Interim report

First semester financial year

Forenote

The interim condensed consolidated financial statements for the financial half year ending 30 June 2022 of SD Worx NV and its subsidiaries (“SD Worx” or the “Group”) are reported under the International Financial Reporting Standards as endorsed by the EU (“IFRS”).

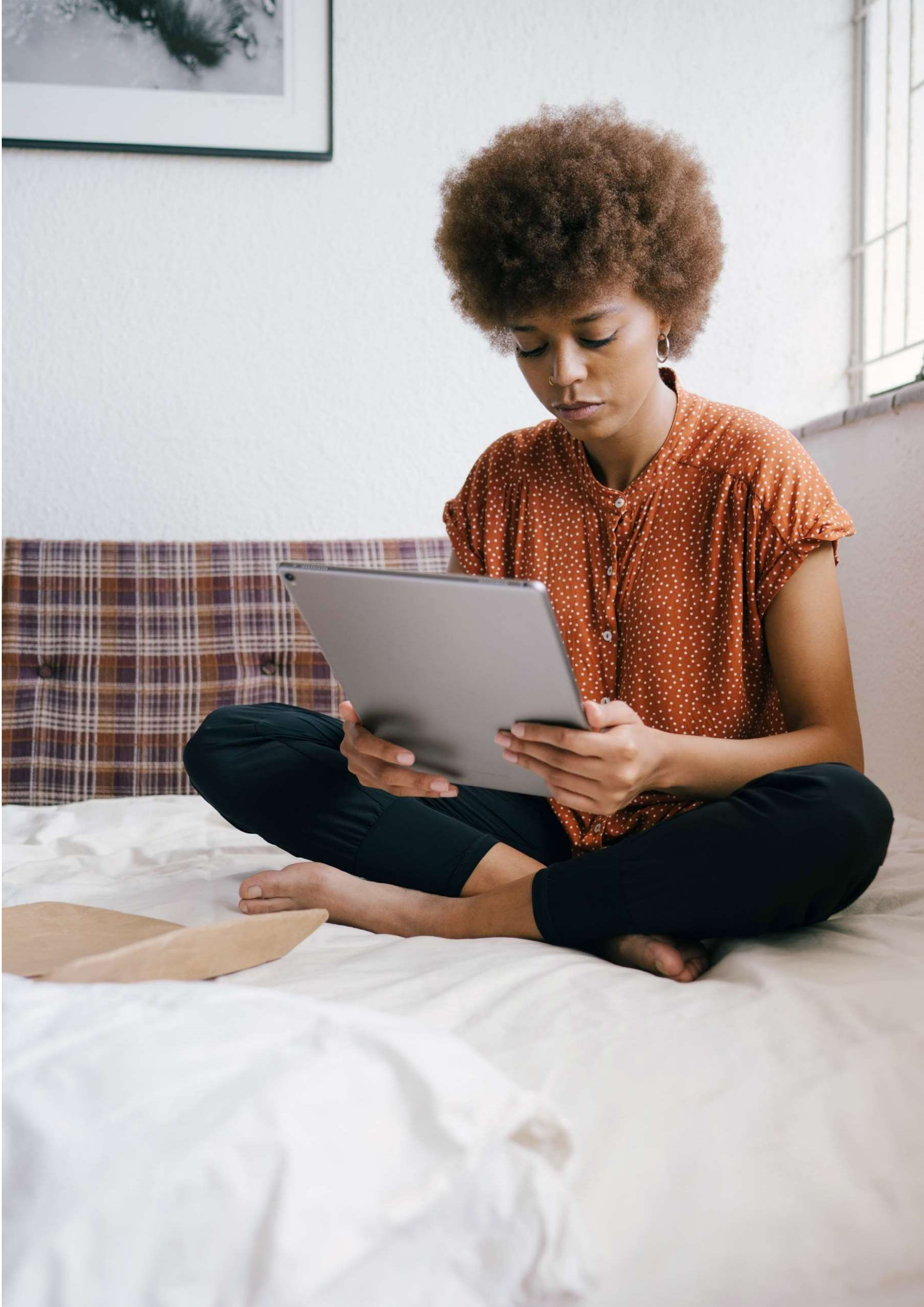
Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Please note that therefore Pro-Pay NV has been consolidated as from 14 January 2022 and Huapii BV as from 24 March 2022.

Besides the interim condensed consolidated financial statements, 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 2022 has been performed by the independent auditor of SD Worx NV.

Contents

Half-year report 4
Interim condensed consolidated financial statements 9
Interim Condensed Consolidated Statement of Profit and Loss for the six month period ended 30 June 2022 9
Interim Condensed Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2022 10
Interim Condensed Consolidated Statement of Financial Position as at 30 June 2022 11
Interim Condensed Consolidated Statement of Cash Flow for the six month period ended 30 June 2022 12
Interim Condensed Consolidated Statement of Changes in Equity for the six month period ended 30 June 2021 14
Selected notes to the Interim Condensed Consolidated Statement 16
Statement on the interim financial report 32



Half-year report

SD Worx records strong growth figures in the first half of 2022.

Its consolidated turnover reaches 475.3 million euro (+18%). The normalized EBITDA is 70,2 million euro (+9.2 %).

Antwerp, August 26, 2022 - SD Worx, the leading European provider of payroll and HR services, recorded a consolidated turnover of 475.3 million euro in the first half of 2022. That is an increase of 18% compared to the first half of last year. Normalized EBITDA came in at 70.2 million euro, which is 9.2% more compared to the first half of 2021. During the second half of 2021, SD Worx invested significantly in attracting additional employees to support the company's rapid growth.

With a solid growth in consolidated turnover of 18%, SD Worx can look back on a strong first half year. In particular, the turnover from the Payroll & Reward and Core HR offering rose sharply, from 267.5 million euro in the first half of 2021 to 332.7 million euro in the first half of this year. The services and solutions offerings around Workforce Management also performed well, with a growth in turnover from 19.4 million euro to 22.3 million euro. Finally, the turnover of the staffing and recruitment offering rose from 117.0 million euro to 122.0 million euro. This less strong increase is in line with the flexible working market, which is under additional pressure due to the current economic climate.

Consolidated normalized EBITDA increased from 64.3 million euro in the first half of 2021 to 70.2 million euro in the first six months of 2022, representing a growth of 9.2%, completely in line with what was expected. SD Worx anticipated the rapid growth and therefore invested extra in attracting even more employees.

“We are investing in our future, which means that the increase in costs is higher in percentage than the increase in our income,” says Filip Dierckx, chairman of the board of directors at SD Worx. “Due to the current economic situation, the staffing and recruitment market in general is under pressure. However, we are doing very well in the other areas in which we are active. We are experiencing significant growth, particularly in the market for smaller and medium-sized companies.”

Kobe Verdonck, CEO of SD Worx: “These strong financial results show that our strategy to be the end to end HR and payroll provider for customers of all sizes and in all industries is working. We invest a lot in people and our solutions to support further growth. We offer our customers both innovative digital applications and associated services. With the acquisition of Huapii and HRPRO earlier this year we have strengthened our talent management offering and entered the Southeastern European market. In the second half of the year we will continue on the path we have taken to further support strong organic growth and we have more acquisition targets in the pipeline. It makes us more than ever the European HR and payroll specialist.”

Financial Results

	H1 '22 Actual	H1 '21 Actual	YoY B/(W) %
Revenues	**475,3**	**402,7**	**18,0%**
- Staffing costs	-327,7	-279,7	17,4%
- Other operating cost	-79,8	-61,0	31,1%
+ Other operating income	2,5	1,5	60,4%
+/- Income and expenses related to impairments of assets	-0,1	0,0	0,0%
+/- Operational FX differences	0,0	0,0	0,0%
Total net operating costs	*-405,1*	*-339,1*	*19,7%*
Normalized EBITDA	**70,2**	**63,6**	**9,2%**
Normalized EBITDA margin %	*14,8%*	*15,8%*	*-7,5%*
- Restructuring and integration costs	-3,7	-1,6	132,5%
- Acquisition & transaction costs related to third parties	-0,4	-1,7	-75,5%
- Non-committed stock based compensation	-3,2	-1,4	131,6%
- Impairment of goodwill	0,0	0,0	0,0%
+/- Profit/(Loss) from material business and asset disposal	24,3	0,0	0,0%
+/- Other non-operating income/expense below the line	-0,8	0,9	0,0%
EBITDA	**86,4**	**59,8**	**44,5%**
- Depreciations and amortisations	-12,5	-10,9	15,4%
- Depreciations and amortisations (IFRS 16)	-11,8	-10,3	14,9%
- Depreciations and amortisations from PPA	-2,4	-0,2	1403,5%
EBIT	**59,7**	**38,4**	**55,1%**
- Financial expenses	-3,6	-3,3	10,4%
+ Financial income	0,9	0,1	517,9%
+/- Non-operational FX differences	-1,4	0,1	-1269,4%
Profit before tax	**55,5**	**35,4**	**55,1%**
- Taxes	-1,9	-11,4	-83,6%
Profit after tax	**53,7**	**24,0**	**122,9%**
Profit and loss associated companies	0,0	0,1	0,0%
Consolidated net result after tax	**53,7**	**24,0**	**122,5%**
Result of the Group	53,6	23,9	123,6%
Profit attributable to non-controlling interest	0,0	0,1	-51,8%

RESULTS PER SEGMENT

		H1 '22 Actual	H1 '21 Actual	22/21
Revenue	SD Worx PS	355,1	287,0	23,7%
	Payroll & Reward / Core HR	*332,7*	*267,5*	
	Workforce Management	*22,3*	*19,4*	
	Talent & Careers	*0,2*	*0,0*	
	SD Worx S&CS	122,0	117,0	4,2%
	Staffing & Recruitment	*122,0*	*117,0*	
	Intersegment elimination	-1,8	-1,4	
	CONS Revenue	475,3	402,7	18,0%
Normalized EBITDA	SD Worx PS	68,2	61,7	10,6%
	Payroll & Reward / Core HR	*64,1*	*57,6*	
	Workforce Management	*4,2*	*4,0*	
	Talent & Careers	*-0,1*	*0,0*	
	SD Worx S&CS	1,9	3,1	-38,3%
	Staffing & Recruitment	*1,9*	*3,1*	
	SD Worx NV	0,1	-0,6	-111,3%
	Intersegment elimination	0,0	0,0	
	CONS nEBITDA	70,2	64,3	9,2%

FURTHER DETAILS ABOUT THE NET RESULT

Non-recurring cost

Restructuring cost and integration costs amount to 3.7 million euro and have increased by 2.1 million euro compared to 30 June 2021, mainly as a consequence of the integration and rebranding of Aditro, Launch! and GlobePayroll into SD Worx.

Acquisition and transaction costs amount to 0.4 million euro and are mainly related to the acquisition of HRPRO in Croatia, which has been closed in July 2022, and earn-out remeasurements.

The cost of non-committed share plans for the group management is spread evenly over a vesting period of three years. The increase of 1.8 million euro is related to the share plans issued in July FY2021 and the recently issued employee share purchase program. The employee share purchase program provided the unique opportunity to every single employee of the group to acquire share certificates of SD Worx with a limited discount to its share price. The employee share purchase program is an equity-settled plan, because it is the group's majority shareholder WorxInvest that has the obligation to repurchase the share certificates. Please note that as of FY2022, the group considers a part of its share-based compensation (0.7 million euro) as recurring. The recurring share-based compensation cost has been included as a staffing cost in operating expenses.

The profit from business and asset disposal mainly results from the sale of the shares of SD Worx Real Estate NV to WorxInvest, SD Worx' majority shareholder. SD Worx Real Estate NV is the owner of office spaces in Belgium used by the group and third parties. SD Worx entered into a leaseback agreement for most of the disposed office spaces.

It should also be mentioned that the international celebrations of the 75-year anniversary of SD Worx in June 2022 (0.7 million euros) are normalized as other non-operational costs. The event was postponed for two years because of the corona pandemic.

Depreciations and amortizations

Depreciations and amortizations on tangible and intangible assets of 26.7 million euro have been recorded per 30 June 2022 and are mainly related to the group's important and continuing investments in digital solutions (12.5 million euro), the depreciation of leased right-of-use assets such as rented buildings and company cars (11.8 million euro) and the amortization of intangible assets acquired in business combinations (2.4 million euro). The increase in depreciations and amortizations are largely a consequence of increased investments in digital solutions, the leaseback agreement with SD Worx Real Estate and the amortization of acquired intangible assets from business combinations, such as brand names and customer relationships.

Financial results

The financial result per 30 June 2022 amounts to -4.2 million euro, mainly due to the interest costs of the subordinated 80 million euro bond issued in June 2019, the committed 125.0 million euro revolving credit facility, financial charges on lease liabilities and unrealized foreign currency losses on cash pool solutions.

The financial result decreased by 1.2 million euro, mainly as a result of the incurred foreign currency losses. Remark that the group has restructured its capital structure in the course of 2022 when it agreed on a capital reduction and share-buyback program for a total amount 272.9 million euro. The proceeds from the capital reduction remain largely unpaid as per balance sheet date. A limited interest expense of 0.3 million euro is charged on the outstanding payable resulting from this transaction.

Taxes

Tax charges decreased by 9.4 million euro from 11.4 million euro to 1.9 million euro. The strongly decreased effective tax rate is mainly a consequence of the tax exempted capital gain realized on the sale of the shares of SD Worx Real Estate to WorxInvest and deferred tax assets recognized on fiscal losses carried forward in view of the positive results of the group.

Net result

The net result, recorded at 53.7 million euro per 30 June 2022, increased significantly in relation to the same period last year due to the aforementioned increase in operating profit, the sale of SD Worx Real Estate NV and the decreased effective tax rate.

Interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Profit and Loss for the six month period ended 30 June 2022

Amounts in million €	Note	**30/06/2022** *(Unaudited)*	**30/06/2021** *(Unaudited)*
Revenue	**7**	**475.3**	**402.7**
- Services and other goods		-80.1	-60.5
- Employee benefit expenses		-332.1	-282.0
- Other operating expenses		-3.3	-2.2
+ Other operating income		26.8	1.8
- Depreciations and amortization expenses		-26.7	-21.3
+/- Operational FX differences		0.0	0.0
- Impairment of assets		-0.1	0.0
Total net operating costs		*-415.6*	*364.3*
Operating profit		**59.7**	**38.5**
- Financial expenses		-3.6	-3.3
+ Financial income		0.9	0.1
+/- Net exchange difference relating to financing activities		-1.4	0.1
Finance costs net		**-4.2**	**-3.1**
+ Share of profit of associates and joint ventures		0.0	0.1
Profit before tax		**55.6**	**35.5**
- Taxes	8	-1.9	-11.4
Profit for the year		**53.7**	**24.1**
Attributable to:			
Equity holders of the parent		53.7	24.0
Non-controlling interests		0.0	0.1

Interim Condensed Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2022

Amounts in million €	Note	30/06/2022 *(Unaudited)*	30/06/2021 *(Unaudited)*
Profit for the year		**53.7**	**24.1**
Exchange differences on translation of foreign operations		-4.7	2.4
Deferred tax on items that may subsequently be reclassified		-	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**-4.7**	**2.4**
Remeasurement gain/(loss) on defined benefit plans	14	20.7	-
Deferred tax on items that will not be subsequently reclassified	8	-5.3	-
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**15.4**	**-**
Other comprehensive income/(loss) for the year, net of tax		**10.8**	**2.4**
Total comprehensive income for the year, net of tax		**64.4**	**26.5**
Attributable to:			
Equity holders of the parent		64.4	26.4
Non-controlling interests		0.0	0.1

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2022

Amounts in million €	Note	30/06/2022	31/12/2021
		(Unaudited)	*(Audited)*
Non-current assets		**547.4**	**528.0**
Goodwill	9	332.9	318.5
Intangible assets	10	99.3	94.9
Property, plant and equipment	11	15.0	17.0
Right of Use assets	12	58.7	54.4
Investments in associates and joint ventures		0.1	0.5
Financial assets		1.4	2.0
Other assets		15.6	13.5
Deferred tax assets	8	24.4	27.1
Current assets		**289.4**	**328.5**
Inventory		0.7	0.4
Trade and other receivables		200.3	195.8
Current income taxes		5.7	6.6
Other financial assets		2.7	2.1
Cash and cash equivalents	16	78.7	64.5
Funds held for clients		1.3	1.2
Assets held for sale		0.0	57.8
Total assets		**836.8**	**856.5**

Amounts in million €	Note	30/06/2022	31/12/2021
		(Unaudited)	*(Audited)*
Equity		**243.9**	**463.3**
Equity attributable to equity holders of the parent		**242.5**	**463.0**
Issued capital	13	467.6	596.6
Share premium		0.0	0.0
Currency translation reserve		-6.2	-1.5
Other reserves		48.5	24.1
Accumulated losses		-267.4	-156.1
Non-controlling interest		**1.4**	**0.3**
Non-current Liabilities		**161.2**	**175.4**
Borrowings	16	79.2	78.8
Lease liabilities	10, 16	44.4	38.3
Other financial liabilities	16	3.4	6.7
Provisions		5.8	6.5
Employment benefit obligations	11	19.3	37.4
Deferred tax liability	8	6.0	5.3
Other liabilities		3.2	2.4
Current Liabilities		**431.8**	**217.8**
Borrowings	16	221.9	0.2
Lease liabilities	10, 16	22.0	18.7
Other financial liabilities	16	4.5	1.0
Provisions		0.0	0.0
Trade and other payables		176.2	182.9
Funds held for clients		1.3	1.2
Current tax liabilities	6	5.8	4.8
Liabilities classified as held for sale		0.0	9.1
Total equity & liabilities		**836.8**	**856.5**

Interim Condensed Consolidated Statement of Cash Flow for the six month period ended 30 June 2022

Amounts in million €	Note	30/06/2022 (Unaudited)	30/06/2021 (Unaudited)
Cash flow from operating activities			
Profit for the year		**53.7**	**24.1**
Adjustments for:			
Income tax expense recognised in profit and loss		1.9	11.4
Depreciations, amortizations and impairments		26.7	21.3
(Gain)/loss on disposal of intangibles and PPE		-0.7	-0.1
(Gain)/loss on disposal of subsidiaries	6	-23.6	-
Impairment loss/(reversal) recognised on receivables		1.1	0.6
Increase/(decrease) of provisions		-0.5	-0.8
Net financing (income)/cost		2.8	3.1
Change in employee benefits		10.5	4.8
Share of (profit) / loss of associates		0.0	-
Unrealized exchange rate differences		0.3	0.8
Other adjustments		-	-0.1
Change working capital			
Decrease/(Increase) in trade and other receivables		-5.3	-1.7
(Decrease)/ Increase in trade and other payables		-2.6	10.6
Decrease/(Increase) in other items		1.1	0.3
Other items			
Use of provisions		0.1	-
Contribution to pensions		-7.0	-2.8
Income tax (paid)/received		-2.6	-2.8
Cash flow from operating activities		**55.7**	**68.7**
Cash flow from investing activities			
Purchases of intangibles and PPE		-17.3	-15.2
Proceeds from sale of intangibles and PPE		-	-
Purchases financial assets		-0.4	-1.2
Proceeds from sale of financial assets		1.0	-
Interest received		-	0.1
Dividends received		0.1	0.1
Payment of loans granted		-0.1	
Proceeds from repayment of loans granted		2.4	0.2
Net cash outflow on acquisition of subsidiaries	5	-20.2	-128.4
Net cash inflow on disposal of subsidiaries	6	-0.3	-
Cash flow from investing activities		**-34.8**	**-144.4**

Amounts in million €	Note	30/06/2022 *(Unaudited)*	30/06/2021 *(Unaudited)*
Cash flow from financing activities			
Proceeds from borrowings	16	10.0	115.0
Repayment of borrowings	16	-0.3	-63.8
Repayment of lease liabilities	16	-11.8	-14.8
Dividends paid		-0.3	-
Interest paid		-4.0	-4.2
Cash flow from financing activities		**-6.3**	**32.2**
Total increase/(decrease) in cash		**14.6**	**-43.5**
Total cash and cash equivalents at the beginning of the period		**64.5**	**172.4**
Total increase/(decrease) in cash		14.6	-43.5
Impact exchange differences		-0.4	0.0
Total cash and cash equivalents at the end of the period		**78.7**	**128.9**
Of which:			
Cash deposits > 3 months, included in other current financial assets		0.0	50.1
Cash and cash equivalents		78.7	78.9

Interim Condensed Consolidated Statement of Changes in Equity for the six month period ended 30 June 2022

Consolidated statement of changes in equity									
	Attributable to the owners of SD Worx								
Amounts in million € (Unaudited)	**Issued capital**	**Share premium**	**Currency translation reserve**	**Other reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total Equity**
Balance per 1 January 2022	**596.6**	**0.0**	**-1.5**	**24.1**	**-156.1**	**463.0**	**0.3**	**463.3**
Profit for the year					53.6	**53.6**		**53.6**
Other comprehensive income			-4.7	20.7	-5.3	**10.8**		**10.8**
Total comprehensive income			**-4.7**	**20.7**	**48.4**	**64.4**		**64.4**
Repayments of equity and share capital	-129.0				-143.9	**-272.9**		**-272.9**
Transactions with non-controlling interests						**0.0**		**0.0**
Non-controlling interests on business combinations						**0.0**	1.2	**1.2**
Dividends					-16.2	**-16.2**		**-16.2**
Share based payments				3.7		**3.7**		**3.7**
Other					0.4	**0.4**		**0.4**
Total transactions with owners	**-129.0**			**3.7**	**-159.7**	**-285.0**	**1.1**	**-283.8**
Balance per 30 June 2022	**467.6**	**0.0**	**-6.2**	**48.5**	**-267.4**	**242.5**	**1.4**	**243.9**

Consolidated statement of changes in equity

Amounts in million € (Unaudited)	Attributable to the owners of SD Worx					Total	Non-controlling interests	Total Equity
	Issued capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses			
Balance per 1 January 2021	**592,6**	**-**	**-4,3**	**-2,7**	**-197,1**	**388,5**	**0,1**	**388,6**
Profit for the year					27,0	27,0	0,1	27,1
Other comprehensive income			2,4			2,4		2,4
Total comprehensive income			**2,4**		**27,0**	**29,4**	**0,1**	**29,5**
Contributions of equity and share capital						0,0		0,0
Transactions with non-controlling interests						0,0		0,0
Non-controlling interests on business combinations						0,0	0,1	0,1
Share based payments				1,4		1,4		1,4
Other					0,1	0,1	-0,1	0,0
Total transactions with owners				**1,4**	**0,1**	**1,5**	**0,0**	**1,5**
Balance per 30 June 2021	**592,6**	**-**	**-1,8**	**-1,3**	**-173,1**	**416,5**	**0,2**	**416,6**

Selected notes to the Interim Condensed Consolidated Statement

Note 1. General information

SD Worx NV (the "Company") is a limited liability company (naamloze vennootschap / société anonyme) incorporated in Belgium. The registered office is located at Brouwersvliet 2, 2000 Antwerp, Belgium. SD Worx NV is the holding company of the SD Worx group, which is structured in two sub-groups: SD Worx People Solutions provides services in the areas of payroll, HR (including HR administration), capacity management, legal support, training, automation, consultancy and outsourcing; and SD Worx Staffing & Career Solutions is active in the areas of flexible work, temporary work, secondment, recruitment & selection, career guidance, outplacement, specific payroll for temporary workers and HR consultancy.

The interim condensed consolidated financial statements of SD Worx include SD Worx NV, its two sub-groups and their subsidiaries (all together "the Group") for the first six months ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 26 August 2022.

Note 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the interim condensed consolidated financial statements are set out below.

Basis of preparation

These interim condensed consolidated financial statements of the Group have been prepared in compliance with IAS 34 – Interim Financial Reporting as adopted by the European Union. They do not include all the information required for the preparation of consolidated financial statements in compliance with International Financial Reporting Standards (IFRS).

These interim condensed consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements, and should therefore be read in conjunction with the financial statements for the year ended 31 December 2021.

Changes in accounting policies and disclosures

The accounting policies applied to prepare these interim consolidated financial statements are consistent with the accounting policies as disclosed in the annual report of the accounting year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)

Note 3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The actual outcome may differ from these judgments, estimates, and assumptions, and therefore could have a material effect on the carrying amount of the asset or liability involved. In preparing these interim condensed consolidated financial statements, the Group has applied consistent judgement in applying the Group's accounting policies, and the key sources of estimation uncertainty were the same as those that applied at 31 December 2021.

Note 4. Group structure

With the exception of the acquisitions of new subsidiaries (refer to note 5) and the sale of the Group's interest in SD Worx Real Estate (refer to note 6), there have been no other changes to the group structure or the related ownership percentages compared to 31 December 2021.

Note 5. Business combinations

New acquisitions made during the first six months of 2022

During the first six months of 2022, the Group entered into several business combinations of which more information is provided below.

Pro-Pay

On 14 January 2022, the Group acquired 100% of the issued shares of Pro-Pay NV, a Belgian based payroll and HR services company. Pro-Pay NV is specialized in Belgian payroll for large international companies and by acquiring Pro-Pay NV, the Group aims at strengthening its position as payroll and HR partner for international companies.

The acquired business contributed revenues of million € 3.9 and a net profit after tax of million € 0.9 to the Group for the period between acquisition and 30 June 2022. There would have been not material difference in reported revenues or net profit after tax if the acquisition would have occurred on the 1 January 2022.

A part of the transaction price for Pro-Pay NV has been agreed under the form of an earn out, which is linked to customer retention.

Huapii

On 24 March 2022, the Group acquired a majority share of 80% in Huapii BV, a Belgian based company that specialises in software and advice on talent management. The remaining share of 20%, equal to million € 0.0, remains with the current management. This remaining share is presented as non-controlling interest and was measured using the proportionate method. Huapii offers a talent platform that gives employees ownership of their career through skill and performance management and by investing in Huapii, the Group aims at strengthening its talent management offering.

The acquired business contributed revenues of million € 0.2 and a net profit after tax of million € -0.1 to the Group for the period between acquisition and 30 June 2022. If the acquisition had occurred on 1 January 2022, contribution towards consolidated revenue and consolidated net profit after tax for the half-year ended 30 June 2022 would have been million € 0.3 and million € -0.2 respectively.

Impact on the financials

Details of the consideration transferred, the net assets acquired and the goodwill following these transactions is presented below:

	Note	Amounts in million €
Cash and cash equivalents		3,4
Intangible assets		0,6
Property, plant and equipment		0,1
Right-of-use assets		0,0
Financial assets		0,3
Receivables		1,8
Provisions		0,0
Borrowings and lease liabilities		-0,9
Payables		-1,3
Employee benefit obligations		0,0
Net deferred tax assets/(liabilities)		0,0
Net assets acquired		4,0
Less: Non-controlling interest		-0,1
Less: Previously held equity instruments		0,0
Add: Goodwill	9	19,6
Total consideration transfered		23,5
Of which: Cash paid		22,8
Contingent consideration		0,8

The reconciliation with the Consolidated Statement of Cash Flow is summarized below:

	Note	Amounts in million €
Cash paid		-22,8
Cash and cash equivalents obtained		3,4
Cash settlement of contingent consideration	16	-0,7
Net cash outflow on acquisition of subsidiaries		**20,2**

The fair values presented above are provisional pending the completion of their final valuation. The additional goodwill mainly consists out of expected long-term synergies, workforce acquired and other competitive advantages such as the possibility to offer services in multiple regions, customer contracts, brand names and software. None of the goodwill is deductible for tax-purposes.

The fair value of receivables assumed was deemed to equal the carrying value of the receivables at the date of acquisition. The Group did not adjust the receivables for any differences between the amounts to which it is contractually entitled and the amounts which it expects to collect.

Acquisition related costs with regards to these transactions of million € 0.1 are included in "Acquisition costs" as part of the category "Services and other goods".

Final purchase price allocations in 2022 relating to acquisitions from 2021

During the year ended 31 December 2021, the Group entered into the following business combinations.

Aditro

On 28 April 2021, the Group acquired 100% of the issued shares of Aditro Group AB, a leading Cloud HR & Payroll software provider with operations in Sweden, Finland, Norway, and Estonia. Through the acquisition, the Group expects to strengthen its geographical footprint in Europe.

Teal Partners

On 21 May 2021, the Group acquired an additional 68% of the issued shares of Teal Partners BV, a Belgian based software development provider. The Group previously held 6% of the issued shares. Upon completion of the transaction, the Group holds 74% of the issued shares. Through the acquisition, the Group expects that Teal Partners can accelerate its growth ambitions and increase its impact on the digital transformation in various sectors.

launch!

On 29 June 2021, the Group acquired 100% of the issued shares of launch! Holding BV, a group active in the implementation, maintenance and outsourcing of SAP SuccessFactors services. Through the acquisition, the Group aims at strengthening its position within the SAP SuccesFactors' market and providing a more broad based solution to clients as they continue to switch to cloud solutions.

Impact on the financials

In the course of 2022, and within the measurement period, the purchase price allocation for these acquisitions was finalized. The following table summarizes the effects of adjustments made to the fair value of assets and liabilities, as included in the comparative figures of the current year.

Amounts in million €	**Note**	**As previously reported**	**Adjustment**	**Final**
Cash and cash equivalents		5.9		5.9
Intangible assets		43.3	2.7	46.0
Property, plant and equipment		0.5		0.5
Right-of-use assets		6.6		6.5
Financial assets		0.1		0.1
Receivables		17.1		17.1
Provisions		-0.4		-0.4
Borrowings and lease liabilities		-13.4		-13.3
Payables		-19.1		-19.1
Employee benefit obligations		-0.3		-0.3
Net deferred tax assets/(liabilities)		-4.0	-0.7	-4.7
Net assets acquired		36.4	2.0	38.4
Less: Non-controlling interest		-0.1	-1.1	-1.3
Less: Previously held equity instruments		-0.4		-0.4
Add: Goodwill		97.3	-0.9	96.4
Total consideration transfered		**133.2**	**-**	**133.2**
Of which: Cash paid		133.2	133.2	133.2
Contingent consideration		-	-	-

Note 6. Disposal of business

On 2 January 2022, the Group sold all of its interest in SD Worx Real Estate NV to WorxInvest NV. SD Worx Real Estate NV is the owner of office spaces used by the Group. The Group subsequently entered into a leaseback agreement for some of these office spaces on the same date. Following the completion of the transaction, the Group has derecognized all assets and liabilities transferred under the share purchase agreement. At year-end 2021, all related assets and liabilities were presented as held for sale.

The sale occurred for a total value of million € 72.9 and resulted in an pretax gain of million € 23.6. The transaction was not settled in cash, but was converted into a loan (refer to note 19). The total cash transferred as part of the transaction amounted to million € 0.3.

Following the leaseback agreement, million € 12.7 of lease liabilities and million € 7.6 of right-of-use assets have been recognized.

Note 7. Revenue from contracts with customers

The Group's revenue from contracts with customers is disaggregated following the two main business segments: SD Worx People Solutions and SD Worx Staffing and Career Solutions.

SD Worx People Solutions includes a full range of solutions in the areas of payroll and HR Managed services, work force management as well as HR consulting services. The Group manages the segment by further disaggregating it into the business lines Payroll & Reward / Core HR, Workforce management, and Talent & Careers.

SD Worx Staffing & Career Solutions is active in the areas of flexible work, temporary work, secondment, recruitment & selection, career guidance, outplacement, specific payroll for temporary workers and consultancy.

Amounts in million €	**30/06/2022**	**30/06/2021**
SD Worx People Solutions	**355.1**	**287.0**
- Payroll & Reward / Core HR	332.7	267.5
- Workforce management	22.3	19.4
- Talent & Careers	0.2	-
SD Worx Staffing & Career Solutions	**122.0**	**117,0**
Intersegment elimination	*-1.8*	*-1.4*
Total revenue from contracts with customers	**475.3**	**402.7**

SD Worx People Solutions saw its revenues growing with 23.7%. On a like for like basis, revenues continue to increase year after year, 10.7% compared with the first semester of last year. The growth is mainly visible within the business line Payroll & Reward / Core HR, which grew by about 24.4% compared to last year. The growth is mainly driven by inorganic growth through several large acquisitions such as Aditro, which has been rebranded as SD Worx Nordics. However the Group is also seeing growth in its recurring revenues throughout all markets where it is operating.

SD Worx Staffing & Career Solutions grew with over 4.3% in revenue to million € 122.0 in the first half of this year. Margins with regards to the gross revenue generated by SD Worx Staffing & Career Solutions are typically lower compared to SD Worx People Solutions. As a result, the performance of the segment is evaluated based on its gross margin (which is defined as gross revenue minus directly attributable employee benefit expenses). During the first six months of 2022, the gross margin with regards to SD Worx Staffing & Career Solutions amounted to million € 20.9 (million € 20.2 over the first six months of 2021).

The geographic split of the revenue of the Group is presented in the schedule below. This overview is prepared based on the country of incorporation of the subsidiaries of the Group. The segment 'Other' consists of individual immaterial locations such as Austria, Switzerland and Spain.

Amounts in million €	**30/06/2022**	**30/06/2021**
Belgium	282.6	253,7
Netherlands	78.7	62,9
Germany	37.7	37,8
UK	26.0	24,0
France	8.0	6,6
Sweden	14.0	4,5
Luxemburg	4.3	3,8
Finland	8.6	3,5
Norway	10.8	2,7
Other	4.5	3,2
Total revenue from contracts with customers	**475.3**	**402,7**

Seasonality of operations

The SD Worx People Solutions segment is subject to a seasonal nature with higher revenue being realized in December of each year following additional payment runs for year-end bonusses. This seasonal nature mainly affects the business line Payroll & Reward / Core HR.

The SD Worx Staffing & Career Solutions segment is subject to seasonal effects driven by shopping periods. During these periods, usually around the summer periods and the year-end holiday period, the need for additional flexible workforce is generally higher. As a result, higher revenue is usually being realized during these periods compared to the remainder of the year.

Due to the seasonal nature, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not 'highly seasonal' in accordance with IAS 34.

Note 8. Income taxes

Recognized in the Consolidated Statement of Profit and Loss

Amounts in mio €	**Note**	**30/06/2022**	**30/06/2021**
Current year		5.9	11.1
Adjustments for prior year		-1.3	1.3
Current tax expense/(income)		4.6	12.4
Origination and reversal of temporary differences		-0.9	-1.3
Utilization of previously recognized tax losses		2.0	0.2
Recognition of previously unrecognized tax losses		-3.8	-
Deferred tax expense/(income)		-2.7	-1.0
Total tax expense		**1.9**	**11.4**

The Group recognized a tax expense of million € 1.9 for the period ended 30 June 2022 compared to million € 11.4 over the comparative period. The Group's effective tax rate for these periods has decreased to 3,4 %. The total decrease in effective tax rate can be explained by one off impact resulting from the recognition of previously unrecognized tax losses during the first six months of 2022.

Deferred taxes on the Consolidated Statement of Financial Position

Amounts in mio €	**Note**	**30/06/2022**	**30/06/2021**
Net deferred tax asset at beginning of the year		21.8	18.7
Charged to income statement		2.7	1.0
Recognized in other comprehensive income		-5.3	-
Acquired through business combinations		-0.7	0.9
Exchange differences		-	-0.4
Other		-	-
Net deferred tax asset at end of the period		18.4	20.2

During the first 6 months of 2022 the Group has recognized million € 3.8 additional deferred tax assets, mainly relating to its Swedish operations, based on unrecognized tax losses carried forward following a planned legal reorganization of the group structure which has resulted changes in estimates of future recoverability. Following these changes, the Group has recognized the planned use of tax losses carried over the course of the upcoming five years. Any tax savings beyond the five year window have not been recognized.

Note 9. Goodwill

Goodwill acquired through business combinations is allocated by Group management to either of the following 2 clusters of cash-generating units for goodwill impairment purposes:

a) People Solutions, which provides services in HR & Payroll

b) Staffing & Career Solutions, which provides services in the areas of flexible and temporary employment

The Group acquires businesses to create long term synergies, advantages of scale or other competitive advantages, which are, amongst others:

- The possibility to offer both fixed as permanent employment to customers, which means a broadening of the Group's service offering;
- The integration of back office functions (HR, finance, marketing, legal, internal audit, general management and IT);
- Centralizing procurement functions to benefit from a stronger negotiation position and higher volume discounts;
- The possibility to offer services in multiple countries, which means that the Group can offer its customers an international service package;
- Centralizing IT services and IT platforms across multiple countries;
- The integration of overlapping branches to decrease rent and other operating expenses;
- Attracting and acquiring qualified personnel, management and directors.

In principle, these synergies and advantages of scale have an indefinite useful life.

The following table shows the movements in goodwill.

Amounts in million €	Note	2022	2021
Gross book value		466.8	368.2
Accumulated impairment		-148.3	-148.5
Carrying value at 1 January		**318.5**	**219.7**
Acquired through business combinations		19.6	104.8
Disposals		-	-
Transfers		-0.9	-
Impairment		-	-
Foreign exchange difference		-4.3	1.9
Gross book value		481.4	475.0
Accumulated amortization and impairment		-148.5	-148.5
Carrying value at 30 June		**332.9**	**326.5**

The increase in goodwill is explained by the acquisitions of Pro-Pay NV and Huapii BV resulting in a net increase through business combinations by million € 19.6.

Impairment testing

The Group performs its annual goodwill impairment testing at 31 December of each year. The Group's impairment test is based on a value-in-use calculation. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2021. However in case impairment indicators are present at an interim reporting date, cash generating units will be subject to impairment testing at the interim date.

For impairment testing purposes, the Group has allocated the goodwill as follows to the cash-generating units:

Amounts in million €	Note	30/06/2022	31/12/2021
People Solutions		244.1	229.7
Staffing & Career Solutions		88.8	88.8
Total goodwill		**332.9**	**318.5**

No impairments on goodwill have been recognized at 30 June 2022.

Note 10. Intangible assets

The Group's intangible assets increased by million € 4.3, relating primarily to the in-house development of software (million € 13.6), largely offset by the current period amortizations (million € 11.8). Software consists of internally developed software or externally acquired. The software developed by the Group is used to provide services to customers. Externally acquired software relates mainly to back office applications. The investments in the current period related primarily to the Group's ongoing development of different Payroll & Reward systems in order to create a comprehensive End-to-End HR platform.

Software

Software is considered under development until it is ready for use in the manner intended by the Group. The ready for use criteria is assessed for each software project separately, if a software project can be split into different modules, each module is assessed separately if it can be used without the completion of other modules within the software. The assessment occurs on a quarterly basis, evaluating multiple criteria such as results from pilot projects and expected marketability of the software in its current state. At 30 June 2022, million € 32.2 of software was under development (31 December 2021: million € 25.5).

Impairment

The SD Investment & Services Board ("ISB") reviews intangible assets under development (mainly internally generated software) on an annual basis. The ISB consists of members of the executive committee as well as selected senior managers. Depending on the projects discussed, also internal stakeholders can be invited ad hoc. An impairment is recognized when indicators exist that the carrying value of the asset can no longer be recovered. Such indicators for impairment are:

- Significant changes in technology which negatively impact the marketability of the asset;
- Economical or legal conditions which have changed during the period;
- Evidence from internal reporting that indicates that the economic performance of the intangible asset will be worse than expected; or
- Significant changes with an adverse effect on the entity have taken place during the period, or will happen in the near future (e.g. restructurings or plans to discontinue an operation to which the asset belongs; plans to dispose the asset).

No impairments on intangible assets have been recognized during the current period.

Government grants

As part of its development of software, the Group obtains various forms of investment deduction from tax authorities. The most significant sources of government grants relate to the Belgian regime for investment deduction, and the French regime 'Crédit d'Impôt Recherche' (abbreviated to "CIR").

The Belgian regime is subject to the acceptance by the Belgian tax authority and is settled as a deduction of the income tax payable of the fiscal year to which it relates. The investment deduction receivable is therefore presented net of the related income tax payable.

The French regime is subject to the acceptance by the French tax authority. The CIR is usually deducted from income taxes payable. Any remaining non-deducted portion of the CIR can be offset against income taxes owed during the next three years. After this period, the unused portion of the tax credit is refunded. At the reporting date, the Group had an outstanding receivable of million € 1.1 for CIR receivables.

The Group records this government assistance as negative addition. For the six month period ended 30 June 2022, the Group obtained million € 0.5 of investment deduction.

Commitments

At 30 June 2022, there were no open commitments by the Group to acquire any intangible assets

Note 11. Property, plant and equipment

Following the Group's divestment of its real estate, the remaining property, plant and equipment relates primarily to hardware and office refurbishments.

Commitments

At 30 June 2022, there were no open commitments by the Group to acquire property, plant and equipment.

Note 12. Leases

The Group leases principally relate to the office spaces it uses and company cars which are available to certain of its employees. In addition, the Group also holds a service agreement for the use of a server park which it has considered a lease agreement under IFRS.

Following new lease contracts, the Group recognized a total of million € 16.1 additional right-of-use assets and million € 21.2 lease liabilities, which related principally to office spaces in Belgium which have been sold as part of the sale-and-leaseback transaction (refer to note 6 for further explanation).

The lease term for vehicles varies from 3 to 5 years, and usually do not have an option to extent. Belgian based office spaces the lease terms usually follow a 3-6-9 years pattern. The Group has considered the options to extent when it is likely that office spaces will be used beyond the minimum term of 3 years. This resulted in an average lease term of 4.5 years.

The new office lease contracts are subject to variable lease payments as lease payments are based on an index. These variable components are not included in the lease liability until they take effect.

Note 13. Share capital & distributions made

Share capital

Ordinary shares issued and fully paid	**2022**		**2021**	
	Number	**million €**	**Number**	**million €**
At 1 January	**33,707,723**	**596.6**	**33,707,723**	**596.6**
Increases	-	-	-	-
Decreases	-7,286,113	-129,0	-	-
At 30 June	**26,421,610**	**467,6**	**33,707,723**	**596.6**

Share capital decreased during the first six months of 2022 following a a share repurchase transaction. The Group repurchased a total of 7,286,113 shares at a share price of 37.45 euro each share. Following a notarial deed on 29 March 2022, the shares have been subsequently cancelled. As a result of this transaction, million € 129,0 was allocated as deduction from share capital using the par value of the share, which equals € 17.70 per share. The remaining value has been allocated as deduction from retained earnings.

Dividends

On 28 March 2022, the general assembly of shareholders approved the proposed dividend distribution of million € 16,2, which equals € 0.48 per share.

Note 14. Employee benefit obligations

The Group has several retirement and other long-term defined benefit plans applicable to several countries in which the Group operates. The net liability recognized in the statement of financial position is summarized as follows:

Amounts in million €	**Note**	**30/06/2022**	**31/12/2021**
Post-employment benefits		15.2	33.5
Long-term benefits		4.1	3.9
Employment benefit obligations		**19.3**	**37.4**
Less Pension assets		14.6	12.1
Net liability		**4.7**	**25.3**

Post-employment obligations

The following table provides a numerical reconciliation of the net liability of the post-employment obligations:

Amounts in million €	Note	30/06/2022	30/06/2021
Net liability/(asset) at beginning of year		**21.4**	**44,3**
Service cost recognized		6.8	3,6
Net interest income		-0.1	-0,1
Total remeasurements in OCI		-20.7	0,0
Employer contribution		-7.0	-2,8
Foreign exchange difference		0.3	-0,2
Other		-0.1	0,4
Net liability/(asset) at reporting date		**0.6**	**45,2**

During the first 6 months of the year ended 31 December 2022, the Group reassessed the actuarial assumptions used in valuing the post-employment benefit plans in place. As a result, a total gain of million € 20.7 was recognized in other comprehensive income.

The gain is mainly driven by changes to both financial and demographic assumptions relating to the Belgian pension schemes. The change in financial assumptions relates to the actualization of the discount rate (3,20% compared to 0,95% at 31 December 2021). The change in demographic assumptions follows from the use of updated turnover assumptions following a stabilization of the employee turnover after COVID-19.

Note 15. Share based payments

During June 2022, the Group issued the Employee Share Purchase Plan (eSPP). Under the eSPP, all employees of the Group were entitled to subscribe to share certificates with a fair value of € 37,45 each share and a cash subscription price of € 29,96 each share which is paid up front by each subscriber. After a lock up period of 3 years, the share certificate holders are granted the option to sell the shares to WorxInvest NV at the approved fair value of the share certificate at the date of sale. With the exception of qualifying as employee of the Group at the date of the issuance of the eSPP, no other requirements or conditions have been set for share certificate holders to remain under the eSPP.

Considering the plan specifications, the Group has determined that the eSPP qualifies as an equity settled plan. In the absence of service requirements from plan participants during the lock up period, the Group has recognized the full cost of the eSPP upon the issuance of the plan.

A total of 275.964 share certificates were created under the eSPP and a total expense of million € 2.1 has been recognized in the statement of profit and loss.

Note 16. Net debt position

The Group monitors its capital basis through its net debt position, which is calculated by adding all short and long-term interest-bearing loans and borrowings, and deducting the available cash and short-term deposits. For this purpose, short-term deposits includes mid-long deposits with a maturity date above three months as these are considered an integral part of the Group's cash management. For the purpose of presentation, these mid-long deposits are included in the other current financial assets.

The net financial debt of the Group for the period ended 30 June 2022 and 31 December 2021 are as follows:

Amounts in million €	**30/06/2022**	**31/12/2021**
Borrowings and lease liabilities > 1 year	123.6	117.1
Add Borrowings and lease liabilities < 1 year	244.0	18.9
Less Cash and cash equivalents	-78.7	-64.5
Net Financial Debt/(Cash)	**288.9**	**71.5**
Less Lease liabilities (current and non-current)	-66.4	-57.0
Net Financial Debt/(Cash), net of lease liabilities	**222.4**	**14.5**

The Group is funded through the SD Worx Revolving Credit Facility Agreement and a subordinated bond. At 30 June 2022, the Group has drawn million € 10.0 of its revolver loan.

Financial covenants on the SD Worx Revolving Facility Agreement and the Subordinated Bond is tested bi-annually on a rolling last-12-month basis. At 30 June 2022, there is no breach and no event of default with respect to either of these instruments.

Revolving Credit Facility Agreement

On 4 April 2022, the Group renegotiated its Senior Facility Agreement, replacing it with the Revolving Credit Facility Agreement (“RCFA”). Under this new loan agreement, the Group has access to a revolver loan of million € 250 with a maturity date of 31 March 2026. The RCFA is an unsecured facility under negative pledge conditions. In addition, certain subsidiaries act as guarantors for this loan.

The RCFA is subject to several financial covenants. As per the RCFA, the covenants are calculated based on the accounting policies as included in the annual consolidated financial statements of the Group.

- Cashflow Cover shall not be less than 1.05:1
- Adjusted Leverage may not exceed 2.50:1
- Factoring Adjusted Leverage may not exceed 3.00:1

On not more than two occasions during the life of the Facilities, (i) the Adjusted Leverage may exceed 2.50:1 but shall remain less or equal to 3.50:1 and (ii) the Factoring Adjusted Leverage may exceed 3.00:1 but shall remain less or equal to 4.00:1.

“Cashflow Cover” means the ratio of cashflow to the aggregate of (a) net finance charges; and (b) all scheduled and mandatory repayments of borrowings falling due and any voluntary prepayments made.

“Adjusted Leverage” means the ratio of total net senior debt, which equals total borrowings excluding subordinated debt and deducting the aggregate amount of cash and cash equivalents, to EBITDA, where EBITDA is adjusted for the EBITDA of any subsidiary acquired or disposed during the year as if that transaction had occurred on the first day of the year.

“Factoring Adjusted Leverage” means the adjusted leverage, calculated on a pro forma basis to add the amount of factoring used during the period to the total net senior debt.

Reconciliation to statement of cash flows

Amounts in million €	1/01/2022	Cash flows	Non-cash movements					30/06/2022
			Recognized in P&L	Business combinations	Transfer	Exhange differences	Other	
Borrowings:								
- Subordinated bond	78.8		-0.1					78.7
- Other loans	0.0			0.5				0.5
Lease liabilities	38.3				-15.1		21.2	44.4
Other financial liabilities	6.7	-0.1	0.6	0.8	-4.6			3.4
Interest bearing debt (non-current)	123.8	-0.1	0.5	1.2	-19.7	-	21.2	126.9
Borrowings:								
- Revolving Credit Facility Agreement	0.0	10.0						10.0
- Shareholder loans	0.0		0.3				211.2	211.5
- Other loans	0.2	-0.3		0.4			0.1	0.4
Lease liabilities	18.7	-12.5	0.7		15.1			22.0
Other financial liabilities	1.0	-0.6	-0.4		4.6			4.5
Interest bearing debt (current)	19.8	-3.5	0.7	0.4	19.7	-	211.3	248.5
Total liabilities from financing activities	**143.6**	**-3.6**	**1.1**	**1.6**	**0.0**	**-**	**232.5**	**375.4**

The cash flows from liabilities from financing activities are presented in the consolidated statement of cash flows as proceeds from borrowings (million € 10.0), the repayment of borrowings (million € -0.3), the repayment of lease liabilities (thousand € -11.8, presented net of lease interest paid amounting to million € 0.7) and as part of the net cash outflow on acquisition of subsidiaries (million € 0.7).

Other movements relates for the largest extent to the shareholder loan obtained from WorxInvest as a result of several related party transactions (refer to note 19 for further explanation), as well as the acquisition and disposal of new lease agreements.

Note 17. Fair value

The table below provides an overview of the fair values together with the carrying amounts shown in the statement of financial position of the different financial instruments:

Amounts in mio €	30/06/2022		31/12/2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
- Investments	1,8	1,8	1,4	1,4
- Cash guarantees	1,8	1,8	2,5	2,5
- Other	0,6	0,6	0,3	0,3
Total assets	**4,1**	**4,1**	**4,2**	**4,2**
Borrowings				
- Revolving Credit Facility Agreement	10,0	10,0	0,0	0,0
- Subordinated bond	78,7	78,6	78,8	84,9
- Shareholder loans	211,2	211,2	0,0	0,0
- Other loans	1,2	1,2	0,2	0,2
Lease liabilities	66,4	66,4	57,0	57,0
Other financial liabilities	7,9	7,9	7,6	7,6
Total liabilities	**375,4**	**375,3**	**143,6**	**149,8**

Financial assets consists of investments in other companies not accounted for as associates, cash guarantees and other financial assets. These assets are considered to have a fair value of level 3. The fair value is not deemed to deviate significantly from their carrying amount.

All financial liabilities are considered to have a level 2 fair value, with the exception of the subordinated bond, for which an active market could be identified, therefore qualifying it as a level 1 fair value.

Note 18. Contingent liabilities

The Group is subject to claims, which fall in the normal course of the business. For claims in which the Group believes a cash outflow will be probable, a provision is recognized. Any claims for which no provision is currently recognized are not likely, on aggregate, to have a material adverse effect on the financial position of the Group. There have been no significant changes compared to 31 December 2021.

Note 19. Related party disclosures

During the first six months of 2022, the Group entered into several transactions with its shareholder, WorxInvest NV as well as SD Worx Real Estate NV.

- On 2 January 2022, the Group sold all of its interest in SD Worx Real Estate NV to WorxInvest NV. The total transaction price amounted to million € 72.9.

- On 2 January 2022, the Group entered into a leaseback agreement with SD Worx Real Estate NV. Following the leaseback agreement, million € 12.7 of lease liabilities and million € 7.6 of right-of-use assets have been recognized.

- On 29 March 2022, SD Worx NV entered into a share repurchase transaction following which 7,286,113 shares have been repurchased from WorxInvest NV at a price of 37.45 euro each share.

At 30 June 2022, the Group has a payable of million € 211.5 towards WorxInvest NV, which is presented as short term borrowing in the statement of financial position.

Note 20. Events after the balance sheet date

On 1 July 2022, the Group launched the 2022 share purchase plan (SPP) and share allocation plan (SALP). A total of 419.809 share certificates were purchased under the SPP at a discounted price of € 29.96 per share. A total of 164.499 share certificates were allocated under the SALP. Under both plans, the share certificates can be sold to WorxInvest NV after a vesting period of 3 years. The SALP/SPP incentive plans grants the certificate holders after the vesting period a put option to sell the certificates to WorxInvest NV. As a result, the incentive plans are considered as equity-settled at the level of the Company.

On 6 July 2022, the Group acquired 100% of the issued shares of HRPRO, a Croation based payroll and HR services company, but with a strong customer portfolio across Central Europe and the entire Balkan region. By acquiring HRPRO, the Group is strengthening its own IP offering in new payroll countries with a strong international and regional customer base.

There have been no other events after the balance sheet date that would significantly affect the Group's financial position.

Note 21. Alternative performance measures

Alternative performance measures ("APMs") present useful information which supplements the Group's financial statements and which allows 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 IFRS 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 IFRS 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 IFRS measures.

Normalizations

Normalizations mean 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 realize those revenues or incur those expenses. In other words, expenses or revenues which are not part of the recurring business operations of the Group. These normalizations mainly relate to:

- Restructuring and integration costs
- Acquisition and transaction costs
- Non-committed stock based compensations

In previous years, the Group considered its stock based compensations plans as non-committed in the sense that no active commitment existed to reissue new plans in future years. As the Group plans to issue new plans in future years, the expense can no longer be considered non-committed. The current expense presented as non-committed relates to the plans from previous years which is considered in excess compared to the planned stock based compensation schemes. The expense also considers the eSPP granted to employees as no future commitment exists to reissue such plans on a recurring basis.

EBITDA and Normalized EBITDA

EBITDA is defined as earnings before net finance costs, income taxes, depreciations and amortizations. Normalized EBITDA means EBITDA excluding the normalizations.

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

The following table provides a reconciliation of EBITDA and Normalized EBITDA of the Group.

Amounts in million €	Note	30/06/2022	30/06/2021
Operating profit		**59.7**	**38.5**
Depreciations and amortisations		26.7	21.3
EBITDA		**86.4**	**59.8**
Restructuring & integration costs		3.7	1.6
Acquisition & transaction costs		0.4	1.5
Non-committed stock based compensations		3.2	1.4
Profit from material business and asset disposal		-24.3	-
Other non-operating income/expense		0.8	-
Normalized EBITDA		**70.2**	**64.3**

Gross margin

Gross margin is calculated only for SD Worx Staffing & Career Solutions. This APM is determined as the difference between revenues from contracts with customers and direct employee benefit expenses. Although the Group presents the statement of profit and loss by nature, this APM, calculated on a by function basis, is used to measure the extent to which the Group is able to recharge the costs relating to temporary workers and candidates to its clients.

The following table provides a reconciliation of the gross margin.

Amounts in million €	Note	30/06/2022	30/06/2021
Revenue relating to SD Worx Staffing & Career Solutions		122.0	117.0
Direct employee benefit expenses		-100.8	-96.7
Other direct expenses/revenues		-0.3	-0.2
Gross margin		**20.9**	**20.2**

Statement on the interim financial report

To the best of our knowledge:

1. The Interim Condensed Consolidated Financial Statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, financial situation and results of SD Worx;
2. Provides the interim annual report for the first half of the current financial year, containing a true and fair view of the information that is required to be included within.

Compliance certificate

The Group confirms that the Adjusted Leverage does not exceed 4:1 as per the Reference Date 30 June 2022.

On behalf of the company

F Dierckx
F Dierckx (Aug 26, 2022 14:15 GMT+2)

Filip Dierckx
Chairman of the
Board of Directors

Nadine Aerts
Nadine Aerts (Aug 26, 2022 13:48 GMT+2)

Nadine Aerts
Chief Financial Officer

Deloitte.

SD Worx NV

Report on the review of the interim condensed consolidated financial statements for the six-month period ended 30 June 2022

Report on the review of the interim condensed consolidated financial statements of SD Worx NV for the six-month period ended 30 June 2022

In the context of our appointment as the company's statutory auditor, we report to you on the interim condensed consolidated financial statements. These interim condensed consolidated financial statements comprises the interim condensed consolidated statement of financial position statement as at 30 June 2022, the interim condensed consolidated statement of profit and loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six month period ended 30 June 2022, as well as selective notes 1 to 21.

Report on the interim condensed consolidated financial statements

We have reviewed the interim condensed consolidated financial statements of SD Worx NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The interim condensed consolidated statement of financial position shows total assets of 836,8 million EUR and the interim condensed consolidated statement of profit and loss shows a consolidated profit (group share) for the period then ended of 53,7 million EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review of the interim condensed consolidated financial statements 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 interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of SD Worx NV has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Signed at Zaventem.

The statutory auditor

Digitally signed by
Ben Vandeweyer
DocuSign
Signed By: Ben Vandeweyer (Signature)
Signing Time: 26-aug-2022 | 11:38 CEST
C: BE
Issuer: Citizen CA
3065E1C9C7EB48C88A0C122995CCB36C

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Ben Vandeweyer

Digitally signed by
Maurice Vrolix
DocuSign
Signed By: Maurice Vrolix (Signature)
Signing Time: 26-aug-2022 | 08:59 CEST
C: BE
Issuer: Citizen CA
369AFC38DF0043E3AE273008EC2693FE

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Maurice Vrolix

More information

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About SD Worx

In today's new world of work, people want to be inspired by what they do and have the freedom to focus on what matters. Organisations need a dynamic, motivated workforce empowered by smart technology. As a leading European provider of people solutions, SD Worx turns HR into a source of value for their customers' business and the people that work for them. SD Worx delivers people solutions across the entire employee lifecycle, from paying employees to attracting, rewarding and developing the talent who make businesses succeed. SD Worx powers performance through four core capabilities: technology, outsourcing, expertise and data-driven insights.

More than 68,000 small and large organisations across the globe place their trust in SD Worx and its 75 years' worth of experience. SD Worx offers its people solutions in 130 countries, calculates the salaries of approximately 4.6 million employees and ranks among the top five worldwide. The more than 4,600 employees at SD Worx operate in ten countries: Belgium (HQ), Austria, France, Germany, Ireland, Luxembourg, Mauritius, Netherlands, Switzerland and the UK. SD Worx is the co-founder of the Payroll Services Alliance, a global strategic network of leading payroll companies that together handle more than 32 million payroll calculations. In 2018, SD Worx achieved a consolidated turnover of EUR 594.4 million.

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