

SD Worx NV

Earnings release for the financial
year ending 31 December 2021



Regulated information

Forenote

The condensed income statement and balance sheet for the financial year ending 31 December 2021 of SD Worx NV and its subsidiaries (“SD Worx” or the “Group”) included in this Earnings Release are reported under the International Financial Reporting Standards as endorsed by the EU (“IFRS”). SD Worx NV will publish a full set IFRS financial statements in its annual report per end of April 2022.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Please note that therefore Pointlogic HR has been consolidated from 7 February 2020 and the Adessa Group as from 9 April 2020. The Aditro Group was acquired at the end of April 2021 and thus these entities are consolidated following the full consolidation principles as from the month of May. The majority of the shares of Teal Partners were acquired on 21 May 2021 (74% or an additional 68% of the shares), so the entity is consolidated using the full consolidation principles as from then. The acquisition of the shares in (the) Launch! (entities) was completed per 28 June 2021. The Launch! entities are thus consolidated in full as from that date. During September 2021 an additional 12,78% was acquired of Equipe (84,78% in total – no impact on consolidated result, only on minority interest).

The results of the Aspex business have been included up till the moment of divestment November 1st, 2021. The assets and liabilities related to the sale of the Real Estate business have been presented as “held for sale” as they are planned to be sold per January 1, 2022.

Besides condensed a condensed income statement and balance sheet, SD Worx also presents alternative performance indicators to provide a more consistent and comparable indication of the Group’s underlying financial performance.

The Statutory Auditor, DELOITTE Bedrijfsrevisoren BV, represented by Ben Vandeweyer and Maurice Vrolix, has confirmed that the accompanying balance sheet of SD Worx NV as of December 31, 2021, and the related statements of income, and disclosing notes for the year then ended were not audited yet and, accordingly, the Statutory Auditor does not express an opinion on them.

FY'2021 Condensed Consolidated Income Statement (1/2)

In € 000

	FY'21 Actual	FY'20 Actual	YoY B/(W)	YoY B/(W) %
Revenues	858,1	743,5	114,6	15,4%
- Staffing costs	-614,8	-528,8	-86,0	16,3%
- Other operating cost	-131,8	-122,3	-9,4	7,7%
- Non-allocated initiatives	0,0	0,0	0,0	0,0%
+ Other operating income	4,5	4,1	0,4	8,5%
+/- Income and expenses related to impairments of assets	-0,7	-0,2	-0,5	0,0%
+/- Operational FX differences	0,2	0,0	0,2	0,0%
<i>Total net operating costs</i>	<i>-742,5</i>	<i>-647,2</i>	<i>-95,4</i>	<i>14,7%</i>
Normalized EBITDA	115,6	96,3	19,3	20,0%
<i>Normalized EBITDA margin %</i>	<i>13,5%</i>	<i>13,0%</i>	<i>0,5%</i>	<i>4,0%</i>
- Restructuring and integration costs	-5,4	-3,0	-2,4	81,0%
- Acquisition & transaction costs related to third parties	-1,7	-0,4	-1,3	353,5%
- Non-committed stock based compensation	-4,1	-2,1	-1,9	91,3%
- Impairment of goodwill	0,0	-8,8	8,8	0,0%
+/- Profit/(Loss) from material business and asset disposal	0,0	-1,3	1,3	0,0%
+/- Profit/(Loss) from discontinued operations	0,0	0,0	0,0	0,0%
+/- Other non-operating income/expense below the line	-0,3	0,2	-0,5	0,0%
EBITDA	104,1	81,0	23,2	28,6%

FY'2021 Condensed Consolidated Income Statement (2/2)

In € 000

	FY'21 Actual	FY'20 Actual	YoY B/(W)	YoY B/(W) %
EBITDA	104,1	81,0	23,2	28,6%
- Depreciations and amortisations	-23,6	-18,5	-5,2	27,9%
- Depreciations and amortisations (right-of-use assets IFRS 16)	-21,4	-19,4	-2,0	10,4%
- Depreciations and amortisations from Purchase Price Allocations	-3,4	-0,5	-2,9	570,3%
EBIT	55,8	42,6	13,1	30,8%
- Financial expenses	-7,4	-11,2	3,8	-33,8%
+ Financial income	1,2	1,6	-0,3	-22,4%
+/- Non-operational FX differences	-0,2	1,0	-1,3	-121,6%
Profit before tax	49,3	34,1	15,3	44,9%
- Taxes	-2,7	-10,1	7,4	-73,6%
Profit after tax	46,7	24,0	22,7	94,6%
Profit and loss associated companies	0,1	0,1	0,0	0,0%
Consolidated net result after tax	46,8	24,1	22,7	94,4%
Result of the Group	46,7	24,7	22,0	89,0%
Profit attributable to non-controlling interest	0,1	-0,6	0,7	-121,9%
Consolidated net result	46,8	24,1	22,7	94,2%

FY'2021 Consolidated Balance Sheet

In €000

	FY2021	FY2020
Non-current assets	528.028	413.457
Goodwill	318.485	219.723
Intangible assets	94.936	44.886
Property, plant and equipment	17.046	56.389
Right of Use assets	54.430	60.846
Investments in associates - equity method	486	365
Financial assets	2.038	1.474
Other non-current assets	13.501	10.017
Deferred tax assets	27.106	19.758
Current assets	328.459	346.011
Inventories	399	473
Trade and other receivables	195.843	163.451
Current income taxes	6.641	7.766
Other financial receivables	2.117	819
Cash and cash equivalents > 3M	12	50.022
Cash and cash equivalents	64.486	122.373
Funds held for clients	1.162	1.106
Assets held for sale	57.799	0
Total assets	856.486	759.467

	FY2021	FY2020
Equity	463.017	388.543
Capital	596.554	592.632
Share premium	1	0
Treasury shares	0	0
Other reserves	3.295	-630
Translation differences	-1.549	-4.273
SBP reserve	4.844	3.643
Hedging reserve	0	0
Retained earnings	-136.832	-203.459
Non-controlling interest	254	59
Non-current Liabilities	175.387	204.810
Borrowings > 1 year	78.820	85.735
Other financial liabilities > 1 year	6.653	7.189
Lease liabilities > 1 year	38.329	44.940
Provisions	6.519	5.899
Employment benefit obligations	37.400	57.782
Deferred tax liability	5.316	1.057
Other non-current liabilities	2.351	2.209
Current Liabilities	217.828	166.055
Borrowings < 1 year	205	5.278
Other financial liabilities < 1 year	989	2.055
Lease liabilities < 1 year	18.651	17.397
Provisions	0	0
Trade and other payables	182.946	136.167
Funds held for clients	1.162	1.106
Current tax liabilities	4.805	4.052
Liabilities held for sale	9.070	0
Total equity & liabilities	856.486	759.467

FY'2021 vs FY'2020 Segment Information

In €Mln

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

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

		FY21 Actual	FY'20 Actual	21/20
Revenue	SD Worx People Solutions	606,9	529,5	14,6%
	SD Worx Staffing & Career Solutions	253,8	216,8	17,1%
	Intersegment elimination	<u>-2,6</u>	<u>-2,7</u>	<u>-3,1%</u>
	CONS Revenue	858,1	743,5	15,4%
Normalized EBITDA	SD Worx People Solutions	110,8	90,2	22,8%
	SD Worx Staffing & Career	6,6	7,2	-8,1%
	SD Worx NV	-1,6	-1,0	61,1%
	Intersegment elimination	<u>-0,1</u>	<u>0,0</u>	<u>n.a.</u>
	CONS nEBITDA	115,6	96,3	20,0%

Non-adjusting events after the reporting period

- As per 2 January 2022, SD Worx NV sold 100% of the shares of SD Worx Real Estate NV to its majority shareholder WorxInvest NV. SD Worx Real Estate NV had only recently become the owner of the SD Worx real estate branch in Belgium due to the partial demerger mentioned above. The SD Worx group will lease back a significant portion of the disposed property.
- As per 14 January 2022, the group acquired 100% of the shares of Pro-pay NV. A Belgian payroll and HR services company with offices in Brussels.

Changes in the consolidation scope

- As per 28 April 2021, the group acquired all of the shares of the Aditro group, a leading Cloud HR & Payroll software provider in Sweden, Finland and Norway.
- As per 21 May 2021, the group acquired an additional 68% of the issued shares of Teal Partners BV, a Belgian based software development provider, increasing its total interest in the company from 6% to 74%.
- On 29 June 2021, the Group acquired 100% of the issued shares of the Launch! group, which is active in the implementation, maintenance and outsourcing of SAP SuccessFactors services.

Alternative Performance Measures (1/2)

Alternative performance measures (“APMs”) present useful information which supplements the group’s financial statements and which allow the reader of the financial statements to better understand the financial state of the Issuer and the wider Group. These measures are not defined under 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

The Group considers its stock-based compensations plans as non-committed in the sense that currently no active plan or commitment exists to reissue a new plan in the upcoming year.

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.

Alternative Performance Measures (2/2)

B. EBITDA and Normalized EBITDA

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

Amounts in mio €	2021	2020
Operating profit	55,7	42,7
Depreciations and amortisations	48,4	38,3
EBITDA	104,1	81,0
Restructuring & integration costs	5,4	3,0
Acquisition & transaction costs	1,7	0,4
Non-committed stock based compensations	4,1	2,1
Impairment of assets	0,0	8,8
Profit/(Loss) from material business and asset disposal	0,0	1,3
Profit/(Loss) from discontinued operations	0,0	0,0
Other non-operating income/expense below the line	0,3	-0,2
Normalized EBITDA	115,6	95,4

C. Gross margin

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

The following table provides a reconciliation of the gross margin.

Amounts in mio €	2021	2020
Revenue relating to SD Worx Staffing & Career Solutions	253,8	216,8
Direct employee benefit expenses	-211,3	-177,2
Gross margin	42,5	39,6

Compliance Certificate

The Group confirms that the Adjusted Leverage does not exceed 4:1 as per the Reference Date 31 December 2021.

F. Dierckx

F Dierckx (25 Feb 2022 17:45 GMT+1)

Filip Dierckx, Chairman of the Board of
Directors

Nadine Aerts

Nadine Aerts (25 Feb 2022 14:11 GMT+1)

Nadine Aerts, Chief Financial
Officer

Contact

NAME Nils De Bremaeker – Investor Relations

TELEPHONE +32 3 220 28 11

EMAIL Nils.debremaeker@sdworx.com

WEBSITE www.sdworx.com



Thank you!

