

SD Worx NV

Earnings release for the financial
year ending 31 December 2023



Regulated information

Forenote

The income statement and balance sheet for the financial year ending 31 December 2023 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 2024.

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 the Group therefore consolidated the following newly acquired subsidiaries during 2023: Gavdi Poland (2 October 2023) and SoftMachine Systems S.L. (21 December 2023) In the comparative period, the Group obtained control over the following businesses: Pro-Pay NV (14 January 2022), Huapii BV (24 March 2021), 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).

Besides an 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, confirmed that the audit of the company's consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, and with the legal and regulatory requirements applicable in Belgium, is substantially completed. The statutory auditor confirmed the Financial Results are derived from the consolidated financial statements at 31 December 2023, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

FY'2023 Condensed Consolidated Income Statement (1/2)

In € 000 000

	FY '23 Actual	FY '22 Actual	YoY B/(W)	YoY B/(W) %
Revenue	1.058,0	962,1	95,8	10,0%
- Staffing cost	-725,8	-683,1	-42,7	6,3%
- Other operating cost	-156,7	-146,7	-10,0	6,8%
+ Other operating income	5,0	5,0	0,0	-0,6%
+/- Income and expenses related to impairments of assets	-0,4	-0,2	-0,2	0,0%
+/- Operational FX differences	1,4	-0,5	1,9	0,0%
<i>Total net operating costs</i>	<i>-876,4</i>	<i>-825,4</i>	<i>-51,0</i>	<i>6,2%</i>
Normalized EBITDA	181,6	136,7	44,8	32,8%
<i>Normalized EBITDA margin %</i>	<i>0,2</i>	<i>0,1</i>	<i>3,0%</i>	<i>20,8%</i>
- Restructuring and integration costs	-9,5	-7,3	-2,3	31,0%
- Acquisition & transaction costs related to third parties	-2,0	-1,1	-1,0	89,3%
- Non-committed stock based compensation	-5,4	-8,2	2,7	-33,5%
- Impairment of goodwill	-2,7	0,0	-2,7	0,0%
+/- Profit/(Loss) from material business and asset disposal	0,0	24,2	-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	0,0	-0,6	0,6	0,0%
EBITDA	161,8	143,9	17,9	12,5%

FY'2023 Condensed Consolidated Income Statement (2/2)

In € 000 000

	FY '23 Actual	FY '22 Actual	YoY B/(W)	YoY B/(W) %
EBITDA	161,8	143,9	17,9	12,5%
- Depreciations and amortisations	-31,1	-25,8	-5,3	20,6%
- Depreciations and amortisations (IFRS 16)	-25,0	-24,3	-0,8	3,2%
- Depreciations and amortisations from PPA	-7,5	-5,8	-1,7	28,7%
EBIT	98,3	88,1	10,2	11,6%
- Financial expenses	-10,6	-7,3	-3,3	44,7%
+ Financial income	2,0	0,8	1,1	136,3%
+/- Non-operational FX differences	-1,6	0,3	-1,9	-587,6%
Profit before tax	88,1	81,9	6,2	7,5%
- Taxes	-18,0	-0,9	-17,1	1859,4%
Profit after tax	70,1	81,0	-10,9	-13,5%
Profit and loss associated companies	0,1	0,0	0,1	0,0%
Consolidated net result after tax	70,1	81,0	-10,9	-13,4%
Result of the Group	70,1	81,0	-10,9	-13,5%
Profit attributable to non-controlling interest	0,0	0,0	0,0	-131,1%
Consolidated net result	70,1	81,0	-10,9	-13,4%

FY'2023 Consolidated Balance Sheet

In € 000 000

	31 Dec 2023	31 Dec 2022	YoY B/(W)
Non-current assets	617,7	595,0	22,8
Goodwill	369,1	367,7	1,3
Intangible assets	119,0	107,1	11,9
Property, plant and equipment	19,8	17,8	2,0
Right of Use assets	67,0	62,1	4,9
Investments in associates	0,2	0,1	0,1
Financial assets	2,9	1,7	1,1
Other non-current assets	11,7	10,1	1,6
Deferred tax assets	28,0	28,3	-0,3
Current assets	381,3	315,8	65,5
Inventories	0,9	0,8	0,1
Trade and other receivables	246,2	232,0	14,3
Current income taxes	5,5	7,1	-1,6
Other financial receivables	0,9	2,7	-1,8
Cash and cash equivalents > 3M	0,3	0,1	0,2
Cash and cash equivalents	125,8	71,5	54,4
Funds held for clients	1,7	1,8	-0,1
Assets held for sale	0,0	0,0	0,0
Total assets	999,0	910,9	88,1

	31 Dec 2023	31 Dec 2022	YoY B/(W)
Equity	453,2	290,2	163,0
Capital	548,0	492,1	55,9
Share premium	94,1	0,0	94,1
Treasury shares	0,0	0,0	0,0
Currency translation reserve	-13,2	-12,5	2,9
Other reserves	48,9	47,5	-0,6
Retained earnings	-224,6	-236,8	10,1
Non-controlling interest	1,2	1,3	0,0
Non-current Liabilities	163,3	158,0	5,3
Borrowings > 1 year	81,0	81,0	0,0
Other financial liabilities > 1 year	1,7	3,2	-1,5
Lease liabilities > 1 year	52,7	46,0	6,8
Provisions	3,3	3,5	-0,1
Employment benefit obligations	16,8	15,2	1,6
Deferred tax liability	5,2	6,4	-1,2
Other non-current liabilities	2,8	2,8	-0,2
Current Liabilities	381,2	461,4	-80,3
Borrowings < 1 year	70,8	236,9	-166,1
Other financial liabilities < 1 year	63,8	4,2	59,6
Lease liabilities < 1 year	22,1	23,4	-1,2
Provisions	0,0	0,0	0,0
Trade and other payables	213,8	189,9	23,9
Funds held for clients	1,7	1,8	-0,1
Current tax liabilities	9,0	5,4	3,6
Liabilities held for sale	0,0	0,0	0,0
Total equity & liabilities	999,0	910,9	88,1

FY'2023 vs FY'2022 Segment Information (1/2)

In € 000 000

Amounts in mio €		31 Dec 2023	31 Dec 2022	Difference
Revenue	SD Worx People Solutions	834,1	721,7	15,6%
	<i>Payroll & Reward / Core HR</i>	778,6	674,6	
	<i>Workforce Management</i>	54,6	46,5	
	<i>Talent Management</i>	0,8	0,6	
	SD Worx Staffing & Career Solutions	228,4	245,4	-6,9%
	Intersegment elimination	<u>-4,5</u>	<u>-4,9</u>	<u>-9,3%</u>
	CONS Revenu	1.058,0	962,1	10,0%
Normalized EBITDA	SD Worx People Solutions	177,3	132,4	33,9%
	<i>Payroll & Reward / Core HR</i>	166,3	122,8	
	<i>Workforce Management</i>	11,9	9,9	
	<i>Talent Management</i>	-0,4	-0,3	
	<i>Corporate</i>	-0,8	-0,1	
	SD Worx Staffing & Career Solutions	4,5	4,6	-0,7%
	Intersegment elimination	<u>0,0</u>	<u>-0,2</u>	<u>n.a.</u>
	CONS nEBITDA	181,6	136,7	32,8%

FY'2023 vs FY'2022 Segment Information (2/2)

In € 000 000

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

- SD Worx People Solutions includes a full range of solutions in the areas of payroll and HR Managed services, work force management as well as HR consulting services. The Group manages the segment by further disaggregating it into the solutions Payroll & Reward / Core HR, Workforce management, and Talent & Careers.
- SD Worx Staffing & Career Solutions is active in the areas of flexible work, temporary work, secondment, recruitment & selection, career guidance, outplacement, specific payroll for temporary workers and consultancy. The Group manages the segment as one single solution.

Non-adjusting events after the reporting period

- § On 8 December 2023, the Group entered into a binding agreement to acquire 80% of the outstanding shares of Romanian Software S.R.L. The company, with headquarter in Bucharest, is a provider of payroll and HCM software and services in Romania. The closing of this agreement is subject to several conditions precedent which are expected to be fulfilled during 2024.
- § There have been no other significant events after the balance sheet date.

Changes in the consolidation scope

- § On 2 October 2023, the Group acquired 100% of the issued shares of Gavdi Poland, a Polish company with headquarter in Warsaw. Gavdi Poland is a provider of SAP HCM and SAP Succesfactors consultancy but has also developed own products which it places in the market.
- § On 21 December 2023, the Group acquired 100% of the issued shares of International Softmachine Systems S.L. (also referred to as Softmachine), a Spanish company with headquarter in Barcelona. Sofrtmachine is a company specialized in the development and implementation of time and attendance and access control systems.

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 2023	31 Dec 2022
Revenue	1.058,0	962,1
- Services and other goods	-156,0	-151,5
- Employee benefit expenses	-734,0	-692,5
- Other operating expenses	-9,4	-2,8
+ Other operating income	5,0	29,2
- Depreciations and amortization expenses	-63,6	-55,8
- Impairment of assets	-3,1	-0,2
+/- Operational FX differences	1,4	-0,5
Total net operating costs	-959,7	-874,1
Operating profit	98,3	88,1
- Financial expenses	-10,6	-7,3
+ Financial income	2,0	0,8
+/- Net exchange difference relating to financing at	-1,6	0,3
Finance costs net	-10,2	-6,2
+ Share of profit of associates and joint ventures	0,1	0,0
Profit before tax	88,1	81,9
- Taxes	-18,0	-0,9
Profit for the year	70,1	81,0
Attributable to:		
Equity holders of the parent	-70,1	81,0
Non-controlling interests	0,0	0,0

Compliance Certificate

The Group confirms that the Adjusted Leverage does not exceed 4:1 as per the Reference Date 31 December 2023.

Filip Dierckx, Chairman of the Board of Directors

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Thank you!

