Interim report first semester financial year 31 December 2021

Regulated information

Forenote

The interim condensed consolidated financial statements for the financial half year ending 30 June 2021 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"). These figures are the first presented under application of IFRS, following the last annual report for the year ended 31 December 2020.

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 Aditro Group AB (and its subsidiaries) has been consolidated as from 28 April 2021, Teal Partners BV as from 21 May 2021, and Launch! Holding BV (and its subsidiaries) as from 29 June 2021.

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 2021 has been performed by the independent auditor of SD Worx NV.

Management debrief

SD Worx continues to grow and achieves strong financial results during the first half of 2021

Antwerp, 26 August 2021 – SD Worx achieved in the first half of 2021 a consolidated turnover of EUR 402,7 million (+ 11,1% compared to the first half of last year) and a normalised EBITDA of EUR 64,3 million (+ 16,5% compared to the first half of 2020). The positive results allow SD Worx to further invest in its growth ambition.

“SD Worx People Solutions, our traditional Payroll & HR segment, has realised overall positive results”, says Filip Dierckx, Chairman of the Board of Directors of SD Worx. “SD Worx People Solutions saw its revenues and normalized EBITDA growing with 8,2% and 16,0% respectively. On a like for like basis, revenues continue to increase year after year, 4,0% compared with the first semester of last year and 5,6% compared with the first semester of the pre-covid year 2019. SD Worx Staffing & Career Solutions, our segment that focuses on staffing and flexible work, was negatively impacted by the corona crisis last year but is now growing with over 19% in revenue to EUR 117.0 million in the first half of this year, which brings us almost at the level of 2019. Our normalized EBITDA for this entity increased significantly to EUR 3,1 million in the first six months of this year, compared to the same period last year. The revival of the economy and labor market after the corona pandemic is also good news for our customers and their growth ambition. We are supporting them with our offering of innovative technology and specialized consultancy.”

“Our consolidated normalised EBITDA rose to EUR 64,3 million, a strong operating cash flow that provides us the means to further invest in our growth strategy and offering to our customers”, says Kobe Verdonck, CEO of SD Worx. “Earlier this year we announced the acquisitions of Aditro, the payroll market leader in the Nordics, and launch!, specialized in HR cloud software, who are also performing well. Furthermore, we opened offices in Poland and Spain this year and we continue to look for further geographical expansion in southern and eastern Europe. With our international presence, we help our customers with local expertise and a complete HR offering, wherever they are doing business.”

FINANCIAL RESULTS

As from now, and in line with the internationalization of the group, SD Worx reports its financial results applying the International Financial Reporting Standards (IFRS) instead of the Belgian Generally Accepted Accounting Principles. This has an impact on the reported results. In order to compare on a like for like basis, the figures of previous periods are converted to the international standards.[1]

Amounts in mio €	30/06/2021	30/06/2020	Difference
Revenue	402,7	362,5	40,2
- Services and other goods	-58,3	-55,5	-2,8
- Employee benefit expenses	-279,7	-249,3	-30,4
- Other operating cost	-2,0	-4,5	2,6
+ Other operating income	1,5	2,1	-0,6
'+/- Operational FX differences	0,0	0,0	0,1
Total net operating costs	*-338,4*	*-307,3*	*-31,1*
Normalized EBITDA	**64,3**	**55,2**	**9,1**
Normalized EBITDA margin %	*16,0%*	*15,2%*	*0,7%*
- Restructuring and integration costs	-1,6	-1,5	-0,1
- Acquisition & transaction costs related to third parties	-1,5	-0,4	-1,1

[1] For the reconciliation of prior period statements of financial position and statements of profit & loss, we refer to the reconciliations provided in our financial interim report.

- Non-committed stock based compensation	-1,4	-1,4	0,0
- Impairment of goodwill	0,0	-8,8	8,8
+/- Profit/(Loss) from material business and asset disposal	0,0	-1,1	1,1
+/- Profit/(Loss) from discontinued operations	0,0	0,0	0,0
EBITDA	**59,8**	**42,0**	**17,8**
- Depreciations and amortisations	-21,3	-18,9	-2,4
EBIT	**38,5**	**23,1**	**15,4**
- Financial expenses	-3,3	-7,4	4,1
+ Financial income	0,1	0,8	-0,7
'+/- Non-operational FX differences	0,1	1,1	-1,0
Profit before tax	**35,5**	**17,6**	**17,9**
- Taxes	-11,4	-8,4	-3,0
Profit after tax	**24,1**	**9,2**	**14,9**
Profit and loss associated companies	0,1	0,0	0,0
Consolidated net result after tax	**24,1**	**9,2**	**14,9**
Result of the Group	24,0	10,2	13,8
Profit attributable to non-controlling interest	0,1	-1,0	1,1
Consolidated net result	**24,1**	**9,2**	**14,9**

RESULTS PER SEGMENT[2]

		H1'21 Actual IFRS	H1'20 Actual IFRS	21/20	*H1' 20 BE GAAP[1]*
Revenue	SD Worx People Solutions	287.0	265.3	8.2%	266.2
	SD Worx Staffing & Career Solutions	117.0	98.3	19.1%	98.3
	Intersegment elimination	-1.4	-1.1		-1.1
	CONS Revenue	402.7	362.5	11.1%	363.4
Gross Margin Staffing & Career Solutions²	Gross Margin Staffing & Career Solutions²	20.2	18.2	11.0%	18.2
	Gross Margin S&CS%	17.3%	18.5%	-1.3%	
Normalized EBITDA	SD Worx People Solutions	61.7	53.2	16.0%	51.2
	SD Worx Staffing & Career Solutions	3.1	2.3	36.6%	1.0
	SD Worx NV	-0.6	-0.3	73.4%	-0.4
	CONS nEBITDA	64.3	55.1	16.7%	51.9

FURTHER DETAILS ABOUT THE NET RESULT

Non-recurring costs

Restructuring cost and integration costs amount to EUR 1,6 million and have increased by EUR 0,1 million compared to 30 June 2020, mainly as a consequence of the growth plan in the UK and costs incurred for the integration of Aditro in SD Worx.

Acquisition and transaction costs have increased by EUR 1,1 million to EUR 1,5 million as a consequence of the acquisition of Aditro and launch! during the first semester of 2021.

[2] Gross margin is calculated as revenue minus cost of services and sales. The cost of services and sales consists of expenses which are directly attributable to revenue. In the People Solutions segment, cost of services and sales is not considered a key performance indicator and therefore not calculated as such. In the Staffing & Career Solutions segment, these costs mainly include the expenses related to staffing temp workers and employees with our customers, such as wages, social security charges and other social taxes and contributions. It is a key driver for the profitability of the segment, which is the reason for its inclusion in the results per segment overview.

The cost of non-committed share plans for the group management has remained stable as costs are being spread evenly over the vesting period of the plans.

As per 30 June 2020, an impairment of goodwill of EUR 8,8 million had been recognized on the Staffing & Career Solutions segment. The Covid-19 pandemic had slowed down the entire staffing industry, certainly during the first lockdown period in Belgium and the Netherlands, and management had considered it an indication of impairment risk leading to a prudent adjustment of its value-in-use calculation.

The loss of EUR 1,1 million from material business and asset disposal recorded per 30 June 2020 refers to the closing of several offices as a result of the integration of office locations from Staffing & Career Solutions with People Solutions.

Depreciations and amortizations

Depreciations on tangible and intangible assets of EUR 21,3 million have been recorded per 30 June 2021 and are mainly related to the group's investments in digital solutions and the depreciation of leased right-of-use assets such as rented buildings and company cars.

Financial result

The financial result per 30 June 2021 amounts to EUR -3,1 million, mainly due to the interest costs of the subordinated EUR 80 million bond issued in June 2019, the committed EUR 125,0 million revolving credit facility and financial charges on lease liabilities.

The financial result improved by EUR 2,3 million compared to the first semester of 2020, which is mainly the result of the loss realized per 30 June 2020 on the sale of the group’s cash investments in financial assets held in discretionary management.

Taxes

Tax charges increased by EUR 3,0 million to EUR 11,4 million as per 30 June 2021, predominantly due to a higher taxable result.

Net result

The net result, recorded at EUR 24,1 million, increased significantly in relation to the same period last year due to the aforementioned increase in operating profit and the increased financial result.

Interim condensed consolidated financial statements

A. Interim Condensed Consolidated Statement of Profit and Loss for the six month period ended 30 June 2021

Amounts in mio €	Note	30/06/2021 *(Unaudited)*	30/06/2020 *(Unaudited)*
Revenue	**5**	**402,7**	**362,5**
- Services and other goods		-60,5	-56,6
- Employee benefit expenses		-282,0	-251,5
- Other operating expenses		-2,2	-4,5
+ Other operating income		1,8	2,1
- Depreciations and amortization expenses		-21,3	-18,9
+/- Operational FX differences		0,0	0,0
- Impairment of assets		0,0	-9,9
Total net operating costs		*364,3*	*339,4*
Operating profit		**38,5**	**23,1**
- Financial expenses		-3,3	-7,4
+ Financial income		0,1	0,8
+/- Net exchange difference relating to financing activities		0,1	1,1
Finance costs net		**-3,1**	**-5,5**
+ Share of profit of associates and joint ventures		0,1	0,0
Profit before tax		**35,5**	**17,6**
- Taxes	6	-11,4	-8,4
Profit for the year		**24,1**	**9,2**
Attributable to:			
Equity holders of the parent		24,0	10,2
Non-controlling interests		0,1	-1,0

B. Interim Condensed Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2021

Amounts in mio €	Note	30/06/2021 *(Unaudited)*	30/06/2020 *(Unaudited)*
Profit for the year		**24,1**	**9,2**
Exchange differences on translation of foreign operations		2,4	-4,3
Net gain/(loss) on cash flow hedges		-	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**2,4**	**-4,3**
Remeasurement gain/(loss) on defined benefit plans		-	-
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**-**	**-**
Other comprehensive income/(loss) for the year, net of tax		**2,4**	**-4,3**
Total comprehensive income for the year, net of tax		**26,5**	**4,9**
Attributable to:			
Equity holders of the parent		26,4	5,9
Non-controlling interests		0,1	-1,0

C. Interim Condensed Consolidated Statement of Financial Position as at 30 June 2021

Amounts in mio €	Note	30/06/2021 *(Unaudited)*	31/12/2020 *(Unaudited)*	01/01/2020 *(Unaudited)*
Non-current assets		571,1	413,5	421,5
Goodwill	7	345,3	219,7	222,2
Intangible assets	8	63,6	44,9	30,4
Property, plant and equipment	9	54,7	56,4	60,5
Right of Use assets	10	73,1	60,8	75,5
Investments in associates and joint ventures		0,4	0,4	0,3
Non-current financial assets		1,2	1,5	2,8
Other non-current assets	11	11,6	10,0	12,9
Deferred tax assets	6	21,1	19,8	16,8
Current assets		315,6	346,0	359,7
Inventory		0,5	0,5	0,5
Trade and other receivables		181,5	163,5	167,3
Current income taxes	6	1,4	7,8	4,7
Other current financial assets	12	52,2	50,8	70,1
Cash and cash equivalents	14	78,9	122,4	115,2
Funds held for clients		1,1	1,1	1,1
Total assets		**886,7**	**759,5**	**781,2**

Amounts in mio €	Note	30/06/2021 *(Unaudited)*	31/12/2020 *(Unaudited)*	01/01/2020 *(Unaudited)*
Equity		416,6	388,6	390,1
Equity attributable to equity holders of the parent		416,5	388,5	390,9
Issued capital		592,6	592,6	601,2
Share premium		-	-	-
Currency translation reserve		-1,8	-4,3	-
Other reserves		-1,3	-2,7	3,5
Accumulated losses		-173,1	-197,1	-213,9
Non-controlling interest		0,2	0,1	-0,8
Non-current Liabilities		205,4	204,8	207,8
Borrowings	14	78,8	85,7	90,9
Lease liabilities	10, 14	50,4	44,9	56,3
Other financial liabilities		7,2	7,2	3,4
Provisions		5,8	5,9	5,0
Employment benefit obligations	11	59,2	57,8	47,8
Deferred tax liability	6	0,9	1,1	2,0
Other non-current liabilities		3,1	2,2	2,4
Current Liabilities		264,7	166,1	183,3
Borrowings	14	70,5	5,3	6,2
Lease liabilities	10, 14	19,5	17,4	19,5
Other financial liabilities		0,0	2,1	0,4
Provisions		0,0	-	7,9
Trade and other payables		167,3	136,2	142,7
Funds held for clients		1,1	1,1	1,1
Current tax liabilities	6	6,2	4,1	5,4
Total equity & liabilities		**886,7**	**759,5**	**781,2**

C. Interim Condensed Consolidated Statement of Cash Flow for the six month period ended 30 June 2021

Amounts in mio €	Note	30/06/2021 *(Unaudited)*	30/06/2020 *(Unaudited)*
Cash flow from operating activities			
Profit for the year		**24,1**	**9,2**
Adjustments for:			
Income tax expense recognised in profit and loss		11,4	8,4
Depreciations, amortizations and impairments		21,3	28,8
(Gain)/loss on disposal of intangibles and PPE		-0,1	0,0
Impairment loss/(reversal) recognised on receivables		0,6	2,7
Increase/(decrease) of provisions		-0,8	-1,4
Net financing (income)/cost		3,1	5,5
Change in employee benefit obligation		2,0	-0,1
Share of (profit) / loss of associates		-	0,0
Unrealized exchange rate differences		0,8	-1,0
Other adjustments		-0,1	0,0
Change working capital			
Decrease/(Increase) in trade and other receivables		-1,7	2,0
(Decrease)/ Increase in trade and other payables		10,6	-17,8
Decrease/(Increase) in other items		0,3	1,4
Income tax paid		***-2,8***	***-4,0***
Cash flow from operating activities		**68,7**	**33,7**
Cash flow from investing activities			
Purchases of intangibles and PPE		-15,2	-13,9
Proceeds from sale of intangibles and PPE		-	-
Government grants obtained		-	0,3
Purchases financial assets		-1,2	-0,2
Proceeds from sale of financial assets		0,0	67,6
Interest received		0,1	0,0
Dividends received		0,1	0,1
Proceeds from repayment of loans granted		0,2	1,4
Net cash outflow on acquisition of subsidiaries and associates		-128,4	-11,1
Net cash inflow on disposal of subsidiaries and associates		-	-
Cash flow from investing activities		**-144,4**	**44,1**
Cash flow from financing activities			
Proceeds from borrowings		115,0	125,0
Repayment of borrowings		-63,8	-128,7
Repayment of lease liabilities		-14,8	-9,0
Proceeds from capital increase		-	-
Repayment of capital		-	-10,0
Dividends paid		-	-
Interest paid		-4,2	-4,6
Payment for debt issue costs			-
Cash flow from financing activities		**32,2**	**-27,3**

Total increase/(decrease) in cash	**-43,5**	**50,5**
Total cash and cash equivalents at the beginning of the period	**172,4**	**115,2**
Total increase/(decrease) in cash	-43,5	50,5
Impact exchange differences	0,0	-0,2
Total cash and cash equivalents at the end of the period	**128,9**	**165,6**
Of which:		
Cash deposits > 3 months, included in other current financial assets	50,1	50,0
Cash and cash equivalents	78,9	115,6

D. Interim Condensed Consolidated Statement of Changes in Equity for the six month period ended 30 June 2021

Consolidated statement of changes in equity								
Amounts in mio € (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 2020	**601,2**	**-**	**-**	**3,5**	**-213,9**	**390,9**	**-0,8**	**390,1**
Profit for the year					10,2	**10,2**	-1,0	**9,2**
Other comprehensive income			-4,3			**-4,3**		**-4,3**
Total comprehensive income			-4,3		10,2	**5,9**	-1,0	**4,9**
Repayments of equity and share capital	-10,0					**-10,0**		**-10,0**
Transactions with non-controlling interests					-2,1	**-2,1**	-0,9	**-3,0**
Non-controlling interests on business combinations								
Share based payments				1,4		**1,4**		**1,4**
Other				-0,1	0,1	**-**		**-**
Total transactions with owners	-10,0	-	-	1,3	-2,0	**-10,7**	-0,9	**-11,7**
Balance per 30 June 2020	**591,2**	**-**	**-4,3**	**4,8**	**-205,7**	**386,0**	**-2,7**	**383,3**

Consolidated statement of changes in equity								
	Attributable to the owners of SD Worx							
Amounts in mio € (Unaudited)	**Issued capital**	**Share premium**	**Currency translation reserve**	**Other reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total Equity**
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**

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 2021 were authorised for issue in accordance with a resolution of the directors on 26 August 2021.

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.

2.1. 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 should be read in conjunction with the financial statements for the year ended 31 December 2020.

The interim condensed consolidated financial statements provide comparative information in respect of the previous period. An additional statement of financial position as at 1 January 2020 is presented in these consolidated financial statements due to the first time adoption of IFRS (refer to note 2.3.A for further information on the remeasurements following the first time adoption).

The interim condensed consolidated financial statements are presented in euro, which is the parent company's functional currency, and are rounded to the nearest millions, except when otherwise indicated. They are prepared on the historical cost basis except for derivative financial instruments that have been measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these interim condensed consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share based payments, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

2.2. Basis of consolidation

A. Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities directly or indirectly controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value in accordance with IFRS 9 Financial Instruments.

B. Equity accounted investees

Equity-accounted investees include associates. An associate is an entity over which the Group has significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In its consolidated financial statements, the Group uses the equity method of accounting for investments in associates. Under the equity method, the investment is initially recognised at cost in the consolidated statement of financial position and adjusted thereafter to recognise the Group's share of the profit or loss of the associate and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included in the carrying amount of the investment.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.3. Changes in accounting policies and disclosures

A. First time adoption of IFRS

For all periods up to and including the year ended 31 December 2020, the Group prepared its financial statements in accordance with Belgian Generally Accepted Accounting Principles ("BE GAAP"). Accordingly, the Group has prepared these interim condensed consolidated financial statements that comply with IFRS applicable as at 30 June 2021, together with the comparative period data. In preparing the interim condensed consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 January 2020, the Group's date of transition to IFRS.

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries that are considered businesses under IFRS that occurred before 1 January 2020. Use of this exemption means that the BE GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise any assets or liabilities that were not recognised under BE GAAP or exclude any previously recognised amounts as a result of IFRS recognition requirements.
- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2020.
- The Group assessed all contracts existing at 1 January 2020 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2020.
- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2020. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2020.

The schedules provided below provide an overview of the remeasurements following the first time adoption of IFRS. These remeasurements have been determined by applying the accounting policies as included in note 2.4.

A.1 Statement of Financial Position at 1 January 2020

in mio €	1 January 2020 BE GAAP	Remeasurements								1 January 2020 IFRS
		IFRS 1 First time adoption	IFRS 15 Revenue recognition	IFRS 16 Lease accounting	IFRS 9 Fair value	IAS 20 Government grants	IAS 37 Provisions	IAS 38 Intangible assets	IAS 12 Income taxes	
Non-Current Assets	**349,7**	**-1,9**	**1,8**	**75,4**	**0,0**	**-1,1**	**0,0**	**-3,1**	**0,8**	**421,5**
Formation expenses	1,9	-1,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Goodwill	222,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	222,2
Intangible assets	34,6	0,0	0,0	0,0	0,0	-1,1	0,0	-3,1	0,0	30,4
Property, plant and equipment	60,6	0,0	0,0	-0,1	0,0	0,0	0,0	0,0	0,0	60,5
Right of use assets	0,0	0,0	0,0	75,5	0,0	0,0	0,0	0,0	0,0	75,5
Investments in associates and joint ventures	0,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,3
Financial assets	2,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,8
Other Non-Current Assets	11,1	0,0	1,8	0,0	0,0	0,0	0,0	0,0	0,0	12,9
Deferred tax assets	16,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,8	16,8
Current Assets	**350,5**	**0,0**	**0,0**	**-0,5**	**9,7**	**0,0**	**0,0**	**0,0**	**0,0**	**359,7**
Inventories	0,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,5
Trade and other receivables	168,6	0,0	0,0	-0,5	0,0	0,0	0,0	0,0	0,0	168,1
Current income taxes	4,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	4,7
Other financial receivables	60,4	0,0	0,0	0,0	9,7	0,0	0,0	0,0	0,0	70,1
Cash and cash equivalents	115,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	115,2
Funds held for clients	1,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,1
TOTAL Assets	**700,2**	**-1,9**	**1,8**	**74,9**	**9,7**	**-1,1**	**0,0**	**-3,1**	**0,8**	**781,2**

in mio €	1 January 2020 BE GAAP	IFRS 1 First time adoption	IFRS 15 Revenu recognition	IFRS 16 Lease accounting	IAS 19 Employee benefits	IFRS 3 Business combinations	Remeasurements IFRS 9 Fair value	IAS 20 Government grants	IAS 37 Provisions	IAS 38 Intangible assets	IFRS 2 Share based payments	IAS 12 Income taxes	1 January 2020 IFRS
Equity	**389,3**	**0,0**	**-0,6**	**1,3**	**-0,6**	**-3,8**	**9,7**	**-1,1**	**0,6**	**-3,1**	**2,2**	**-3,8**	**390,1**
Equity attributable to equity holders of the parent	**390,0**	**0,0**	**-0,6**	**1,3**	**-0,6**	**-3,8**	**9,7**	**-1,1**	**0,6**	**-3,1**	**2,2**	**-3,8**	**390,9**
Capital	601,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	601,2
Share premium	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Currency translation reserve	-7,3	7,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other reserves	1,3	0,0	0,0	0,0	-0,6	0,0	0,0	0,0	0,0	0,0	2,7	0,0	3,5
Accumulated losses	-205,2	-7,3	-0,6	1,3	0,0	-3,8	9,7	-1,1	0,6	-3,1	-0,5	-3,8	-213,9
Non-controlling interests	**-0,8**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**-0,8**
Non-Current Liabilities	**148,5**	**-1,9**	**2,0**	**56,3**	**0,6**	**3,4**	**0,0**	**0,0**	**-0,6**	**0,0**	**-2,2**	**1,9**	**207,8**
Borrowings	92,9	-1,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	90,9
Lease liabilities	0,0	0,0	0,0	56,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	56,3
Other financial liabilities	0,0	0,0	0,0	0,0	0,0	3,4	0,0	0,0	0,0	0,0	0,0	0,0	3,4
Provisions	7,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-0,6	0,0	-2,2	0,0	5,0
Employment benefit obligations	47,2	0,0	0,0	0,0	0,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	47,8
Deferred tax liability	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,9	2,0
Other non-current liabilities	0,5	0,0	2,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,4
Current Liabilities	**162,4**	**0,0**	**0,5**	**17,3**	**0,0**	**0,4**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**2,8**	**183,3**
Borrowings	6,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	6,2
Lease liabilities	0,0	0,0	0,0	19,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	19,5
Other financial liabilities	0,0	0,0	0,0	0,0	0,0	0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,4
Provisions	7,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	7,9
Trade and other payables	144,5	0,0	0,5	-2,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	142,7
Trade payable client funds	1,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,1
Current tax liabilities	2,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,8	5,4
Total equity & liabilities	**700,2**	**-1,9**	**1,8**	**74,9**	**0,0**	**0,0**	**9,7**	**-1,1**	**0,0**	**-3,1**	**0,0**	**0,8**	**781,2**

A.2 Statement of Financial Position at 30 June 2020

in mio €	31 December 2020 BE GAAP	Remeasurements							31 December 2020 IFRS
		IFRS 1 First time adoption	IFRS 15 Revenue recognition	IFRS 16 Lease accounting	IFRS 3 Business combinations	IAS 20 Government grants	IAS 38 Intangible assets	IAS 12 Income taxes	
Non-Current Assets	**338,2**	**14,8**	**1,3**	**65,4**	**-1,6**	**-1,8**	**-4,4**	**1,5**	**413,5**
Formation expenses	1,6	-1,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Goodwill	207,3	16,4	0,0	0,0	-4,3	0,0	0,0	0,0	219,4
Intangible assets	42,4	0,0	0,0	0,0	2,7	-1,8	-4,4	0,0	38,9
Property, plant and equipment	58,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	58,0
Right of use assets	0,0	0,0	0,0	65,4	0,0	0,0	0,0	0,0	65,4
Investments in associates and joint ventures	0,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,3
Financial assets	1,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,3
Other Non-Current Assets	10,5	0,0	1,3	0,0	0,0	0,0	0,0	0,0	11,8
Deferred tax assets	16,7	0,0	0,0	0,0	0,0	0,0	0,0	1,5	18,2
Current Assets	**333,7**	**0,0**	**0,0**	**-0,5**	**0,0**	**0,0**	**0,0**	**0,0**	**333,3**
Inventories	0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,4
Trade and other receivables	163,3	0,0	0,0	-0,5	0,0	0,0	0,0	0,0	162,9
Current income taxes	1,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,8
Other current financial assets	50,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	50,9
Cash and cash equivalents	116,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	116,4
Funds held for clients	1,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,0
TOTAL Assets	**671,9**	**14,8**	**1,4**	**65,0**	**-1,6**	**-1,8**	**-4,4**	**1,5**	**746,8**

in mio €	31 December 2020 BE GAAP	Remeasurements										31 December 2020 IFRS
		IFRS 1 First time adoption	IFRS 15 Revenue recognition	IFRS 16 Lease accounting	IAS 19 Employee benefits	IFRS 3 Business combinations	IAS 20 Government grants	IAS 37 Provisions	IAS 38 Intangible assets	IFRS 2 Share based payments	IAS 12 Income taxes	
Equity	**379,0**	**16,4**	**-1,1**	**0,9**	**-0,6**	**-7,3**	**-1,8**	**0,6**	**-4,4**	**3,5**	**-1,9**	**383,3**
Equity attributable to equity holders of the parent	**381,7**	**16,4**	**-1,1**	**0,9**	**-0,6**	**-7,3**	**-1,8**	**0,6**	**-4,4**	**3,5**	**-1,9**	**386,0**
Issued capital	591,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	591,2
Share premium	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Currency translation reserve	-11,6	7,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-4,3
Other reserves	1,3	0,0	0,0	0,0	-0,6	0,0	0,0	0,0	0,0	4,1	0,0	4,8
Accumulated losses	-199,2	9,1	-1,1	0,9	0,0	-7,3	-1,8	0,6	-4,4	-0,6	-1,9	-205,7
Non-controlling interests	**-2,7**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**-2,7**
Non-Current Liabilities	**151,9**	**-1,6**	**2,0**	**56,8**	**0,6**	**3,6**	**0,0**	**-0,6**	**0,0**	**-3,5**	**0,6**	**209,8**
Borrowings	89,5	-1,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	87,9
Lease liabilities	0,0	0,0	0,0	58,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	58,1
Other financial liabilities	0,0	0,0	0,0	0,0	0,0	3,0	0,0	0,0	0,0	0,0	0,0	3,0
Provisions	13,6	0,0	0,0	-1,3	0,0	0,0	0,0	-0,6	0,0	-3,5	0,0	8,2
Employment benefit obligations	48,0	0,0	0,0	0,0	0,6	0,0	0,0	0,0	0,0	0,0	0,0	48,6
Deferred tax liability	0,3	0,0	0,0	0,0	0,0	0,7	0,0	0,0	0,0	0,0	0,6	1,6
Other non-current liabilities	0,4	0,0	2,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,4
Current Liabilities	**141,0**	**0,0**	**0,4**	**7,2**	**0,0**	**2,1**	**0,0**	**0,0**	**0,0**	**0,0**	**2,8**	**153,6**
Borrowings	5,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	5,3
Lease liabilities	0,0	0,0	0,0	9,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	9,4
Other financial liabilities	0,0	0,0	0,0	0,0	0,0	2,1	0,0	0,0	0,0	0,0	0,0	2,1
Provisions	0,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,7
Trade and other payables	127,0	0,0	0,4	-2,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	125,3
Trade payable client funds	1,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,0
Current tax liabilities	7,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,8	9,8
Total equity & liabilities	**671,9**	**14,8**	**1,3**	**64,9**	**0,0**	**-1,6**	**-1,8**	**0,0**	**-4,4**	**0,0**	**1,5**	**746,8**

A.3 Statement of Financial Position at 31 December 2020

in mio €	31 December 2020 BE GAAP	Remeasurements								31 December 2020 IFRS
		IFRS 1 First time adoption	IFRS 15 Revenue recognition	IFRS 16 Lease accounting	IAS 19 Employee benefits	IFRS 3 Business combinations	IAS 20 Government grants	IAS 38 Intangible assets	IAS 12 Income taxes	
Non-Current Assets	**342,2**	**22,3**	**0,6**	**60,8**	**1,7**	**-6,8**	**-3,1**	**-5,1**	**0,9**	**413,5**
Formation expenses	1,6	-1,6	0	0	0	0	0	0	0	0,0
Goodwill	204,9	24,1	0,0	0,0	0,0	-9,3	0,0	0,0	0,0	219,7
Intangible assets	50,8	-0,2	0,0	0,0	0,0	2,4	-3,1	-5,1	0,0	44,9
Property, plant and equipment	56,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	56,4
Right of use assets	0,0	0,0	0,0	60,8	0,0	0,0	0,0	0,0	0,0	60,8
PPE-Investment property	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Investments in associates and joint ventures	0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,4
Financial assets	1,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,5
Other Non-Current Assets	7,7	0,0	0,6	0,0	1,7	0,0	0,0	0,0	0,0	10,0
Deferred tax assets	18,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,9	19,8
Current Assets	**346,5**	**0,0**	**0,0**	**-0,6**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**346,0**
Inventories	0,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,5
Trade and other receivables	164,0	0,0	0,0	-0,6	0,0	0,0	0,0	0,0	0,0	163,5
Current income taxes	7,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	7,8
Other financial receivables	50,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	50,8
Cash and cash equivalents	122,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	122,4
Funds held for clients	1,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,1
TOTAL Assets	**688,7**	**22,3**	**0,7**	**60,3**	**1,7**	**-6,8**	**-3,1**	**-5,1**	**0,9**	**759,5**

		Remeasurements										
in mio €	31 December 2020 BE GAAP	IFRS 1 First time adoption	IFRS 15 Revenue recognition	IFRS 16 Lease accounting	IAS 19 Employee benefits	IFRS 3 Business combinations	IAS 20 Government grants	IAS 37 Provisions	IAS 38 Intangible assets	IFRS 2 Share based payments	IAS 12 Income taxes	31 December 2020 IFRS
Equity	**380,2**	**23,9**	**-2,0**	**0,7**	**-0,6**	**-13,2**	**-3,1**	**4,9**	**-5,1**	**3,0**	**-0,1**	**388,6**
Equity attributable to equity holders of the parent	**380,1**	**23,9**	**-2,0**	**0,7**	**-0,6**	**-13,2**	**-3,1**	**4,9**	**-5,1**	**3,0**	**-0,1**	**388,5**
Issued capital	592,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	592,6
Share premium	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Currency translation reserve	-11,6	7,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-4,3
Other reserves	1,9	0,0	0,0	0,0	-8,2	0,0	0,0	0,0	0,0	3,6	0,0	-2,7
Accumulated losses	-203,4	16,5	-2,0	0,7	7,5	-13,2	-2,5	4,9	-5,1	-0,7	-0,1	-197,1
Capital grants	0,6	0,0	0,0	0,0	0,0	0,0	-0,6	0,0	0,0	0,0	0,0	0,0
Non-controlling interests	**0,1**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,1**
Non-Current Liabilities	**157,3**	**-1,6**	**1,7**	**44,7**	**2,3**	**4,3**	**0,0**	**-1,3**	**0,0**	**-3,0**	**0,3**	**204,8**
Borrowings	90,8	-1,6	0,0	0,0	0,0	0,0	-3,5	0,0	0,0	0,0	0,0	85,7
Lease liabilities	0,0	0,0	0,0	44,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	44,9
Other financial liabilities	0,0	0,0	0,0	0,0	0,0	3,7	3,5	0,0	0,0	0,0	0,0	7,2
Provisions	10,3	0,0	0,0	-0,2	0,0	0,0	0,0	-1,3	0,0	-3,0	0,0	5,9
Employment benefit obligations	55,4	0,0	0,0	0,0	2,3	0,0	0,0	0,0	0,0	0,0	0,0	57,8
Deferred tax liability	0,1	0,0	0,0	0,0	0,0	0,7	0,0	0,0	0,0	0,0	0,3	1,1
Other non-current liabilities	0,5	0,0	1,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,2
Current Liabilities	**151,2**	**0,0**	**1,0**	**14,9**	**0,0**	**2,1**	**0,0**	**-3,7**	**0,0**	**0,0**	**0,6**	**166,1**
Borrowings	5,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	5,3
Lease liabilities	0,0	0,0	0,0	17,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	17,4
Other financial liabilities	0,0	0,0	0,0	0,0	0,0	2,1	0,0	0,0	0,0	0,0	0,0	2,1
Provisions	1,1	0,0	0,0	0,0	0,0	0,0	0,0	-1,1	0,0	0,0	0,0	0,0
Trade and other payables	140,4	0,0	1,0	-2,5	0,0	0,0	0,0	-2,6	0,0	0,0	0,0	136,2
Trade payable client funds	1,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,1
Current tax liabilities	3,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,6	4,1
Total equity & liabilities	**688,7**	**22,3**	**0,7**	**60,3**	**1,7**	**-6,8**	**-3,1**	**0,0**	**-5,1**	**0,0**	**0,9**	**759,5**

A.4 Statement of profit and loss for the 6 month period ended 30 June 2020

(in mio €)	30 June 2020 BE GAAP	Remeasrements										30 June 2020 IFRS
		IFRS 1 First time adoption	IFRS 15 Revenu recognition	IFRS 16 Lease accounting	IFRS 3 Business combinations	IFRS 9 Fair value	IAS 20 Governmen t grants	IAS 37 Provisions	IAS 38 Intangible assets	IFRS 2 Share based payments	IAS 12 Income taxes	
Revenue	**363,4**	**0,0**	**-0,9**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**362,5**
Services and other goods	-102,9	39,5	0,0	8,1	0,0	0,0	0,0	0,0	-1,5	0,0	0,0	-56,6
Employee benefit expenses	-218,7	-36,1	0,3	3,0	0,1	0,0	0,0	0,0	0,0	0,0	0,0	-251,5
Other operating expenses	-0,6	-3,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-4,5
Other operating income	6,2	-4,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,1
Depreciation and amortisation expenses	-25,9	16,4	0,0	-9,5	-0,3	0,0	0,1	0,0	0,2	0,0	0,0	-18,9
Operational FX differences	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Impairement of assets	-2,3	-6,6	0,0	-1,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-9,9
Digital transformation initiatives	-4,4	4,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Operating profit	**14,7**	**9,7**	**-0,6**	**0,5**	**-0,1**	**0,0**	**0,1**	**0,0**	**-1,3**	**0,0**	**0,0**	**23,1**
Finance costs net	5,0	0,1	0,0	-0,9	0,0	-9,7	0,0	0,0	0,0	0,0	0,0	-5,5
Share in the results of investments in associates and joint ventures (equity method)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Profit before income tax	**19,7**	**16,4**	**-0,6**	**-0,4**	**-0,1**	**-9,7**	**0,1**	**0,0**	**-1,3**	**0,0**	**0,0**	**17,6**
Income taxes	-9,6	0,0	0,0	0,0	0,1	0,0	-0,8	0,0	0,0	0,0	1,9	-8,4
Profit for the period	**10,1**	**16,4**	**-0,6**	**-0,4**	**-0,1**	**-9,7**	**-0,7**	**0,0**	**-1,3**	**0,0**	**1,9**	**9,2**

A.4 Narrative explanation on the remeasurements

IFRS 1 – First time adoption

The header includes mainly reclassifications following the different treatment of elements between BE GAAP and IFRS. Reclassifications relate to transaction costs relating to the issuance of debt instruments which were previously presented as Formation expenses and under IFRS are deducted from the proceeds following the issuance of the debt instrument.

In addition the amount recognized as goodwill at the date of transaction has been fixed and any goodwill amortizations have been excluded from the statement of profit and loss as goodwill is not amortized under application of IFRS. Nevertheless, the Group recognized in the statement of profit and loss an impairment loss at 30 June 2020 due to the general decline in economic conditions during the outbreak of Covid-19. This impairment loss has been adjusted to reflect the depreciations which were reversed with regards to the related goodwill.

Finally, under BE GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2020. The resulting adjustment was recognised against accumulated losses.

IFRS 15 – Revenue recognition

Under BE GAAP, the Group previously only considered whether services were distinct in the contract to determine separate performance obligations and accounted for them accordingly. Under IFRS, as explained in the accounting policies, the Group also assesses the different revenue streams and whether the services stipulated in the contract are capable of being distinct in order to determine the performance obligations. As a result of this analysis, implementation services relating to software developed by the Group are no longer always considered distinct services and, when applicable, are grouped with the other services in the contract as a single performance obligation. In the related case, implementation related revenues and costs are deferred until the go-live date of the project which is typically the date at which the client starts benefitting from the services offered.

IFRS 16 – Leases

Under BE GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, as explained in the accounting policies, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments.

IAS 19 – Employee benefits

Under BE GAAP, the Group recognised costs relating to the Belgian pension plan with a guaranteed WAP return, as well as the French retirement obligation on a cash basis. Under IFRS, these plans are recognized as defined benefit plan obligations and are measured using the projected unit credit method.

IFRS 3 – Business combinations

In the course of 2020, the Group obtained control over Pointlogic and Adessa. Under BE GAAP, the Group did not measure the assets acquired and the liabilities assumed through a purchase price accounting process. As both acquisitions are considered business combinations under IFRS, the Group has reevaluated the measurement of the assets acquired and liabilities assumed in line with IFRS. As such, the purchase price has been allocated to intangible assets (customer contracts, internally generated software and trade name) and liabilities related to earn-outs were recognised to the extent that their settlement was probable and the amounts could be measures reliably.

IFRS 9 – Fair value

At 1 January 2020, the Group possessed an investment portfolio which was measured at cost under BE GAAP. Under IFRS, the value of this asset was adjusted to its market value at the date of transition. The investment portfolio was sold during the first six month period of the year ended 31 December 2020.

IAS 20 – Government grants

In the process of developing its software, the Group obtains various forms of government assistance which under BE GAAP were either recognized directly in equity and subsequently amortized in line with the amortizations of the assets to which they related, or recognized as deduction from current income tax expenses. Under IFRS, the related government grants are recognized as part of the cost to develop the related software and are hence presented net of the intangible asset to which they relate.

IAS 37 – Provisions

Under BE GAAP, a provision has been recorded for repair and maintenance as well as a provision relating to digital transformation initiatives. These provisions do not qualify for recognition as a liability according to IAS 37, and have been derecognised.

IAS 38 – Intangible assets

The Group uses several third party software solutions which qualify as cloud based solutions. Under BE GAAP, the cost incurred to implement these solutions is recognized as an intangible asset. Under IFRS, these assets do not qualify for recognition as the Group has no control over them.

IFRS 2 – Share based payments

Under BE GAAP, the accounting of the share-based payments depends on whether existing shares are used or new shares are issued to settle the transaction. For share-based payments by the issuance of new shares, no expense is recognized. When the transaction is settled using existing shares, a cost is recognized on a pro-rata basis for the difference between the exercise price at grant date and the estimated fair value at the exercise date.

Following the IFRS accounting principles, the existing share-based payment plans have been categorized as equity-settled plans. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, if any, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payment reserve.

IAS 12 – Income taxes

Following the adjustments made, as detailed above, the Group has remeasured the deferred tax assets and liabilities applying the tax rates enacted or substantively enacted at each balance sheet date. In addition, the Group has reassessed the tax positions throughout the different tax jurisdictions where it is currently active, and adjusted current income tax provisions, taking into account ongoing discussions with tax authorities at that time.

B. New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group intends to apply these standards and interpretations when applicable:

- 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 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 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)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

The above changes are not expected to have a significant effect on the Group.

2.4. Specific accounting policies

As this is the first period in which the Group applies IFRS, a full set of accounting policies is presented in the interim condensed consolidated financial statements.

2.4.1. Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4.2. Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed of the acquired subsidiary at the date of acquisition. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The goodwill recognized in the statement of financial position is allocated to the aggregations of Cash Generating Units (CGUs), since this is the lowest level at level at which goodwill is monitored for internal management purposes and it is not possible to allocate goodwill to individual CGU's on a reasonable and non-arbitrary basis. These aggregations of CGUs are People Solutions and Staffing & Career Solutions.

2.4.3. Foreign currency transactions

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). The euro is the presentation currency of the Group.

Transactions and balances

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the statement of profit and loss. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Foreign exchange gains and losses that relate to interest-bearing debts and cash and cash equivalents are presented in the statement of profit and loss within respectively Financial expenses or Financial income. All other foreign exchange gains and losses are presented as a separate line item in the statement of profit and loss.

Foreign operations

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into euro using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

2.4.4. Intangible assets

Intangible assets mainly concern software and the expected useful lives range from 3 to 5 years.

A. Intangible assets acquired separately or in the context of a business combination

Intangible assets are recognised if and only if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of that asset can be measured reliably. Intangible assets that are acquired separately are measured at cost less accumulated amortisation and accumulated impairment losses. The cost of a separately acquired intangible asset comprises its purchase price. Any directly attributable cost of preparing the asset for its intended use is also included in the cost of the intangible asset. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Recognition of costs in the carrying amount of an intangible asset ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by the Group.

Intangible assets acquired in a business combination are measured at cost at the date of acquisition. Subsequent to initial recognition, intangible assets acquired in a business combination are subject to amortisation and impairment test, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

B. Internally-generated intangible assets

To assess whether an internally generated intangible asset meets the criteria for recognition, the Group classifies the internal generation of assets into a research phase and a development phase. Expenditure on research is recognised as an expense when it is incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique projects controlled by the Group are recognized as intangible assets when the Group can demonstrate that the following criteria are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Management uses its judgement to assess whether the above conditions are met.

The cost of an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. The cost of an internally-generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful life. Amortisation begins when the asset is capable of operating in the manner intended by management. Until that date intangible assets are tested for impairment on an annual basis.

C. Government grants

The Group obtains various forms of government assistance such as investment grants, R&D tax credits, … with regards to the intangible assets which it develops internally. These grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. The grant is presented net of the carrying amount of the intangible asset to which it relates and is subsequently recognized in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

2.4.5. Property, plant and equipment

Property, plant and equipment are recognised as assets at acquisition or production cost if and only if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, together with the initial estimation of the costs of dismantling and removing the asset and restoring the site on which it is located, if applicable.

After initial recognition at historical cost, property, plant and equipment owned by the Group are depreciated using the straight-line method and are carried on the statement of financial position at cost less accumulated depreciation and impairment. Depreciation begins when the asset is capable of operating in the manner intended by management and is charged to profit or loss, unless it is included in the carrying amount of another asset. Land is not depreciated. The residual value and the useful life of property, plant and equipment are reviewed at least at the end of each reporting period. The depreciation method is also reviewed annually.

The expected useful lives for the main items of property, plant and equipment are as follows:

- Buildings: 20-33 years
- Leasehold improvements: over the period of the lease agreement (or the expected useful lives if lower)
- Plants, machinery & equipment: 3-5 years
- Office equipment & furniture: 3-10 years
- IT equipment: 3 to 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.4.6. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

A. Right-of-use-assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the duration of the contract.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

B. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

C. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value, which is defined as being less than € 5.000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.4.7. Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When applying the fair value less cost of disposal, the fair value is defined as the market price to sell the related asset or transfer the related liability in an at arm's length transaction, measured at the reporting date. The cost of disposal is deducted from the fair value and concerns costs other than those that have been recognized as a liability, such as (but not limited to) legal costs and non-refundable taxes.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss is recognised whenever recoverable amount is below carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses for assets, excluding goodwill, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.4.8. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash consist of cash and cash equivalents, as defined above, as well as mid-long deposits with a maturity date above three months which are considered an integral part of the Group's cash management.

2.4.9. Financial assets and liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial assets

Initial recognition and measurement

Investments in financial assets are divided into various categories. Classification of these investments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Management determines the classification at the time of the purchase.

Purchase and sale of financial assets are recognized on the settlement date, which is the date an asset is delivered to or by the Group. In case of financial assets classified and measured at amortised cost, the cost also includes transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as either financial assets at amortised cost or financial assets at fair value through profit or loss.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and other receivables, and non-current financial assets.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired, or the Group has transferred substantially all the risks and rewards of the asset.

Impairment

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, impairment is recognised based on the probability of recovery assessed according to the type of receivable individually or by experience-based statistical methods

The allowance for expected credit losses (ECL) of trade receivables is based on individual assessments of expected non-recoverable receivables as well as on expected credit losses estimated using a provision matrix by reference to past default experiences together with forecast assessments on the recoverability of trade receivables. The Group applies the simplified approach permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

B. Financial liabilities

Initial recognition and measurement

Initially, financial liabilities are measured at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and other financial liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified as either financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost are subsequently measured using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any significant financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4.10. Shareholder's equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Under Belgian law, a distribution is authorised when it is approved by the shareholders. A corresponding amount is subsequently recognised directly in equity.

2.4.11. Income tax

The tax currently payable is based on taxable profit for the year, which differs from profit as reported in the statement of profit and loss because of temporary or permanent tax differences (items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible). Income tax for the current and prior periods is recognised as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid, exceed the amount due. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and tax losses carried-forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and tax losses carried-forward can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of goodwill or assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. The measurement reflects the Group's expectations, at the end of the reporting period, as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Although the current and deferred tax assets and liabilities are separately recognised and measured, they are offset in the statement of financial position to the extent that the Group plans to settle the current tax asset and current tax liability on a net basis, when they relate to income taxes levied by the same taxation authority and the taxation authority permits the entity to make or receive a single net payment.

2.4.12. Share-based payments

A share-based payment is a transaction in which the Group receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the Group's shares or other equity instruments of the Group. The accounting for share-based payment transactions depends on how the transaction will be settled, that is, by the issuance of equity, cash, or both equity or cash.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, if any, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payment reserve.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

2.4.13. Provisions

A. Recognition and measurement

A provision is recognised when the Group has a present obligation (legal or constructive), at the end of the reporting period, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of time value of money is material.

B. Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.4.14. Employee benefits

The Group grants its employees post-employment benefits (pension plans, retirement indemnities, etc.) and other long-term benefits (e.g. long-service awards). For post-employment benefits, a distinction is made between defined benefit plans and defined contribution plans.

A. Post-employment benefits – Defined benefit plans

The obligations under defined-benefit plans are calculated by the projected unit credit method, which determines the present value of entitlements earned by employees at year-end under all types of plan, taking into consideration estimated future salary increases.

Such post-employment benefit obligations are measured using the following methods and main assumptions:

- retirement age, determined on the basis of the applicable rules for each plan, and the requirements to qualify for a full pension;

- career-end salary levels, with reference to employee seniority, projected salary levels at the time of retirement based on the expected effects of career advancement, and estimated trends in pension levels;

- forecast numbers of pensioners, determined based on employee turnover rates and applicable mortality tables;

- a discount rate that depends on the duration of the obligations, determined at the year-end date by reference to the market yield on high-quality corporate bonds or the rate on government bonds whose duration is coherent with the Group's commitments to employees.

The amount of the provision corresponds to the value of obligations less the fair value of the plan assets that cover those obligations.

Current service cost which is the actuarial cost of providing benefits in respect of service rendered is recognised as an expense in profit or loss for the current period.

Interest cost which arises as a result of the unwinding of the discount in the present value calculation is recognised in net finance cost in profit or loss for the current period. It is determined by multiplying the net defined benefit liability (asset) with the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings (or accumulated losses) through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

B. Post-employment benefits – Defined contribution plans

With respect to defined contribution plans, the contributions payable are recognised when employees have rendered the related services. These related contributions are expensed as incurred. Any amount unpaid at the end of the period is recognised as a liability.

Following IAS 19R, defined contribution plans with a minimum funding guarantee are accounted for as defined benefit pension plans.

C. Other long-term benefits

Other long-term employee benefits, such as service awards, are also accounted for using the projected unit credit method. The accounting treatment is similar to the method applied for post-employment benefits.

D. Termination benefits

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.4.15. Revenue from contracts with customers

Revenue comprises the expected consideration for services rendered and goods sold during the year and is recognized when control over the promised goods and services is transferred to the customer. A performance obligation is a promise in a contract to transfer a distinct service to the customer. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if it does not satisfy the "highly probable criterium".

SD Worx People Solutions provides services in the areas of payroll, HR (including HR administration), workforce management, legal support, training, automation, consultancy and outsourcing. 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.

Revenue from contracts with customers is recognised when control of these services (and the related goods when applicable) are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

A. HR managed services

Revenue from HR managed services ranges from SaaS only to more complex managed services offerings. In addition within managed service offerings additional elements such as software, managed expenses and analytics services are typically offered. These revenues are recognized over time when the services are rendered.

These revenues can consist of a basic fixed fee and/or variable revenue based on a number of factors, such as number of employees, number of pay slips generated, number of expense reports produced, … As all the deliverables within the context of a contract are usually highly interdependent, they are deemed to be one performance obligation.

When the services provided relate to own developed software, the Group has assessed that any implementation services provided in connection to the contract do not qualify as a separate performance obligation as the client cannot benefit from the implementation services on a standalone basis (eg are not distinct within the context of the contract). Payments and receivables related to these implementation services are hence deferred along with associated costs until the go-live. The release of deferred implementation revenue and costs is recognised on a straight-line basis over the contract term. The adjusted revenue from the provision of services will be recognised over the period that the service for a performance obligation is provided.

The transaction price for the contract is determined as the sum of fixed considerations, expected monthly billing, less an estimate of volume discounts if any. Other variable items such as higher / lower employee numbers for PEPM charge (per employee per month amounts charged to customer), credits for service level, third party penalties or inflation increases are taken in the month they are received or incurred. Termination fees are taken at a point in time when the termination is complete.

The outright sale of third-party software under reseller agreements is a single performance obligation which is fulfilled at a point in time when the license ownership is transferred to the customer. Revenue arising from such contracts is recognised at this point.

B. Consulting and advisory services

The Group also enters into contracts with customers for installation, customisation, maintenance or other technical services or consultancy on third party software, and other advisory services. Each promise under these contracts is a separate performance obligation and revenue is recognised for such contracts on a time and material basis or percentage of completion method.

C. Staffing and Career services

Through the staffing and career services, the Group obtains revenue through temporary placements. The revenue for these contracts is recognized over time based on the number of hours worked, and includes the amounts received or receivable for the services delivered by the temporary workers, including their salary and salary-related employment costs (gross basis). The employment costs for these temporary workers are presented in the statement of profit and loss under staffing costs. Revenue from services rendered is recognized in the statement of profit and loss in proportion to the progress in execution of the contract as of the balance sheet date, which is measured on the basis of costs (mainly hours) incurred to date as a percentage of total estimated costs for each contract.

Revenue from permanent placements includes the fee received or receivable for the services provided. This fee is generally determined as a percentage of the remuneration package of the selected candidate (net basis). The revenue related to the permanent placement is recognized at a point in time when the service is complete, in most cases being the start date of the candidate placed. In the case of 'retained assignments', revenue is recognized upon the completion of certain pre-agreed stages of the service, and for which the fee is considered non-refundable. Allowances are established to estimate losses due to candidates placed who do not remain employed during the agreed guarantee period.

Revenue from outplacement services is recognized over time during which the service is provided. The recognition is based on the progress of the contract, measured in terms of hours.

D. Contract balances

If a customer pays, or the Group has an unconditional right to receive consideration, before the performance obligation is completed, then the revenue is not recognised and a deferred liability is created.

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the revenue is recognised and an accrued revenue asset is created. The assets are assessed for impairment in line with IFRS 9.

An asset is recognised for costs to fulfil contracts if the following criteria are met:

- The costs are directly related to a contract;
- The costs generate or enhance the Group's resources used in satisfying performance obligations in the future;
- The costs are expected to be recovered.

The nature of costs that are eligible include direct labour and associated costs, sub-contractor costs, contract management and materials. Other costs such as general and administration, wasted resources and expenses that relate to satisfied performance obligations are all recognised as expenses.

The asset is amortised over the period that the benefit will be transferred to the customer. Assets are assessed for impairment in line with IFRS 15. An impairment loss is recognized in profit or loss when the carrying value of the asset exceeds the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates less the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

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 2020, with the exception of those specifically impacted by the first time adoption of IFRS, and which are detailed below:

- Impairment testing of goodwill (refer to note 7);
- Provisions for income taxes (refer to note 6);
- Actuarial valuation of employee benefits (refer to note 11);
- Valuation of leases (refer to note 10); and
- Revenue recognition (refer to note 5).

Note 4. Business combinations

During the first six months of 2021, the Group entered into several business combinations of which more information is provided below.

Aditro:

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

The acquired business contributed revenues of mio €10,7 and a net profit after tax of mio €0,3 to the Group for the period between acquisition and 30 June 2021. If the acquisition had occurred on 1 January 2021, contribution towards consolidated revenue and consolidated net profit after tax for the half-year ended 30 June 2021 would have been mio € 31,6 and mio € -1,0 respectively.

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. The remaining 26% which is not held by the Group, equal to mio €0,1, is presented as non-controlling interest and was measured using the proportionate method. 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.

The acquired business contributed revenues of mio €0,1 and a net profit after tax of mio €0,2 to the Group for the period between acquisition and 30 June 2021. If the acquisition had occurred on 1 January

2021, contribution towards consolidated revenue and consolidated net profit after tax for the half-year ended 30 June 2021 would have been mio €2,0 and mio €0,1 respectively.

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 provide a more broad based solution to clients as they continue to switch to cloud solutions.

The acquired business did not yet contribute revenues or net profit after tax to the Group for the period between the acquisition and 30 June 2021. If the acquisition had occurred on 1 January 2021, contribution towards consolidated revenue and consolidated net profit after tax for the half-year ended 30 June 2021 would have been mio €10,5 and mio €1,2 respectively.

Impact on the financials

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

	Amounts in mio €
Cash and cash equivalents	6,7
Intangible assets	11,2
Property, plant and equipment	0,5
Right-of-use assets	4,7
Financial assets	0,1
Inventory	0,0
Receivables	20,1
Provisions	-0,4
Borrowings and lease liabilities	-12,6
Payables	-20,5
Employee benefit obligations	-0,7
Net deferred tax assets/(liabilities)	0,9
Net assets acquired	10,1
Less: Non-controlling interest	-0,1
Less: Previously held equity instruments	-0,4
Add: Goodwill	123,6
Total consideration transfered	**133,2**
Of which: Cash paid	133,2
Contingent consideration	-

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, 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.

Acquisition related costs with regards to these transactions of mio €1,5 are included in "Acquisition costs".

Note 5. 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 services in the areas of payroll and HR Managed services as well as HR consulting services.

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.

Amounts in mio €	**30/06/2021**	**30/06/2020**
SD Worx People Solutions	287,0	265,3
SD Worx Staffing & Career Solutions	117,0	98,3
Intersegment elimination	-1,3	-1,1
Total revenue from contracts with customers	402,7	362,5

SD Worx People Solutions saw its revenues growing with 7,8%. On a like for like basis, revenues continue to increase year after year, 4,0% compared with the first semester of last year and 5,6% compared with the first semester of the pre-covid year 2019.

SD Worx Staffing & Career Solutions was negatively impacted by the corona crisis last year but is now growing with over 19% in revenue to EUR 117,0 million in the first half of this year, which brings us almost at the level of 2019.

The geographic split of the revenue of the group is presented in the schedule below.

Amounts in mio €	**30/06/2021**	**30/06/2020**
Belgium	253,7	232,3
Netherlands	62,9	52,9
Germany	37,8	37,9
UK	24,0	26,4
France	6,6	6,0
Sweden	4,5	0,0
Luxemburg	3,8	3,4
Finland	3,5	0,0
Norway	2,7	0,0
Other	3,2	3,5
Total revenue from contracts with customers	402,7	362,5

Note 6. Income taxes

The Group recognized a tax expense of mio €11,4 for the period ended 30 June 2021 compared to mio €8,4 over the comparative period. The Group's effective tax rate for these periods has remained stable at 32%. The total increase in tax expenses can therefore predominantly be explained by the higher taxable result of the Group for the first six months of 2021. The effective tax rate itself has remained stable whereby increases, such as higher tax incentives for R&D, have been compensated by additional losses for which no deferred tax asset has been recognized.

During the first 6 months of 2021 the Group has not recognized additional deferred tax assets based on unrecognized tax losses carried forward, nor has it derecognized any deferred tax assets following changes in estimates of future recoverability.

Note 7. Goodwill

The increase in goodwill is explained by the acquisitions of Aditro, Teal Partners NV, and Launch! resulting in a net increase by mio €123,6, as well as exchange differences totaling mio €1,8.

Goodwill is allocated by to the following cash-generating units for impairment testing:

a) SD Worx People Solutions; and

b) SD Worx Staffing & Career Solutions.

The Group performs its annual goodwill impairment testing at 31 December of each year, 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. No impairments have been recognized at 30 June 2021. Over the comparative period, the Group recognized a total impairment charge of mio €8,8 on the goodwill related to SD Worx Staffing & Career Solutions, due to the general decline in economic conditions, which heavily impacted the staffing business during the early stages of the outbreak of Covid-19.

Following the transition to IFRS, the Group has reassessed the goodwill, as remeasured, based on the goodwill impairment testing performed at 31 December 2020. The goodwill impairment at 31 December 2020 testing was performed using a value-in-use method applying a weighted average cost of capital specific for each cash-generating unit (8.84% for SD Worx People Solutions and 9.71% for SD Worx Staffing & Career Solutions) and a long term growth rate of 2%. The underlying assumptions have not significantly changed between the date of estimation and 30 June 2021. As such the Group has concluded that no impairment should be recognized on any of the Group's CGU's.

Note 8. Intangible assets

The Group's intangible assets increased by mio €18,7, relating mainly to the in-house development of software (mio €14,4), intangible assets acquired from business combinations (mio €11,2), and a net positive impact from exchange rate differences.

The increases were offset by amortizations totaling mio €7,5 (30 June 2020: mio €5,9).

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

Note 9. Property, plant and equipment

The Group's property, plant and equipment decreased by mio €1,7. Additions to property, plant and equipment relate mainly to investments in buildings, building improvements, and hardware, totaling mio €1,3, as well as assets acquired from business combinations (mio €0,5).

The depreciation charge for the six month period ended 30 June 2021 totals mio €3,5, compared to mio €3,6 in the previous period.

No impairments on property, plant and equipment have been recognized during the current period.

Note 10. 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. The lease term for vehicles varies from 4 to 5 years, for office spaces from 4 to 12 years, and for service agreements 4 years.

The Group has certain leases of office spaces and company cars with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these types of leases.

Following new lease contracts, the Group recognized a total of mio €18,7 additional right-of-use assets / lease liabilities, which related principally to contracts to lease additional office spaces in Mechelen (Belgium) and in Malaga (Spain).

The total depreciation charge recognized in profit and loss amounts to mio €10,3 (30 June 2020: mio €9,5), of which mio €4,1 relating to office spaces, mio €3,5 relating to company cars and mio €2,7 relating to service agreements. In addition, mio €0,7 of interest expenses have been recognized in profit and loss (30 June 2020: mio €0,9).

During the current year, several lease contracts have been early terminated, resulting in the derecognition of (part of) the remaining asset and liability value. These early terminations usually relate to company cars and to a lesser extent to office spaces. There have been no other significant modifications to lease contracts during the period. For the lease of office spaces, the Group is exposed to potential future increases in variable lease payments based on an index, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

We refer to note 13 for an analysis the Group's lease liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date.

The lease agreements do not impose any covenants.

Note 11. Other non-current assets

Other non-current assets consist out of Group's Pension assets and the non-current part of the IFRS 15 deferrals. The Group's pension plans are further disclosed in note 13 below.

Note 12. Other current financial assets

The other current financial assets consist of short term cash deposits for a total amount of mio € 50,0, cash guarantees totaling mio € 1,6 and mio € 0,6 other assets. The short term cash deposits have a maturity date which is longer than 3 months and as such are not considered as cash equivalent in the statement of financial position, but are considered by Group management as part of the regular cash management of the Group.

Note 13. Employee benefit obligations

The Group has several defined contribution and defined benefit pension plans in Belgium, which are funded through group insurance plans. Some of these defined contribution plans are subject to a minimum return guarantee by the employer as specified by the law of 28 April 2003, amended by the law of 18 December 2015. Under application of IFRS, these plans are also considered defined benefit plans, whereas these were previously considered defined contributions plans.

In Germany and the UK, the Group also has defined benefit pension plan schemes in place, for which the necessary provisions are recognized in the statement of financial position as being the present value of the defined benefit obligation minus the fair value of the plan assets.

As the Group previously measured it's pension obligations using a method similar to the one prescribed under IFRS, no significant changes have occurred, with the exception of those changes indicated above.

Note 14. 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 2021 and 31 December 2020 are as follows:

Amounts in € 000	**30/06/2021**	**31/12/2020**
Borrowings and lease liabilities > 1 year	129,2	130,7
Add Borrowings and lease liabilities < 1 year	90,0	22,7
Less Cash and cash equivalents	-78,9	-122,4
Less Mid-long deposits	-50,0	-50,0
Net Financial Debt/(Cash)	**90,3**	**-19,0**
Less Lease liabilities (current and non-current)	-69,9	-62,3
Net Financial Debt/(Cash), net of lease liabilities	**20,4**	**-81,4**

The Group is funded through the SD Worx Senior Facilities Agreement and a subordinated bond. Throughout the period, the Group has drawn mio € 115 of the SD Worx Senior Facilities Agreement, of which mio €45 has been repaid.

Financial covenants on the SD Worx Facilities Agreement and the Subordinated Bond is tested bi-annually on a rolling last-12-month basis. At 30 June 2021, there is no breach and no event of default with respect to either of these instruments.

Note 15. Financial risk management

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to foreign currency risk, credit risk and interest rate risk, and liquidity risk. The Group's senior management oversees the management of these risks.

A. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group currently does not use any derivative instruments to hedge foreign currency risks. The net equity risk (i.e. the risk arising from the consolidation of equity investments in foreign currency subsidiaries) is also not hedged, as none of the subsidiaries in foreign currency are situated in a country with a high inflation rate in comparison to average inflation rate in Europe.

Around 8,2% of the revenue of the Group is generated by subsidiaries of which the activities are operated in a currency other than the euro. The main foreign currencies for which a change in exchange rate could have a material impact on the Group are the GBP, MUR, SEK and NOK.

The currency sensitivity analysis is prepared assuming that the euro would have weakened / strengthened during the first 6 month period of 2021 by 10%, against the important foreign currencies, which the Group estimates to be a reasonably possible change of the exchange rate.

Amounts in mio €		**GBP**	**MUR**	**SEK**	**NOK**
Profit and loss for the period	+10%	-0,4	0,4	0,0	-0,1
	-10%	0,6	-0,5	0,0	0,1
Equity	+10%	0,7	0,7	1,0	0,4
	-10%	-0,9	-0,9	-1,2	-0,5

B. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade and other receivables

At the reporting date, the Group has no significant concentrations of credit risk, as many clients of the group's clients are spread across a large number of industries and situated in several different countries.

Amounts in mio €	**30/06/2021**	**31/12/2020**
Trade receivables	126,2	133,3
Other receivables	31,1	16,0
Prepaid payroll taxes	4,2	0,2
Other prepayments	25,6	13,9
Trade and other receivables	187,2	163,5

Trade receivables increased significantly compared to year-end, which is entirely related to the newly-acquired entities.

Outstanding customer receivables and contract assets are regularly monitored by the credit and collections department. No important allowance for impairment in respect of trade receivables was accounted for.

Financial assets

The Group carefully considers whether or not to invest any surplus cash positions in high-quality financial assets.

C. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. At 30 June 2021, the Group has 54% of its borrowings (excluding lease liabilities) at a fixed rate. The floating part is mainly influenced by changes in the Euribor 6 months. An increase of the applicable interest rate by 1 percent has an impact of mio €0,3 on profit and loss of the full year.

D. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations. The Group's approach to liquidity risk is to ensure, as far as possible, that it will always have sufficient funds available to meet its liabilities when due, under both normal and stressed conditions. This risk is managed by having sufficient availability of cash, as well as committed and uncommitted credit lines, both at Group and subsidiary level.

The following table presents the contractual maturities for the financial liabilities, the numbers aggregate current and non-current portions:

Amounts in mio €	Carrying amount	Contractual Cashflows	1 year or less	Between 1 and 5 years	More than 5 years
Borrowings	149,3	150,5	70,5	80,0	-
Lease liabilities	69,9	70,8	19,5	41,2	10,1
Other financial liabilities	7,2	7,2	-	7,2	-
Trade and other payables	172,1	172,1	172,1	-	-
30 June 2021	**398,4**	**400,6**	**262,1**	**128,4**	**10,1**
Borrowings	91,0	92,5	5,3	7,2	80,0
Lease liabilities	62,3	63,2	17,4	39,3	6,5
Other financial liabilities	9,2	9,2	2,1	7,2	-
Trade and other payables	136,2	136,2	136,2	-	-
31 December 2020	**298,8**	**301,1**	**160,9**	**51,7**	**86,2**

Note 16. Events after the balance sheet date

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

Note 17. Group structure

With the exception of the acquisitions of new subsidiaries (refer to note 4), there have been no other changes to the group structure or the related ownership percentages compared to 31 December 2020.

Note 18. Alternative performance measures

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 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.

A. Normalizations

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 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

B. EBITDA and Normalized EBITDA

EBITDA is defined as earnings before net finance costs, income taxes, depreciations and amortizations, and impairments. 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 mio €	30/06/2021	30/06/2020
Operating profit	**38,5**	**23,1**
Depreciations and amortisations	21,3	18,9
EBITDA	**59,8**	**42,0**
Restructuring & integration costs	1,6	1,5
Acquisition & transaction costs	1,5	0,4
Non-committed stock based compensations	1,4	1,4
Impairment of assets	0,0	9,9
Normalized EBITDA	**64,3**	**55,2**

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 2021.

On behalf of the company

f dierckx
f dierckx (Aug 26, 2021 16:10 GMT+2)

Filip Dierckx
Chairman of the
Board of Directors

VermeerschH
VermeerschH (Aug 26, 2021 16:12 GMT+2)

Hector Vermeersch
Chief Financial Officer

Report on the review of the consolidated interim financial information of SD Worx NV for the six-month period ended 30 June 2021

Deloitte.

SD Worx NV

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2021

The original text of this report is in Dutch

Report on the review of the consolidated interim financial information of SD Worx NV for the six-month period ended 30 June 2021

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 2021, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes 1 to 16.

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 International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 886,7 million EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 24,0 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 IAS 34, "Interim Financial Reporting" as adopted by the European Union. 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 IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Signed at Zaventem.

The statutory auditor

Digitally signed by
Maurice Vrolix
DocuSign
Signed By: Maurice Vrolix (Signature)
Signing Time: 8/26/2021 | 2:16:07 PM CEST
C: BE
Issuer: Citizen CA
369AFC38DF0043E3AE273008EC2693FE

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

Digitally signed by
Bernard De Meulemeester
DocuSign
Signed By: Bernard De Meulemeester (Signature)
Signing Time: 8/26/2021 | 2:18:23 PM CEST
C: BE
Issuer: Citizen CA
319078185B8747408648F2C582620A4F

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Bernard De Meulemeester

Signature: f dierckx
f dierckx (Aug 26, 2021 16:10 GMT+2)
Email: filip.dierckx@sdworx.com
Title: voorzitter rvb

Signature: VermeerschH
VermeerschH (Aug 26, 2021 16:12 GMT+2)
Email: hector.vermeersch@sdworx.com
Title: CFO SD Worx nv

IFRS - Interim condensed - H1 2021 (final)

Final Audit Report 2021-08-26

Created:	2021-08-26
By:	Marita Philips (marita.philips@sdworx.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAQIP6rxbFjTWCmD5e6oYTcl6VizD0xbCF

"IFRS - Interim condensed - H1 2021 (final)" History

Document created by Marita Philips (marita.philips@sdworx.com)
2021-08-26 - 13:59:47 GMT- IP address: 151.248.54.81

Document emailed to f dierckx (filip.dierckx@sdworx.com) for signature
2021-08-26 - 14:00:29 GMT

Document emailed to VermeerschH (hector.vermeersch@sdworx.com) for signature
2021-08-26 - 14:00:29 GMT

Email viewed by f dierckx (filip.dierckx@sdworx.com)
2021-08-26 - 14:09:24 GMT- IP address: 151.248.54.81

Document e-signed by f dierckx (filip.dierckx@sdworx.com)
Signature Date: 2021-08-26 - 14:10:02 GMT - Time Source: server- IP address: 151.248.54.81

Email viewed by VermeerschH (hector.vermeersch@sdworx.com)
2021-08-26 - 14:10:29 GMT- IP address: 151.248.54.81

Document e-signed by VermeerschH (hector.vermeersch@sdworx.com)
Signature Date: 2021-08-26 - 14:12:11 GMT - Time Source: server- IP address: 151.248.54.81

Agreement completed.
2021-08-26 - 14:12:11 GMT