



Interim report

First semester financial year
2023

Regulated information

Forenote

The interim condensed consolidated financial statements for the financial half year ending 30 June 2023 of SD Worx NV and its subsidiaries ("SD Worx" or the "Group") are reported under the International Financial Reporting Standards as endorsed by the EU ("IFRS").

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Please note that therefore Pro-Pay NV has been consolidated as from 14 January 2022 and Huapii BV as from 24 March 2022. The acquisition of HRPRO d.o.o. (subsequently renamed to SD Worx Croatia), Intelligo Software Ltd, and Enter Systems II SL occurred after 30 June 2022.

Besides the interim condensed consolidated financial statements, SD Worx also presents alternative performance indicators to provide a more consistent and comparable indication of the Group's underlying financial performance.

A review of the interim financial information for the period ended per 30 June 2023 has been performed by the independent auditor of SD Worx NV.

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Half-year report

SD Worx marks good growth results in first half of 2023

Antwerp, 28 August 2023 – **SD Worx, the leading European HR solutions provider, reports good results for the first half of the year. It achieved a consolidated revenue of EUR 524.6 million, which is 10.4% more than the first half of 2022 (EUR 475.3 million). The consolidated normalised EBITDA grew by a quarter (26.1%) from EUR 70.2 million in the first half of last year to EUR 88.5 million during the first six months of this year. The consolidated net result amounted to EUR 42.5 million.**

Continuing sustainable European growth

On a like-for-like basis, adjusted for the acquisitions in 2022, the revenue rose 8.8% overall. Within Payroll & Reward, the revenue grew organically by 13.9%; the revenue from Workforce Management services and software increased by 16.6% compared to the first half of last year. The Staffing & Recruiting division felt the impact of the difficult market conditions in the staffing sector and recorded a decline in revenue of -6.8%. However, the gross margin of staffing & recruitment increased by 2.4%.

Filip Dierckx, Chairman of the board of directors at SD Worx: "We are very pleased with the results of Payroll & Reward and Workforce Management. Despite the more difficult market conditions, we continue to grow at double-digit rates. The staffing & recruitment market in general continues to face challenges and SD Worx does not escape them either. However, the good news is that our gross margin and EBITDA are growing in this market too."

The consolidated net result is EUR 42.5 million. This good result is admittedly lower than the EUR 53.7 million from the first half of 2022. However, that result was strongly influenced by the capital gain of EUR 23.6 million on the sale of real estate by SD Worx to parent company WorxInvest.

"We are continuing to build on our European growth strategy and are committed to reporting double-digit growth results in the second half of the year as well. With CVC as a minority shareholder of SD Worx, we will bring knowledge and experience on board to further accelerate our growth. We will continue to invest in our technology, services and employees to help our customers, wherever they are in Europe, with their payroll and HR and build long-term sustainable relationships with them. We absolutely believe that we can make a difference with our local expertise anywhere in Europe. We are always close to our customers and can also help them internationally thanks to our presence throughout Europe," says Kobe Verdonck, CEO of SD Worx.

Financial Results

Amounts in mio €	30 Jun 2023	30 Jun 2022	Difference
Revenue	524.6	475.3	49.3
- Employee benefit expenses	-362.5	-327.7	-34.8
- Other operating cost	-76.1	-79.8	3.7
+ Other operating income	2.9	2.5	0.5
+/- Income and expenses related to impairments of assets	0.0	-0.1	0.1
+/- Operational FX differences	-0.4	0.0	-0.4
Total net operating costs	-436.1	-405.1	-31.0
Normalized EBITDA	88.5	70.2	18.3
Normalized EBITDA margin %	16.9%	14.8%	2.1%
- Restructuring and integration costs	-3.2	-3.7	0.5
- Acquisition & transaction costs related to third parties	-0.6	-0.4	-0.2
- Non-committed stock based compensation	-1.8	-3.2	1.4
- Impairment of goodwill	0.0	0.0	0.0
+/- Profit/(Loss) from material business and asset disposal	0.0	24.3	-24.3
+/- Other non-operating income/expense	0.0	-0.8	0.8
EBITDA	82.9	86.4	-3.5
- Depreciations and amortisations	-13.7	-12.5	-1.2
- Depreciations and amortisations on right of use assets	-12.5	-11.8	-0.7
- Depreciations and amortisations from purchase price allocations	-3.1	-2.4	-0.7
EBIT	53.7	59.7	-6.1
- Financial expenses	-3.9	-3.6	-0.3
+ Financial income	0.3	0.9	-0.5
+/- Non-operational FX differences	4.9	-1.4	6.3
Profit before tax	55.0	55.5	-0.6
- Taxes	-12.5	-1.9	-10.6
Profit after tax	42.5	53.6	-11.1
Profit and loss associated companies	0.0	0.0	0.0
Consolidated net result after tax	42.5	53.7	-11.2
Result of the Group	42.5	53.6	-11.2
Profit attributable to non-controlling interest	0.0	0.0	0.0
Consolidated net result	42.5	53.7	-11.2

RESULTS PER SEGMENT

Organic like-for-like revenues per segment

Amounts in mio €		30 Jun 2023	30 Jun 2022	Difference
Revenue	SD Worx People Solutions	413.3	362.1	14,1%
	<i>Payroll & Reward / Core HR</i>	386.9	339.6	
	<i>Workforce Management</i>	26.0	22.3	
	<i>Talent Management</i>	0.4	0.3	
	SD Worx Staffing & Career Solutions	113.8	122.0	-6.8%
	Intersegment elimination	<u>-2.5</u>	<u>-1.8</u>	
	CONS Revenue	524.6	482.3	8,8%

Actual reported results per segment

Amounts in mio €		30 Jun 2023	30 Jun 2022	Difference
Revenue	SD Worx People Solutions	413.3	355.1	16.4%
	<i>Payroll & Reward / Core HR</i>	386.9	332.7	
	<i>Workforce Management</i>	26.0	22.3	
	<i>Talent Management</i>	0.4	0.2	
	SD Worx Staffing & Career Solutions	113.8	122.0	-6.8%
	Intersegment elimination	<u>-2.5</u>	<u>-1.8</u>	-
	CONS Revenue	524.6	475.3	10.4%
Normalized EBITDA	SD Worx People Solutions	86.4	68.3	26.5%
	<i>Payroll & Reward / Core HR</i>	82.1	64.1	
	<i>Workforce Management</i>	5.3	4.2	
	<i>Talent Management</i>	-0.3	-0.1	
	<i>Corporate</i>	-0.6	0.1	
	SD Worx Staffing & Career Solutions	2.1	1.9	10.2%
	Intersegment elimination	<u>0.0</u>	<u>0.0</u>	-
CONS nEBITDA	88.5	70.2	26.1%	

FURTHER DETAILS ABOUT THE NET RESULT

Non-recurring cost

Restructuring cost and integration costs amount to EUR 3.2 million and mainly relate to the integration and rebranding of Aditro, HRPRO, GlobePayroll, Adessa, Intelligo and Integrho into SD Worx,.

Acquisition and transactions costs have increased by EUR 0.2 million and are mainly related to earn-out remeasurements.

The cost of non-committed share plans for the group management is spread evenly over a vesting period of three years. The decrease of EUR 1.4 million compared to June 30th last year is mainly related to the employee share purchase programme issued in the first half of the financial year 2022. The employee share purchase programme provided the unique opportunity to every single employee of the group to acquire share certificates of SD Worx with a limited discount to its share price. As the employee share purchase programme, in contrast to the non-committed share plans for the group management, did not include a service requirement, the full cost of the plan was recognized upon issuance.

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

It should also be mentioned that in prior year's interim financial statements the international celebrations of the 75-year anniversary of SD Worx (EUR 0.8 million) have been normalized as other non-operating expenses.

Depreciations and amortizations

Depreciations and amortizations on tangible and intangible assets of EUR 29.2 million have been recorded per 30 June 2023 and are mainly related to the group's important and continuing investments in digital solutions and the refurbishment of office spaces (EUR 13.7 million), the depreciation of leased right-of-use assets such as rented buildings and company cars (EUR 12.5 million) and the amortization of intangible assets acquired in business combinations (EUR 3.1 million). The increase in depreciations and amortizations are largely a consequence of increased investments in digital solutions and the amortization of acquired intangible assets from business combinations, such as brand names and customer relationships.

Financial results

The financial result per 30 June 2023 amounts to EUR +1.3 million, mainly resulting from unrealized foreign currency gains on outstanding EUR payables in subsidiaries with a different reporting currency (EUR 4.9 million). Financial expenses consist of the interest costs of the subordinated EUR 80 million bond issued in June 2019, the committed EUR 250.0 million revolving credit facility, financial charges on lease liabilities and the interest accruing on the unpaid portion of the dividend, share buyback and capital decrease debt towards SD Worx' majority shareholder WorxInvest. Please do note that the full amount of shareholder payables towards WorxInvest have been repaid in June 2023.

Taxes

Tax charges increased by EUR 10.6 million from EUR 1.9 million as per June 30, 2022 to EUR 12.5 million in the current financial period. The tax rate in prior year was strongly impacted by the tax exempted capital gain realized on the sale of the shares of SD Worx Real Estate to WorxInvest and by deferred tax assets recognized on fiscal losses carried forward in view of the positive results of the group.

Net result

The net result amounts to EUR 42.5 million, which is EUR 11.2 million lower compared with prior year's interim financial period which was positively impacted by significant one-off effects such as the divestment of the real estate portfolio and the recognition of deferred tax assets. Adjusted for prior year's one-effects, we can state with confidence that the net result is at a record level per June 30, 2023. The main drivers to mention behind these strong results are the solid and continued growth in operational performance, the positive impact of EUR 3.3 million customer fund income on the group's operating profit and the strategic buy & build policy of the group.



Interim condensed consolidated financial statements

Interim Condensed Consolidated Statement of Profit and Loss for the six month period ended 30 June 2023

Amounts in thousand €	Note	30 Jun 2023 <i>(Unaudited)</i>	30 Jun 2022 <i>(Unaudited)</i>
Revenue	7	524,614.9	475,277.2
- Services and other goods	8	-74,362.7	-80,082.6
- Employee benefit expenses	9	-365,351.8	-332,129.9
- Other operating expenses	10	-4,501.8	-3,275.6
+ Other operating income	10	2,919.7	26,767.8
- Depreciations and amortization expenses	11	-29,229.8	-26,680.0
+/- Operational FX differences		-429.7	-43.0
- Impairment of assets		0.0	-110.3
<i>Total net operating costs</i>		<i>-470,956.1</i>	<i>-415,553.6</i>
Operating profit		53,658.7	59,723.6
- Financial expenses		-3,949.1	-3,622.4
+ Financial income		350.4	865.1
+/- Net exchange difference relating to financing activities		4,889.2	-1,437.7
Finance costs net	12	1,290.5	-4,195.0
+ Share of profit of associates and joint ventures		10.0	37.5
Profit before tax		54,959.2	55,566.1
- Taxes	13	-12,453.3	-1,874.7
Profit for the year		42,505.9	53,691.4
Attributable to:			
Equity holders of the parent		42,480.4	53,647.6
Non-controlling interests		25.4	43.8

Interim Condensed Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2023

Amounts in thousand €	Note	30 Jun 2023 <i>(Unaudited)</i>	30 Jun 2022 <i>(Unaudited)</i>
Profit for the year		42,505.9	53,691.4
Exchange differences on translation of foreign operations		-8,948.2	-4,668.4
Deferred tax on items that may subsequently be reclassified		-	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		-8,948.2	-4,668.4
Remeasurement gain/(loss) on defined benefit plans	17	864.2	20,710.6
Deferred tax on items that will not be subsequently reclassified	13	-179.0	-5,286.0
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		685.2	15,424.6
Other comprehensive income/(loss) for the year, net of tax		-8,263.0	10,756.2
Total comprehensive income for the year, net of tax		34,242.9	64,447.6
Attributable to:			
Equity holders of the parent		34,217.4	64,403.9
Non-controlling interests		25.4	43.8

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2023

Amounts in thousand €	Note	30 Jun 2023 (Unaudited)	31 Dec 2022 (Audited)
Non-current assets		599,561.0	595,041.6
Goodwill	14	364,067.2	367,738.6
Intangible assets	15	109,197.3	107,110.8
Property, plant and equipment		18,711.2	17,808.9
Right of Use assets		65,004.4	62,111.7
Investments in associates and joint ventures		132.5	122.5
Financial assets		2,667.9	1,719.9
Other assets		14,165.1	10,099.6
Deferred tax assets	13	25,615.3	28,329.6
Current assets		324,204.5	315,848.9
Inventory		974.0	764.9
Trade and other receivables		220,317.6	231,950.1
Current income taxes		2,901.3	7,061.2
Other financial assets		3,024.6	2,778.0
Cash and cash equivalents	18	95,423.1	71,469.5
Funds held for clients		1,563.9	1,825.3
Total assets		923,765.6	910,890.5

Amounts in thousand €	Note	30 Jun 2023 (Unaudited)	31 Dec 2022 (Audited)
Equity		328,921.0	291,458.7
Equity attributable to equity holders of the parent		327,655.7	290,208.1
Issued capital	16	492,060.0	492,060.0
Share premium		1.4	1.4
Currency translation reserve		-21,468.8	-12,520.3
Other reserves		51,001.9	47,503.3
Accumulated losses		-193,938.8	-236,836.3
Non-controlling interest		1,265.3	1,250.6
Non-current Liabilities		157,487.8	157,988.1
Borrowings	18	79,681.6	81,017.3
Lease liabilities	18	50,253.1	45,970.8
Other financial liabilities	18	349.6	3,178.4
Provisions		4,206.8	3,465.2
Employment benefit obligations	17	15,173.9	15,224.5
Deferred tax liability	13	5,005.7	6,363.3
Other liabilities		2,817.1	2,768.6
Current Liabilities		437,356.8	461,443.8
Borrowings	18	200,873.4	236,869.1
Lease liabilities	18	21,347.8	23,353.1
Other financial liabilities	18	6,781.1	4,154.6
Provisions		0.0	0.0
Trade and other payables		197,305.5	189,878.1
Funds held for clients		1,563.9	1,825.3
Current tax liabilities		9,485.1	5,363.5
Total equity & liabilities		923,765.6	910,890.5

Interim Condensed Consolidated Statement of Cash Flow for the six month period ended 30 June 2023

Amounts in thousand €	Note	30 Jun 2023 <i>(Unaudited)</i>	30 Jun 2022 <i>(Unaudited)</i>
Cash flow from operating activities			
Profit for the year		42,505.9	53,691.4
Adjustments for:			
Income tax expense recognised in profit and loss	13	12,453.3	1,874.7
Depreciations, amortizations and impairments	11	29,229.8	26,723.1
(Gain)/loss on disposal of intangibles and PPE		22.4	-738.9
(Gain)/loss on disposal of subsidiaries		0.0	-23,566.4
Impairment loss/(reversal) recognised on receivables		332.4	1,064.5
Increase/(decrease) of provisions		728.4	-453.3
Net financing (income)/cost		3,598.7	2,757.3
Change in employee benefits	17	3,704.2	6,771.6
Share based payment expense		3,261.8	3,732.3
Share of (profit) / loss of associates		-10.0	-31.1
Unrealized exchange rate differences		-4,676.7	288.0
Other adjustments		499.8	0.0
Change working capital			
Decrease/(Increase) in inventory		-209.1	-271.3
Decrease/(Increase) in trade and other receivables		9,636.7	-5,343.2
(Decrease)/ Increase in trade and other payables		9,586.9	-2,594.7
Decrease/(Increase) in other items		-1,784.6	1,378.4
Other items			
Use of provisions		-744.3	75.5
Contribution to pensions	17	-4,882.5	-6,994.7
Income tax (paid)/received		-2,587.4	-2,631.8
Cash flow from operating activities		100,665.8	55,731.5
Cash flow from investing activities			
Purchases of intangibles and PPE		-21,893.5	-17,347.2
Proceeds from sale of intangibles and PPE		0.0	3.0
Government grants obtained		780.0	0.0
Purchases financial assets		0.0	-423.2
Proceeds from sale of financial assets		1,758.6	987.2
Interest received		0.0	29.1
Dividends received		0.0	101.0
Payment of loans granted		0.0	-56.7
Proceeds from repayment of loans granted		0.0	2,350.0
Net cash outflow on acquisition of subsidiaries	5	-722.1	-20,155.9
Net cash inflow on disposal of subsidiaries		0.0	-327.3
Cash flow from investing activities		-20,077.0	-34,840.0

Amounts in thousand €	Note	30 Jun 2023 (Unaudited)	30 Jun 2022 (Unaudited)
Cash flow from financing activities			
Proceeds from borrowings	18	200,000.0	10,039.8
Repayment of borrowings	18	-236,302.9	-281.3
Repayment of lease liabilities	18	-12,616.1	-11,808.2
Dividends paid		-22.1	-257.7
Interest paid	18	-4,822.3	-4,021.1
Cash flow from financing activities		-53,763.4	-6,328.6
Total increase/(decrease) in cash		26,825.4	14,562.8
Total cash and cash equivalents at the beginning of the period		71,477.9	64,502.1
Total increase/(decrease) in cash		26,825.4	14,562.8
Impact exchange differences		-414.2	-355.1
Total cash and cash equivalents at the end of the period		97,889.1	78,709.9

For the purpose of the consolidated statement of cash flow, cash and cash equivalents also includes short term cash deposits with a maturity date longer than 3 months, but shorter than 1 year. Such short term deposits are presented as financial assets on the consolidated balance sheet; but are considered cash equivalents from a cash management perspective, and thus included as such in the consolidated statement of cash flow.

As part of their operations, the Group sometimes holds funds on behalf of their clients. Although these amounts are present on a bank account controlled by the Group, the use of this cash is restricted. The Group therefore does not present these funds as part of cash and cash equivalents on the face of the consolidated statement of financial position.

Total cash and cash equivalents as per the consolidated statement of cash flow reconciles as follows with the consolidated balance sheet.

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Short term deposits > 3 months		2,466.0	0.0
Cash and cash equivalents		95,423.1	78,709.9
Total cash and cash equivalents at the end of the period		97,889.1	78,709.9

Interim Condensed Consolidated Statement of Changes in Equity for the six month period ended 30 June 2023

Amounts in thousand € (Unaudited)	Consolidated statement of changes in equity						Total Equity	
	Attributable to the owners of SD Worx							
	Issued capital	Share premium	Currency translation reserve	Other reserves	Accumulate d losses	Total controllin g interests		
Balance per 1 January 2023	492,060.0	1.4	-12,520.3	47,503.3	-236,836.3	290,208.1	1,250.6	291,458.8
Profit for the year					42,480.4	42,480.4	25.4	42,505.9
Other comprehensive income			-8,948.2	864.2	-179.0	-8,263.0	0.0	-8,263.0
Total comprehensive income			-8,948.2	864.2	42,301.4	34,217.4	25.4	34,242.9
Repayments of equity and share capital						0.0		0.0
Transactions with non-controlling interests					-22.0	-22.0		-22.0
Non-controlling interests on business combinations						0.0		-22.1
Dividends						0.0		0.0
Share based payments				3,261.8		3,261.8		3,261.8
Other				-627.4	618.1	-9.3	11.4	2.1
Total transactions with owners				2,634.4	596.1	3,230.4	-10.7	3,219.7
Balance per 30 June 2023	492,060.0	1.4	-21,468.6	51,001.9	-193,938.8	327,655.7	1,265.3	328,921.0

Consolidated statement of changes in equity							Total	Non-controlling interests	Total Equity
Amounts in thousand € (Unaudited)	Attributable to the owners of SD Worx								
	Issued capital	Share premium	Currency translation reserve	Other reserves	Accumulated losses				
Balance per 1 January 2022	596,553.6	0.9	-1,549.0	24,116.6	-156,105.2	463,017.0	254.0	463,271.0	
Profit for the year					53,647.6	53,647.6	43.8	53,691.4	
Other comprehensive income			-4,668.4	20,710.6	-5,286.0	10,756.2		10,756.2	
Total comprehensive income			-4,668.4	20,710.6	48,361.6	64,403.9	43.8	64,447.7	
Repayments of equity and share capital	-128,969.2					-128,969.2		-128,969.2	
Transactions with non-controlling interests						0.0		0.0	
Non-controlling interests on business combinations						0.0	1,158.0	1,158.0	
Dividends						-16,179.7		-16,179.7	
Share based payments				3,656.6		3,656.6		3,656.6	
Other		1.0		-83.4	500.6	418.2	-29.0	389.2	
Total transactions with owners	-128,969.2	1.0	0.0	3,573.2	-159,574.8	-284,969.9	1,129.0	-283,840.9	
Balance per 30 June 2022	467,584.2	1.6	-6,217.4	48,400.6	-267,318.3	242,450.8	1,426.7	243,877.5	

Selected notes to the Interim Condensed Consolidated Statement

Note 1. General information

SD Worx NV (the "Company") is a limited liability company (naamloze vennootschap / société anonyme) incorporated in Belgium. The registered office is located at Brouwersvliet 2, 2000 Antwerp, Belgium. SD Worx NV is the holding company of the SD Worx group, which is structured in two sub-groups:

- SD Worx People Solutions provides services in the areas of Payroll & 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.

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 2023 were authorised for issue in accordance with a resolution of the directors on 25 August 2023.

Note 2. Summary of significant accounting policies

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

Basis of preparation

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

These interim condensed consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements, and should therefore be read in conjunction with the financial statements for the year ended 31 December 2022.

Changes in accounting policies and disclosures

The accounting policies applied to prepare these interim consolidated financial statements are consistent with the accounting policies as disclosed in the annual report of the accounting year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023, and which are listed below:

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (not yet endorsed by the EU)

These amendments did not have a significant effect on the Group.

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 2022.

Nevertheless, the Group has applied specific judgement in evaluating potential impairment indicators around its Staffing & Career Solutions segment, which is subject to a negative market outlook; as well as estimates made in determining the recoverable amount of the segment. We refer to note 14 for further explanation around the judgement that the Group applied, and the estimates made.

Note 4. Group structure

There have been no significant changes to the group structure or the related ownership percentages compared to 31 December 2022.

Note 5. Business combinations

New acquisitions made during the first six months of 2023

During the first six months of 2023, the Group did not enter into new business combinations.

Final purchase price allocations in 2023 relating to acquisitions from 2022

During the year ended 31 December 2022, the Group entered into the following business combinations. During that year, the Group acquired:

- 100% of the issued shares of Pro-Pay NV on 14 January 2022;
- A majority share of 80% of huapii BV on 24 March 2022;
- 100% of the issued shares of HRPRO d.o.o on 6 July 2022, renamed to SD Worx Croatia d.o.o;
- 100% of the issued shares of Intelligo Software Ltd on 26 October 2022; and
- 100% of the issued shares of Enter Systems II, S.L. (commercially referred to as Integrho) on 3 November 2022.

Further disclosure on the transactions, the rationale of acquisition, and the impact thereof on the financial results is provided in last year's financial statements. During the year ended 31 December 2022, the Group had accounted for provisional purchase price allocations relating to these transactions.

In the course of 2023, and within the measurement period, the purchase price allocation for Pro-Pay NV, huapii BV and SD Worx Croatia d.o.o was finalized. The following table summarizes the effects of adjustments made to the fair value of assets and liabilities, as included in the comparative figures of the current year.

Amounts in thousand €	Note	As previously reported	Adjustment	Final
Cash and cash equivalents		4,671.1		4,671.1
Intangible assets		5,934.6	1,440.0	7,374.6
Property, plant and equipment		213.4		213.4
Right-of-use assets		1,744.3		1,744.3
Inventory		499.6		499.6
Financial assets		12.7		12.7
Receivables		5,207.2		5,207.2
Provisions		0.0		0.0
Borrowings and lease liabilities		-2,776.1		-2,776.1
Payables		-5,197.6		-5,197.6
Employee benefit obligations		0.0		0.0
Net deferred tax assets/(liabilities)		-1,013.2	-259.2	-1,272.4
Net assets acquired		9,295.9	1,180.8	10,476.7
Less: Non-controlling interest		-19.2		-19.2
Less: Previously held equity instruments		0.0		0.0
Add: Goodwill		57,217.4	-1,180.8	56,036.6
Total consideration transferred		66,494.1		66,494.1
Of which: Cash paid		63,819.1		63,819.1
Contingent consideration		750.0		750.0
Deferred payment		1,925.0		1,925.0

Adjustments were primarily made with regards to intangible assets, following a remeasurement of their fair value. This fair value mainly related to the following assets:

- For customer relations an income approach method has been applied, more specifically the Multi-Period Excess Earnings Method. This method relies on a discounted cash flow model in which future cash flows attributed to existing customer contracts are discounted, considering Contributory Asset Charges, working capital and an expected attrition rate. This valuation resulted in a total fair value for customer relations of thousand € 1.406.
- The acquired software as well as brand names have been valued using a royalty relief method, which is a market-income methodology. In this model, the relevant asset has been measured based on the license payments which have been saved as a consequence of having the ownership of the acquired business. The royalty payments have been calculated as a percentage of revenue on an after-tax basis. This valuation resulted in a total fair value of brand names of thousand € 34.
- Deferred taxes were recognized for all fair value adjustments based on the effective tax rate of the respective country.

The remaining difference, allocated to goodwill, mainly consists out of expected long-term synergies, and competitive advantages such as the possibility to offer services in multiple regions. None of the goodwill is deductible for tax-purposes.

Note 6. Segment reporting

The Group reports its performance based on the 2 subgroups around which it is structured: People Solutions and Staffing & Career. Such reporting is performed up to the level of EBITDA, which is determined in compliance with IFRS. The segment reporting is provided on a regular basis to the members of the executive committee as well as the board of directors, which the Group has identified as the chief operating decision-maker. Other elements below EBITDA are not reported on a segment level. We refer to note x for more information around EBITDA as an alternative performance measure.

The Group does not report on its balance sheet or the cashflow statement at the segment level. Capital expenditure is however a measure monitored on a segment level. In this context capital expenditure is defined as additions to intangible assets, and property, plant and equipment, but presented net of government grants obtained.

The following tables provide the financial information on a segment level as well as the reconciliation to the total amounts for that respective period. Refer to note 7 for more information on entity-wide information on revenue per geography and major customers.

6 month period ended 30 June 2023 Amounts in thousand €	People Solutions	Staffing & Career	Inter- segment	Total
Revenue with external customers	412,989.7	111,625.2	0.0	524,614.9
Intersegment revenue	334.8	2,130.4	-2,465.2	0.0
Revenue	413,324.5	113,755.7	-2,465.2	524,614.9
Services and other goods	-69,820.5	-4,542.1	0.0	-74,362.7
Employee benefit expenses	-260,828.0	-106,989.1	2,465.2	-365,351.8
Other operating expenses	-4,322.5	-179.3	0.0	-4,501.8
Other operating income	2,825.5	94.2	0.0	2,919.7
Operational FX differences	-431.0	1.3	0.0	-429.7
Impairment of assets	0.0	0.0	0.0	0.0
EBITDA	80,747.9	2,140.7	0.0	82,888.5
Depreciations and amortization expenses				-29,229.8
Operating profit				53,658.7
Finance costs net				1,290.5
Share of profit of associates and joint ventures				10.0
Profit before tax				54,959.2
Taxes				-12,453.3
Profit for the year				42,505.9
Capital expenditure	19,724.5	608.4	0.0	20,332.9

6 month period ended 30 June 2022 Amounts in thousand €	People Solutions	Staffing & Career	Inter-segment	Total
Revenue with external customers	354,948.3	120,329.0		475,277.2
Intersegment revenue	124.0	1,671.7	-1,795.7	0.0
Revenue	355,072.3	122,000.6	-1,795.7	475,277.2
Services and other goods	-75,320.3	-4,762.2		-80,082.6
Employee benefit expenses	-218,503.5	-115,422.1	1,795.7	-332,129.9
Other operating expenses	-3,027.7	-247.9		-3,275.6
Other operating income	26,571.9	195.9		26,767.8
Operational FX differences	-42.9	-0.1		-43.0
Impairment of assets	-110.3	0.0		-110.3
EBITDA	84,639.5	1,764.2	0.0	86,403.7
Depreciations and amortization expenses				-26,680.0
Operating profit				59,723.6
Finance costs net				-4,195.0
Share of profit of associates and joint ventures				37.5
Profit before tax				55,566.1
Taxes				-1,874.7
Profit for the year				53,691.4
Capital expenditure	16,102.5	722.1	0.0	16,824.6

Note 7. Revenue from contracts with customers

Solutions & services

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.

As a result, the Group has defined 5 solutions which it offers to its clients. However considering the close relationship between Payroll & Reward and Core HR, the Group does not disaggregate financial performance of these 2 solutions, but monitors them on an aggregate basis.

Across these 5 solutions, the Group offers multiple services. The entire service offering of the Group is disaggregated into 4 distinct categories which intersects with the solutions, resulting in a well balanced portfolio offering. These categories of service offerings are Technology, Outsourcing, Expertise, and Data & Insights.

Revenue disaggregation

The table below disaggregates revenue based on the segments and solutions offered.

Amounts in thousand €	30 Jun 2023	30 Jun 2022
SD Worx People Solutions	413,324.5	355,072.3
- Payroll & Reward / Core HR	386,865.4	332,637.6
- Workforce management	26,042.0	22,274.0
- Talent & Careers	417.1	160.7
SD Worx Staffing & Career Solutions	113,755.7	122,000.6
<i>Intersegment elimination</i>	-2,465.2	-1,795.7
Total revenue from contracts with customers	524,614.9	475,277.2

SD Worx People Solutions saw its revenues growing with 16.4%. On a like for like basis, revenues continue to increase year after year, 14.1% compared with the first semester of last year. The growth is visible across all 3 business lines of the segment and is largely driven by price effects.

SD Worx Staffing & Career Solutions has seen a negative growth of 6,8% at the level of its gross revenues. The decrease is mainly situated within the temporary employment business, with other businesses continuing to grow. The overall decline is currently a general trend throughout the temporary employment market within both Belgium and the Netherlands. Margins with regards to the gross revenue generated by SD Worx Staffing & Career Solutions are typically lower compared to SD Worx People Solutions. As a result, the performance of the segment is evaluated based on its gross margin (which is defined as gross revenue minus directly attributable employee benefit expenses). During the first six months of 2023, the gross margin with regards to SD Worx Staffing & Career Solutions amounted to thousand € 21,452.5 (thousand € 20,932.8 over the first six months of 2022).

Revenue per geography

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

Amounts in thousand €	30 Jun 2023	30 Jun 2022
Belgium	311,422.3	282,566.9
Netherlands	82,174.5	78,746.5
Germany	42,494.6	37,740.5
UK	25,781.1	26,048.5
Sweden	14,464.3	14,004.5
Norway	11,206.5	10,796.1
Finland	10,599.1	8,563.0
France	8,925.5	7,995.2
Luxemburg	5,042.9	4,320.4
Other	12,504.0	4,495.7
Total revenue from contracts with customers	524,614.9	475,277.2

Seasonality of operations

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

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

Note 8. Services and other goods

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Facility costs		6,994.4	7,014.1
Information and technology		19,175.9	17,714.5
Hosting		6,939.7	6,684.6
Subcontracting		14,014.9	14,820.2
Marketing and communication		9,581.2	10,655.9
Professional fees		11,244.8	12,982.0
Commissions		1,381.0	1,221.4
Royalties		386.3	501.6
Acquisition related costs	5	606.2	373.3
Restructuring and integration		2,181.9	2,690.0
Insurance costs		941.9	633.3
Other		914.5	4,791.9
Total services and other goods		74,362.6	80,082.6

The total costs related to services and other goods have decreased by thousand € 5,719.9 (or 7.1%). The main cost drivers behind the services and other goods are professional fees, subcontracting and information and technology.

Note 9. Employee benefits

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Wages and salaries		246,355.0	214,316.0
Social security tax		56,562.5	52,598.8
Social insurances		2,036.0	1,750.0
Share based payment expense		1,829.7	3,921.0
Other employee benefits		27,494.0	28,810.5
Pensions and post-employment benefits		10,336.7	10,005.3
Training and education		1,264.7	1,429.2
Recruitment		1,821.4	2,582.8
External personnel		34,019.7	30,143.0
Capitalized to internal development projects		-16,367.9	-13,426.8
Total employee benefit expense		365,351.8	332,129.9
Of which direct costs	23	91,965.1	100,596.7

Employee benefit expenses amounted to thousand € 365,351.8, for over the first 6 months of 2023, compared with thousand € 332,129.9 over the comparative period. Although significantly higher than during the comparative period, the increase in employee benefit expense has remained approximatively on par with the increase in revenue.

The Group considers direct employee benefit expenses as those expenses relating to temporary workers and candidates which are recharged to clients as part of the revenues it obtains within the business segment SD Worx Staffing and Career Solutions.

Note 10. Other operating result

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Write down on receivables		329.5	1,082.1
Loss on trade receivables		647.8	208.3
Provisions		76.2	-315.5
Other taxes		739.0	904.5
Other expense		2,709.3	1,396.2
Total other operating expenses		4,501.8	3,275.6
Facility income		402.8	951.2
Commissions received		665.6	885.0
Gain on disposal of business		-	23,566.4
Gain on disposal of assets		-	737.9
Other income		1,851.3	627.4
Total other operating income		2,919.7	26,767.9
Net other operating result		-1,582.1	23,492.3

The total other operating result amounts to thousand € -1,582.1 compared with thousand € 23,492.3 last year. The decrease is driven by the realized gain on the sale of SD Worx Real Estate NV recognized during the first six months of 2022.

Note 11. Depreciations and amortizations

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Amortization intangible assets	15	13,898.2	11,847.2
Depreciations property, plant and equipment		2,832.7	3,023.9
Depreciations right-of-use assets		12,498.9	11,808.9
Total Depreciations and amortization expenses		29,229.8	26,680.0
Impairment right-of-use assets		-	54.0
Impairment goodwill	14	-	-
Other impairments		-	56.3
Total impairment of assets		-	110.3

Amortizations and depreciation charges are higher compared to last year as the Group continues to invest heavily in the software solutions provided to its clients.

Note 12. Financial result

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Interest expense on loans and borrowings		-3,055.2	-2,352.2
Interest expense on pension plans		-2.2	-70.8
Interest expense on lease liabilities		-861.6	-780.2
Loss on sale of financial assets		-	-
Other finance expense		-30.1	-419.2
Financial expenses		-3,949.1	-3,622.4
Interest income		100.0	541.7
Interest income on pension plans		74.1	0.0
Other finance income		176.4	323.4
Financial income		350.4	865.1
Net exchange difference relating to financing activities		4,889.2	-1,437.7
Finance costs net		1,290.5	-4,195.0

The total net finance costs is mainly driven by the interest expense on loans and borrowings. These expenses comprise the annual interest charge on the Group's listed bond at 3.8% per annum as well as other interest charges and commitment fees on the borrowings which the Group uses.

Note 13. Income taxes

Recognized in the Consolidated Statement of Profit and Loss

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Current year		11,438.9	5,886.4
Adjustments for prior year		253.4	-1,322.0
Current tax expense/(income)		11,692.3	4,564.4
Origination and reversal of temporary differences		557.5	-893.9
Utilization of previously recognized tax losses		3,453.4	1,961.0
Recognition current year's losses		-1,271.2	0.0
Recognition of previously unrecognized tax losses		-1,978.8	-3,756.8
Deferred tax expense/(income)		761.0	-2,689.7
Total tax expense		12,453.3	1,874.7

The Group recognized a tax expense of thousand € 12,513.0 for the period ended 30 June 2023 compared to thousand € 1,874.7 over the comparative period. The Group's effective tax rate for the periods has increased to 22.7 %. The Group's effective tax rate is influenced by the higher use of previously recognized tax losses, as well as a general higher level of current year income taxes following higher taxable bases.

Deferred taxes on the Consolidated Statement of Financial Position

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Net deferred tax asset at beginning of the year		21,966.3	21,790.5
Charged to income statement		-761.0	2,689.7
Recognized in other comprehensive income		-179.0	-5,286.0
Acquired through business combinations	5	-259.2	-682.9
Exchange differences		-176.1	-52.0
Other		18.6	-23.0
Net deferred tax asset at end of the period		20,609.6	18,436.3

During the first 6 months of 2023 the Group has recognized thousand € 3,250.0 additional deferred tax assets, mainly relating to its French operations, based on unrecognized tax losses carried forward and following a planned legal reorganization of the group structure which has resulted changes in estimates of future recoverability.

Note 14. Goodwill

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

- People Solutions, which provides services in HR & Payroll
- Staffing & Career Solutions, which provides services in the areas of flexible and temporary employment

The following table shows the movements in goodwill for the first six months of each respective period.

Amounts in thousand €	Note	2023	2022
Gross book value		514,508.9	466,830.9
Accumulated impairment		-146,770.3	-148,346.1
Carrying value at 1 January		367,738.6	318,484.9
Acquired through business combinations		-1,180.8	19,645.6
Disposals		-	-
Transfers		-	-921.4
Impairment		-	-
Foreign exchange difference		-2,490.6	-4,331.7
Gross book value		511,499.3	480,273.5
Accumulated amortization and impairment		-147,432.1	-147,398.1
Carrying value at 30 June		364,067.2	332,875.4

The decrease in goodwill is explained by the final allocation of provisional goodwill to other assets and liabilities following the finalization of the pending purchase price accounting of the PPA of Pro-Pay NV, huapii BV and SD Worx Croatia d.o.o.

Impairment testing

The Group performs its annual goodwill impairment testing at 31 December of each year. The Group's impairment test is based on a value-in-use calculation. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2022. However in case impairment indicators are present at an interim reporting date, cash generating units will be subject to impairment testing at the interim date.

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

Amounts in thousand €	Note	30/06/2023	31/12/2022
People Solutions		275,253.3	278.924,8
Staffing & Career Solutions		88,813.9	88.813,9
Total goodwill		364,067.2	367.738,6

At the reporting date, the Group evaluated whether or not indicators of impairment are present. The Group specifically considered that during the first 6 months of 2023, the Group has been subject to a negative market outlook affecting its Staffing & Career Solutions segment. These market conditions have resulted in an increased difficulty to meet the budgets applied in determining the value in use at 31 December 2022. Even though gross revenues are decreasing compared to last years, gross margin and EBITDA are both increasing compared to the same period last year; and

As a result of the above, the Group applied judgement in determining if an impairment indicator is present. The Group judged that, following the current negative market outlook affecting the Staffing & Career Solutions segment is considered an impairment indicator and thus performed an impairment test at an interim date. The Group did not identify any indicators of impairment with regards to the People Solutions segment.

The recoverable amount has been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions, which are subject to macroeconomic conditions, demand and competition in the markets where the Group is currently operating, product offerings, EBITDA margins, growth rates, capital expenditure and working capital, etc.

The Group has based its value in use calculations on updated forecasted financial information considering the latest information available when the impairment test was performed. A short term growth rate is subsequently applied to project financial information over the next five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. The resulting estimated future cash flows are discounted to their present value using an after-tax weighted average cost of capital (WACC).

The key market assumptions for the value-in-use calculations used to determine the recoverable amount are those regarding the discount rates and long term growth rates. Specific assumptions have been used to determine the underlying forecasts.

Assumptions	Note	30 Jun 2023	31 Dec 2022
SD Worx Staffing & Career Solutions			
Weighted average cost of capital		11.0%	10.4%
Long term growth rate		2.0%	2.0%

The WACC is determined using a bottom up approach as the weighted average of country specific WACCs, determined for each country separately where the Group is present. The WACC takes into account both debt and equity, which are weighted using the Group's target leverage. The cost of equity is determined using a country specific risk free rate adjusted for a CGU specific beta, which is reevaluated annually based on publicly available market data. The risk free rate is adjusted for a market risk premium and a size premium to correctly reflect the risks specific to each CGU. The cost of debt is determined using a country specific risk free rate adjusted for a credit spread reflecting the Group's creditworthiness. Country risk free rates range from 2.69% to 2.99%.

The long term growth rate was set at 2.0%, which is in line with the previous year. The growth rates are consistent with the long-term average market growth rates in which the Group operates and is determined based on the weighted average of the expected long term inflation for the countries where the Group operates.

The assumptions to determine the forecasts were mainly determined using historical performance, market expectations and the assessment of senior management for the remainder of the year 2023, which includes an expected improvement of the operational margin partially resulting from future cost savings. A short term growth rate has been applied in order to project revenue and costs from 2024 up to and including fiscal year 2028.

The assumptions used are usually reviewed on an annual basis, but have been reviewed specifically for the purpose of the current impairment testing of the Staffing & Career Solutions segment.

As a result of the impairment testing performed, the Group did not recognize any impairment on goodwill at 30 June 2023.

The following table provides a sensitivity analysis, detailing the effect of an unfavorable evolution of the related assumption.

Amounts in thousand €	Staffing & Career Solutions	
	Impact on operating value	New headroom
Discount rate +0.5%	-5,142.0	-1,990.6
Long term growth rate -0.5%	-3,350.4	-199.0
Short term growth rate -0.5%	-2,072.6	1,078.8
EBITDA margin -0.5%	-9,350.9	-6,199.5

Note 15. Intangible assets

6 month period ended 30 June 2023 Amounts in thousand €	Note	Software	Customer Contracts	Other Intangible assets	Total
Gross book value		173,342.9	32,789.4	1,114.4	207,246.7
Accumulated amortizations and impairments		-91,908.3	-7,355.5	-872.1	-100,135.9
Carrying value at 1 January		81,434.6	25,433.9	242.3	107,110.8
Additions		17,560.9			17,560.9
Government grants (-)		-1,560.6			-1,560.6
Amortization	11	-11,252.1	-2,576.9	-69.2	-13,898.2
Disposals		-26.6			-26.6
Acquired through business combinations	5		1,406.0	34.0	1,440.0
Foreign exchange difference		-607.4	-907.9		-1,515.3
Other		90.6		-4.3	86.3
Gross book value		188,847.7	33,002.9	1,127.6	222,978.2
Accumulated amortizations and impairments		-103,208.3	-9,647.8	-924.8	-113,780.8
Carrying value at 30 June		85,639.4	23,355.1	202.8	109,197.3

6 month period ended 30 June 2022 Amounts in thousand €	Note	Software	Customer Contracts	Other Intangible assets	Total
Gross book value		160,361.2	30,397.0	1,323.4	192,081.6
Accumulated amortizations and impairments		-93,783.1	-2,746.3	-615.8	-97,145.2
Carrying value at 1 January		66,578.1	27,650.7	707.6	94,936.3
Additions		14,264.4			14,264.4
Government grants (-)		-523.0			-523.0
Amortization	11	-9,492.4	-2,052.0	-302.8	-11,847.2
Acquired through business combinations		2,942.0	227.0	158.0	3,327.0
Foreign exchange difference		-246.8	-897.8	-3.7	-1,148.3
Other		253.9			253.9
Gross book value		169,129.5	29,625.2	1,466.7	200,221.3
Accumulated amortizations and impairments		-95,353.3	-4,697.3	-907.6	-100,958.2
Carrying value at 30 June		73,776.2	24,927.9	559.1	99,263.2

The Group's intangible assets increased by thousand € 2,882.9 during the first six months ended 30 June 2023, relating primarily to the in-house development of software (thousand € 14,264.4), largely offset by the current period amortizations (thousand € 11,847.2). Software consists of internally developed software or externally acquired. The software developed by the Group is used to provide services to customers. Externally acquired software relates mainly to back office applications. The investments in the current period related primarily to the Group's ongoing development of different Payroll & Reward systems in order to create a comprehensive End-to-End HR platform.

Software

Software is considered under development until it is ready for use in the manner intended by the Group. The ready for use criteria is assessed for each software project separately, if a software project can be split into different modules, each module is assessed separately if it can be used without the completion of other modules within the software. The assessment occurs on a quarterly basis, evaluating multiple criteria such as results from pilot projects and expected marketability of the software in its current state. At 30 June 2023, thousand € 47,491.7 of software was under development (31 December 2022: thousand € 38,264.5).

Impairment

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

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

Government grants

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

The Group records this government assistance as negative addition. For the six month period ended 30 June 2023, the Group obtained thousand € 1,560.6 of government related support. At the reporting date, the Group had an outstanding receivable of thousand € 1,908.8 relating to CIR receivables.

Commitments

At 30 June 2023, there were no open commitments by the Group to acquire any intangible assets

Note 16. Share capital

Ordinary shares issued and fully paid	2023		2022	
	Number	thousand €	Number	thousand €
At 1 January	27,228,010	492,060.0	33,707,723	596,553.6
Increases	-	-	-	-
Decreases	-	-	-7,286,113	-128,969.2
At 30 June	27,228,010	492,060.0	26,421,610	467,584.2

Share capital decreased during the first six months of 2022 following a share repurchase transaction. The Group repurchased a total of 7,286,113 shares which were subsequently cancelled. As a result of this transaction, thousand € 128,969.2 was allocated as deduction from share capital.

Note 17. Employee benefit obligations

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

Amounts in thousand €	Note	30 Jun 2023	31 Dec 2022
Post-employment benefits		10,501.6	10,601.4
Long-term benefits		4,672.3	4,623.1
Employment benefit obligations		15,173.9	15,224.5
Less Pension assets		10,742.2	8,466.0
Net liability		4,431.7	6,758.5

Post-employment obligations

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

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Net liability/(asset) at beginning of year		2,135.4	21,386.6
Service cost recognized		3,704.3	6,771.6
Net interest income		-71.8	-80.3
Total remeasurements in OCI		-864.2	-20,710.6
Employer contribution		-4,882.5	-6,994.7
Foreign exchange difference		-261.6	330.6
Other		0.0	-89.8
Net liability/(asset) at reporting date		-240.6	613.4

Given the sharp increase in corporate bond yields during the first 6 months of the year ended 31 December 2022, the Group reassessed the actuarial assumptions used in valuing the post-employment benefit plans in place. As a result, a total gain of thousand € 20,710.6 was recognized in other comprehensive income.

Note 18. 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.

Amounts in thousand €	Note	30 Jun 2023	31 Dec 2022
Borrowings and lease liabilities (non-current)		129,934.7	126,988.0
Add Borrowings and lease liabilities (current)		222,221.2	260,222.2
Less Cash and cash equivalents		-95,423.1	-71,469.5
Net Financial Debt/(Cash)		256,732.8	315,740.7
Less Lease liabilities (current and non-current)		-71,600.9	-69,323.9
Net Financial Debt/(Cash), net of lease liabilities		185,131.8	246,416.9

Financial covenants on the SD Worx Revolving Facility Agreement and the Subordinated Bond are tested bi-annually on a rolling last-12-month basis. At 30 June 2023, there is no breach and no event of default with respect to either of these instruments.

Reconciliation to statement of cash flows

Amounts in thousand €	Note	1 Jan 2023	Cash flows	Non-cash movements			30 Jun 2023
				Recognized in P&L	Business combinations	Exchange differences	
Borrowings:							
- Subordinated bond		80,532.2	-3,040.0	1,691.6			79,183.8
- Other loans		485.1				12.7	497.8
Lease liabilities		45,970.8			-24.1	4,306.5	50,253.1
Other financial liabilities		3,178.4				-2,828.8	349.6
Interest bearing debt (non-current)		130,166.4	-3,040.0	1,691.6	0.0	1,490.4	130,284.2
Borrowings:							
- Revolving Credit Facility Agreement		30,264.8	169,591.5	704.6			200,560.9
- Shareholder loans		206,237.7	-206,693.3	455.6			0.0
- Other loans		366.6	-123.3	81.9		-12.7	312.5
Lease liabilities		23,353.1	-13,476.2	861.6	-55.9	10,665.2	21,347.8
Other financial liabilities		4,154.6	-700.0	499.8		2,826.7	6,781.1
Interest bearing debt (current)		264,376.8	-51,401.3	2,603.5	0.0	13,479.2	229,002.3
Total liabilities from financing activities		394,543.2	-54,441.3	4,295.1	0.0	14,969.6	359,286.5

Amounts in thousand €	Note	1 Jan 2022	Cash flows	Non-cash movements			30 Jun 2022
				Recognized in P&L	Business combinations	Exchange differences	
Borrowings:							
- Subordinated bond		78,798.4	-3,060.0	1,520.0		1,403.2	78,661.6
- Other loans		21.1			473.0		494.2
Lease liabilities		38,329.3				6,073.4	44,402.6
Other financial liabilities		6,653.1	-100.0	615.4	750.0	-4,561.3	3,357.1
Interest bearing debt (non-current)		123,801.9	-3,160.0	2,135.4	1,223.0	0.0	126,915.5
Borrowings:							
- Revolving Credit Facility Agreement		0.0	9,869.3	130.7			10,000.0
- Shareholder loans		0.0		267.8		211,237.4	211,505.2
- Other loans		204.9	-300.0		437.6	101.2	443.7
Lease liabilities		18,650.6	-12,580.2	780.2		0.0	22,013.6
Other financial liabilities		989.2	-618.5	-369.0		4,527.9	4,529.6
Interest bearing debt (current)		19,844.7	-3,629.4	809.6	437.6	0.0	248,492.0
Total liabilities from financing activities		143,646.6	-6,789.4	2,945.0	1,660.7	0.0	375,407.6

The following table reconciles the cash flow arising from liabilities from financing activities with the relevant captions within the consolidated statement of cashflow.

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Proceeds from borrowings		200,000.0	10,039.8
Repayment of borrowings		-236,302.9	-281.3
Repayment of lease liabilities		-12,616.1	-11,808.2
Interest paid		-4,822.3	-4,021.1
Net cash outflow on acquisition of subsidiaries		-700.0	-718.5
Total cashflow from liabilities from financing activities		-54,441.3	-6,789.4

Note 19. Fair value

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

Amounts in thousand €	Note	30 Jun 2023		31 Dec 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
- Investments		354.7	354.7	1,896.9	1,896.9
- Short-term deposits		2,466.0	2,466.0	0.0	0.0
- Cash guarantees		2,039.8	2,039.8	2,054.9	2,054.9
- Other		1,070.9	1,070.9	546.1	546.1
Total assets		5,931.4	5,931.4	4,497.9	4,497.9
Borrowings					
- Senior Facilities Agreement		200,560.9	200,560.9	30,264.8	30,264.8
- Subordinated bond		79,183.8	79,912.5	80,532.2	82,293.4
- Shareholder loans		0.0	0.0	206,237.7	206,237.7
- Other loans		810.3	810.3	851.7	851.7
Lease liabilities		71,600.9	71,600.9	69,323.9	69,323.9
Other financial liabilities		7,130.6	7,130.6	7,333.0	7,333.0
Total liabilities		359,286.5	360,015.2	394,543.2	396,304.4

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

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

Note 20. Contingent liabilities

The Group is subject to claims, which fall in the normal course of the business. For claims in which the Group believes a cash outflow will be probable, a provision is recognized. Any claims for which no provision is currently recognized are not likely, on aggregate, to have a material adverse effect on the financial position of the Group. There have been no significant changes compared to 31 December 2022.

Note 21. Related party disclosures

Shareholders

At 30 June 2023, WorxInvest Subholding NV owns 27,228,010 of the outstanding shares and is the main shareholder of the Group.

On 20 June 2023, the Group announced that the private equity firm CVC Strategic Opportunities II will obtain a share of 22,5%. The remaining 77,5% will remain with WorxInvest Subholding NV. The transaction is expected to close in the coming months subject to obtaining regulatory approvals.

Related party transactions

During the first six months of 2023, the Group has repaid the loan obtained from WorxInvest Subholding NV in full.

During 2023, the Group entered into an agreement with WorxInvest Subholding NV to allocate part of the net income obtained through the management of customer funds by WorxInvest Subholding NV, as such income would not have been obtained if the Group did not make available these customer funds for investment. At 30 June 2023, the Group recognized thousand € 3,286.2 of revenue.

Note 22. Events after the balance sheet date

There have been no significant events after the balance sheet date.

Note 23. Alternative performance measures

Alternative performance measures ("APMs") present useful information which supplements the Group's financial statements and which allows the reader of the financial statements to better understand the financial state of the Issuer and the wider Group. These measures are not defined under IFRS and may not be directly comparable with APMs for other companies. The APMs represent important measures for how management monitors the company and its business activity. The APMs are not intended to be a substitute for, or superior to, any IFRS measures of performance. Some of the financial information presented in our annual reports contains APMs. These include EBITDA and Normalized EBITDA. Please see further for the definition of these APMs and the reconciliation with IFRS measures.

Normalizations

Normalizations mean the revenues and expenses of which, in case of a change of control, an acquirer has the choice or option (mid- or long-term) to not realize those revenues or incur those expenses. In other words, expenses or revenues which are not part of the recurring business operations of the Group. These normalizations mainly relate to:

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

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 years.

EBITDA and Normalized EBITDA

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

As an explanation for the use of this APM, EBITDA provides an analysis of the operating results, excluding depreciation and amortisation, as they are non-cash variables which can vary substantially from company to company depending on accounting policies and the accounting value of the assets. Additionally, it is an APM which is widely used by investors when evaluating businesses (multiples valuation), as well as by rating agencies and creditors

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

Amounts in thousand €	Note	30 Jun 2023	30 Jun 2022
Operating profit		53,658.7	59,723.6
Depreciations and amortisations		29,229.8	26,680.0
EBITDA		82,888.5	86,403.7
Restructuring & integration costs		3,200.7	3,719.6
Acquisition & transaction costs		606.2	373.3
Non-committed stock based compensations		1,829.7	3,221.0
Impairment of goodwill		0.0	0.0
Profit/(Loss) from material business and asset disposal		0.0	-24,304.3
Other non-operating income/expense		-11.7	792.1
Normalized EBITDA		88,513.4	70,205.4

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 thousand €	Note	30 Jun 2023	30 Jun 2022
Revenue relating to Staffing & Career Solutions	7	113,755.7	122,000.6
Direct employee benefit expenses	9	-91,965.1	-100,596.7
Other direct expenses/revenues		-338.0	-471.1
Gross margin		21,452.5	20,932.8

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 2023.

On behalf of the company


F Dierckx (Aug 25, 2023 15:03 GMT+2)

Filip Dierckx
Chairman of the
Board of Directors


Nadine Aerts (Aug 25, 2023 14:54 GMT+2)

Nadine Aerts
Chief Financial Officer



SD Worx NV

Report on the review of the interim condensed consolidated financial statements for the six-month period ended 30 June 2023

Report on the review of the interim condensed consolidated financial statements of SD Worx NV for the six-month period ended 30 June 2023

In the context of our appointment as the company's statutory auditor, we report to you on the interim condensed consolidated financial statements. This interim condensed consolidated financial statements comprises the interim condensed consolidated statement of financial position as at 30 June 2023, the interim condensed consolidated statement of profit and loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flow for the period of six months then ended, as well as selective notes 1 to 23.

Report on the consolidated interim financial information

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

The interim condensed consolidated statement of financial position shows total assets of 923 766 (000) EUR and the interim condensed consolidated statement of profit and loss shows a consolidated profit (group share) for the period then ended of 42 480 (000) EUR.

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

Scope of review

We conducted our review of the interim condensed consolidated financial statements in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

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

Emphasis of matter paragraph

We draw attention to Note 14 "Goodwill" in the interim condensed consolidated financial statements, which specifies the main assumptions and judgements applied by group management in the context of the goodwill impairment analysis. The sensitivity analysis indicates that a limited unfavorable evolution of the key assumptions could require the recognition of an impairment. Our opinion is not modified in respect of this matter.

Signed at Antwerp.

The statutory auditor

Digitally signed by
Ben Vandeweyer Signed By: Ben Vandeweyer (Signature)
Signing Time: 25-aug-2023 | 16:26 CEST

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Represented by Ben Vandeweyer

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About SD Worx

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

More than 82,000 small and large organisations across the globe place their trust in SD Worx and its +75 years' worth of experience. SD Worx offers its HR solutions in 150 countries, calculates the salaries of approximately 5.2 million employees and ranks among the top five worldwide. The more than 7,500 employees operate in Belgium (HQ), Austria, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, Mauritius, Netherlands, Norway, Poland, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland and the UK. In 2022, SD Worx achieved a consolidated revenue of EUR 962 million.

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