driven by lower revenue in Corporates as a result of a contracting market. In addition, productivity in the Netherlands is impacted by continued elevated employee attrition and ongoing remediation.
- Revenue growth in Luxembourg was driven by Funds and Capital Markets, partially offset by Private Wealth. Corporate Services was broadly flat in H1 2022 compared to the same period last year.
- Cayman Islands revenue declined in H1 2022, a slight improvement in trend compared to Q1 2022. Growth in Capital Markets was more than offset by lower revenue from Funds.
- In H1 2022, revenue growth in US Fund Services was supported by robust performance of the serviced funds, onboarding of new clients and successful upsell of services to existing clients.
- In Rest of the World revenue growth was driven by Corporates (Jersey, Nordics, UK), Funds (Channel Islands, Australia, Asia Pacific, Nordics) and Capital Markets (UK, Jersey). Private Wealth continued to perform well in Asia Pacific.

On an underlying basis revenue grew by 2.2%. Growth was driven by Funds (+7.8%) and Capital Markets (+7.3%), partially offset by Corporate (-3.6%) and Private Wealth (-6.9%).

Reported EBITA margin was 22.0% for the first half year of 2022, compared to 26.3% EBITA margin for the same period in 2021. EBITA included EUR 8.0 million one-off costs related to remediation activities.

Staff expenses

Staff expenses increased EUR 16.4 million year-on-year to EUR 161.7 million, driven by a higher headcount, the onboarding and training of new colleagues and considerable wage inflation. Retention of staff continues to be one of the key focus areas for management throughout the company. Staff expenses mainly comprises of EUR 123.0 million in salaries and wages in the six months ended 30 June 2022 (2021: EUR 105.1 million) and EUR 2.8 million of equity-settled share-based payments (2021: EUR 3.0 million). On an underlying basis staff expenses increased by 11.3%.

Rental and other operating expenses, other operating income

Rental expenses increased EUR 1.0 million year-on-year to EUR 5.4 million for H1 2022 mainly driven by temporary office arrangements in the Netherlands and Luxembourg (flooding) in 2021 at lower cost.

Other operating expenses increased by EUR 7.8 million year-on-year mainly due to higher consulting fees, transaction costs and travel expenses since Covid-19 restrictions have been lifted for most jurisdictions.

Higher allowances for doubtful debts were accounted for in line with IFRS9 and were impacted by the Ukraine crisis.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment charges increased by EUR 1.1 million year-on-year, or 2.8%, to EUR 40.6 million for the six months ended 30 June 2022 mainly due to increased capex.

Operating result

Profit from operating activities in the first half of 2022 decreased by EUR 9.8 million year-on-year to EUR 40.6 million as a result of the above-mentioned movements.

Financial result

The financial result decreased to EUR 43.8 million negative in the first half of 2022 from EUR 9.4 million negative in the same period last year. This decrease is mainly due to the fair value adjustment of the early redemption option of the senior notes amounting to EUR 29.5 million loss (EUR 8.5 million gain in H1 2021). See further details in Note 9.

Income taxes

The income tax expense decreased by EUR 8.1 million year-on-year to an income tax charge of EUR 1.1 million mainly related to the deferred tax on the bond option revaluation and resulting in an effective tax rate of -33.5% (2021: 22.4%). Excluding the impact of the revaluation of the early redemption option of the senior notes, the normalised effective tax rate was 32.9% (H1 2021: 21.7%).

Working capital

Working capital is subject to intra-year seasonality patterns. On top of that there is a local temporary lag in billing and collection related to the roll out of our new ERP system in multiple jurisdictions. The lag in billing led to higher WIP and higher receivables at the end of H1 2022. The working capital has recovered in jurisdictions where the ERP system was implemented first (e.g. the Netherlands), whereas the working capital in jurisdictions with more recent implementations has increased.

Cash flow

In the first half of 2022, operating cash flow decreased by EUR 10.5 million, or -15.7%, compared to the same period of 2021. The decrease in the operating cash flow is mainly attributable to both increase of accounts receivables and work in progress. Cash flow from investing activities increased from EUR 5.5 million negative in half year 2021 to EUR 6.1 million negative in half year 2022. Cash flow from financing activities of EUR 37.0 million negative relates mainly to repayment of loans, interest and lease payments.

Related party transactions

For related party transactions, please refer to Note 21 of our interim financial report.

Principal risks and uncertainties in the first half of 2022

In the Annual Report 2021, we described the key business risks and uncertainties which we are aware of, and which could have a material adverse effect on our financial position and results.

We have assessed the risks for the first half year of 2022 and believe that the risk categories and risk factors identified are in line with those presented in the Annual Report 2021. Those are deemed incorporated and repeated in this report by reference.

While considered limited, the Ukraine crisis has posed a new risk to Intertrust. Several EU countries, including the Netherlands, prohibit providing trust services to Russian and Belarus clients. Intertrust preempted this risk by deciding in March that it will not accept any new Russian and Belarus clients and by having started the process of exiting all such clients. A potential tail risk in this procedure can be that certain affected ultimate beneficial owners (UBOs) or structures have not been identified (yet).

Other risks not known to us, or currently regarded not to be material, could later turn out to have an adverse material impact on our business, objectives, revenues, income, assets, liquidity or capital resources.

Covid-19 impact

We have been working under our Business Continuity Plan since the outbreak of Covid-19. As a result of continued investments in the IT infrastructure our employees were mostly working from home at the peak providing uninterrupted service to our clients. The impact of Covid-19 on revenue and adjusted EBITA margin in H1 2022 was not material, similar to 2021. See further disclosures on this matter under Note 5 Covid-19 impact.

Compliance framework

Based on shortcomings identified through internal and regulatory inspections (including the CIMA penalty) and the increasingly complex regulated environment in which Intertrust Group operates, in 2021 Intertrust recognised that further investment and management focus was required to enhance Intertrust's risk and compliance framework. Consequently, it has started to implement further remediation activities, with a strong focus on the Netherlands, Cayman Islands and Luxembourg. The compliance framework will consist of an automated risk assessment, coupled with standardised customer due diligence procedures and minimum standards.

Intertrust will continue taking the necessary actions to strengthen its overall compliance risk management and culture throughout the organisation and is making progress with its compliance remediation programmes. Due to the inherent complexity of the project being greater than anticipated, Intertrust is increasing its investment in remediation and now expects one-off costs between EUR 15-20 million in 2022, compared to its previous expectation of a 'similar amount compared to last year' (FY 2021: EUR 13.8 million). Of this amount, EUR 8.0 million has been spent in the first six months. Per 30 June 2022, Intertrust employed more than 160 FTE (internal and external) dedicated to the remediation activities.

Ukraine crisis

In line with its purpose, in March of this year Intertrust had decided that it will not accept any new Russian and Belarus clients across its >45 locations. Furthermore, to demonstrate its commitment to acting responsibly, Intertrust has started the process of exiting all current Russian and Belarus clients. Because Intertrust has no offices in the region, the company's exposure is limited to Russian-owned entities located in other jurisdictions. In total, this exposure is estimated at less than 1% of Intertrust's 2022 Group revenue.

Responsibility statement

With reference to the statement within the meaning of article 5:25d (2c) of the Financial Supervision Act, the Management Board hereby declares that, to the best of their knowledge:

- the interim financial statements prepared in accordance with IAS 34, "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position, profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the interim Management Board report gives a fair view of the information required pursuant to section 5:25d(8)/(9) of the Financial Supervision Act.

Amsterdam, 27 July 2022

The Management Board
Shankar Iyer, CEO
Rogier van Wijk, CFO

Condensed consolidated interim statement of profit or loss

(EUR 000)	Note	Q2		H1	
		2022	2021	2022	2021
Revenue	6	**152,506**	**143,387**	**300,106**	**283,696**
Staff expenses	7	(82,809)	(74,300)	(161,679)	(145,301)
Rental expenses		(2,922)	(2,214)	(5,352)	(4,341)
Other operating expenses	8	(26,523)	(21,636)	(49,645)	(41,796)
Other operating income	8	547	62	600	267
Impairment losses on financial assets		(1,077)	(1,534)	(2,813)	(2,589)
Depreciation and amortisation of other intangible assets	13	(7,780)	(7,715)	(15,323)	(15,217)
Amortisation of acquisition-related intangible assets	11	(12,729)	(12,206)	(25,249)	(24,320)
Profit from operating activities		**19,213**	**23,844**	**40,645**	**50,399**
Financial income	9	2,398	(3,986)	4,236	9,535
Financial expense	9	(22,255)	(9,502)	(48,052)	(18,922)
Financial result		**(19,857)**	**(13,488)**	**(43,816)**	**(9,387)**
Profit/(loss) before income tax		**(644)**	**10,356**	**(3,171)**	**41,012**
Income tax		(1,376)	(2,205)	(1,062)	(9,198)
Profit/(loss) for the year after tax		**(2,020)**	**8,151**	**(4,233)**	**31,814**
Profit for the year after tax attributable to:					
Owners of the Company		(2,010)	8,134	(4,222)	31,794
Non-controlling interests		(10)	17	(11)	20
Profit/(loss) for the year		**(2,020)**	**8,151**	**(4,233)**	**31,814**
Basic earnings per share (EUR)	10	(0.02)	0.09	(0.05)	0.35
Diluted earnings per share (EUR)	10	(0.02)	0.09	(0.05)	0.35

Quarterly and H1 figures are neither audited, nor reviewed.

Condensed consolidated interim statement of comprehensive income

(EUR 000)	Note	Q2		H1	
		2022	2021	2022	2021
Profit/(loss) for the year after tax		**(2,020)**	**8,151**	**(4,233)**	**31,814**
Actuarial gains and losses on defined benefit plans		1,262	339	1,252	311
Income tax on actuarial gains and losses on defined benefit plans		(39)	(9)	(36)	(2)
Items that will never be reclassified to profit or loss		**1,223**	**330**	**1,216**	**309**
Foreign currency translation differences - foreign operations	14	23,068	(6,538)	29,115	20,222
Net movement on cash flow hedges in other comprehensive income		1,372	699	4,717	1,784
Income tax on net movement on cash flow hedges in other comprehensive income		63	16	78	15
Items that are or may be reclassified to profit or loss		**24,503**	**(5,823)**	**33,910**	**22,021**
Other comprehensive income/(loss) for the year, net of tax		**25,726**	**(5,493)**	**35,126**	**22,330**
Total comprehensive income/(loss) for the year		**23,706**	**2,658**	**30,893**	**54,144**
Total comprehensive income/(loss) for the year attributable to:					
Owners of the Company		23,719	2,642	30,907	54,123
Non-controlling interests		(13)	16	(14)	21
Total comprehensive income/(loss) for the year		**23,706**	**2,658**	**30,893**	**54,144**

Quarterly and H1 figures are neither audited, nor reviewed.

The Notes on pages 18 to 26 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

(EUR 000)	30.06.2022	31.12.2021
Assets		
Property, plant and equipment	106,542	110,319
Other intangible assets	27,665	25,549
Acquisition-related intangible assets	1,632,258	1,609,340
Other non-current financial assets	22,271	50,682
Deferred tax assets	12,836	11,319
Non-current assets	**1,801,572**	**1,807,209**
Trade receivables	120,012	111,863
Other receivables	79,581	43,458
Work in progress	44,228	40,817
Current tax assets	800	1,349
Other current financial assets	2,083	2,385
Prepayments	13,122	12,650
Cash and cash equivalents	150,104	136,022
Current assets	**409,930**	**348,544**
Total assets	**2,211,502**	**2,155,753**
Equity		
Share capital	54,334	54,334
Share premium	630,441	630,441
Reserves	10,224	(23,689)
Retained earnings	210,297	210,511
Equity attributable to owners of the Company	**905,296**	**871,597**
Non-controlling interests	307	321
Total equity	**905,603**	**871,918**
Liabilities		
Loans and borrowings	805,287	790,642
Other non-current financial liabilities	89,697	96,796
Employee benefits liabilities	2,310	3,195
Deferred income	2,215	4,166
Provisions	635	705
Deferred tax liabilities	69,580	79,826
Non-current liabilities	**969,724**	**975,330**
Loans and borrowings	103,722	108,058
Other current financial liabilities	19,152	19,622
Deferred income	79,874	49,764
Provisions	7,076	7,373
Current tax liabilities	23,420	22,896
Trade payables	10,596	16,584
Other payables	92,335	84,208
Current liabilities	**336,175**	**308,505**
Total liabilities	**1,305,899**	**1,283,835**
Total equity and liabilities	**2,211,502**	**2,155,753**

Figures as at 31 December 2021 are audited, figures as at 30 June 2022 are neither audited, nor reviewed.

The Notes on pages 18 to 26 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

(EUR 000)		For the period ended 30 June 2022								
	Note	Attributable to owners of the Company								
		Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Treasury share reserve	Total	Non-controlling interests	Total equity
Balance at 01 January 2022		**54,334**	**630,441**	**210,511**	**(13,217)**	**(3,286)**	**(7,186)**	**871,597**	**321**	**871,918**
Profit/(loss) for the year		-	-	(4,222)	-	-	-	**(4,222)**	(11)	**(4,233)**
Other comprehensive income/(loss) for the year, net of tax		-	-	1,216	29,118	4,795	-	**35,129**	(3)	**35,126**
Total comprehensive income/(loss) for the year		**-**	**-**	**(3,006)**	**29,118**	**4,795**	**-**	**30,907**	**(14)**	**30,893**
Contributions and distributions										
Equity-settled share-based payment		-	-	2,791	-	-	-	2,791	-	2,791
Total contributions and distributions		**-**	**-**	**2,791**	**-**	**-**	**-**	**2,791**	**-**	**2,791**
Total transactions with owners of the Company		**-**	**-**	**2,791**	**-**	**-**	**-**	**2,791**	**-**	**2,791**
Balance at 30 June 2022	14	**54,334**	**630,441**	**210,297**	**15,901**	**1,509**	**(7,186)**	**905,296**	**307**	**905,603**

(EUR 000)		For the period ended 30 June 2021								
	Note	Attributable to owners of the Company								
		Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Treasury share reserve	Total	Non-controlling interests	Total equity
Balance at 01 January 2021		**54,190**	**630,441**	**140,870**	**(55,680)**	**(7,792)**	**(2,022)**	**760,007**	**307**	**760,314**
Profit/(loss) for the year		-	-	31,794	-	-	-	**31,794**	20	**31,814**
Other comprehensive income/(loss) for the year, net of tax		-	-	309	20,221	1,799	-	**22,329**	1	**22,330**
Total comprehensive income/(loss) for the year		**-**	**-**	**32,103**	**20,221**	**1,799**	**-**	**54,123**	**21**	**54,144**
Contributions and distributions										
Equity-settled share-based payment		-	-	3,093	-	-	-	3,093	-	3,093
Treasury shares delivered		-	-	(1,627)	-	-	1,627	-	-	-
Share issuance		144	-	(144)	-	-	-	-	-	-
Total contributions and distributions		**144**	**-**	**1,322**	**-**	**-**	**1,627**	**3,093**	**-**	**3,093**
Total transactions with owners of the Company		**144**	**-**	**1,322**	**-**	**-**	**1,627**	**3,093**	**-**	**3,093**
Balance at 30 June 2021	14	**54,334**	**630,441**	**174,294**	**(35,459)**	**(5,993)**	**(394)**	**817,224**	**328**	**817,552**

The Notes on pages 18 to 26 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

(EUR 000)	Q2		H1	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit for the year	**(2,020)**	**8,151**	**(4,233)**	**31,814**
Adjustments for:				
Income tax expense	1,376	2,205	1,062	9,198
Financial result	19,857	13,488	43,816	9,387
Depreciation and amortisation of other intangible assets	7,780	7,715	15,323	15,217
Amortisation of acquisition-related intangible assets and impairment of goodwill	12,729	12,206	25,249	24,320
(Gain)/loss on sale of non-current assets	(520)	1	(520)	(141)
Other non cash items	1,914	2,081	4,767	4,304
	41,116	**45,847**	**85,464**	**94,099**
Changes in:				
(Increase)/decrease in trade working capital	(6,421)	(5,473)	8,727	(1,266)
(Increase)/decrease in other working capital	7,548	(5,059)	(29,785)	(16,255)
Increase/(decrease) in provisions	(157)	3,086	(804)	4,013
Changes in foreign currency	877	80	1,961	78
	42,963	**38,481**	**65,563**	**80,669**
Income tax paid	(5,838)	(10,515)	(9,417)	(14,034)
Net cash from/(used in) operating activities	**37,125**	**27,966**	**56,146**	**66,635**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	-	-	-	166
Purchase of property, plant & equipment	(1,124)	(1,133)	(1,889)	(1,618)
Cash receipt of lease assets	372	356	750	710
Purchase of intangible assets	(2,775)	(2,042)	(5,892)	(4,425)
Acquisitions, net of cash acquired	-	-	-	-
Proceeds from sale of Investments	-	-	-	-
(Increase)/decrease in other financial assets	(242)	(417)	275	(738)
Interest received	401	266	691	442
Net cash from/(used in) investing activities	**(3,368)**	**(2,970)**	**(6,065)**	**(5,463)**
Cash flows from financing activities				
Proceeds from bank borrowings	747	5,219	16,402	13,216
Payment of financing costs	(39)	(54)	(140)	(113)
Repayment of loans and borrowings banks	(8,794)	(16,690)	(26,766)	(33,459)
Change in financial lease liabilities	(5,695)	(5,279)	(10,902)	(10,627)
Interest and other finance expenses paid	(12,151)	(12,132)	(15,612)	(15,552)
Net cash from/(used in) financing activities	**(25,932)**	**(28,936)**	**(37,018)**	**(46,535)**
Net increase/(decrease) in cash	**7,825**	**(3,940)**	**13,063**	**14,637**
Cash attributable to the Company at the beginning of the period	132,440	133,961	127,900	111,186
Effect of exchange rate fluctuations on cash attributable to the Company	416	(1,211)	(282)	2,987
Cash attributable to the Company at the end of the period	**140,681**	**128,810**	**140,681**	**128,810**
Cash held on behalf of clients at the end of the period	9,423	8,305	9,423	8,305
Cash and cash equivalents at the end of the period	**150,104**	**137,115**	**150,104**	**137,115**

(*) Trade Working capital is defined by the net (increase)/decrease in Trade receivables, Work in progress, Trade payables and Deferred income
(**) Other Working capital is defined by the net (increase)/decrease in Other receivables, Prepayments and Other payables (excl. liabilities for cash held on behalf of clients)

Quarterly and H1 figures are neither audited, nor reviewed.

The Notes on pages 18 to 26 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Intertrust N.V. (the "Company") is a company domiciled in The Netherlands and was incorporated on 8 September 2014, registration number at the Chamber of Commerce is 61411809. The address of the Company's registered office is Basisweg 10, Amsterdam, The Netherlands.

The condensed consolidated interim financial statements are neither audited, nor reviewed, quarterly and H1 figures are neither audited, nor reviewed.

The condensed consolidated interim financial statements of the Company for the period from 1 January 2022 to 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

The Group provides Corporate, Fund, Capital Markets and Private Wealth Services. At 30 June 2022, the Group had operations in over 30 jurisdictions. The Company employed 4,493 FTEs (full-time equivalent employees) (30 June 2021: 4,037 FTEs).

2. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. Accordingly, the condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2021 (part of the "Annual Report 2021").

The reporting currency of the group is the euro (€).

These condensed consolidated interim financial statements were authorised for issuance by the Management Board on 27 July 2022.

3. Significant accounting policies and standards

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021 except for the adopted new standards.

To the extent relevant, all IFRS standards and interpretations including amendments that were in issue and effective from 1 January 2022, have been adopted by the Group from 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but they do not have an impact on these condensed consolidated interim financial statements of the Group.

4. Use of estimates and judgements

The preparation of these interim financial statements requires management to make certain assumptions, estimates and judgements that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities as of the date of the interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods. For areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the (interim) financial statements, reference is made to Note 2.4 of the Group's consolidated financial statements as at and for the year ended 31 December 2021.

5. Covid-19 impact

We have been working under our Business Continuity Plan since the outbreak of Covid-19. As a result of continued investments in the IT infrastructure our employees were working from home at the peak providing uninterrupted service to our clients. The impact of Covid-19 on revenue and adjusted EBITA margin in H1 2022 was not material, similar to 2021. The full H1 2022 impact of Covid-19 is reflected in Intertrust's 2.2% underlying revenue growth compared to the same period last year. As a result of the recurring nature of the revenue and long-term client contracts, the existing business remains resilient. An assessment was performed of potential valuation adjustment for our asset base, that might be required as a result of the possible impact of Covid-19 on our future profitability and cash flow generation but no impairment was recognised in H1 2022.

6. Operating segments

6.1. Basis for segmentation

The Management Board is the Chief Operating Decision Maker of the Group (CODM). The responsibility of the Management Board is to assess performance and to make resource allocation decisions across the Group.

The analysis of the business is organised on and managed from a geographical perspective.

Intertrust reports on five segments (since January 2022) consisting of the following jurisdictions:

- The Netherlands
- Luxembourg
- Cayman Islands
- US Fund Services
- Rest of the World: Australia, Bahamas, Belgium, Brazil, BVI, Canada, China, Curacao, Cyprus, Denmark, Finland, France, Germany, Greece, Guernsey, Hong Kong, India, Ireland, Italy, Japan, Jersey, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom and United States of America.

All operating segments are regarded as reportable segments due to their size/importance for the overall understanding of the geographical business. They are reported in a manner consistent with the internal reporting provided to and used by the Management Board.

The Management Board evaluates the performance of its segments based on Revenue and Adjusted EBITA ("segment Revenue" and "segment Adjusted EBITA"). Management considers such information is the most relevant in evaluating the results of the respective segments. For the reconciliation, please see Note 6.2. The comparatives were restated retrospectively to reflect the change in segmentation described in our press release dated 17 March 2022.

Adjusted EBITA by operating segment excludes the allocation of Group HQ and IT costs, which are deducted from the Group total, however it includes the cross charges from the Centre of Excellence (CoE) in India.

Profit/(loss) before income tax is not used to measure the performance of the individual segments because items like amortisation of intangibles (except for software) and net finance costs are not allocated to the operating segments separately. The reconciliation to Profit/(loss) before income tax according to IFRS is done on Group level.

Consistent with the aforementioned reasoning, segment assets/liabilities are not reviewed regularly by management on a segment basis and are therefore excluded in the IFRS segment reporting.

6.2. Information about reportable segments

(EUR 000)	Q2				H1			
	2022		2021		2022		2021	
	Revenue	% Revenue	Revenue	% Revenue	Revenue	% Revenue	Revenue	% Revenue
Rest of the World	67.8	44.5%	61.8	43.1%	133.5	44.5%	120.6	42.5%
Luxembourg	29.5	19.3%	27.1	18.9%	56.9	18.9%	53.0	18.7%
Netherlands	22.1	14.5%	26.6	18.6%	45.3	15.1%	53.4	18.8%
US Fund Services	18.4	12.0%	13.7	9.6%	34.6	11.5%	27.1	9.6%
Cayman Islands	14.8	9.7%	14.2	9.9%	29.9	10.0%	29.5	10.4%
Segment Revenue	**152.5**	**100.0%**	**143.4**	**100.0%**	**300.1**	**100.0%**	**283.7**	**100.0%**

(EUR 000)	Q2				H1			
	2022		2021		2022		2021	
	Adjusted EBITA	% Adjusted EBITA	Adjusted EBITA	% Adjusted EBITA	Adjusted EBITA	% Adjusted EBITA	Adjusted EBITA	% Adjusted EBITA
Rest of the World	25.5	73.0%	24.5	61.4%	50.2	68.6%	46.6	54.7%
Luxembourg	12.8	36.7%	11.6	29.1%	25.3	34.6%	23.6	27.8%
Netherlands	6.0	17.1%	12.5	31.3%	14.7	20.1%	26.9	31.5%
US Fund Services	9.8	28.1%	7.6	19.0%	18.5	25.3%	14.7	17.3%
Cayman Islands	3.1	8.9%	3.9	9.8%	8.4	11.4%	12.9	15.2%
Group HQ and IT costs (*)	(22.3)	-63.8%	(20.2)	-50.6%	(43.9)	-60.0%	(39.6)	-46.5%
Segment Adjusted EBITA	**34.9**	**100.0%**	**39.9**	**100.0%**	**73.2**	**100.0%**	**85.2**	**100.0%**

(*) Group HQ and IT costs are not allocated by operating segment

(EUR million)	Q2 2022	Q2 2021	H1 2022	H1 2021
Profit from operating activities	**19.2**	**23.8**	**40.6**	**50.4**
Amortisation of acquisition-related intangible assets	12.7	12.2	25.2	24.3
Specific items - Integration and transformation costs	1.2	3.1	1.5	8.0
Specific items - Transaction and other costs	1.8	0.7	5.9	2.5
Adjusted EBITA	**34.9**	**39.9**	**73.2**	**85.2**

(EUR million)	Q2 2022	Q2 2021	H1 2022	H1 2021
Adjusted EBITA	**34.9**	**39.9**	**73.2**	**85.2**
Net finance costs (adjusted) - excluding net foreign exchange loss and other adjusting items[1]	(8.8)	(9.2)	(17.5)	(18.2)
Income tax (adjusted)	(4.7)	(3.4)	(8.7)	(7.1)
Adjusted Net income	**21.4**	**27.3**	**47.0**	**59.9**

[1] Foreign exchange gain/(loss) for Q2 2022 was EUR 1.852k; Q2 2021 was EUR 325k, H1 2022 was EUR 3.251k; H1 2021 was EUR 220k

(EUR 000)	H1 2022		H1 2021	
Corporate services	92.6	30.8%	93.7	33.0%
Funds services	141.2	47.0%	125.7	44.0%
Capital markets	37.6	12.5%	34.2	12.0%
Private wealth	27.6	9.2%	28.3	10.0%
Other	1.1	0.4%	1.7	1.0%
Group	**300.1**	**100.0%**	**283.7**	**100.0%**

(EUR 000)	Q2 2022		Q2 2021	
Corporate services	45.8	30.0%	46.8	33.0%
Funds services	73.2	48.0%	64.5	45.0%
Capital markets	19.2	12.6%	17.2	12.0%
Private wealth	13.7	9.0%	14.2	10.0%
Other	0.6	0.4%	0.6	0.4%
Group	**152.5**	**100.0%**	**143.4**	**100.0%**

Quarterly and H1 figures are neither audited, nor reviewed.

6.3. Seasonality

The business of the Group does not show cyclical patterns or seasonal evolutions in the condensed consolidated interim statement of comprehensive income, however working capital follows a seasonal pattern with a peak level at the end of the third quarter and a low level at the end of the first quarter, primarily resulting from the annual billing run in Cayman in Q4 each year and in the Netherlands and Luxembourg in January of each year.

7. Staff expenses

(EUR 000)	Q2		H1	
	2022	2021	2022	2021
Salaries and wages	(63,028)	(53,917)	(122,987)	(105,129)
Social security contributions	(5,290)	(4,827)	(10,708)	(9,665)
Pensions and benefits	(3,332)	(3,386)	(6,579)	(5,821)
Share-based payment long term incentive plan	(1,155)	(1,088)	(2,238)	(1,563)
Rollover share-based payment	(295)	(598)	(553)	(1,479)
Other personnel expenses	(9,709)	(10,484)	(18,614)	(21,644)
Staff expenses	**(82,809)**	**(74,300)**	**(161,679)**	**(145,301)**

Quarterly and H1 figures are neither audited, nor reviewed.

The number of FTEs (full time equivalent employees) at 30 June 2022 amounted to 4,493 (30 June 2021: 4,037). Average number of employees amounted to 4,333 in the first half of 2022 (2021 same period: 4,037).

The increase in salaries of EUR 16.4 million relates mainly to the increase in total FTEs. Rollover share-based payment related to the Viteos acquisition reduced by EUR 0.9 million as a portion vested in June 2022. Other personnel expenses include the cost for contractors to fill temporary vacancies as well as to support the remediation activities.

Share-based payment arrangements

The purpose of the share-based compensation is to attract and retain management and employees and align the interests of management and eligible employees with those of shareholders, by providing additional incentives to improve the group's performance on a long-term basis.

In April 2022, the Group granted 342,744 share awards under the share-based payment for employees (in April 2021: 575,794). Grants were as follows:

- 226,274 share awards of Share Deferral Plan (“SDP”) for employees,
- 2,546 of Share Deferral Plan ("SDP") for one member of the Executive Committee. SDP for this group has three years cliff vesting.
- 113,924 of Performance Share Plan ("PSP 2021") for the members of the Management Board (47,734) and the Executive Committee (66,190).

For description of each plan we refer to the Annual Report 2021.

Share price at grant date was EUR 19.64.

Total share grants vested on 1 April 2022 and actual shares rewarded are the same: 324,590. The following grants vested:

- LTIP 3-4: 75,943
- LTIP 5: 8,073
- SDP 2019: 49,933
- SDP 2020: 100,098 and
- SDP 2021: 90,543 grants vested and shares were distributed.

At the time of the Viteos acquisition in 2019, management of Viteos received shares of the Company under the Viteos Rollover Share Plan. Pursuant to that plan, the eligible persons were restricted to transact in these shares for three years after the Viteos acquisition. Every year 1/3 of the acquired shares were released from these restrictions. As the shares require continued employment of the participants, the shares are accounted for as share-based payments in line with IFRS2. Restrictions on the shares were released on 18 June 2020, 18 June 2021 and 30 March 2022.

For further information on our share-based compensation, reference is made to Note 8 in our Annual Report 2021.

8. Other operating expenses and income

Other operating expenses increased by EUR 7.8 million year-on-year mainly due to higher consulting fees, due to the transaction with CSC and ongoing remediation and higher travel expenses since Covid-19 restrictions have been lifted over most jurisdictions.

The increase of EUR 8.1 million in trade receivables compared to year-end 2021 caused an increase of EUR 0.2 million in the allowances for doubtful debtors balance arriving to EUR 2.8 million as at 30 June 2022. This were accounted for in accordance with IFRS9 and were impacted by the Ukraine crisis. Higher trade receivable balances were a consequence of late invoicing and collection due to the implementation of our new ERP system.

Other operating income increased by EUR 0.3 million mainly due to early termination of leases.

9. Financial result

The financial result increased by EUR -34.4 million to EUR 43.8 million negative in the first half of 2022 from EUR 9.4 million negative in the same period last year. This decrease is mainly due to the fair value adjustment of our early redemption option relating to the senior notes amounting to EUR 29.5 million loss in H1 2021 (H1 2021: EUR 8.5 million gain) which is due to increasing interest rates in the market.

The breakdown of the financial result for the six months period ended 30 June 2022 is as follows:

- Interest expense on financial liabilities of EUR 14.5 million (H1 2021: EUR 14.7 million);
- Amortisation of financing fees EUR 1.2 million (H1 2021: EUR 1.5 million);
- Net foreign exchange gains of EUR 3.3 million (H1 2021: net foreign exchange gains of EUR 0.2 million);
- Net change in fair value of financial liabilities excluding the option revaluation of EUR 0.1 million negative (H1 2021: EUR 0.1 million positive);
- Financial lease related interest income and expenses in net of EUR 1.2 million expense (H1 2021: EUR 1.3 million);
- Early redemption option revaluation of EUR 29.5 million loss (H1 2021: EUR 8.5 million gain);
- Other costs of EUR 0.6 million (H1 2021: EUR 0.7 million).

10. Earnings per share

		Q2		H1	
Earnings per share		2022	2021	2022	2021
Basic earnings per share (euro)		(0.02)	0.09	(0.05)	0.35
Diluted earnings per share (euro)		(0.02)	0.09	(0.05)	0.35
Adjusted basic earnings per share (euro)		0.24	0.30	0.52	0.66

Quarterly and H1 figures are neither audited, nor reviewed.

10.1. Basic earnings per share

The calculation of basic earnings per share was based on the loss attributable to ordinary shareholders of EUR 4,222 thousand for the six months ended 30 June 2022 (for the six months ended 30 June 2021: EUR 31,794 thousand) and weighted-average number of ordinary shares of 90,189,834 for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 90,369,835).

10.2. Diluted earnings per share

The calculation of diluted earnings per share was based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,034,821 for the six months ended 30 June 2022 (for the six months ended 30 June 2021: 1,050,211).

10.3. Adjusted net income per share

The Group calculates the Adjusted net income for the six months ended 30 June 2022 to be EUR 47.0 million (for the six months ended 30 June 2021: EUR 59.9 million). Adjusted net income is defined as Adjusted EBITA, less adjusted net finance costs of EUR 17.5 million (for the six months ended 30 June 2021: EUR 18.2 million) and less tax costs of EUR 8.7 million (for the six months ended 30 June 2021: EUR 7.1 million).

Based on this Adjusted net income and taking the weighted-average number of basic shares for the six months ended 30 June 2022 of 90,189,834 (for the six months ended 30 June 2021: 90,369,835), the adjusted net income per share is EUR 0.52 (for the six months ended 30 June 2021: EUR 0.66).

11. Acquisition-related intangible assets

During the six months ended 30 June 2022, there were no new acquisition-related intangible assets recognised in the balance sheet. See more details under (Note 12).

The amortisation of acquisition-related intangible assets for the six months ended 30 June 2022 was EUR 25,248 thousand (for the six months ended 30 June 2021: EUR 24,320 thousand).

No impairment was recognised for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

Impairment testing

Goodwill is tested for impairment annually in the fourth quarter and quarterly in case of triggers identified. As there were no indicators for impairment of any of the CGUs, management has not updated the impairment calculations prepared at year-end 2021 and did not recognise any impairment for H1 2022. CGU Netherlands has slightly decreased its headroom due to an increase in WACC which was driven by external economic factors.

12. Business combinations

2022
No new acquisitions occurred during the six-months ended 30 June 2022.

2021
No new acquisitions occurred during the six-months ended 30 June 2021.

13. Property, plant and equipment ('PPE')

The Group signed new lease agreements in the current year which caused an increase of the right of use assets by EUR 9.4 million (2021: EUR 1.8 million). Depreciation of right of use assets for the six month period ended 30 June 2022 was EUR 8.8 million (2021: EUR 9.1 million). No other major movements happened in PPE.

14. Capital and reserves

14.1. Share capital

The subscribed capital from 31 December 2021 (EUR 54,334 thousand) remained unchanged till 30 June 2022. The total number of issued shares was 90,556,352 as at 31 December 2021 and no changes since then. There was no change in the nominal value per share of EUR 0.60.

14.2. Share premium

At 30 June 2022 the share premium amounts to EUR 630,441 thousand, unchanged compared to 31 December 2021 and 30 June 2021.

14.3. Retained earnings

The retained earnings include accumulated profits and losses, plus re-measurements of defined benefit liability (asset) and equity-settled share-based payment.

No dividend will be paid over the year 2021 following the agreement with CSC.

Treasury share reserve

The treasury share reserve comprises the costs of the Company's shares held by the Group. At 30 June 2022, the Group held 204,223 of the Company's shares (31 December 2021: 528,813).

15. Provisions

Provisions decreased from EUR 8.1 million (31 December 2021) to EUR 7.7 million (30 June 2022). Provisions include legal provisions, restructuring provisions and other provisions. The decrease is mainly related to lower legal and restructuring provisions. The accounting policy relating to provisions did not change compared to previous years. For further information on provisions, reference is made to Note 29 in our Annual Report 2021.

16. Financial instruments

Credit risk

Our credit risk assessment did not change compared to the disclosure Note 23 in our Annual Report 2021. With respect to the net trade receivables, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

Currency risk

The Group's exposure to the risk of changes in exchange rates relates primarily to the Group's operating activities (translation risk: when revenue or expense is denominated in a different currency from the Group's reporting currency). This did not change compared to the previous year. The exposures are mainly with respect to the US dollar (USD) and pound sterling (GBP). The loans and borrowings of the Group are denominated in pound sterling and US dollar, the notes are denominated in euro. The objective is to partly match the main cash flows generated by the underlying operations of the Group with the debt which provides an economic hedge.

In the translation of our foreign operations to our reporting currency, we have recognised in the Other comprehensive income in H1 2022 EUR 35.1 million gain (H1 2021 EUR 22.3 million gain) mainly due to the USD and GBP foreign currency exchange rate movement.

Interest rate risk

The risk relates to the Group's long-term debt obligations with floating interest rates. To manage this risk the Company continues to hold interest rate swaps.

Liquidity risk

There has been no change in our liquidity risk assessment compared to our disclosure Note 23 in our Annual Report 2021.

Capital management

The capital structure of the Group did not change significantly. Leverage ratio at the end of the reporting period was 3.97x (H1 2021: 3.68x). The current leverage ratio is within the agreed level of our current facilities.

Fair value and fair value estimation

The fair values of our financial assets and liabilities as at 30 June 2022 are estimated to approximate their carrying value. There has been no change in the fair value estimation technique and hierarchy of the input used to measure the financial assets/liabilities carried at fair value through profit or loss compared with the method and hierarchy disclosed in our Annual Report 2021. There are level 1 and level 2 fair values. No transfers between levels were applicable in 2022 and 2021.

The fair value of the bond has decreased as well as the fair value of the early redemption option of the bond. The bond's carrying value excluding accrued interest is EUR 496.1 million (Level 2) versus the market quoted price is EUR 475.8 million (Level 1) as at 30 June 2022 (2021: EUR 495.0 million and EUR 511.5 million respectively). The bond is accounted on amortised cost as disclosed in our Annual Report 2021. The fair value adjustment of the early redemption option of the bond however is accounted and disclosed in fair value through profit and loss account, where the value as at 30 June 2022 was EUR 0.7 million compared to EUR 30.2 million as at 31 December 2021. See further details under Note 9. The option is classified under non-current other financial assets in the balance sheet of the Group and its level in the fair value hierarchy remains at level 2 as disclosed in our Annual Report 2021. This fair value adjustment has no impact on our cash flow. Due to increasing market rates during the half year, the price of our senior notes slightly reduced and amounted to 95.2 at the end of H1 2022.

17. Cash flow hedges

The balance at 30 June 2022 includes interest rate swaps to cover part of the fluctuations on the floating interest on the USD and GBP debt. There were no new swaps entered in 2022.

The USD and GBP hedges were assessed to be effective at 30 June 2022. Balance sheet positions recognised as assets at 30 June 2022 were EUR 1,703 thousand (liabilities at 30 June 2021: EUR 6,030 thousand). The movement is mainly due to the increasing interest rates in the market.

The Group has also hedged the most significant (underlying) currency exposures (currency USD-INR risk).

18. Other non-current and current financial liabilities

Financial lease liabilities are disclosed under the other non-current and current financial liabilities. In line with the right of use asset increase in 2022 disclosed in Note 13 the major change in the financial lease liabilities was related to this. Payments are included in the cash flow statement. Other movements are not material to the Group.

19. Contingencies

Intertrust is involved in governmental, regulatory (a.o. AML and KYC), and legal proceedings and investigations in several jurisdictions, involving amongst others claims in the ordinary course of business and remediation actions as a result of increasing regulations. While it is not feasible to predict or determine the ultimate outcome of all pending or potential governmental, regulatory, legal proceedings and investigations, we concluded that an aggregate amount of the liabilities cannot be estimated reasonably and we consider that the possibility of outflow is not probable but could have a material adverse effect on our operational and financial performance. Where necessary legal and/or external advice has been obtained. See Note 15 Provisions in the 2021 Annual Report for more details.

20. IT Commitments

In the first half of 2022, there were no material changes to the Group's commitments from those disclosed in Note 31 of our Annual Report 2021.

21. Related parties

During the six months ended 30 June 2022, the transactions with related parties were conducted at arm's length basis.

The transactions with key management personnel did not deviate significantly from the transactions as reflected in the financial statements as at and for the year ended 31 December 2021.

22. Subsequent events

There are no significant events that have occurred since balance sheet date that would change the financial position and which would require adjustment or disclosure in these condensed consolidated interim financial statements.

23. Non-IFRS Financial measures

Definitions

For the definitions of non-financial measures we refer to the Glossary in the Annual Report 2021. We give more clarification as listed below on:

- Adjusted EBITA is defined as Adjusted EBITDA excluding depreciation and amortisation of other intangible assets.
- Adjusted EBITA margin is defined as adjusted EBITA divided by revenue, and is expressed as a percentage.
- Adjusted EBITDA is defined as EBITDA excluding specific items.
- Adjusted earnings per share is defined as adjusted net income divided by the weighted-average number of basic shares for the period.
- Adjusted net income (or Adjusted basic earnings per share) is defined as adjusted EBITA less adjusted net interest costs, less adjusted tax expenses and share of profit of equity. accounted investees (net of tax) and excluding adjusted items in financial results and income taxes.
- Adjusted net interest is defined as net finance cost fair value adjustments (for specific financial instruments) recognised in the Statement of profit and loss.
- Basic earnings per share (Basic EPS) is defined as net result attributable for equity holders divided by average shares outstanding during the period.
- Capital expenditure ("Capex") is defined as investments in property, plant, equipment, software and other intangible assets not related to acquisitions and excludes right-of-use assets.
- Diluted earnings per share (Diluted EPS) is defined as net result attributable for equity holders divided by average fully diluted shares outstanding during the period.
- EBITA is defined as profit/(loss) from operating activities excluding amortisation of acquisition related intangibles and impairment of goodwill.
- EBITDA is defined as profit/(loss) from operating activities excluding depreciation, amortisation and impairment of goodwill.
- Effective tax rate ("ETR") is calculated as minus one times income tax expense divided by the profit before tax of the Group.
- Leverage ratio is defined as total net debt (on "last twelve months" (LTM) average FX rates) divided by the adjusted EBITDA excluding IFRS16, proforma contribution for acquisitions and full year run-rate synergies related to acquisitions and other Senior Facility Agreement (SFA) adjustments such as the addback of LTM LTIP, Share deferral plan (SDP) and Rollover share plan accruals.
- Net debt is defined as the net of the cash and cash equivalents excluding cash on behalf of customers and gross value of the third party indebtedness.
- Net finance costs is defined as financial results excluding foreign exchange (FX) gains/losses.
- Specific items are income and expenses items that, based on their significance in size or nature, should be separately presented to provide further understanding about the financial performance. Specific items include:
  - Transaction costs;
  - Integration and transformation costs;
  - Rollover share-based payment;
  - Income/expenses related to disposal of assets.

  Specific items are not of an operational nature and do not represent the core operating results.
- Underlying is defined as current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s).

Interim progress HY22

Intertrust N.V.

Continue >

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of Intertrust N.V.
Basisweg 10
1043 AP AMSTERDAM

Amsterdam, 27 July 2022

REQ6704331/MEM/mh

Interim progress HY21

Dear members of the Supervisory Board and the Management Board,

We are pleased to provide you with our interim progress report of Intertrust N.V. for the half year ended 30 June 2022. We discussed a draft of this report with management on 14 July 2022.

This report summarizes the scope of our work as well as the matters that we deem important to share with you following our interim procedures as part of our 2022 financial statement audit. The procedures we performed were not designed to express a review conclusion. The topics were individually agreed with management and the Supervisory Board.

We understand you have familiarized yourself with presentations and analyses prepared by management, including review of financial results, financial position, outlook, compliance related matters and impairment trigger analysis. We have limited repeating this information in our presentation and focus on the results of our review procedures.

This report is intended exclusively for use by addressees and shall not be used by others.

We appreciate the opportunity to elaborate on this report and answer questions you may have in the Audit and Risk Committee meeting on 27 July 2022.

Yours faithfully,
Ernst & Young Accountants LLP

Q. Tsar

J.J. Vernooij

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The format of this report is designed to be easily readable in print and electronically on tablet. If you read electronically you can navigate quickly by clicking in the table of contents, on the horizontal navigation bar and on the arrows in the lower left/right hand corner.

In the first half year of 2022, there has been further progress on the recommended offer of CSC for shares of Intertrust. The offer memorandum has been published on 1 April 2022 and it is expected that the deal will be completed within the fourth quarter of year 2022 subject to the approval of relevant authorities in different jurisdictions. The impact of the deal will be assessed further which would have an immediate impact on the hedge accounting, financing agreements and interest rate swap contracts of Intertrust due to the "change in control" clauses of the corresponding agreements. Furthermore, the bonds issued by Intertrust are expected to be redeemed on 15 November 2022 at a price of 100.844% of notional amount plus accrued and unpaid interest. The increase in volatility and option adjusted spread along with expected repayment of bonds in November 2022 resulted in a lower early redemption option value by €29.5 million to €0.7 million (2021: €30.2 million).

Following changes in leadership at Exco level in Western Europe and Americas in 2021, management evaluated its operating model and adjusted its segment reporting in 2022 which resulted in reporting on five segments : The Netherlands, Luxembourg, Cayman Islands, US Fund Services and Rest of the World. This has not resulted in a change in the Cash Generating Units (CGU) defined per the goodwill impairment (trigger) assessment. Forecasts for key jurisdictions deteriorated significantly due to the current economic environment, changes in the need for traditional corporate services, the significant costs of regulatory remediation projects and increased staff costs. Furthermore, weighted average cost of capital has increased approximately by 1.5%-2% in all jurisdictions. These developments had a negative impact on the value in use calculations. On the other hand, CSC offer price as being the fair value of the enterprise and market capitalization does not indicate a deficit for none of the CGUs. Even though the headroom over carrying amount of CGU Netherlands reduced compared to year end 2021, management concluded that there is no impairment trigger for goodwill.

The employee attrition rate in first half of year 2022 remained high and changes in key management carried on from last year. The Group CRO resigned in May 2002 and the Group CFO is currently acting as interim CRO. The Finance Director of Netherlands has resigned and will leave Intertrust by the end of August 2022. The Managing Director in Luxembourg and Finance Director in Cayman have been replaced in 2022. We did not note any indications of management integrity issues per our inquiries. A new director of Risk and Compliance has joined Intertrust Netherlands management team in June 2022. In the meantime, the board of Intertrust Netherlands has being changed to a five person board with two vacancies.

We understand Intertrust continued to focus on the implementation of SAP S4/HANA per its roll out plan during the first half of year 2022. Further enhancements and improvements in IT general control framework are planned to be performed at a later stage. Issues and delays noted in the financial statement closing process of Cayman continue to persist. We continue to draw attention to the importance of a robust closing process supported with manual controls and detailed reconciliations until the implementation become more mature.

Executive summary

Although we observe that significant investments have been made and the plans are high in the agenda of management, the progress of the ongoing remediation plans in key jurisdictions being Netherlands, Cayman and Luxembourg is limited and the deadlines imposed by the regulators are not (expected to be) met. Management will re-assess if there is a need for a provision for the future remediation costs in accordance with IAS37 before the end of year 2022.

In the Netherlands, management communicated its plan of action, "Journey to Excellence", on 28 February 2022. DNB has imposed the instruction on 31 March 2022 through which interim milestones and a ultimate deadline of 31 January 2023 have been communicated. The interim deadline of 31 July 2022 set by DNB for remediation of 15% of client files and the ultimate deadline for the completion of the entire remediation by 31 January 2023 are not expected to be met. Management filed an objection for some observations including the timeline imposed. Availability of resources and technology are highlighted by management as being the main reasons of delayed progress. In addition to the existing issues as at year end 2021 in the Netherlands, a severe backlog in transaction monitoring of incoming payments has been identified for the period 1 January 2022 – 30 April 2022. This backlog was a result of missing manual uploads of incoming payments as required by Fastlane TPTM module which do not support currently a fully automated solution. Per the regular monthly update meeting with DNB on 13 July 2022, management agreed to prepare a time and motion plan for both file remediation and transaction monitoring backlog till the next update meeting on 24 August 2022.

In Luxembourg new breaches in depositary services and IT framework have been identified which can lead to an administrative fine of up to €0.2 million which has been fully provided for. Management has decided to cease onboarding new depositary services clients. Also an action plan to address IT inspection findings is being prepared.

In Cayman, the remediation activities remains challenging where the deadline of May 2022 was not met and there is no revised deadline agreed with CIMA. In addition to the identified shortcomings through previous inspections, CIMA has sent a notice in May 2022 indicating the failure to maintain beneficial ownership information for 17 clients which may lead to a fine up to CI$85 thousands (€97k) which has been fully provided for.

We emphasize the elevated risk stemming from the continuous non-compliance and limited progress which may result in significant financial impact and/or major non-financial impact (i.e. reputational, operational and/or impact on license).

Intertrust Group set up a specific taskforce in the beginning of March 2022 to support and guide on sanctions and the decision to exit Russian clients. Furthermore, an accounting guidance update has been circulated by Group consolidation which mainly clarifies the revenue recognition, impairment of trade receivables and work in progress balances for Russian connected client entities. We understand the financial impact is limited to 1% of the total revenue. We draw attention to the challenges in sanction monitoring due to the availability of data and automated solutions along with the changes in the sanctioned counterparties. We will perform further procedures on this matter during our 2022 year end audit.

Interim progress for key matters

Interim progress

Revenue recognition

No material unexplained variances were noted and revenue recognition policies are described appropriately

Revenue recognition, in particular to management override of controls and potential manipulation of cut-off and estimation of the recoverability of work in progress, is considered a fraud risk. The review procedures for Netherlands, Luxembourg, Cayman and Jersey entities consisted of management inquiries, analytical review of work in progress and analysing the cut-off risks by reviewing the credit notes transactions before and after balance sheet date.

The majority of the jurisdictions show a positive growth in their revenue, except for Netherlands, Cayman, Guernsey. The revenues for the Netherlands decreased with 15,2% which is heavily impacted by the hours spent for DNB remediation program, therefore not being able to charge billable hours to their (future) clients, especially the time based contracts were impacted the most. In Cayman the revenues decreased with 8,1% YoY, mainly as a result of losing clients due to the market conditions, spending more time on the CIMA remediation program, not being able to bill more for their existing clients or onboarding of new client.

We have noted that an accrued income of €1 million recognized by Cayman Law has not been invoiced for a long period as the clients are not onboarded yet. Management is currently reaching out to the clients to inform them. As at the date of this report, it remains uncertain whether and how much of these balances would be recovered.

Limited impact of Covid-19 on the revenue recognition and impact on Ukraine-Russia crisis

The impact of Covid-19 on revenue is still not considered material as a result of the recurring nature of the revenue and long-term client contracts. At the beginning of March 2022, due to the Ukraine-Russia crisis and implementation of the sanctions, Intertrust decided to exit Russian clients. The total impact of the sanctions and exits (mostly impact is bad debt/specific allowanced was
€1.2 million for the first half year. Intertrust's management analysed the relevant ratios such as the evolution of revenues, developments in recoverability of accounts receivable and deferred revenues in order to understand the potential financial risks.

No significant matters to be reported

The assessments made by management were sufficient for our review purposes. No anomalies noted during our review procedures.

Impairment of acquisition related intangible assets including goodwill

Intertrust performed an impairment trigger assessment and concluded that there are no indicators

Sufficient headroom available for all CGUs except for Netherlands and Jersey

Underperformance due to client outflow or increased costs mainly being staff costs and professional service expenses

Overall view

As of 30 June 2022, Intertrust performed an impairment trigger assessment in accordance with IFRS. A recoverable amount has been calculated using both value in use and fair value less cost of disposal as being agreed transaction price with CSC to sell its shares at
€2.7 billion. We have noted that headroom per value in use deteriorated for all CGUs due to the increase in WACC. However, no impairment trigger has been noted per fair value analysis performed. As value in use is used as allocation key for fair value, calculations have been revisited using the updated WACC and updated forecast for 2022, keeping the cash flow projections for the remaining four years unchanged. Per the calculation (millions of €) as of 30 June 2022 all cash generating units have considerable headroom except for CGU Netherlands and CGU Jersey.

CGU	Carrying amount	Value in use	Fair Value	Headroom (Value in Use)	Headroom (Fair Value)
Netherlands	400	378	404	(22)	4
Luxembourg	265	525	561	260	296
Jersey	262	267	285	4	22
Americas	313	461	492	146	178
RoW	272	639	682	366	410
Viteos	175	255	272	80	97

Performance of CGUs

Based on management assessment, CGUs Netherlands, CGU Americas, CGU Luxembourg and CGU RoW are underperforming when full year forecast is compared to the budget. The main reasons are summarised as below:

- CGU Netherlands has generated lower revenue though it is in line with the revenue after contingency buffers are considered. Remediation costs incurred along with involvement of more temporary external staff and increased staff costs are higher than anticipated. Hence lower margin than initially anticipated. The current circumstances are deemed temporary as it is expected that the margin will improve following the completion of remediation plan, Journey to Excellence. Furthermore, management expects that growth in other services such as providing more escrow and compliance services will compensate the outflow in traditional corporate services. Therefore aforementioned circumstances are deemed to be temporary, one off or anticipated in the pricing.

Impairment of acquisition related intangible assets including goodwill

Performance of CGUs (continued)

- CGU Americas has generated lower revenue due to client outflows on one hand and staff costs and professional service costs increasing on the other hand as a result of changes in organization and regulatory remediation project.
- CGU Luxembourg and CGU RoW are underperforming due to higher staff expenses, professional service costs and other expenses.

WACC increase significantly and globally compared to 2021 year end

Weighted average cost of capital (WACC)

For the purpose of impairment trigger assessment, management has updated the WACC calculations using the risk free rates available as of 30 June 2022; EMRP, ratings and CGU weights as of 31 March 2022 and inflation as of April 2022. EY internal specialists performed a high level plausibility assessment on the discount rate. We have noted that WACC rates have increased significantly for all CGUs between 1.5%-2.0% mainly driven by the global rise in risk-free rates, interbank interest and commercial interest rates.

Market capitalization remained unchanged due to agreed CSC deal

Fair value considerations: Market capitalization and CSC offer price

CSC offer price of €20, remains as the deemed fair value of Intertrust as it is an agreed market price and median of the other offers received. Although it is expected that the share price in the market would stay stable given the agreed deal, we noted that the share price has decreased from €19.80 from 31 December 2021 to €18.80 by mid July 2022. We draw attention to that any share price lower than €19.70 would lead to an impairment for CGU Netherlands.

High sensitivity to relatively small changes in WACC or long term growth rate

Sensitivity analysis

Based on the sensitivity analysis performed by management and us independently, we noted that value in use calculations are very sensitive to the changes in WACC and long term growth rates. A slight increase in WACC or decrease in long term growth rate would decrease the headroom of CGU Netherlands to nil.

We emphasize that an update on the budget and three year plan whereby a more neutral forecast for CGU Netherlands would be included, may result in a recoverable amount lower than its carrying amount. We will continue to monitor the developments during our 2022 year end audit.

Non-Compliance with laws and regulations and provisions

Auditor's responsibility for additional audit activities per NV COS 240 and 250

Intertrust Group is involved in regulatory and legal proceedings and inspections in several jurisdictions. There are various (ongoing) discussions with regulators on non-compliance with AML/KYC regulations in some locations, a global risk and compliance project as well as local remediation processes are in progress. We refer to our 2022 audit plan for our obligations to report such indications to you and perform additional auditing activities. Management's responsibilities, auditor's responsibilities per NV COS 240 and 250, reporting requirements and additional audit activities are discussed in our 2022 audit plan.

The progress of remediation in the Netherlands and Cayman

We note that remediation activities are ongoing in several jurisdictions to address the findings as communicated by the local regulator. Although we understand the focus on quality has increased, significant investments have been made and the topic is taking priority, we still have serious concerns on the progress of the remediation in at least the Netherlands, Cayman and Luxembourg based on the status, new inspections and deadlines that could not be/are not expected to be met, correspondence with regulator as well as our observations. We refer to the subsequent elaborations for our observations regarding the progress of remediation in the specific jurisdictions.

Administrative fines and penalties

The CIMA issued a formal notice of an administrative fine in the amount of KYD 4.2 million (€4.3 million) which has been recognized as provision for the full amount in 2021. Intertrust appealed against the fine which is accepted by High Court in Cayman. We understand management is considering to incur this loss and invest more in its relationship with the regulator. Furthermore CIMA has sent a notice in May 2022 indicating the failure to maintain beneficial ownership information for 17 clients which may lead to a fine up to CI$85 thousands (€97k) and has been fully provided for.

Need for significant improvement on the compliance and risk framework, culture and execution of remediation plans

In Netherlands, DNB imposed a fine of €0.5 million in 2021 due to one specific failure in timely reporting of an unusual transaction
to FIU.

In Luxembourg, CSSF performed an IT Risk inspection which revealed deficiencies in IT framework, governance & organization including the outsourcing arrangements. Due to these deficiencies, CSSF communicated its intention to impose an administrative fine of €199k where the upper limit is €250k. Management has provided a provision for the fine of €199k as of 30 June 2022 and currently working on an action plan.

There is no formal fine imposed for other regulatory inspections in these jurisdictions or in other jurisdictions at this moment. However, ongoing investigations, such as in the Netherlands where milestones have not been reached and a revised plan is being prepared by management, could potentially lead to future fines being imposed. For more details we refer to the following pages where we discuss significant matters involving non-compliance with laws and regulations.

Interim progress

Non-Compliance with laws and regulations and provisions

Netherlands – DNB investigation and imposed direction (2019-2022), remediation and root cause analysis action plan

DNB issued a direction regarding the remediation process with detailed actions and deadlines till 31 January 2023

On 31 January 2022, DNB notified Intertrust that they intend to issue a direction based on article 47 of Wtt 2018 as a result of its validation investigation initiated on 12 July 2021 as the client files do not comply with laws and regulations, Deloitte RCA indicates severe shortcomings and findings per 2019 DNB inspections were not remediated yet. DNB has considered the "non compliance" and "the degree to which blame can be attributed to the non-compliant party"(verwijtbaarheid) to be rated high. Furthermore DNB noted that the compliance focus is low and that DNB has insufficient confidence that Intertrust is able to end the continuous Wtt 2018 non compliance sustainable and structurally. In the intended direction, DNB requires Intertrust to update the procedures manual within two months after the issuance of the direction, to have remediated all files and to provide a written statement from management that the offence has been terminated or redressed within ten months after the issuance of the direction. DNB imposed the direction on
31 March 2022 and has specified detailed milestones within ten months period and requires Intertrust to provide a status update on a monthly basis.

We performed extensive inquiries and additional procedures involving forensic and legal specialists

We periodically met with management to understand the potential obligations and the progress of the investigation and read all correspondences with DNB. We held bilateral meetings with the CFO, CRO, Managing Director and Finance Director of Netherlands, Head of Compliance, Head of Legal, Head of Internal Audit. Further, we performed inquiries with the CDD team and external advisors involved in the execution of client file remediation to gain further understanding of the remediation process besides obtaining an understanding of the global and local risk management process, including policies and procedures. We involved both forensic and legal specialists and consulted with our internal non compliance panel throughout the procedures we performed. We were not able to review a number of selected files as there was no file remediated and re-accepted as of 13 July 2022. We will perform the review of selected sample files during our 2022 year-end procedures.

Management shared its action plan timely and noted that the milestones were met so far

Intertrust submitted its plan of action, "Journey to Excellence", timely on 28 February 2022 and held monthly meetings with DNB. Based on the inquiries we performed and per latest management update as communicated to DNB dated 30 June 2022, progress with regards to the organizational structure, policies and procedures, training plan were met. The organization of Intertrust is currently changing with an aim of having a five person board. Following the resignation of former head of compliance in 2021, an interim compliance head was assigned. An experienced Risk & Compliance director has been recruited in June 2022 to fulfill this position permanently. Furthermore, a new member has joined the supervisory board with a compliance background. A new SIRA was communicated to DNB where external advisors were involved. Management raised two significant issues in the status updates which are identical to the highlighted concerns by us in our 2021 audit results report:

Technology and resources remains as a key project risk

- **Technology:** Technology build for the client re-acceptance is currently behind schedule due to inadequate time for the Fastlane team to develop the Client Acceptance Form (CAF) aspect of the re-acceptance solution.
- **Resources:** The current team capacity is insufficient. While Intertrust is working to recruit across multiple geographies, additional hires will not be onboarded in time due to challenges in securing the necessary skills.

Interim progress

Non-Compliance with laws and regulations and provisions

Netherlands – DNB investigation and imposed direction (2019-2022), remediation and root cause analysis action plan

Serious concerns as deadlines are expected not to be met.

During the hearing on 7 March 2022 and through the ultimate objection filed on 11 July 2022, Intertrust informed DNB about its disagreement on the procedure manual related observations, the need for the board to provide a statement confirming the compliance following the completion of remediation and finally the timeline to complete the remediation. We understand management expects that neither the interim milestone of 15% file remediation completion by end of July 2022 nor the ultimate deadline of 31 January 2023 would be met due to the issues elaborated on the next page. This has been discussed with DNB on 13 July 2022. We understand DNB communicated during this meeting that management agreed to prepare and communicate a time and motion plan till the next monthly meeting with DNB on 24 August 2022. As at the date of this report there is no decision communicated by DNB regarding the objection filed. We will continue to monitor the progress and further correspondences with DNB.

A severe backlog in transaction monitoring has been revealed.

During the deep dive performed as part of the remediation plan, management noted a severe backlog in transaction monitoring of incoming payments for the period 1 January 2021-30 April 2022. One of the root causes of this relates to the fact that incoming payments were not automatically uploaded in the Fastlane system meaning that incoming payments are required to be uploaded manually in this system. Management communicated an action plan to DNB on 20 May 2022 which is currently being revisited as the number of transactions were much higher than initially anticipated.

No provision has been recognized due to unknown impact and outcome.

Based on the recent letter with imposed direction by DNB and no fine imposed regarding not completing the remediation timely and adequately, Intertrust concluded that no provision has been required for any potential fine as the final outcome and impact are unknown. Furthermore, currently no provision has been recognized for anticipated remediation costs. Management will re-assess if there is a need for a provision for the future remediation costs in accordance with IAS37 before the end of year 2022.

Emphasis on tone at the top and change in culture in addition to the further investments in tooling and resources

We draw attention to the potential impact of the findings of DNB, unmet deadlines and gaps in the compliance and risk framework of Netherlands. We reiterate the importance of our observations communicated earlier through our 2021 management letter and audit results report. We understand management is paying significant attention to this topic and there has been a noted change at the tone of management. We recommend management to stay focused on planned fundamental changes in the risk and compliance culture, tooling, resources and focus on quality over quantity which are key for a successful execution.

Interim progress

Non-Compliance with laws and regulations and provisions

Cayman – Inspection of Cayman Islands Monetary Authority (CIMA) (2020)

Organizational changes and revised remediation plan are in progress

Following the inspection of CIMA in 2020 and the fine notice in 2021 which has been fully provided for in 2021, Intertrust initiated several organizational changes, and reviewed and updated the remediation plan with the assistance of external advisors.

Serious concerns on the limited progress and deadlines not met

We note that the CIMA explicitly mentioned in their decision notice that failure to comply with the listed requirements prior to the stipulated deadline, will result in the Authority taking further enforcement action. The proposed deadline of May 2022 by CIMA is already due and we understand the remediation progress is very limited. As at the date of this report, there is no communication received regarding the unmet deadline. CIMA performed an on-site inspection of CS (Cayman) Limited, another subsidiary of Intertrust Holding (Cayman) Limited and noted seven high priority deficiencies in its draft finding report dated 30 November 2021 which are in line with the previous observations of CIMA as well as observations of EY Cayman and their AML specialists. We were not able to review a number of selected files as there was no file remediated as of 30 June 2022. We will perform the review of selected sample files during our 2022 year-end procedures.

We recommend management to revisit and accelerate the remediation actions, perform fundamental changes in the risk and compliance culture, tone at the top and consider our observations as communicated earlier through our 2021 audit report to ensure that the files will become compliant after the actions are completed.

Luxembourg –Inspection of the Commission de Surveillance du Secteur Financier (CSSF) (2021)

No further correspondence from the regulator

No provision has been recognized due to unknown impact and outcome

On 27 May 2021, Intertrust Luxembourg S.à r.l received a letter from the CSSF in response to an earlier letter dated 2 November 2020. The CSSF performed an inspection relating to the anti-money laundering and counter terrorist financing triggered by adverse media regarding two clients of Intertrust Luxembourg. A number of legal breaches as regards to the AML/CFT requirements were identified which can lead to an administrative fine of up to €0.7 million, a warning or a reprimand. The CSSF stated in its letter that no decision will be taken until the response of Intertrust Luxembourg which took place in June 2021. We understand the backlog of KYC files reduced from 14% as at 31 December 2021 to 5% as at 30 June 2022. CSSF and management had a meeting on 13 July where CSSF informed management that a decision will be made and communicated in September 2022. As the outcome is not probable and cannot be estimated reliably due to the uncertainties, a provision for fine has not been recognized in the 2022 half year financial statements. No provision has been recognized for anticipated remediation costs which is approximately €1.3 million which will be revisited before the end of year.

New inspections are ongoing

CCSF's inspection on depositary services are ongoing and there is no feedback received as at the date of this report. However, management is aware of the deficiencies and considering to cease onboarding of new clients in this area which is not significant.

As discussed on page 10, management is working on an action plan to address the deficiencies identified through CSSF inspection in IT framework, governance & organization including the outsourcing arrangements.

Interim progress	Non-Compliance with laws and regulations and provisions
	Jersey-Inspection of Jersey Financial Services Commission (JFSC) (2019 and 2021)
No further correspondence from the regulator	As the remediation was completed and findings relating to the suspicious activity reports were confirmed as closed by JFSC in January 2022, and there is no notice of a fine, no provision has been recorded for any potential fines.
No provision has been recognized due to unknown impact and outcome, absence of indicator of a fine and corrective actions taken	JFSC thematic review on CDD took place in March 2021 and report received end of April 2021. The action plan to address the findings has been communicated to the JFSC and remediation is in progress as planned. In addition to the thematic review, A warning notice was received from JFSC in January 2021 on the late notification breaches for Private Trust Companies. We have been informed that significant work is undertaken such as updating policies and procedures and checklists, training and reporting to the board. As there is no notice of fine and the outcome is uncertain, management has concluded that no provision is required to be recorded in the financial statements for CDD thematic review and Band 1 warning notice.
No further correspondence from the regulator	**British Virgin Islands (BVI) - Thematic review of BVI Authority** The BVI Authority shared the final report from the Thematic Review conducted in January 2021 and indicated that an administrative fine of €30 thousands could be imposed. We understand the remediation is progressing as planned and there is no new notice of a fine.
Expectation of disclosures on progress	**Interim disclosures** We emphasize the importance of disclosures on matters related to noncompliance with laws and regulations given the anticipated delays per the previously communicated deadline of 2022 year end to the readers of financial statements.

Interim progress for other matters

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Other matters

New ISA 315 requirements

External resources

- IAASB Introduction to ISA 315 (Revised) Fact Sheet

As communicated previously in the audit plan a revision of International Standard on Auditing 315 result in changes to the wa y we perform our risk assessment procedures, in particular in relation to IT when performing a substantive audit.

As the audit for Intertrust Group is largely performed substantively with limited reliance on controls we expect that in 2022 there will be an incremental effort of ISA 315 for Intertrust. The extent of additional work required among other things depends on:

- **Our current level of understanding of the environment**: Although in 2021 the scope of IT applications supporting internal financial processes was focused on SAP S/4HANA and Cyber security, we have obtained a good understanding of ITG's IT processes due to synergies with third-party assurance reporting. However, we expect that new procedures are required for IT applications we previously did not have in scope (e.g. SAP BPC, ViewPoint, Tally, TRAX, Workday).
- **The extent relevant financial controls depend on IT**: As a result of prior year's walkthrough of key financial processes we understand that key controls have a limited dependency on IT, which is expected to increase in future years.
- **The number of IT applications supporting financial processes**: As the harmonization journey into a single ERP is still ongoing the old and the new remain to co-exist with local IT applications, requiring us to perform procedures for both.
- **Complexity of IT processes and level of standardization:** Based on prior year expectations we expect IT processes to be of limited complexity, as there is limited use of automated. For the IT processes that have been centralized within Group IT in Bangalor e we may be able to combine efforts, however local involvement may be required for applications with local responsibilities. Where processes have been outsourced we may be able to leverage existing SOC reports.

How we will approach ISA 315

- We will inventorize and categorize the IT applications relevant to the audit centrally to determine the extent of our procedures, using input from our local component audit teams;
- We strive for a top-down centralized approached to the extent this is most effective and efficient;
- We will align closely with central Group IT in order to outline which procedures could be performed centrally, and where local involvement is more suitable.
- When we encounter control observations we will discuss them with management prior to proceeding.

What to expect

- Management and/or the Audit Committee may experience different conversations, requests or simply have more focused discussions with members of the audit team, including about risk, internal controls, audit quality and our audit strategy.
- An increase of effort related to IT risks and/or IT specialist involvement on the audit team, resulting in an upward impact on audit fees.
- A potential increase of control observations communicated resulting from increased focus on IT applications and IT processes previously out of scope.
- Increased insights from reporting and tangible recommendations to help the company improve control over the risks related to the use of IT.

Interim progress

Other matters

Internal borrowing rate for leases

No significant matters to be reported

Intertrust accounts their head- and subleases in accordance IFRS 16 and has elected to apply the modified retrospective approach to recognize the lease liabilities. As a result, Intertrust estimates the Incremental Borrowing Rate (IBR) to determine the present value of the lease liabilities. For this purpose, Intertrust applies the local approach to leases for which market data is readily available and the build-up approach to leases for which market data is not readily available and, as a consequence, proxies shall be used. We assessed the method used in determination of the IBR which is deemed reasonable.

On top of the base rate – tailored based on duration and location of the lease – that is used in the build-up approach, Intertrust applies adjustments in the form of country risk premium and inflation differential. We note that updating market data and the corresponding IBRs in case of significant changes in the input parameters would make the approach more feasible. For the purpose of our half year report we decided to review the new lease contracts and involve our treasury specialists to assess the reasonability of the IBRs related to the right-of use assets of approximately €10 million. We calculated the applicable IBRs independently and did not note any material differences. In the second half-year of the 2022, we will assess all the IBR developments in accordance with IFRS 16 requirements.

Expected credit loss- Trade receivables (IFRS 9)

No significant matters to be reported

Intertrust Group calculates an expected credit loss provision (ECL) on receivables from clients under IFRS 9. The Group has applied the simplified approach to measure the expected credit loss and the lifetime expected loss allowance for trade receivables. ECLs are a probability-weighted estimate of credit losses. The expected credit loss policies were reviewed against the IFRS 9 standards (centrally) and key assumptions were assessed and assertions were tested. Centrally we reviewed the completeness of the individual credit losses by reviewing the overall analysis. As Primary team, we inquired with our component teams (Netherlands, Luxembourg, Cayman and Jersey) to review/assess and report on the qualitative considerations like deviations from historic credit loss, country risk premium, segmentation of a portfolio and forward looking information.

As a result of the sanctions and exit strategy of the Russian clients, ITG management analysed the impact on revenue and work in progress & accounts receivable valuation. This resulted in a total provision for Russian clients of €0.9 million, of which €0.2 million is related to Cayman clients, €0.3 million to Jersey clients and €0.3 million to clients from The Netherlands.

We reviewed the reasonability of the IFRS 9 calculations for the trade receivables are appropriate in all material aspects.
No anomalies noted during our review procedures.

Interim progress

Other matters

Taxation

No significant matters to be reported

Intertrust records a normalized effective tax rate (ETR) of 32.9% (21.3% in prior year) for continuous operations. The main reason of the increased ETR in comparison to HY1 2021 relates to a changed foreign rate differential (mainly due to lower/decreased results in Cayman). Similar to prior reporting periods, the residual main element impacting the ETR is non-deductible interest in Luxembourg and the Netherlands. This effect is magnified by the negative result realized in the Netherlands, which leads to maximization of non-deductible interest in this jurisdiction.

Based on the Uncertain Tax Positions (UTP) analysis performed by Intertrust in relation to tax risks as per Q2 2022, no significant trigger events have occurred which would lead the company to reassess their uncertain tax positions as recorded per YE21. From the corroborative inquiries with the Tax Team of Intertrust and based on our interim procedures performed, we understand there is no material change in the UTP.

Transfer pricing methodology

No significant matters to be reported on the TP methodology

As part of our review procedures, EY Transfer Pricing Team had multiple calls with the Head of Tax of Intertrust Group to gain more knowledge with respect to the background information and TP arrangements in place under the new model (implemented per 1 January 2021). The interactions with the Head of Tax were centered around the current set-up, people involved, timelines, reporting lines et cetera. In an earlier stage EY Transfer Pricing Team, performed a TP analysis the implementation of the TP model to assess the arm's length nature of the intercompany transactions.

For the purpose of the interim progress, the tax team engaged in an update meeting with the Head of Tax of Intertrust Group. Based on the facts and circumstances discussed in this meeting no anomalies were noted of any significant changes to the transfer pricing model as per FY2022. Furthermore, it is noted that Intertrust Group is in the process of documenting the new TP model (per 1 January 2021) for the first time as part of the regular Transfer Pricing Documentation procedures.

The EY Transfer Pricing Team will review the latest Transfer Pricing Documentation upon becoming available and use this to verify our understanding of the new TP model (per 1 January 2021). Further detailed qualitative and quantitative analysis for purpose of the FY2022 audit in this regard is expected to be performed between September and January 2022.

Appendices

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Component team	Key audit and accounting matters discussed	Material findings to be reported
Netherlands	► Non compliance with laws and regulations and DNB remediation plan ► Revenue recognition and working capital developments ► Outcome of fraud inquiries, litigations & claims	► Please see "Compliance with laws and regulations" section of this report.
Luxembourg	► Non compliance with laws and regulations and letter from CSSF ► Revenue recognition and working capital developments ► Outcome of fraud inquiries, litigations & claims	► Please see "Compliance with laws and regulations" section of this report.
Cayman	► Non compliance with laws and regulations and fine imposed by CIMA ► Revenue recognition and working capital developments ► Outcome of fraud inquiries, litigations & claims	► Please see "Compliance with laws and regulations" section of this report.
Jersey	► Non compliance with laws and regulations, thematic reviews of JFSC ► Revenue recognition and working capital developments ► Outcome of fraud inquiries, litigations & claims	► Please see "Compliance with laws and regulations" section of this report.

Appendix II – Independence

Independence assessment EY Netherlands

We herewith report to you in writing on our independence and fee related matters pursuant to the Intertrust policy on auditors Independence, the Dutch and International Standards on Auditing, Article 11 of Regulation (EU) No. 537/2014, as well as the applicable Dutch laws and regulations on independence. This reporting comprises Ernst & Young Accountants LLP, the other EY network firms in the Netherlands and the EY member firms in other countries (together EY or we).

We have been appointed as auditors of Intertrust since the financial year 2021. We continuously assess any aspects that might impair our independence during the year. We have also implemented additional safeguards where so stipulated by independence rules. We confirm that, to the best of our knowledge:

- There are no business relationships between Intertrust and EY.
- We have not provided, nor received, any gifts or other forms of hospitality to or from Intertrust in excess of €100.
- There are no former EY employees employed by Intertrust in substantial finance oversight roles.
- None of EY's executives in the Netherlands have been involved in the Intertrust audit for more than seven years.
- The EY employees involved in the audit of Intertrust have confirmed that they are independent.
- There are no other services rendered by EY NL to Intertrust or from other EY firms to Intertrust entities in the Netherlands (other than audit and assurance services).

We are not aware of any of these matters that may reasonably be thought to bear on our independence in relation to Intertrust.

Long-term involvement

Jeroen Vernooij is acting as the statutory auditor and key audit partner of Intertrust N.V. as of the year 2021. As the statutory auditor is to rotate off after five years, based on Article 24 of the Dutch Act on the supervision of audit firms (Wta). Jeroen Vernooij is allowed to act as statutory auditor for three more years.

Qiuling Tsar, Martin Wijnmaalen, Wilem-Jan van Sluisveld and Wouter Smit are the auditors involved in the audit of Intertrust N.V that qualify as key audit partner. Following Article 17(7) Regulation (EU) No. 537/2014, key audit partners have to rotate off after seven years involvement and subsequently need to cool off for three years. Qiuling Tsar, Martin Wijnmaalen and Wilem-Jan van Sluisveld are allowed to act as key audit partner for five more years and Wouter Smit is allowed to act as key audit partner for six more years.

Non-assurance services and pre-approvals

Intertrust recognizes the importance of independence and adopted an independence policy limiting the provision of non-audit services by EY worldwide. We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Audit Regulation 537/2014 and applicable Dutch laws and regulations relating to auditor independence. Disclosed in our independent auditor's report are the services that we have provided in addition to the statutory audit of Intertrust and its subsidiaries.

As stated in the independent auditors policy of Intertust dated 31 December 2020, the audit committee decided to limit the pre-approval procedure to services delivered to controlling and controlled entities within the European Union and extend the pre-approval policy to services delivered outside of the European Union
No pre-approval requests were submitted in HY2022.