

SD Worx NV

Earnings release for the financial
year ending 31 December 2022



Regulated information

Forenote

The condensed income statement and balance sheet for the financial year ending 31 December 2022 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 2023.

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 Aditro Group has been consolidated as from the end of April 2021, Teal Partners BV as off 21 May 2021 (74% or an additional 68% of the shares) and Launch! as from 28 June 2021. Pro-Pay NV was acquired on 14 January 2022 and is subsequently consolidated following the full consolidation principles during 2022. The majority of the shares of Huappi were acquired on 24 March 2022 (80% of the shares), so the entity is consolidated using the full consolidation principles as from then. The Group additionally acquired all of the shares off HRPRO d.o.o (6 July 2022), Intelligo Ltd (26 October 2023) and Enter Systems II SL, also referred to as Integrho (3 November 2022). These entities are thus consolidated in full as from the date of acquisition. During December 2022 the final 15% was acquired of Equipe BV, no residual minority interest remained after this date.

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" per December 31, 2021 as they have been sold per January 2, 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, 2022, 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'2022 Condensed Consolidated Income Statement (1/2)

In € 000 000

	FY '22 Actual	FY '21 Actual	YoY B/(W)	YoY B/(W) %
Revenues	962,1	858,1	104,0	12,1%
- Staffing costs	-683,1	-614,8	-68,3	11,1%
- Other operating cost	-146,7	-131,8	-15,0	11,4%
+ Other operating income	5,0	4,5	0,5	11,1%
+/- Income and expenses related to impairments of assets	-0,2	-0,7	0,5	0,0%
+/- Operational FX differences	-0,5	0,2	-0,6	0,0%
<i>Total net operating costs</i>	<i>-825,4</i>	<i>-742,5</i>	<i>-82,9</i>	<i>11,2%</i>
Normalized EBITDA	136,7	115,6	21,1	18,3%
<i>Normalized EBITDA margin %</i>	<i>14,2%</i>	<i>13,5%</i>	<i>0,7%</i>	<i>5,5%</i>
- Restructuring and integration costs	-7,3	-5,4	-1,9	35,8%
- Acquisition & transaction costs related to third parties	-1,1	-1,8	0,7	-39,7%
- Non-committed stock based compensation	-8,2	-4,1	-4,1	100,0%
- Impairment of goodwill	0,0	0,0	0,0	0,0%
+/- Profit/(Loss) from material business and asset disposal	24,2	0,0	24,2	0,0%
+/- Profit/(Loss) from discontinued operations	0,0	0,0	0,0	0,0%
+/- Other non-operating income/expense below the line	-0,6	-0,3	-0,3	0,0%
EBITDA	143,9	104,1	39,7	38,2%

FY'2022 Condensed Consolidated Income Statement (2/2)

In € 000 000

	FY '22 Actual	FY '21 Actual	YoY B/(W)	YoY B/(W) %
EBITDA	143,9	104,1	39,7	38,2%
- Depreciations and amortisations	-25,8	-23,6	-2,1	9,1%
- Depreciations and amortisations (IFRS 16)	-24,3	-21,4	-2,9	13,5%
- Depreciations and amortisations from PPA	-5,8	-3,4	-2,4	71,3%
EBIT	88,1	55,8	32,3	57,9%
- Financial expenses	-7,3	-7,4	0,1	-1,1%
+ Financial income	0,8	1,2	-0,4	-31,1%
+/- Non-operational FX differences	0,3	-0,2	0,5	-243,8%
Profit before tax	81,9	49,3	32,6	66,0%
- Taxes	-0,9	-2,7	1,7	-65,5%
Profit after tax	81,0	46,7	34,3	73,5%
Profit and loss associated companies	0,0	0,1	-0,1	0,0%
Consolidated net result after tax	81,0	46,8	34,2	73,1%
Result of the Group	81,0	46,7	34,4	73,6%
Profit attributable to non-controlling interest	0,0	0,1	-0,2	-119,0%
Consolidated net result	81,0	46,8	34,2	73,1%

FY'2022 Consolidated Balance Sheet

In €000

	31 Dec 2022	31 Dec 2021	YoY B/(W)
Non-current assets	595.041,6	528.027,7	67.013,9
Goodwill	367.738,6	318.484,9	49.253,7
Intangible assets	107.110,8	94.936,3	12.174,5
Property, plant and equipment	17.808,9	17.045,7	763,2
Right of Use assets	62.111,7	54.429,9	7.681,8
Investments in associates - equity meth	122,5	485,5	-363,0
Financial assets	1.719,9	2.038,1	-318,2
Other non-current assets	10.099,6	13.501,2	-3.401,7
Deferred tax assets	28.329,6	27.106,1	1.223,5
Current assets	315.848,9	328.458,5	-12.609,6
Inventories	764,9	398,7	366,2
Trade and other receivables	231.950,1	195.842,7	36.107,4
Current income taxes	7.061,2	6.641,0	420,2
Other financial receivables	2.778,0	2.128,8	649,3
Cash and cash equivalents	71.469,5	64.485,9	6.983,6
Funds held for clients	1.825,3	1.162,4	662,9
Assets held for sale	0,0	57.799,1	-57.799,1
Total assets	910.890,5	856.486,3	54.404,2

	31 Dec 2022	31 Dec 2021	YoY B/(W)
Equity	290.208,1	463.017,0	-172.808,9
Capital	492.049,5	596.553,6	-104.504,1
Share premium	-3,3	0,9	-4,2
Translation differences	-12.520,3	-1.549,0	-10.971,4
Other reserves	47.503,3	24.116,6	23.386,8
Retained earnings	-236.821,1	-156.105,2	-80.716,0
Non-controlling interest	1.250,6	254,0	996,6
Non-current Liabilities	157.988,1	175.387,4	-17.399,3
Borrowings > 1 year	81.017,3	78.819,5	2.197,8
Other financial liabilities > 1 year	3.178,4	6.653,1	-3.474,7
Lease liabilities > 1 year	45.970,8	38.329,3	7.641,5
Provisions	3.465,2	6.518,9	-3.053,7
Employment benefit obligations	15.224,5	37.400,2	-22.175,7
Deferred tax liability	6.363,3	5.315,6	1.047,7
Other non-current liabilities	2.768,6	2.350,8	417,8
Current Liabilities	461.443,8	217.827,9	243.615,8
Borrowings < 1 year	236.869,1	204,9	236.664,2
Lease liabilities < 1 year	23.353,1	18.650,6	4.702,5
Other financial liabilities < 1 year	4.154,6	989,2	3.165,4
Trade and other payables	189.878,1	182.946,1	6.932,1
Funds held for clients	1.825,3	1.162,4	662,9
Current tax liabilities	5.363,5	4.804,6	559,0
Liabilities held for sale	0,0	9.070,2	-9.070,2
Total equity & liabilities	910.890,5	856.486,3	54.404,2

FY'2022 vs FY'2021 Segment Information (1/2)

In € 000 000

		FY '22 Actual	FY '21 Actual	22/21
Revenue	SD Worx PS	721,7	606,9	18,9%
	<i>Payroll & Reward / Core HR</i>	674,6	566,7	
	<i>Workforce Management</i>	46,5	40,2	
	<i>Talent Management</i>	0,6	0,0	
	SD Worx S&CS	245,4	253,8	-3,3%
	<i>Staffing & Recruitment</i>	245,4	253,8	
	Intersegment elimination	<u>-4,9</u>	<u>-2,6</u>	
	CONS Revenue	962,1	858,1	12,1%
Normalized EBITDA	SD Worx PS	132,4	110,8	19,5%
	<i>Payroll & Reward / Core HR</i>	122,8	101,0	
	<i>Workforce Management</i>	9,9	9,8	
	<i>Talent Management</i>	-0,3	0,0	
	SD Worx S&CS	4,6	6,6	-30,5%
	<i>Staffing & Recruitment</i>	4,6	6,6	
	SD Worx NV	-0,1	-1,7	-96,8%
	Intersegment elimination	<u>-0,2</u>	<u>0,0</u>	
		CONS nEBITDA	136,7	115,6

FY'2022 vs FY'2021 Segment Information (2/2)

In € 000 000

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 & Reward, Core HR services, Workforce management, and Talent management, as well as legal support, training, automation, and consulting services related to those fields; 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 consultancy.

Non-adjusting events after the reporting period

- None.

Changes in the consolidation scope

- On 14 January 2022, the Group acquired 100% of the issued shares of Pro-Pay NV, a Belgian based payroll and HR services company specialized in Belgian payroll for large international companies.
- On 24 March 2022, the Group acquired a majority share of 80% in Huapii BV, a Belgian based company that specialises in software and advice on talent management.
- On 6 July 2022, the Group acquired 100% of the issued shares of HR PRO d.o.o, a Croatia based payroll and HR services company, with a strong customer portfolio across Central Europe and the entire Balkan region.
- On 26 October 2022, the Group acquired 100% of the issued shares of Intelligo Software Ltd, the Irish market leader in payroll and HR solutions.
- On 3 November 2022, the Group acquired 100% of the issued shares of Enter Systems II, S.L. (commercially referred to as Integrho), a Spanish based provider of payroll software.

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.

“**EBITDA**” means Earnings Before Interest, Taxes, Depreciation and Amortisation, or operating result profit (loss) before charges for fixed asset depreciation, amortisation and impairment. As an explanation for the use of this APM, EBITDA provides an analysis of the operating results, excluding depreciation and amortisation, as they are non-cash variables which can vary substantially from company to company depending on accounting policies and the accounting value of the assets. Additionally, it is an APM which is widely used by investors when evaluating businesses (multiples valuation), as well as by rating agencies and creditors.

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

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

IFRS income statement including non-recurring classification

In € 000 000

	31 Dec 2022	31 Dec 2021
Revenue	962,1	858,1
- Services and other goods	-151,5	-131,8
- Employee benefit expenses	-692,5	-620,1
- Other operating expenses	-2,8	-6,0
+ Other operating income	29,2	4,5
- Depreciations and amortization expenses	-55,8	-48,4
- Impairment of assets	-0,2	-0,7
+/- Operational FX differences	-0,5	0,2
<i>Total net operating costs</i>	<i>-874,1</i>	<i>-802,4</i>
Operating profit	88,1	55,8
- Financial expenses	-7,3	-7,4
+ Financial income	0,8	1,2
+/- Net exchange difference relating to financing activities	0,3	-0,2
Finance costs net	-6,2	-6,4
+ Share of profit of associates and joint ventures	0,0	0,1
Profit before tax	81,9	49,5
- Taxes	-0,9	-2,7
Profit for the year	81,0	46,8
Attributable to:		
Equity holders of the parent	81,0	46,7
Non-controlling interests	0,0	0,1

Compliance Certificate

The Group confirms that the Adjusted Leverage does not exceed 4:1 as per the Reference Date 31 December 2022.

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F Dierckx (Feb 27, 2023 14:38 GMT+1)

Filip Dierckx, Chairman of the Board of Directors

Nadine Aerts

Nadine Aerts (Feb 27, 2023 14:37 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!



Signature: *F Dierckx*
F Dierckx (Feb 27, 2023 14:38 GMT+1)

Email: filip.dierckx@sdworx.com

Title: Chairman

Signature: *Nadine Aerts*
Nadine Aerts (Feb 27, 2023 14:37 GMT+1)

Email: nadine.aerts@sdworx.com

Title: CFO