



# SD Worx NV

Consolidated Financial Statements for the Financial Half Year ending 30 June 2020



# Regulated information

## Forenote

The consolidated financial statements for the financial half year ending 30 June 2020 of SD Worx NV and its subsidiaries (“SD Worx” or the “Group”) are reported under the Generally Accepted Accounting Principles in Belgium (“BE GAAP”).

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Please note that therefore GlobePayroll SAS has been consolidated as from 3 July 2019, Pointlogic HR from 7 February 2020 and the Adessa Group as from 9 April 2020.

Besides condensed BE GAAP accounts, SD Worx also presents alternative performance indicators to provide a more consistent and comparable indication of the Group’s underlying financial performance.

A review of the interim financial information for the period ended per 30 June 2020 has been performed by the independent auditor of SD Worx NV.

# H1 2020 Condensed Consolidated Income Statement (1/2)

In €Mln

	H1 '20	H1'19	YoY change	YoY%
<b>Revenues</b>	<b>363,4</b>	<b>386,2</b>	<b>-22,8</b>	<b>-5,9%</b>
- Cost of sales	-88,2	-111,6	23,4	-21,0%
<b>Gross margin</b>	<b>275,2</b>	<b>274,6</b>	<b>0,6</b>	<b>0,2%</b>
- Services and other goods	-84,3	-90,9	6,6	-7,2%
- Staffing costs	-136,0	-143,0	7,0	-4,9%
- Amounts written off stocks, contracts in progress and trade debtors	-3,1	-1,0	-2,0	196,2%
- Provision for liabilities and charges	-5,4	-0,7	-4,7	644,6%
- Other operating cost	-0,7	-1,1	0,4	-34,9%
+ Other operating income	6,2	6,1	0,1	1,5%
<i>Total net operating costs</i>	<i>-223,3</i>	<i>-230,8</i>	<i>7,5</i>	<i>-3,2%</i>
<b>Normalized EBITDA (excl. Digital transformation initiatives)</b>	<b>51,9</b>	<b>43,9</b>	<b>8,0</b>	<b>18,2%</b>
<i>Normalized EBITDA margin %</i>	<i>14%</i>	<i>11%</i>	<i>3%</i>	<i>25,7%</i>
- Digital transformation initiatives - One-off investments	-4,3	-8,2	3,9	-48,0%
<b>Normalized EBITDA (incl Digital transformation inv)</b>	<b>47,6</b>	<b>35,6</b>	<b>12,0</b>	<b>33,8%</b>
- Restructuring and integration costs	-2,4	-1,3	-1,2	91,6%
- Acquisition & transaction costs related to third parties	-0,5	-1,4	0,9	-62,3%
+/- Profit/(Loss) from material business and asset disposal	0,0		0,0	
- Non-committed stock based compensation	-1,4	-0,7	-0,6	89,9%
+/- Profit/(Loss) from discontinued operations	0,0		0,0	
+/- Other non-operating income/expense below the line	-0,4	-0,1	-0,3	172,3%
<b>EBITDA</b>	<b>42,9</b>	<b>32,1</b>	<b>10,8</b>	<b>33,8%</b>

# H1 2020 Condensed Consolidated Income Statement (2/2)

In €Mln

<b>EBITDA</b>	<b>42,9</b>	<b>32,1</b>	<b>10,8</b>	<b>33,8%</b>
- Depreciations, amortisations and impairments	-9,4	-6,7	-2,6	39,1%
- Amortisation conso goodwill	-16,6	-16,8	0,1	-0,7%
- Impairments on participations and goodwill	-2,2		-2,2	
- Amortization of non-cash PPA	0,0	-0,1	0,1	-100,3%
<b>EBIT</b>	<b>14,7</b>	<b>8,6</b>	<b>6,1</b>	<b>71,6%</b>
- Financial expenses	-3,5	-2,3	-1,2	51,3%
+ Financial income	8,4	3,1	5,3	168,5%
<b>Profit before tax</b>	<b>19,7</b>	<b>9,4</b>	<b>10,3</b>	<b>108,7%</b>
- Taxes	-9,6	-6,3	-3,3	51,8%
<b>Profit after tax</b>	<b>10,1</b>	<b>3,1</b>	<b>7,0</b>	<b>225,0%</b>
+ Profit and loss associated companies	0,0	-0,4	0,4	-111,8%
<b>Consolidated net result after tax</b>	<b>10,1</b>	<b>2,7</b>	<b>7,4</b>	<b>269,5%</b>
Result of the Group	11,0	2,8	8,2	292,6%
Profit attributable to non-controlling interest	-0,9	-0,1	-0,8	1168,0%
<b>Consolidated net result</b>	<b>10,1</b>	<b>2,7</b>	<b>7,4</b>	<b>270,0%</b>
Amortisation conso goodwill	18,8	16,8	2,1	12,4%
<b>Consolidated net result excl amortisation conso goodwill</b>	<b>29,0</b>	<b>19,5</b>	<b>9,5</b>	<b>48,5%</b>

# H1 2020 Condensed Consolidated Statement of Financial Position

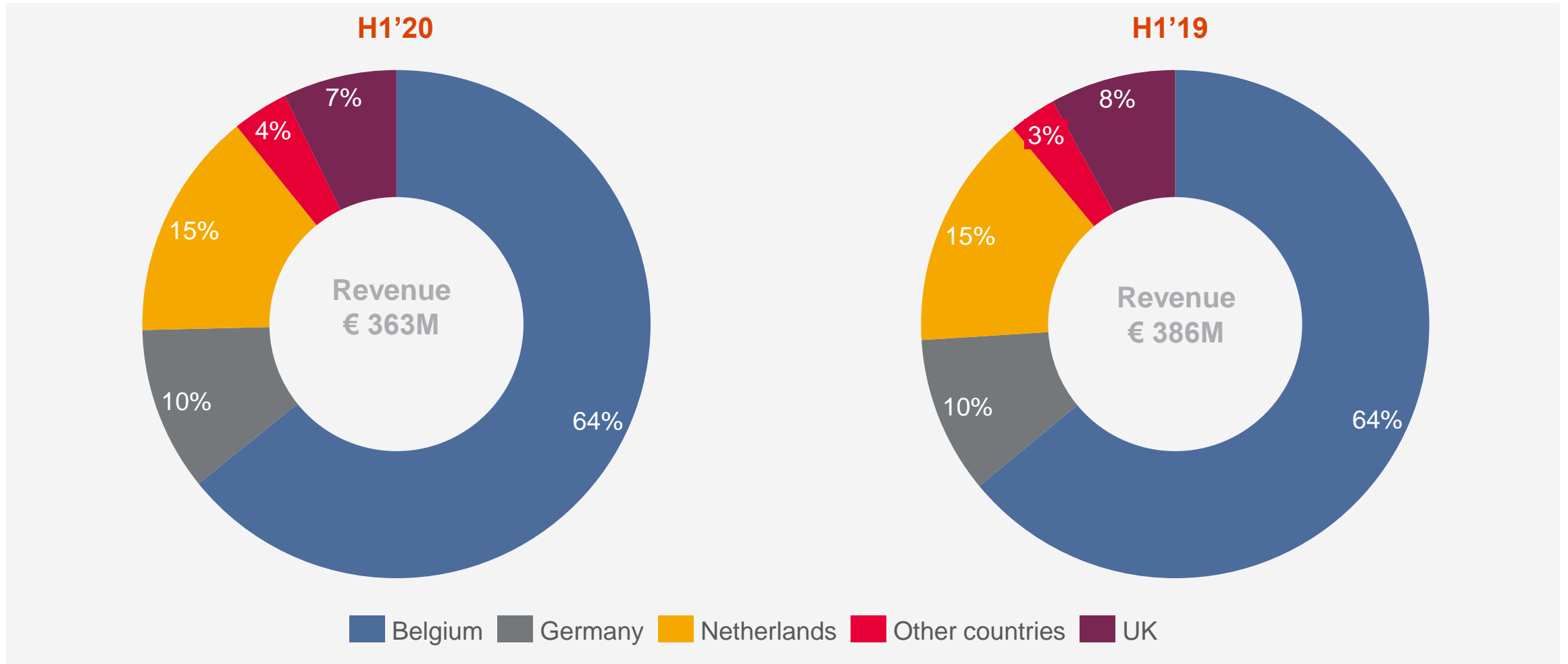
In €Mln

Assets (in €Mln)	30/06/2020	31/12/2019
<b>Fixed assets</b>	<b>317,8</b>	<b>321,0</b>
Formation expenses	1,8	1,9
Intangible fixed assets	42,7	34,6
Consolidation differences	213,9	222,2
Tangible fixed assets	58,0	60,6
Financial fixed assets	1,4	1,5
<b>Current assets</b>	<b>361,2</b>	<b>379,2</b>
Amounts receivable > 1 year	0,5	1,7
Pension assets	10,5	11,1
Deferred tax assets	16,7	16,0
Amounts receivable < 1 year & stocks	146,6	160,2
Funds held for clients	1,0	1,1
Current investments & Cash	166,7	176,0
Deferred charges and accrued income	19,3	13,0
<b>Total assets</b>	<b>678,9</b>	<b>700,2</b>

Equity and liabilities (in €Mln)	30/06/2020	31/12/2019
<b>Equity</b>	<b>387,3</b>	<b>390,0</b>
Capital	591,2	601,2
Consolidation reserves	-192,8	-204,0
Translation differences	-11,6	-7,3
Negative consolidation differences	0,1	0,1
Investment grants	0,3	0,0
<b>Non-controlling interest</b>	<b>-1,4</b>	<b>-0,8</b>
<b>Pensions, provisions and deferred taxes</b>	<b>62,7</b>	<b>63,1</b>
Pension liabilities	48,0	47,2
Provisions and deferred taxes	14,6	15,9
<b>Amounts payable</b>	<b>230,4</b>	<b>247,8</b>
<b>Amounts payable &gt; 1 year</b>	<b>89,7</b>	<b>92,9</b>
Financial payables > 1 year	89,7	92,9
Other payables > 1 year	0,0	0,0
<b>Amounts payable &lt; 1 year</b>	<b>140,7</b>	<b>154,9</b>
Financial payables < 1 year	5,3	6,2
Other payables < 1 year	115,2	131,4
Funds held for clients	1,0	1,1
Accruals and deferred income	19,1	16,2
<b>Total equity &amp; liabilities</b>	<b>678,9</b>	<b>700,2</b>

# H1 2020 vs H1 2020 Market overview

In €Mln





# H1 2020 vs 2019 Segment Information

In €Mln

SD Worx NV is the holding company of the Group, which is structured in two sub-groups: SD Worx People Solutions and SD Worx Staffing & Career Solutions.

- SD Worx People Solutions provides services in the areas of payroll, HR (including HR administration), capacity management, legal support, training, automation, consultancy and outsourcing.
- SD Worx Staffing & Career Solutions Group created as a result of the acquisition of the Vio Group in February 2018 and the acquisition of the Flexpoint Group in September 2018. It is active in the areas of flexible work, temporary work, secondment, recruitment & selection, career guidance, outplacement, specific payroll for temporary workers and HR consultancy.

	Like for like	H1'20 Actual	H1'19 Actual	20/19
<b>Revenue</b>	SD Worx PS	266,2	257,5	3,4%
	SD Worx S&CS	98,3	128,9	<u>-23,8%</u>
	Intersegment elimination	<u>-1,1</u>	<u>-0,1</u>	
	<b>CONS Revenue</b>	<b>363,4</b>	<b>386,2</b>	<b>-5,9%</b>
<b>Gross Margin</b>	SD Worx PS	257,2	252,3	1,9%
	SD Worx S&CS	18,2	22,4	<u>-18,7%</u>
	Intersegment elimination	<u>-0,2</u>	<u>-0,1</u>	
	<b>CONS Gross Margin</b>	<b>275,2</b>	<b>274,6</b>	<b>0,2%</b>
<b>Normalized EBITDA</b> (excl. Digital transformation invest.)	SD Worx PS	51,2	40,3	27,1%
	SD Worx S&CS	1,0	4,0	-73,9%
	SD Worx NV	<u>-0,4</u>	<u>-0,4</u>	<u>-10,1%</u>
	<b>CONS nEBITDA</b>	<b>51,9</b>	<b>43,9</b>	<b>18,2%</b>

## Non-adjusting events after the reporting period

- No material events to be mentioned.

## Changes in the consolidation scope

- As per 7 February 2020, the group acquired all of the shares of Pointlogic HR, a major supplier of innovative software for reward and management solutions and associated consulting services in the Netherlands and Belgium.
- As per 9 April 2020, the group acquired control over all of the shares of the Adessa Group, a European technology consulting firm offering HR software in the cloud and associated services.
- As per 28 May 2020, the Group increased its participation in GlobePayroll SAS by 18,88%, owning 70,97% of the shares as of that date. The Group is set to acquire all of the remaining shares by the end of the year. GlobePayroll develops cloud-based multi-country technology for HR and payroll.



# Alternative Performance Measures (1/2)

Alternative performance measures (“APMs”) present useful information which supplements the group’s financial statements and which allow the reader of the financial statements to better understand the financial state of the Issuer and the wider Group. These measures are not defined under BE GAAP and may not be directly comparable with APMs for other companies. The APMs represent important measures for how management monitors the company and its business activity. The APMs are not intended to be a substitute for, or superior to, any BE GAAP measures of performance. Some of the financial information presented in our annual reports contains APMs. These include EBITDA and Normalized EBITDA. Please see further for the definition of these APMs and the reconciliation with BE GAAP measures.

“**EBITDA**” means Earnings Before Interest, Taxes, Depreciation and Amortisation, or operating result profit (loss) (code 9901 of the BE GAAP consolidated financial statements) before charges for fixed asset depreciation, amortisation and impairment (code 630 of the BE GAAP consolidated financial statements).

*(As an explanation for the use of this APM, EBITDA provides an analysis of the operating results, excluding depreciation and amortisation, as they are non-cash variables which can vary substantially from company to company depending on accounting policies and the accounting value of the assets. Additionally, it is an APM which is widely used by investors when evaluating businesses (multiples valuation), as well as by rating agencies and creditors.)*

“**Normalized EBITDA**” means EBITDA after Normalizations.

(As an explanation for the use of this APM, Normalized EBITDA is used to provide insight in the recurring level of operational profitability. Please also refer to the definition of Normalizations below.)

“**Normalizations**” means the revenues and expenses of which, in case of a change of control, an acquirer has the choice or option (mid- or long-term) to not realise those revenues or incur those expenses. In other words, expenses or revenues which are not part of the recurring business operations of the Issuer and its Subsidiaries. Normalized EBITDA is determined as EBITDA before (a) restructuring & integration costs, (b) business and asset disposals, (c) acquisition & transaction costs related to third parties, (d) profit or loss from discontinued operations, and (e) share-based compensation. The one-off investments specifically related to the Digital Transformation Initiatives of the Group are also presented on separate line.

## Alternative Performance Measures (2/2)

Overview normalizations in €mio		2020 H1	2019 H1	20/19 H1
<b>Normalized EBITDA (excl. Digital Transformation Initiatives and pension items)</b>		<b>51,9</b>	<b>43,9</b>	<b>18,2%</b>
<b>Digital Transformation Initiatives - One-off investments</b>	External support & transformation office	-0,3	-4,4	
	Transformation initiatives payroll operations in Belgium, UK and Germany	-3,0	-2,0	
	Transformation initiatives IT & HR developments	-0,3	-1,3	
	Digital & other growth initiatives	-0,3	-0,5	
	HR and digital transformation of support services	-0,4		
		<b>-4,3</b>	<b>-8,2</b>	<b>-47,6%</b>
<b>Normalized EBITDA</b>		<b>47,6</b>	<b>35,6</b>	<b>33,7%</b>
<b>Restructuring and integration cost</b>	Rebranding cost SDW Staffing & Career Solutions		-0,8	
	Integration cost SDW Staffing & Career Solutions	-2,0	-0,6	
	Other restructuring termination fees	-0,4		
		<b>-2,4</b>	<b>-1,4</b>	<b>71,4%</b>
<b>Acquisition and transaction cost related to third parties</b>	Transaction costs M&A tracks	-0,5	-1,4	
		<b>-0,5</b>	<b>-1,4</b>	<b>-64,3%</b>
<b>Non-committed stock based compensation</b>	Share-based compensation	-1,4	-0,7	
		<b>-1,4</b>	<b>-0,7</b>	<b>100,0%</b>
<b>Other non-operating income/expense below the line</b>	Advisory cost fiscal ruling & expensed advisory cost bond issuance		-0,1	
	Other non-operating expenses	-0,4		
		<b>-0,4</b>	<b>-0,1</b>	<b>100,0%</b>
<b>EBITDA</b>		<b>42,9</b>	<b>32,1</b>	<b>33,6%</b>

### Report on the review of the consolidated interim financial information of SD Worx NV for the six-month period ended 30 June 2020

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 June 2020, the consolidated condensed income statement and the consolidated condensed statement of comprehensive income for the period of six months then ended.

#### Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of SD Worx NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with the financial reporting framework applicable in Belgium and in accordance with the policies for financial reporting and accounting principles that have been applied for the consolidated accounts for the year ended 31 December 2019.

The consolidated condensed statement of financial position shows total assets of 679 million EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 11 million EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with the financial reporting framework applicable in Belgium and in accordance with the policies for financial reporting and accounting principles that have been applied for the consolidated accounts for the period ended 31 December 2019. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

#### Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial

information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of SD Worx NV has not been prepared, in all material respects, in accordance with the financial reporting framework applicable in Belgium and in accordance with the policies for financial reporting and accounting principles that have been applied for the consolidated accounts for the year ended 31 December 2019.

Zaventem, 24 August 2020

#### The statutory auditor

**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL**

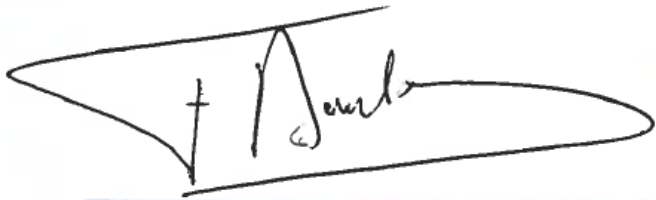
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Maurice Vrolix

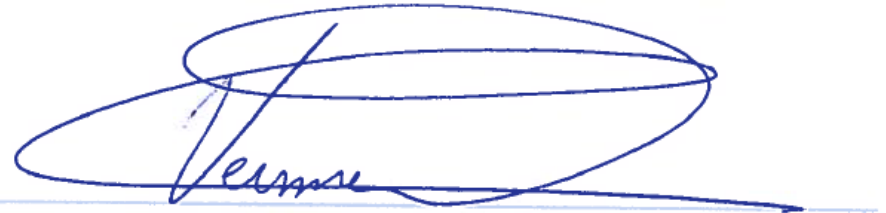
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Bernard De Meulemeester

# Compliance Certificate

The Group confirms that the Adjusted Leverage does not exceed 4:1 as per the Reference Date 30 June 2020.

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Filip Dierckx, Chairman of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Hector Vermeersch', written over a horizontal blue line.

Hector Vermeersch, Chief Financial Officer

