Consolidated Annual Report

SD Worx NV

(SD Worx - Group)

Consolidated BE GAAP Financial Statements

Regulated information

For the year ended 31 December 2020

For life. For work.

Regulated information

SD Worx NV

Report of the board of directors to the general assembly of shareholders of 4 June 2021.

In accordance with Article 3:32 of the Belgian Company and associations Code, we have the honour of presenting a report on the consolidated activities of our company, SD Worx NV ('the Group'), as of 31 December 2020.

1. Overview of activities and impact on the financial statements

a. Accomplishments during the financial year.

As per 7 February 2020, the Group acquired all of the shares of PointlogicHR, a major supplier of innovative software for reward and management solutions and associated consulting services in the Netherlands and Belgium.

On 26 March 2020, an extraordinary General Assembly agreed upon a capital decrease of EUR 10.0 million at the benefit of its sole shareholder HR Worx Holding NV.

Early April 2020, the Group acquired control over all of the shares of the Adessa Group, a European technology consulting firm offering HR in the cloud and associated services.

End of May 2020, the SD Worx Group increased its participation in GlobePayroll SAS by 18.88%, owning 70.97% of the shares as of that date. The Group entered into a Share Purchase Agreement to acquire all of the remaining shares per 29 December 2020. GlobePayroll develops cloud-based multi-country technology for HR and payroll.

As per 30 October 2020, the Group issued a binding offer to take over the finance lease agreement of the old FNG headquarters in Mechelen as of 1 January 2021. The newly acquired building will become the new headquarters of the Protime group but will also become the new office for some of their SD Worx colleagues.

Turnover amounted to EUR 743.3 million in 2020, representing a decrease of EUR 24.3 million. The normalized EBITDA (earnings before interest, taxes, depreciation and amortisation, and excluding expenses or revenues which are not part of the recurring business operations of the Group) came to EUR 77.3 million.

The financial year ended with a profit of EUR 0.5 million.

b. Financial statements at the end of the financial year.

We have prepared the consolidated financial statements based on the full consolidation method and included it as an annex. According to this method, all balance sheet and income statement items of subsidiaries are consolidated with those of the parent company after eliminating intercompany transactions. Minority interests are listed in a separate column. The equity method is used to account for UwPayroll BV and Assusoft NV.

c. Risk factors.

(1) Covid-19 and the financial impact of the pandemic

As of December 31, 2020, our financial position remained strong with a cash balance of €172.7 million. Total short-term borrowings of €5.3 million and long-term borrowings of €90.8 million. We have substantial additional committed borrowing facilities available.

Our cash flows have historically allowed us to support our business. We currently anticipate that cash as of December 31, 2020, along with projected operating cash flows will support our business operations and capital expenditures for the foreseeable future.

Our strong balance sheet and operational flexibility have allowed us to successfully manage through the ongoing impacts of the COVID-19 pandemic to date while protecting our cash flow and liquidity. We continue to evaluate the nature and extent of changes to the market and economic conditions related to the COVID-19 pandemic and assess the potential impact on our business and financial position.

(2) Other risk factors

In view of the participations held by SD Worx NV, the risks are not limited solely to its own activities. The risks are concentrated primarily in software, consultancy, HR activities, payroll and interim within an international setting. Key risk factors include the economic climate in the various countries, losses or loss of turnover among key customers, and competition caused by the entry of new players into the market.

In addition to the risks associated with the payroll & HR and staffing market, the Group's performance is subject to the following risks:

Market and strategic risks:

- Risks related to macro-economic trends and more specifically those that have an impact on employment within the domestic markets of SD Worx
- Risks related to Brexit, given that the Group operates in the United Kingdom and manages multiple international contracts that encompass the United Kingdom
- Risks related to the services of third parties, such as the management of our data centres and the processing of our payment traffic and customer funds
- Risks related to cooperation with the Group's main suppliers and the members of the Payroll Services Alliance network
- Risks related to the concentration and distribution of the Group's customer base
- Risks related to the availability of suitable temporary staff in the markets and the Group's ability to attract and retain them
- Risks related to other key contracts, such as the collaboration agreement with SD Worx VZW
- Risks related to the Group's ability to respond to innovation and its ability to commercialise new products, services and features
- Risks related to the Group's strategy, as is outlined by the Board of Directors and the executive management
- Risks related to recent Group takeovers and the Group's ability to integrate these newly acquired assets into the Group

Operational risks:

- Risks related to the Group's ability to attract and retain skilled personnel and skilled senior management
- Risks related to potential interruptions to or faults in the Group's information technology systems
- Risks related to both physical and digital security breaches
- Risks related to the processing of personal and sensitive information and the GDPR as adopted by the European Union
- Risks associated with Group insurance contracts
- Risks related to operating within an international environment and in different countries
- Risks related to retaining and receiving the correct approvals, labels, licences, permits and certificates. By way of example, we refer to the Group's staffing licences and the requisite ISAE and ISO certificates
- Risks related to the Group's perception in the market

Legal risks:

- Risks related to amendments to legislation
- Risks related to the protection of brand names, patents, domain names and other intellectual properties
- Risks related to claims and costs associated with employment both of our own employees and of temporary workers
- Risks related to claims regarding compliance with legal or contractual obligations
- Risks related to current and future lawsuits and other litigations
- Risks related to taxes in terms of legislative amendments and risks related to tax audits in various jurisdictions

Financial risks:

- Risks related to the Group's financial performances and its ability to be able to pay back its debts
- Risks related to the credit risk of counterparties, and primarily the credit risk of customers and suppliers
- Risks related to working with foreign currencies; for example, the Group has subsidiaries in the United Kingdom and Mauritius and is therefore exposed to an exchange rate risk on the GBP and MUR currencies. The Group is also exposed to exchange rate risks within the scope of its international contracts and cooperation with the Payroll Services Alliance network
- Risks related to the interest risk on the Group's financial debts
- Risks related to the Group's pension obligations and, more specifically, the defined benefit pension plans that exist within the Group. Moreover, there is a legally guaranteed minimum on defined contribution pension plans in Belgium, the Group's primary domestic market
- Risks related to the Group's financial reporting, such as the ability of its financial and operational systems to process and provide adequate information, and the embedding of satisfactory internal controls

SD Worx strives to manage the above risks as well as possible by incorporating supervisory bodies, a robust corporate governance structure and internal controls. As far as possible, the Group concludes insurance policies, develops adequate financing structures and acquires interest coverage where necessary. Legal, contractual, credit and insurance risks are assessed by means of the requisite risk analyses as much as possible.

2. Events after the end of the financial year

As of 1 January 2021, the Group entered into a transfer agreement to take over all of the rights and obligations related to the finance lease contract of the former FNG headquarters in Mechelen.

On 1 February 2021, the Group opened an operations center in Katowice (Poland). The geographic expansion to Central Europe underpins SD Worx's international growth strategy and supports the global expansion of its customers with payroll and HR services.

On the date hereof, the Group is assessing several acquisitive growth opportunities, among which a potential sizeable acquisition of a business that is active inside Europe, including in certain jurisdictions where the Group is currently not active. The potential acquisition of such business is within the scope of the Group's scope of activities, ambitions and strategy.

No other important events occurred after the balance sheet date.

3. Circumstances that could have a significant impact on the development of the consolidated company

We refer to the points set out in the risk factors.

4. Research and development activities

Research and development activities are ongoing at the various companies belonging to SD Worx NV. The primary activities include: developments relating to payroll software at SD Worx' domestic markets, the development of an international platform (SD Connect) that connects various national payroll engines used.

The Group is also continuing to invest in the development of its international payroll engines by means of the acquisition of GlobePayroll, as well as in the development of an international CoreHR platform.

The Group has also developed a digital assistant and continues to invest in robotic process automation and the digital transformation of her operations.

5. Conflicts of interest on the part of the directors

No conflicts of interest in 2020.

6. Use of financial instruments

The Group uses a very limited amount of financial instruments to hedge its interest rate risk on its bank debts.

26 April 2021,
On behalf of the directors,

BV GINKGO Associates
with permanent representative
Filip Dierckx, Chairman of the Board of Directors:

BV ELLEZE with permanent representative
Kobe Verdonck, Director

Consolidated Balance sheet

as at 31 December 2020

Amounts in € 000	Note	31/12/2020	31/12/2019
ASSETS			
FIXED ASSETS		**315,294**	**320,963**
Formation expenses	4	1,603	1,935
Intangible fixed assets	4	50,841	34,639
Consolidation differences	5	204,903	222,223
Tangible fixed assets	6	56,389	60,648
Financial fixed assets	7, 8	1,558	1,518
CURRENT ASSETS		**373,412**	**379,192**
Amounts Receivable > 1 year	8	547	1,745
Pension assets	9	7,689	11,117
Deferred tax assets	10	18,903	15,999
Amounts receivable < 1 year & stocks	8	157,989	160,209
Funds held for clients	8	1,106	1,105
Current investments & Cash	8	172,708	176,018
Deferred charges and accrued income		14,470	12,999
TOTAL ASSETS		**688,705**	**700,155**

Amounts in € 000	Note	31/12/2020	31/12/2019
EQUITY & LIABILITIES			
EQUITY		**380,140**	**390,050**
Capital		592,632	601,244
Consolidation reserves		-201,648	-203,987
Translation differences		-11,586	-7,349
Negative consolidation differences		142	142
Investment grants		600	0
NON-CONTROLLING INTEREST		**60**	**-757**
PENSIONS, PROVISIONS AND DEFERRED TAXES		**67,024**	**63,055**
Pension liabilities	9	55,442	47,184
Provisions and deferred taxes	10, 11	11,582	15,872
LIABILITIES		**241,482**	**247,808**
AMOUNTS PAYABLE > 1 YEAR		**90,846**	**92,873**
Financial payables > 1 year	8, 12	90,846	92,873
AMOUNTS PAYABLE < 1 YEAR		**150,636**	**154,935**
Financial payables < 1 year	8, 12	5,278	6,232
Other payables < 1 year	8	130,903	131,394
Funds held for clients	8	1,106	1,105
Accruals and deferred income		13,349	16,204
TOTAL EQUITY & LIABILITIES		**688,705**	**700,155**

Consolidated income statement

for the period ended 31 December 2020

Amounts in € 000	Note	FY2020	FY2019	YoY B/(W)	YoY%
REVENUES	**13**	**743,318**	**767,571**	**-24,253**	**-3.2%**
- Cost of Sales	13	-196,413	-230,729	34,316	-14.9%
GROSS MARGIN		**546,905**	**536,842**	**10,063**	**1.9%**
- Services and other goods		-176,205	-179,721	3,516	-2.0%
- Staffing costs	14	-295,508	-289,540	-5,968	2.1%
- Amounts written off stocks, contracts in progress and trade debtors		-3,170	-1,223	-1,947	159.2%
- Provisions for liabilities and charges		544	350	194	55.6%
- Other operating cost		-3,012	-4,605	1,592	-34.6%
+ Other operating income		19,491	23,237	-3,746	-16.1%
- Digital Transformation Initiatives - One-off investments		-11,780	-18,354	6,574	-35.8%
Total net operating costs		**-469,641**	**-469,856**	**215**	**0.0%**
NORMALIZED EBITDA		**77,264**	**66,985**	**10,279**	**15.3%**
Normalized EBITDA margin%		10%	9%		
- IAS 19R Employee Benefits - impact of changes in actuarial assumptions	9	-9,189	-8,103	-1,086	13.4%
- Restructuring and integration costs	15	-4,330	-8,735	4,405	-50.4%
- Acquisition & transaction costs related to third parties	15	-527	-3,730	3,203	-85.9%
+/- Profit/(Loss) from material business and asset disposal	15	16	0	16	
- Non-committed stock based compensation	15 & 16	-2,127	-2,303	176	-7.6%
+/- Profit/(Loss) from discontinued operations	15	0	0	0	
+/- Other non-operating income/expense below the line	15	181	-145	326	
EBITDA		**61,288**	**43,969**	**17,318**	**39.4%**
- Depreciations, amortisations and impairments	4 & 6	-20,236	-18,709	-1,527	8.2%
- Amortisation conso goodwill	5	-32,979	-33,638	659	-2.0%
- Impairments on participations and goodwill	5 & 7	0	-12,976	12,976	-100.0%
- Amortization of non-cash PPA		0	0	0	

Amounts in € 000	Note	FY2020	FY2019	YoY B/(W)	YoY%
EBIT		**8,073**	**-21,354**	**29,427**	**-137.8%**
- Financial expenses		-8,317	-6,820	-1,497	21.9%
+ Financial income		10,870	4,108	6,762	164.6%
Profit before tax		**10,626**	**-24,066**	**34,693**	**-144.2%**
- Taxes	10	-10,171	-8,733	-1,437	16.5%
Profit after tax		**456**	**-32,800**	**33,256**	**-101.4%**
+ Profit and loss associated companies	7	85	-447	533	-119.1%
Consolidated net result after Tax		**541**	**-33,246**	**33,787**	**-101.6%**
Result of the Group		503	-32,661	33,164	-101.5%
Profit attributable to non-controlling interest		38	-585	623	-106.5%
Consolidated net result		**541**	**-33,246**	**33,787**	**-101.6%**
Amortisation conso goodwill		32,979	46,614	-13,635	-29.3%
IAS 19R Employee Benefits - net impact of changes in actuarial assumptions		7,631	6,674	957	14.3%
Consolidated net result excl amortisation conso goodwill and impact of changes in actuarial assumptions		**41,151**	**20,042**	**21,109**	**105.3%**

Consolidated statement of cash flows

for the period ended 31 December 2020

Amounts in € 000	31/12/2020	31/12/2019
NET RESULT OF THE YEAR	**541**	**-33,246**
Adjustments for:		
Income tax expense recognised in profit and loss	10,171	8,733
Depreciations, amortizations and impairments	53,215	65,323
(Gain)/loss on disposal of intangibles and PPE	43	46
Impairment loss/(reversal) recognised on trade receivables and inventories	2,616	899
Increase/(decrease) of provisions for other liabilities and charges	-4,026	5,898
Net financing (income)/cost	-1,719	3,605
Change in employee benefit obligation	11,259	8,294
Share of (profit) / loss of associates	-85	447
Unrealized exchange rate differences	-618	0
Other adjustments	19	322
Change working capital	-4,794	-2,188
Income tax paid	-15,719	-14,504
CASH FLOW FROM OPERATING ACTIVITIES	**50,903**	**43,629**
Purchases of intangibles and PPE	-32,720	-27,625
Proceeds from sale of intangibles and PPE	26	37
(Purchases) / sales of financial assets	-353	-113
Proceeds from the sale of financial investments	6,276	0
Interest received	50	69
Dividends received	64	68
(Payment of)/proceeds from repayment of loans granted	1,370	-2,870
Net cash outflow on acquisition of subsidiaries, associates and JV's	-10,190	-14,011
Net cash inflow on disposal of subsidiaries, associates and joint ventures	0	0
CASH FLOW FROM INVESTING ACTIVITIES	**-35,477**	**-44,444**

Amounts in € 000	31/12/2020	31/12/2019
Proceeds from borrowings	125,000	80,000
Repayment of borrowings	-131,258	-44,573
Capital grants obtained	600	0
Proceeds from capital increase	-8,612	1,506
Repayment of capital	0	0
Dividends paid	0	-47
Interest paid	-3,952	-2,204
Payment for debt issue costs	0	-1,661
CASH FLOW FROM FINANCING ACTIVITIES	**-18,222**	**33,020**
TOTAL INCREASE/(DECREASE) IN CASH	**-2,797**	**32,205**
TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**176,018**	**143,813**
Total increase/(decrease) in cash	-2,797	32,205
Impact exchange differences	-513	0
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**172,708**	**176,018**

Consolidated statement of changes in equity

for the period ended 31 December 2020

Amounts in € 000

	ATTRIBUTABLE TO THE OWNERS OF SD WORX				ATTRIBUTABLE TO THE OWNERS OF SD WORX			
	Share capital and share premium	Cumulative Translation Adjust-ments	Non-dis-tributable reserves	Group reserves	Negative consolida-tion differ-ences	Capital grants	Total Equity (excl. non-controlling interests)	Non-controlling interests
BALANCE PER JANUARY 1ST, 2019	**599,738**	**-10,870**	**27**	**-171,674**	**-**	**-**	**417,221**	**9,412**
Contributions of equity and share capital	1,506						1,506	
Transactions with non-controlling interests							-	
Non-controlling interests on acquisitions of subsidiaries							-	-9,481
Calculated FX on opening balance and movements		3,521		84			3,605	
Other			39	199	142		380	-104
Net profit/(loss) of the period				-32,661			-32,661	-585
BALANCE PER DECEMBER 31ST, 2019	**601,244**	**-7,349**	**65**	**-204,053**	**142**	**-**	**390,050**	**-757**
Contributions of equity and share capital	-8,613						-8,613	
Transactions with non-controlling interests				1,972			1,972	821
Non-controlling interests on acquisitions of subsidiaries							-	
Calculated FX on opening balance and movements		-4,237					-4,237	
Other				-174		600	426	-42
Net profit/(loss) of the period				541			541	38
BALANCE PER DECEMBER 31ST, 2020	**592,632**	**-11,586**	**65**	**-201,714**	**142**	**600**	**380,140**	**60**

The authorized share capital of the Group as per 31 December 2020 is €592,632,000 and consists of 33,549,915 ordinary shares.
The sole shareholder of the Group is HR Worx Holding NV, owning all of the shares. All shares have been paid in full and have equal rights to dividends.
For more information about share incentive plans and stock-based compensation, we refer to note 16.

1. General information

SD Worx NV

(previously SD Worx Holding NV) is a limited liability company (naamloze vennootschap / société anonyme) incorporated under Belgian law on 22 December 2015 for an indefinite term under the name "HR Worx", by deed of incorporation prepared by notary Frank Liesse, published in the annexes to the Belgian Official Gazette on 28 December 2015, with a legal entity identification number (LEI) 96760081CZVZP6TSN165. The articles of association of the SD Worx NV have been amended several times, and most recently by a notarial deed of 17 July 2020.

SD Worx NV's registered office is located at Brouwersvliet 2, 2000 Antwerp, Belgium, with enterprise number 0644.841.746. Register of Legal Entities Antwerp (Division Antwerp). Its website is **www.sdworx.com**.

SD Worx NV is the holding company of the **SD Worx Group**, a leading European provider of people solutions. SD Worx turns HR into a source of value for their customers' business and the people that work for them. SD Worx delivers people solutions across the entire employee lifecycle, from paying employees to attracting, rewarding and developing the talent who make businesses succeed. SD Worx powers performance through four core capabilities: technology, outsourcing, expertise and data-driven insights. More than 75,000 small and large organisations across the globe place their trust in SD Worx and its +75 years' worth of experience.

The SD Worx Group is structured in two sub-Groups: **SD Worx People Solutions** and **SD Worx Staffing & Career Solutions**.

The consolidated financial statements of SD Worx include SD Worx NV, its two sub-Groups and their subsidiaries (all together "the Group").

SD Worx People Solutions

provides services in the areas of payroll, HR (including HR administration), workforce management, legal support, training, automation, consultancy and outsourcing. With more than 4,150 employees (full-time equivalents), SD Worx People Solutions operates in twelve countries: Belgium (HQ), Austria, France, Germany, Ireland, Luxembourg, Mauritius, Netherlands, Poland, Spain, Switzerland and the UK.

SD Worx offers its people solutions in 150 countries, calculates the salaries of approximately 4 million employees and ranks among the top five worldwide.

SD Worx Staffing & Career Solutions

was created as a result of the acquisitions of the Vio Group and the Flexpoint Group in 2018. It is active in the areas of flexible work, temporary work, secondment, recruitment & selection, career guidance, outplacement, specific payroll for temporary workers and HR consultancy. With more than 340 employees (full-time equivalents), SD Worx Staffing & Career Solutions Group operates in Belgium and the Netherlands. It operates from 105 offices, has approximately 3,000 customers and places more than 4,300 temp workers on average per day.

2. Summary of significant accounting policies

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

2.1. Basis of preparation

The Group's consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with Belgian General Accepted Accounting Principles ("BeGAAP").

2.2. Changes in accounting policies and disclosures

The Group's accounting policies have not changed compared to prior financial year.
The Group's disclosures have been elaborated and expanded to provide the reader of its financial statements more accurate and better information.

2.3. Foreign currency transactions

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). The euro, pound sterling, mauritian rupee and Suisse franc are the Company's functional currencies. The euro is the presentation currency.

Transactions and balances

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

Foreign operations

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

2.4. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities directly or indirectly controlled by the Company.

Control is the power de jure or de facto to exercise decisive influence on the appointment of the majority of the board of directors or general management, or on the orientation of its management policy.

Control de jure is presumed to be non-rebuttable in case the company (and all conditions have to be fulfilled):

a) is holding, directly or indirectly a majority of voting rights
b) has the right to appoint or remove a majority of directors or management
c) has control by virtue of the articles of association or agreement
d) has joint control

Control is de facto (rebuttable presumption) when it results from other factors than those mentioned above. A shareholder is assumed to have de facto control if he exercised, at the last two general shareholders meetings, voting rights representing the majority of the voting rights attached to the shares present at these general shareholders meetings.

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

Profit or loss is attributed to the owners of the Company and to the non-controlling interests.

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

2.5. Investment in associates

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

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

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate.

2.6. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated amortisations and impairment losses, if any.

As the M&A activities are focused on the long term realisation of synergies, advantages of scale or other competitive advantages, goodwill is amortised on a straight-line basis over 10 years as from acquisition date. For additional notes we refer to Note 5.

On disposal of the relevant entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7. Intangible assets

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

Intangible assets are recognised if and only if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of that asset can be measured reliably. Intangible assets that are acquired separately are measured at cost less accumulated amortisation and accumulated impairment losses. The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Any directly attributable cost of preparing the asset for its intended use is also included in the cost of the intangible asset. Amortisation is recognised on a straight-line basis over the estimated useful lives for a period of 3 to 5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Recognition of costs in the carrying amount of an intangible asset ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by the Group.

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

Intangible assets acquired separately or in the context of a business combination mainly concern Software and the expected useful lives range from 3 to 5 years.

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

Internally-generated intangible assets

To assess whether an internally generated intangible asset meets the criteria for recognition, the Group classifies the internal generation of assets into a research phase and a development phase.

No intangible asset arising from research is recognised. Expenditure on research is recognised as an expense when it is incurred.

An intangible asset arising from development is recognised if, and only if, the Group can demonstrate all of the following:

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

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

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

2.8. Property, plant and equipment

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

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

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

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

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

2.9. Impairment of goodwill, tangible and intangible assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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

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

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

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

Amortizations and impairments on goodwill are not reversed.

2.10. Financial assets and liabilities

Financial assets (excl. entities accounted for using the equity method), cash investments and cash of the Group mainly include cash, trade and other receivables and loans.

Financial liabilities of the Group comprise financial debt ("loans") and other financial liabilities, trade and other payables.

Financial assets and liabilities are presented in the statement of financial position as current if they mature within one year and non-current if they mature after one year.

Financial debt and receivables

Financial debt and financial receivables (trade and other receivables) are initially recognised at their fair value, plus transaction costs (if any), at the transaction date. After their initial recognition, these financial assets are measured at cost, less any impairment loss (see below).

Impairment of financial assets

At year-end and at each interim reporting date, the Group assesses whether there is any objective evidence that an asset could have been impaired. If so, the Group estimates the asset's recoverable amount and records any necessary impairment as appropriate for the financial asset concerned.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the impairment is measured as the difference between the asset's carrying amount and the discounted value of expected future cash flows. The impairment is recognised in the income statement. If the impairment loss decreases in a subsequent period, the amount of the decrease is reversed and transferred to the income statement.

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

Financial liabilities

Initially, financial liabilities (including loans and other financial liabilities, trade and other payables) are measured at fair value. Other financial liabilities are subsequently measured at cost (nominal value). Transaction costs are capitalized as "Formation expenses" and amortized over the duration of the related loan.

Financial instruments

The results of financial instruments (interest rate swaps, interest rate caps, interest rate floors, ...) used to hedge a borrowing or investment with a variable return are recognized in the same period as the interest settlement of the relevant hedged borrowing or investment. The fair value of these financial instruments at balance sheet date is disclosed off balance sheet.

2.11. Shareholder's equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received. Where the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is recognised as assets until the shares are cancelled, reissued or disposed of. Investment grants are recognized the moment when the Group's right to the grant is established and the grant can be reasonably valued. The investment grants are presented as part of equity and included in profit and loss based on the amortization schedule of the asset to which they relate.

2.12. Income tax

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

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

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

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

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

2.13. Share-based payments

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

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

For cash-settled share-based payments, a provision is build up through the recognition of an expense at each period-end, for the difference between the exercise price and the fair value at that period-end.

2.14. Provisions

A provision is recognised when the Group has a present obligation (legal or constructive), at the end of the reporting period, as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring which has been approved by the board of directors. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

2.15. Employee benefits

The Group grants its employees post-employment benefits (pension plans, retirement indemnities, etc.) and other long-term benefits (e.g. long-service awards).

For post-employment benefits, a distinction is made between defined benefit plans and defined contribution plans.

Post-employment benefits - Defined benefit plans

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

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

- retirement age, determined on the basis of the applicable rules for each plan, and the requirements to qualify for a full pension;
- career-end salary levels, with reference to employee seniority, projected salary levels at the time of retirement based on the expected effects of career advancement, and estimated trends in pension levels;
- forecast numbers of pensioners, determined based on employee turnover rates and applicable mortality tables;
- a discount rate that depends on the duration of the obligations, determined at the year-end date by reference to the market yield on high-quality corporate bonds or the rate on government bonds whose duration is coherent with the Group's commitments to employees.

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

The net expense recognised during the year for employee benefit obligations includes: in the income statement:

- the current service cost, corresponding to additional benefit entitlements earned during the year;
- the net interest on the net defined benefit liability or asset, determined using the discount rate at the beginning of the period*;
- the past service cost, including the income or expense related to amendments or settlements of benefit plans or introduction of new plans;
- the remeasurement gains and losses relating to long-term benefits;
- the remeasurement gains and losses relating to post-employment benefits;
- the effect of the limitation to the asset ceiling if any.

Post-employment benefits - Defined contribution plans

With respect to defined contribution plans, the contributions payable are recognised when employees have rendered the related services.

According to legal requirements applicable in Belgium, defined contribution pension plans are subject to minimum guaranteed rates of return. As a result of the minimum guaranteed return, these plans qualify as defined benefit plans and are accounted for accordingly.

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

2.16. Revenue Recognition

Revenue represents the amounts excluding value added tax from the sale of services to customers and comprise consulting services, human resource and payroll services and provision of software licenses.

Revenue from contracts with multiple deliverables are recognised for each deliverable when:

- Services have been rendered, delivery has occurred, and the fee is fixed or determinable;
- For the implementation element, the revenue is recognised based on the percentage of completion as the outcome can be estimated reliably and the stage of completion can be determined with reference to costs incurred up to reporting period date.

* The net interest on the net defined benefit liability or asset is determined by multiplying the net defined benefit liability or asset by the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments. The net interest on the net defined benefit liability or asset can be viewed as comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling. Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time.

3. Group Structure

3.1. Business Combinations

Overview of completed acquisitions

(1) PointLogic HR BV

As per 7 February 2020, the Group acquired all of the shares of the PointLogic HR BV, a major supplier of innovative software for reward and management solutions and associated consulting services in the Netherlands and Belgium.

As of that date, the consolidated net assets and results of Pointlogic HR BV are fully consolidated by SD Worx NV.

(2) Adessa Group

As per 8 April 2020, the Group acquired all of the shares of the Adessa Group (through acquisition of Synades SA). The acquisition will strengthen the existing SAP and SuccessFactors teams at SD Worx. Adessa will become the brand name within SD Worx for the SAP HCM, SuccessFactors and HR technology consulting business. Founded in Belgium in 2005, the Adessa Group has 70 employees across five offices in Belgium, Germany, Spain and Switzerland. This acquisition will give SD Worx a foothold in Spain, in addition to its existing presence in ten countries.

As of that date, the consolidated net assets and results of Synades SA and its subsidiaries are fully consolidated by SD Worx NV.

Overview of acquisitions completed after year-end

There are no acquisitions, which have been completed after year-end.

Overview of other changes in the consolidation scope

(1) Acquisition of minority shares in GlobePayroll

The Group obtained an additional 18.88% of the shares of GlobePayroll as per May 28th, 2020 and the remaining 29.03% was obtained as per December 29th, 2020.

(2) Liquidation of Administrative solutions NV and Redirect BV

During 2020 the group liquidated its fully owned subsidiaries Administrative solutions NV (previously Unbox NV) and ReDirect BV.

(3) Merger LWB NV and SAK NV

At 1 January 2020, LWB NV merged with SAK NV. As from this date, the results of SAK NV are included in those of LWB NV.

3.2 Overview of Group Structure

The Group's subsidiaries, joint ventures, associates and participations are listed below. The table indicates the % hold by the Group of ownership as well as dividend interests.

#	Name	Country	Shareholding per 31/12/2020	Change compared to 31/12/2019	Consolidation method
1	SD Worx NV	Belgium	100%	0	Full
2	CoStation NV	Belgium	12.50%	0	Amortised cost
3	SD Worx People Solutions NV	Belgium	100%	0	Full
4	SD Worx Staffing & Career Solutions NV	Belgium	100%	0	Full
5	GlobePayroll SAS	France	100%	47.91%	Full
6	SD Worx SA	Luxemburg	100%	0	Full
7	SD Worx Nederland BV	The Netherlands	100%	0	Full
8	SD Worx France SAS	Frane	100%	0	Full
9	SD Worx GmbH	Germany	100%	0	Full
10	SD Worx Belgium NV	Belgium	100%	0	Full
11	Aspex NV	Belgium	100%	0	Full
12	SAK NV	Belgium	0%	-100%	Full
13	LWB NV	Belgium	100%	0	Full
14	Uw Payroll BV	Belgium	19.83%	0	Equity method
15	Sodeco NV	Belgium	100%	0	Full
16	Assusoft NV	Belgium	14.35%	0	Equity method
17	Administrative solutions NV (previously Unbox NV)	Belgium	0%	-100%	Full
18	SD Worx Switzerland AG	Switzerland	100%	0	Full
19	SD Worx Austria GmbH	Austria	100%	0	Full
20	SD Worx (Mauritius) Ltd.	Mauritius	100%	0	Full
21	SD Worx UK Ltd.	United Kingdom	100%	0	Full
22	SD Worx Ireland Ltd.	Ireland	100%	0	Full
23	Protime NV	Belgium	100%	0	Full
24	Protime BV	The Netherlands	100%	0	Full
25	Protime SAS	France	100%	0	Full
26	Protime WFM Ltd.	United Kingdom	100%	0	Full
27	Protime WFM GmbH	Germany	100%	0	Full
28	Protime Luxembourg SARL	Luxemburg	100%	0	Full
29	SD Worx Staffing Solutions NV	Belgium	100%	0	Full
30	2BeFreelance NV	Belgium	100%	0	Full
31	SD Worx Career Solutions NV	Belgium	100%	0	Full
32	SD Worx Staffing & Career Solutions - Nederland BV	The Netherlands	100%	0	Full
33	Easymatch BV	Belgium	100%	0	Full
34	Student & Go NV	Belgium	100%	0	Full
35	SD Worx Real Estate NV (previously Intertime BV)	Belgium	100%	0	Full
36	Trento Engineering BV	The Netherlands	100%	0	Full
37	Equipe BV	The Netherlands	72%	0	Full
38	SD Worx Staffing Solutions BV	The Netherlands	100%	0	Full
39	Easymatch Payrolling BV	The Netherlands	100%	0	Full
40	ReDirect BV	The Netherlands	0%	-100%	Full
41	Pointlogic HR BV	The Netherlands	100%	100%	Full
42	Synades SA	Switzerland	100%	100%	Full
43	Adessa Consulting SA	Belgium	100%	100%	Full
44	Adessa FL NV	Belgium	100%	100%	Full
45	Adeconsult SA	Switzerland	100%	100%	Full
46	AGCS Sàrl	Switzerland	100%	100%	Full
47	Adessa Iberia SA	Spain	100%	100%	Full
48	Adessa Deutschland GmbH	Germany	100%	100%	Full

4. Intangible assets

Amounts in € 000

AT 1 JANUARY 2020	Formation expenses	Internally generated software	Externally acquired software	Goodwill	Intangible assets under con-struction	Total
Cost	2,196	59,064	44,253	11,092	4,569	121,175
Accumulated amortization and impairment	-261	-38,575	-34,673	-11,092	0	-84,601
NET BOOK AMOUNT	**1,935**	**20,489**	**9,580**	**0**	**4,569**	**36,574**
MOVEMENTS 2020	**-332**	**4,990**	**754**	**195**	**10,263**	**15,870**
Additions	0	12,508	5,355	198	10,369	28,430
Additions through business combinations - gross book value	0	0	364	0	0	364
Additions through business combinations - accumulated depreciations	0	0	-305	0	0	-305
Disposals - reversal of gross book value	0	-2,578	-11,639	0	0	-14,217
Disposals - reversal of accumulated amortisation/impairment	0	2,578	11,633	0	0	14,211
Transfers - acquisition value	0	99	0	0	-99	0
Transfers - accumulated depreciations	0	0	0	0	0	0
Currency translation differences - gross book value	0	-1,854	-646	0	0	-2,499
Currency translation differences - accumulated depreciations	0	1,573	643	0	0	2,216
Amortization/Impairment	-332	-8,929	-3,417	-4	0	-12,681
Other	0	1,594	-1,236	0	-7	351
AT 31 DECEMBER 2020	**1,603**	**25,479**	**10,334**	**195**	**14,833**	**52,444**
Cost	2,196	69,260	34,934	11,290	14,833	132,513
Accumulated amortization and impairment	-593	-43,781	-24,600	-11,096	0	-80,069
NET BOOK AMOUNT	**1,603**	**25,479**	**10,334**	**195**	**14,833**	**52,444**

5. Goodwill

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

a) People Solutions, which provides services in HR & Payroll

b) Staffing & Career Solutions, which was created as a result of the Vio and Flexpoint acquisitions and provides services in the areas of flexible and temporary employment

SD Worx acquires businesses to create long term synergies, advantages of scale or other competitive advantages, which are, amongst others:

- The possibility to offer both fixed as permanent employment to customers, which means a broadening of the SD Worx service offering;
- The integration of backoffice functions (HR, finance, marketing, legal, internal audit, operational management and IT);
- Centralizing procurement functions to benefit from a stronger negotiation position and higher volume discounts;
- The possibility to offer services in multiple countries, which means that SD Worx can offer its customers an international service package;
- The possibility to offer services in muliple regions within a country, which means SD Worx can service its customers in different regions and provinces;
- Centralizing IT services and IT platforms across multiple countries;
- The integration of overlapping branches to decrease rent and other operating expenses;
- Attracting and acquiring qualified personnel, management and directors.

In principle, these synergies and advantages of scale have an indefinite useful life.

Additionally, consolidation goodwill expresses the value of:

- Acquired customer relations and service contracts: of which the useful life in the payroll & HR sector (SD Worx Group) is on average longer than 10 years and of which the useful life in the staffing sector (SD Worx Staffing & Career Solutions) amounts to an average between 4 and 7 years, depending on the size of the customer.
- Intellectual property rights on brand names (e.g. Protime or Easymatch) and software, such as payroll engines, planning & workforce management systems, core HR platforms and websites/platforms that support the recruitment of temporary workforces. The useful life of these intellectual property rights is between 3 and 5 years.

Positive consolidation differences are amortized in their entirety over a period of 10 years, as from the acquisition date.

Carrying amount of goodwill allocated to each of the cash-generating units

Movements in goodwill as well as the allocation of goodwill to the different cash-generating units at year-end is shown in the following table:

Amounts in € 000

	People Solutions Total	People Solutions Fully consolidated entities	People Solutions Entities accounted for using the equity method	**Staffing & Career Solutions**	Staffing & Career Solutions Fully consolidated entities	Staffing & Career Solutions Entities accounted for using the equity method	**Total**
AT 1 JANUARY 2020							
Cost	214,011	213,224	787	145,020	145,020	0	359,031
Accumulated amortization and impairment	-90,675	-90,461	-214	-46,133	-46,133	0	-136,808
NET BOOK AMOUNT	**123,336**	**122,763**	**573**	**98,887**	**98,887**	**0**	**222,223**
MOVEMENTS IN 2020	**-3,378**	**-3,299**	**-79**	**-13,942**	**-13,942**	**0**	**-17,319**
Additions	18,766	18,766	0	-1,274	-1,274	0	17,492
Disposals - reversal of gross book value	0	0	0	-146	-146	0	-146
Disposals - reversal of accumulated amortisation/impairment	0	0	0	146	146	0	146
Transfers - acquisition value	0	0	0	0	0	0	0
Transfers - accumulated depreciations	0	0	0	0	0	0	0
Amortization/Impairment	-20,095	-20,017	-79	-12,668	-12,668	0	-32,763
CTA	-2,049	-2,049	0	0	0	0	-2,048
AT 31 DECEMBER 2020	**119,958**	**119,464**	**495**	**84,945**	**84,945**	**0**	**204,903**
Cost	229,557	228,769	787	143,600	143,600	0	373,156
Accumulated amortization and impairment	-109,598	-109,305	-293	-58,655	-58,655	0	-168,254
NET BOOK AMOUNT	**119,958**	**119,464**	**495**	**84,944**	**84,944**	**0**	**204,903**

In 2019, the additional consolidation goodwill is mainly the result of the acquisition of the remaining shares of Unbox per September 2019 and the majority of the shares of GlobePayroll in July 2019. These entities are consolidated following the full consolidation principles as from then (the P&L of the pre-acquisition period is consolidated using the equity method)."

In 2020, the additional consolidation goodwill is mainly the result of the acquisition of the remaining shares of Globepayroll as well as the acquisitions of PointlogicHR and Adessa. These entities (Pointlogic HR and Adessa) are consolidated following the full consolidation principles as from then.

Impairment losses of tangible and intangible asset

Discount rate

The discount rate is estimated based on an extensive benchmarking with peers, so as to reflect the return investors would require if they were to choose an investment in the underlying assets.

The weighted average cost of capital (WACC) used to discount future cash flows was set at:

- 8.84% for SD Worx People Solutions
- 9.71% for SD Worx Staffing & Career Solutions

Long term growth rate

In 2020, the long term growth rate was set at 2.0% (in line with 2019)

The growth rates are consistent with the long-term average market growth rates in which SD Worx operates.

Impairment losses

In 2019, an impairments was recorded for SD Worx Staffing & Career Solutions for an amount of kEUR 12,567. This impairment amount is reflective of the difficult market conditions obeserve competitive positioning.

In 2020, no impairments were recorded on fully consolidated assets, as the impairment tests showed that the estimated recoverable amount of the consolidated assets were higher or equal.

Assumptions	**SD Worx People Solutions**		**SD Worx Staffing & Career Solutions**	
Disount rate	8.8%		9.7%	
Long term growth rate	2.0%		2.0%	
Amounts in € 000 000	Impact on operating value	New headroom	Impact on operating value	New headroom
Sensitivity analysis: discount rate -0.5%	69,0	682,7	10,6	58,8
Sensitivity analysis: discount rate +0.5%	-59,6	554,1	-9,3	38,8
Sensitivity analysis: long term growth rate -1.0%	-87,4	526,2	-12,4	35,8
Sensitivity analysis: long term growth rate +1.0%	117,4	731,1	16,1	64,2

6. Tangible assets

Amounts in € 000

	Land & Buildings	Installation, machinery & equipment	Furniture, hard-ware & vehicles	Leasing and similar rights	Leasehold improvements & other tangible assets	PP&E under construction and advance payments	Total
AT 1 JANUARY 2020							
Cost	96,541	3,815	28,935	908	15,572	246	146,017
Accumulated amortization and impairment	-55,854	-2,716	-18,889	-795	-7,115	0	-85,368
NET BOOK AMOUNT	**40,687**	**1,100**	**10,046**	**113**	**8,457**	**246**	**60,649**
MOVEMENTS IN 2020	**-2,355**	**146**	**-1,080**	**-29**	**-700**	**-242**	**-4,260**
Additions	9	716	2,652	0	982	4	4,363
Additions through business combinations - gross book value	0	23	231	0	63	0	316
Additions through business combinations - accumulated depreciations	0	-6	-183	0	-33	0	-222
Disposals - reversal of gross book value	0	-1,300	-4,052	0	-1,229	0	-6,580
Disposals - reversal of accumulated amortisation/impairment	0	1,267	3,943	0	1,213	0	6,422
Transfers - acquisition value	-28	-390	300	0	113	-246	-251
Transfers - accumulated depreciations	-17	245	-169	0	-75	0	-16
Currency translation differences - gross book value	0	-82	-262	0	-234	0	-579
Currency translation differences - accumulated depreciations	0	79	222	0	154	0	455
Amortization/Impairment	-2,319	-404	-3,775	-29	-1,586	0	-8,113
Other	0	0	13	0	-68	1	-55
AT 31 DECEMBER 2020	**38,332**	**1,246**	**8,966**	**84**	**7,757**	**4**	**56,389**
Cost	96,522	2,782	27,817	908	15,199	4	143,232
Accumulated amortization and impairment	-58,190	-1,536	-18,851	-824	-7,443	0	-86,843
NET BOOK AMOUNT	**38,332**	**1,246**	**8,966**	**84**	**7,757**	**4**	**56,389**

7. Statement of financial fixed assets

Amounts in € 000

	Consolidated statement of changes in financial fixed assets			
	Companies accounted for using the equity method - participations	Amounts receivable on joint ventures and associates	Cash guarantees and participating interests in other enterprises	Total
NET BOOK VALUE PER JANUARY 1ST, 2019	**-333**	**1,600**	**937**	**2,204**
Acquisitions			304	304
Sales and disposals				-
Transfers from one heading to another	1,058	-1,600		-542
Translation differences				-
Share in the result for the financial period	-447			-447
Elimination of dividends regarding those participations				-
Other movement in the capital and reserves				-
Impairment losses				-
NET BOOK VALUE PER DECEMBER 31ST, 2019	**278**	**-**	**1,241**	**1,518**
Acquisitions			334	334
Sales and disposals			-130	-130
Transfers from one heading to another			-243	-243
Translation differences				-
Share in the result for the financial period	85			85
Elimination of dividends regarding those participations				-
Other movement in the capital and reserves				-
Impairment losses			-6	-6
NET BOOK VALUE PER DECEMBER 31ST, 2020	**363**	**-**	**1,196**	**1,558**

8. Financial assets, liabilities and instruments by category

Below, you will find the table comparing the BE GAAP book value with the fair value of the financial assets, liabilities and instruments per balance sheet date.

Amounts in € 000

	2020		2019	
	Book value	Fair value	Book value	Fair value
Financial fixed assets				
Companies accounted for using the equity method				
Amounts receivable	365	365	0	0
Other enterprises				
Participating interests and shares	132	132	12	12
Amounts receivable	1,061	1,061	1,100	1,100
Amounts receivable after more than one year				
Trade debtors	0	0	1,727	1,727
Other amounts receivable	8,236	8,236	11,135	11,135
Interest rate cap	244	12	232	37
Amounts receivable within one year				
Trade debtors and other amounts receivable	157,516	157,516	159,732	159,732
Current investments and cash at bank and in hand				
Current investments	89,426	89,426	118,897	128,606
Own cash at the bank and in hand	83,283	83,283	56,016	56,016
Customer funds	1,106	1,106	1,105	1,105
TOTAL FINANCIAL ASSETS AND FINANCIAL INSTRUMENTS	**341,368**	**341,136**	**349,956**	**359,470**

Amounts in € 000

	2020		2019	
	Book value	Fair value	Book value	Fair value
Amounts payable after more than one year				
Subordinated bonds	80,000	80,000	80,000	80,000
Credit institutions	7,280	7,280	12,873	12,873
Other Loans	3,566	3,566	0	0
Interest Rate Swap - Vio acquisition financing	0	93	0	59
Amounts payable within one year				
Credit institutions	5,278	5,278	6,232	6,232
Trade debts and other amounts payable within one year	130,903	130,903	131,393	131,393
Customer funds payables	1,106	1,106	1,105	1,105
TOTAL FINANCIAL LIABILITIES AND FINANCIAL INSTRUMENTS	**228,133**	**228,226**	**231,603**	**231,662**

Financial derivatives not measured at fair value

The following financial derivatives have not been measured at fair value:

Amounts in € 000

Category derivative financial instrument	Hedged risk	Specu-lation/hedging	Nominal amount hedged	Book value per Balance Sheet date	Fair value per Balance Sheet date
Per December 31st, 2019					
Interest rate swap - Vio acquisition financing	Interest risk	Hedging	6,655	0	-59
Interest rate cap	Interest risk	Hedging	17,750	282	37
Total			**24,405**	**282**	**-22**
Per December 31st, 2020					
Interest rate swap - Vio acquisition financing	Interest risk	Hedging	5,175	0	-93
Interest rate cap	Interest risk	Hedging	17,750	244	12
Total			**22,925**	**244**	**-81**

9. Long term employee benefit obligations and assets

The table below outlines the outstanding long term employee benefit obligations and assets that were reported for on the respective balance sheet dates:

Amounts in € 000

Consolidated statement of long term employee benefit obligations	31-Dec-20	31-Dec-19
Net defined benefit liability of pension obligations	51,336	43,444
Early retirement pension provisions	0	0
Jubilee premiums and other long-term employee benefits	4,106	3,739
TOTAL AMOUNT OF EMPLOYEE BENEFIT OBLIGATIONS	**55,442**	**47,184**
Net defined benefit asset of pension obligations	7,689	11,117
Other employee benefit assets	0	0
TOTAL AMOUNT OF EMPLOYEE BENEFIT ASSETS	**7,689**	**11,117**

Post-employment employee benefits

Pension plans

The Group has defined benefit pension plans in Belgium, which are funded through Group insurance plans. As at 31 December 2020, a provision was set up for the underprovisioning of the guaranteed returns.

The Group also has defined contribution pension plans in Belgium, financed through the use of Group insurance plans. These plans are subject to a minimum return guarantee by the employer as specified by the law of 28 April 2003, amended by the law of 18 December 2015. As at 31 December 2020, the applicable minimum return guarantee did not result in a material deficit of the accumulated obligations in comparison to the accumulated reserves for these plans, based on an analysis of the discrepancy between the legal minimum return and the actual guaranteed return by the insurers.

In Germany and the UK, the Group also has defined benefit pension plan schemes in place, for which the necessary provisions (under IAS 19) are recognised in the balance sheet as being the present value of the defined benefit obligation minus the fair value of the plan assets.

For additional note with respect to post employment benefits accounted for using the "projected unit credit"-method, see below:

Overview pension obligations accounted for using the "projected unit credit"-method

Amounts in € 000

	Plan with net defined asset	Plan with net defined liability
Defined benefit obligation at end of year	57,300	188,766
Fair value of plan assets at end of year	64,989	137,429
Funded status	(7,689)	51,337
Net Defined Benefit Liability (Asset) at end of prior year	(11,117)	43,444
Service cost	17	7,065
Interest expense	979	1,782
Interest income	(1,189)	(1,357)
Remeasurements due to change in financial assumptions	8,981	5,778
Experience adjustments	(5,881)	157
- Experience adjustments in the DBO reconciliation	1,493	426
- Experience adjustments in the assets' reconciliation	(7,374)	(269)
Total employers' contributions	(57)	(5,598)
Other (incl. FX)	578	66
Net Defined Benefit Liability (Asset) at end of year	(7,689)	51,337

Overview main IAS 19 assumptions	Belgium	Germany	UK
- Discount rate	0.45%	0.75%	1.30%
- Salary increase (including inflation)	3.30%	3.00%	2.95%

* The DC plans in Belgium are not included in the table above, since no material underfunding was noted.

10. Taxes

Deferred taxes

The table below outlines the outstanding tax positions as per balance sheet date:

Consolidated statement of tax positions

Amounts in € 000	31/12/2020	31/12/2019
Deferred tax liabilities on temporary balance sheet differences	15,257	12,159
Deferred tax liabilities on tax credits	0	0
Deferred tax liabilities on tax losses carried forward	3,646	3,840
TOTAL AMOUNT OF DEFERRED TAX ASSETS	**18,903**	**15,999**
Deferred tax liability on temporary balance sheet differences	110	841
Other deferred tax liabilities	0	0
TOTAL AMOUNT OF DEFERRED TAX LIABILITIES	**110**	**841**

Income tax expenses

The major components of income tax expense for the years ended are:

Income tax expenses

Amounts in € 000	31/12/2020	31/12/2019
Current tax:		
Current income tax on profits of the year	13,178	13,702
Adjustments in respect of prior years	-632	-108
TOTAL CURRENT TAX	**12,545**	**13,594**
Deferred tax:		
Decrease/(increase) in deferred tax liabilities	-3,105	-5,229
(Decrease)/Increase in deferred tax liabilities	731	368
TOTAL DEFERRED INCOME TAX	**-2,374**	**-4,861**
TOTAL INCOME TAX EXPENSES	**10,171**	**8,733**

Effective tax rate reconciliation

Please find below the effective tax rate reconciliation, reconciling the effective tax rate with the domestic rate in each individual jurisdiction of the consolidated companies:

Amounts in €million	31/12/2020		31/12/2019	
Consolidated net result	10.6		-33.2	
+/- result associated companies	-0.1		0.4	
+ Amortisation conso goodwill	33.0		46.6	
+ Taxes	10.1		8.7	
PROFIT BEFORE TAX (EXCL. CONSO GW AMORT.)	53.6		22.5	
	In € Mln	**Rate (%)**	**In € Mln**	**Rate (%)**
Taxes on earnings at Belgian corporate income tax rate	13.4	25.0%	6.6	29.6%
Difference with foreign tax rates	-0.4	-0.9%	-0.2	-0.9%
WEIGHTED AVARAGE APPLICABLE TAX RATE	**13.1**	**24.10%**	**6.4**	**28.7%**
Adjustments previous years	0.5	1.0%	-0.3	-1.4%
Tax non-deductible items	2.9	5.4%	2.6	11.0%
Tax relief	-8.6	-16.0%	-3.9	-17.0%
Tax losses not recognised as DTA	4.0	7.5%	8.5	36.6%
Usage of DTA	0.7	1.4%	1.3	5.5%
Adjustments to DTA	-2.5	-4.6%	-6.1	-26.5%
Other taxes	-0.1	-0.2%	0.4	1.6%
EFFECTIVE TAX CHARGE	**10.1**	**19%**	**8.7**	**38%**

The effective tax rate of 19% compared to a weighted avarage statutory rate of 24% is explained by the fact that some expenses are not tax deductible (mostly disallowed expenses in Belgium) and some losses could not be recognized as DTA. This is more than compensated by the tax relief for R&D expenses and income.

11. Provisions for other liabilities and charges

The following table summarizes the movements of the provisions for liabilities and charges:

Amounts in € 000

	Provisions for other liabilities and charges					
	Repair & maintenance	Litigations & disputes	Restructuring & reorganization	Other	Deferred tax liabilities	Total
BALANCE PER JANUARY 1ST, 2019	**870**	**1,068**	**6,747**	**2,799**	**473**	**11,957**
Additional provision of the year	0	803	7,536	2,403	684	11,426
Amounts used during the year	-281	-200	-5,398	-140	-7	-6,027
Reversal provision during the year		-258	-918		-309	-1,484
Acquisition/(disposal) of subsidiaries	0					0
BALANCE PER DECEMBER 31ST, 2019	**589**	**1,413**	**7,967**	**5,062**	**841**	**15,872**
Additional provision of the year		471	2,491	2,363		5,325
Amounts used during the year	-58	-77	-4,579	-2,476		-7,190
Reversal provision during the year		-95	-1,599		-731	-2,424
Acquisition/(disposal) of subsidiaries						0
BALANCE PER DECEMBER 31ST, 2020	**530**	**1,712**	**4,280**	**4,949**	**110**	**11,582**

12. Financial payables and borrowings

Overview Borrowings & Financing Facilities of the Group

Amounts in € 000	31/12/2020	31/12/2019	01/01/2019
Financial Payables > 1 year			
Bank borrowings acquisition Vio Group	0	0	31,060
Bank borrowing SD Worx Senior Facilities Agreement	7,280	12,855	17,337
Subordinated bond	80,000	80,000	0
Other loans	3,566	18	40
Total Financial Payables > 1 year	**90,846**	**92,873**	**48,437**
Financial Payables < 1 year			
Short term portion of long term loans			
ST portion borrowings acquisition Vio Group	0	0	2,960
ST portion borrowings SD Worx Senior Facilities Agreement	5,000	5,000	4,975
Subordinated shareholder loan minority shareholders	0	0	2,296
Other financial payables < 1 year			
Bank overdraft facilities	0	0	0
Factoring and commercial financing lines	0	0	2,971
Bank borrowings Unbox	0	900	0
Other loans	278	332	60
Total Financial Payables < 1 year	**5,278**	**6,232**	**13,262**
TOTAL FINANCIAL PAYABLES AS PER BALANCE SHEET	**96,124**	**99,105**	**61,699**
Undrawn committed financing facilities			
Bank overdraft facilities	15,750	15,750	15,750
Bank Revolving Credit Facility SD Worx Senior Facilities Agreement	125,000	125,000	125,000
TOTAL UNDRAWN COMMITTED FINANCING FACILITIES	**140,750**	**140,750**	**140,750**

Initially, financial liabilities (including loans and other financial liabilities, trade and other payables) are measured at fair value. Other financial liabilities are subsequently measured at cost (nominal value). Transaction costs are capitalized as "Formation expenses" and amortized over the duration of the related loan.

Financial Covenants and securities

1. The SD Worx NV Senior Facilities Agreement

The SD Worx NV Senior Facilities Agreement of 28th June 2018 consists of the following Facilities:

- A multicurrency amortizing term loan facility in an aggregate amount equal to €25mio
- A euro revolving loan facility in an aggregate amount equal to the Revolving Credit Facility of €125mio

The SD Worx NV Senior Facilities Agreement is an unsecured facility under negative pledge conditions. The following subsidiaries act as guarantor:

- SD Worx NV
- SD Worx People Solutions NV
- SD Worx Belgium NV
- Protime NV
- SD Worx Germany GmbH
- SD Worx UK Ltd
- SD Worx Staffing Solutions NV
- SD Worx Staffing Solutions BV

The Senior Facilities Agreement has the following financial covenants:

- Adjusted Leverage may not exceed 2.50:1
- Factoring Adjusted Leverage may not exceed 3.00:1

Leverage Spike: On not more than one occasion during the life of the Facilities, (i) the Adjusted Leverage may 2.50:1 but shall remain less or equal to 3.00:1 and (ii) the Factoring Adjusted Leverage may exceed 3.00:1 but shall remain less or equal to 3.50:1.

The financial covenants shall be tested on a bi-annual and a rolling last-12-months basis.

As per 31st December 2020, there is no breach or no event of default with respect to the SD Worx NV Senior Facilities Agreement.

2. Subordinated Bond

As per 11th June 2019, the SD Worx NV succesfully issued a public subordinated bond. The total of the proceeds amounted to €80mio.
The bond is unsecured under a negative pledge covenant.

The subordinated bond has the following financial covenants:

- Adjusted Leverage may not exceed 4.00:1 and such breach is not remedied within 12 months.

In case the Adjusted Leverage per 31st December is higher than 3.25:1, the original interest rate shall be increased by 0.75% per annum.

The financial covenants shall be tested on a bi-annual and a rolling last-12-month basis.

As per 31st December 2020, there is no breach or no event of default with respect to the SD Worx NV Subordinated Bond terms & conditions.

Calculation of Adjusted Leverage Financial Covenant

Amounts in € 000	2020
NORMALIZED EBITDA	**77,264**
(a) including the operating profit before interest, tax, depreciation, amortisation and impairment charges (calculated on the same basis as EBITDA) of a member of the Group (or attributable to a business or assets) acquired during the Relevant Period for that part of the Relevant Period prior to its becoming a member of the Group or (as the case may be) prior to the acquisition of the business or assets; and	0
(b) excluding the operating profit before interest, tax, depreciation, amortisation and impairment charges (calculated on the same basis as EBITDA) attributable to any member of the Group (or to any business or assets) disposed of during the Relevant Period for that part of the Relevant Period.	0
(c) deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;	-38
(d) deducting the amount of any profit of any Non-Group Entity to the extent that the amount of the profit included in the financial statements of the Group exceeds the amount actually received in cash by members of the Group through distributions by the Non-Group Entity;	0
ADJUSTED EBITDA	**77,226**
Current investments & Cash	-172,708
Financial payables > 1 year	90,846
Financial payables < 1 year	5,278
Excluding Junior Liabilities	-80,000
NET FINANCIAL DEBT/(CASH)	**-156,584**
ADJUSTED LEVERAGE	**-2.03**

13. Turnover & Segments

Amounts in € 000	2020	2019	20/19	%
Revenue and gross margin per segment				
REVENUE				
SD Worx PS	529,293	505,095	24,198	4.8%
SD Worx S&CS	216,751	264,104	-47,353	-17.9%
Intersegment elimination	-2,727	-1,628	-1,098	
CONS Revenue	**743,318**	**767,571**	**-24,253**	**-3.2%**
GROSS MARGIN				
SD Worx PS	507,923	489,497	18,426	3.8%
SD Worx S&CS	39,527	47,345	-7,818	-16.5%
Intersegment elimination	-545	0	-545	
CONS Gross Margin	**546,905**	**536,842**	**10,063**	**1.9%**
NORMALIZED EBITDA				
SD Worx PS	73,571	59,201	14,370	24.3%
SD Worx S&CS	5,062	8,444	-3,383	-40.1%
SD Worx NV	-1,369	-660	-708	107.3%
CONS nEBITDA	**77,264**	**66,985**	**10,279**	**15.3%**

Revenue per geography				
REVENUE				
Belgium	486,720	491,591	-4,871	-1.0%
Germany	74,535	73,560	974	1.3%
The Netherlands	108,309	121,200	-12,891	-10.6%
United Kingdom	50,149	57,403	-7,254	-12.6%
Other countries	23,605	23,817	-212	-0.9%
CONS Revenue	**743,318**	**767,571**	**-24,253**	**-3.2%**

14. Staffing Cost

Wages, salaries, social security charges and pension charges are included in the gross margin for temp workers and candidates. For the own employees, these charges are included in staffing costs.

Amounts in € 000	2020	2019	20/19	A20/A19
STAFFING COST				
Wages and salaries	221,104	220,069	1,034	0.5%
Social security	45,283	45,374	-90	-0.2%
Social insurances and other employee benefits	3,652	4,184	-532	-12.7%
Other staffing cost	13,127	10,554	2,572	24.4%
Pensions and post-employment benefits	12,343	9,359	3,331	37.0%
Total Staffing cost (included in on the FS line "Staffing costs")	**295,508**	**289,540**	**6,316**	**2.2%**
Staffing costs as part of digital transformation initiative	7,320	5,490	1,830	33.3%
Total Staffing costs	**302,828**	**295, 030**	**8,145**	**2.8%**

Average number of persons employed	2020	2019	20/19	A20/B19
AVERAGE NUMBER OF FTE'S IN FULLY CONSOLIDATED ENTITIES				
Temp workers and candidates (*)	4,324	4,772	-448	-9.4%
Workers	0	0	0	
Employees	4,324	4,297	27	0.6%
Management personnel	34	36	-2	-5.6%
Other persons	0	0	0	
Total average FTE's employed	**8,682**	**9,105**	**-424**	**-4.7%**

(*) The costs of the Temp workers and candidates are not included in the staffing costs as they are included in the Cost of Sales.

15. Non-recurring items and normalizations

"Normalizations" means the revenues and expenses of which, in case of a change of control, an acquirer has the choice or option (mid- or long-term) to not realise those revenues or incur those expenses. In other words, expenses or revenues which are not part of the recurring business operations of the SD Worx Group.

The overview of normalizations is shown below:

Amounts in € 000	2020	2019
Normalized EBITDA	**77,264**	**66,985**
IAS 19R Employee Benefits - impact of changes in actuarial assumptions	**-9,189**	**-8,103**
Restructuring & Integration cost	**-4,330**	**-8,735**
- Rebranding cost SD Worx S&CS		-989
- Integration cost SD Worx S&CS with SD Worx PS	-2,302	
- Integration Vio and Flexpoint		-2,007
- Other resturcturing termination fees	-932	-5,650
- Go-to-market external consultancy	-741	
- Other	-355	-89
Acquisition & transaction costs related to third parties	**-527**	**-3,730**
- Transaction costs M&A tracks	-527	-1,625
- Advisory fee subordinated bond issuance		-465
- Provision for acquisition bonus		-1,640
Non-commited stock based compensations	**-2,127**	**-2,303**
Other non-operating income/ expense	**181**	**-145**
- Advisory cost fiscal ruling and other advisory cost		-145
- Other	181	
EBITDA	**61,288**	**43,969**

"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, (e) share-based compensation, and (f) other non-operating income/expense below the line. The impact of changes in actuarial assumptions on Defined Benefit Obligations are also presented on a seperate line.

16. Non-committed stock-based plans

For the years 2017 until 2020, SD Worx established a share purchase plan (SPP) and share allocation plan (SALP).

The share purchase plan (SPP) concerns the right to which certain employees, managers and directors of the Group ("the Eligible Group") were entitled to acquire a number of share certificates at a discount. The share certificates can be sold to HR Worx Holding NV after a vesting period of 3 years.
The share allocation plan (SALP) is the promise to the Eligible Group to receive/acquire for free a number of share certificates after the vesting period of 3 years.

The certificates grant the beneficiaries the economic rights on the underlying shares of the Company, while the other rights attaching to the shares (including voting rights and preferential subscription rights) are exercised by HR Worx Holding NV.

The SALP/SPP incentive plans grants the certificate holders after the vesting period a put option to sell the certificates to HR Worx Holding NV. As a result, the incentive plans are considered as equity-settled at the level of the Company.

The SPP plans 2017, 2018, 2019 and 2020 relate to certificates on new shares, issued at the moment of a capital increase. Therefore no expense is recognized in the profit & loss statement. For the SALP plans 2017, 2018, 2019 and 2020 the Company or its subsidiaries will bear the cost of the granting for free for the certificates after the vesting period. Therefore a provision is build up over the vesting period through the recognition of an expense at each period-end, for the difference between the exercise price and the fair value at that period-end, as well as for the social security charge on the SALP.

Accounting impact of non-committed stock-based plans

Amounts in € 000	Grant date	Vesting date	Grant	2018	2019	2020	2021	2022	2023	Total
SALP grant										
SALP 2017	01/08/2018	15/11/2020	1,321	221	689	411	0	0		1,321
SALP 2018	01/10/2018	30/09/2021	1,444	153	612	304	375	0	0	1,444
SALP 2019	01/07/2019	30/06/2022	2,559	0	532	716	853	527	0	2,559
SALP 2020	01/07/2020	30/06/2023	3,220	0	0	535	1,074	1,012	542	3,220
TOTAL SALP COST			**8,544**	**374**	**1,833**	**1.966**	**2,302**	**1,539**	**542**	**8,544**
Employer Social Security cost										
Social security cost SALP 2017			226	73	175	-21	0	0		226
Social security cost SALP 2018			233	39	155	-19	58	0	0	233
Social security cost SALP 2019			486	0	140	104	162	86	0	486
Social security cost SALP 2020			593	0	0	98	198	210	104	593
TOTAL SALP SOCIAL SECURITY COST			**1,537**	**111**	**470**	**162**	**418**	**296**	**104**	**1,538**
TOTAL COST NON-COMMITTED STOCK BASED COMPENSATION			**10,081**	**485**	**2,303**	**2,127**	**2,720**	**1,835**	**646**	**10,081**

The stock-based compensation for the eligible Group is not committed, however the Company may decide to set up further SPP, SALP or other incentive schemes in the future for senior employees, managers and directors of the Group.

17. Rights and commitments not reflected in the balance sheet

Overview of rights and commitments not reflected in the balance sheet:

Amounts in € 000	2020	2019
Provided guarantees as security of debts and commitments of the enterprise		
Real estate mortgage Sodeco	446	446
Real estate mortgage LWB	815	815
TOTAL DEBT SECURITIES	**1,261**	**1,261**
Goods and values, not disclosed in the balance sheet, held by third parties in their own name but at risk to and for the benefit of the enterprises in the consolidation		
TOTAL NON-DISCLOSED GOODS AND VALUES	**0**	**0**
Total earn-out and call option commitments		
Maximum additional variable purchase price and earn-outs	4,775	2,300
Total Call/Put Options on participations and business plans	0	0
TOTAL EARN-OUT AND CALL OPTION COMMITMENTS	**4,775**	**2,300**
Total bank guarantees		
Total rental guarantees not disclosed in the balance sheet	198	198
Total performance guarantees provided to customers	2,707	1,983
TOTAL BANK GUARANTEES	**2,904**	**2,180**
Total non-cancellable operating lease commitments		
Total real estate lease commitments	35,073	40,604
Total other operating lease commitments	21,456	21,445
TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS	**56,529**	**62,049**
Capital commitments		
Contracted Property, Plant & Equipment expenditure not recognised as a liability		
Contracted intangible asset expenditure not recognised as a liability		
TOTAL CAPITAL COMMITMENTS	**0**	**0**

18. Audit & Director fees

Auditors and their related parties

Amounts in € 000	2020	2019
Auditor's fees according to a mandate at the Group level led by the company publishing the information	307	317
Fees for exceptional services or special missions executed in the company and its branches by the auditor		
Other attestation missions	10	18
Other missions external to the audit	512	524
Fees to parties auditors are linked to according to the mandate at the Group level led by the company publishing the information	386	375
Fees for exceptional services or special missions executed in the company and its branches by people they are linked to		
Fees for tax consultancy	31	30
Fees for other missions external to the audit	198	109
TOTAL AUDIT FEES	**1,444**	**1,373**

Director fees

Amounts in € 000	2020	2019
Total amount of remuneration granted to Directors in respect of their responsibilities in the SD Worx NV, its subsidiaries and its affiliated companies, including the amounts in respect of retirement pensions granted to former directors or managers	1,642	1,544
TOTAL DIRECTOR FEES	**1,642**	**1,544**

19. Non-adjusting events after the reporting period

No material non-adjusting events after the reporting period to be mentioned.

20. Audit Report

SD Worx NV

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2020 - Consolidated financial statements

The original text of this report is in Dutch

Statutory auditor's report to the shareholders' meeting of SD Worx NV for the year ended 31 December 2020 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of SD Worx NV ("the company") and its subsidiaries (jointly "the Group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 7 June 2019, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration") issued upon presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2021. We have performed the statutory audit of the consolidated financial statements of SD Worx NV for 5 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement , the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 688 705 (000) EUR and the consolidated income statement shows a profit for the year then ended of 541 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and financial position as of 31 December 2020 and of its consolidated results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the financial reporting framework applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;

- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, as well as to report on this matter.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations. In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the Group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Signed at Zaventem, 26 April 2021
The statutory auditor

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

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

Statutory Financial Statements of SD Worx NV

The statutory annual financial statements of SD Worx NV are presented in summary format below. In accordance with the Belgian Companies Code, the annual financial statements of SD Worx NV, the management report, and the statutory auditor's report will be filed with the National Bank of Belgium.

These documents are also available free of charge on the internet, or upon request sent to:
SD Worx NV
Brouwersvliet 2
B - 2000 Antwerp

The statutory annual financial statements of SD Worx NV are prepared in accordance with Belgian generally accepted accounting principles ("BE GAAP").

The main activities of SD Worx NV are managed by a Management Committee and its areas of focus include:

- The Group's financial investement and portfolio management;
- Financial control and consolidation;
- M&A and overall strategy of the Group;
- Organisation of Group control functions with a view to effectively managing risks within the Group;
- Capital structure of the Group;
- Holding, evaluating and managing the operational performance of the Group;
- Coordination of the Group's different business operations, and fostering cooperation and synergies between the business operations with an aim to maximally integrate business operations;
- Corporate housekeeping and governance of the Group.

Statutory Balance sheet as at 31 December 2020

Amounts in € 000	31/12/2020	31/12/2019
ASSETS		
FIXED ASSETS	**585,003**	**563,155**
Formation expenses	1,578	1,895
Intangible fixed assets	0	0
Tangible fixed assets	1,021	1,027
Financial fixed assets	582,403	560,232
CURRENT ASSETS	**124,572**	**155,776**
Amounts receivable > 1 year	0	0
Amounts receivable < 1 year & stocks	28,583	17,576
Current investments & Cash	91,776	136,441
Deferred charges and accrued income	4,212	1,758
TOTAL ASSETS	**709,574**	**718,931**

Amounts in € 000	31/12/2020	31/12/2019
LIABILITIES		
EQUITY	**611,291**	**615,526**
Capital	592,632	601,244
Share premium	0	1
Reserves	1,173	953
Accumulated profits (or Losses (-))	17,486	13,328
Investment grants	0	0
PENSIONS, PROVISIONS AND DEFERRED TAXES	**1,533**	**2,467**
Provisions and deferred taxes	1,533	2,467
AMOUNTS PAYABLE	**96,750**	**100,938**
AMOUNTS PAYABLE > 1 YEAR	**87,280**	**92,855**
Financial payables > 1 year	87,280	92,855
Other payables > 1 year	0	0
AMOUNTS PAYABLE < 1 YEAR	**9,471**	**8,083**
Financial payables < 1 year	5,000	5,000
Other payables < 1 year	2,772	1,384
Accruals and deferred income	1,699	1,700
TOTAL EQUITY & LIABILITIES	**709,574**	**718,931**

Statutory income statement for the period ended 31 December 2020

Amounts in € 000	Note	FY2020	FY2019	YoY B/(W)	YoY%
REVENUES		**0**	**397**	**-397**	
- Cost of Sales		0	0	0	
GROSS MARGIN		**0**	**397**	**-397**	
- Services and other goods		-3,502	-1,627	-1,875	
- Staffing costs		-4,057	-2,805	-1,252	44.6%
- Amounts written off stocks, contracts in progress and trade debtors		0	0	0	
- Provisions for liabilities and charges		0	0	0	
- Other operating cost		-11	-391	380	-97%
+ Other operating income		5,345	3,905	1,441	37%
Total net operating costs		-2,224	-918	-1,306	142%
NORMALIZED EBITDA		**-2,224**	**-521**	**-1,703**	**327%**
- Restructuring and integration costs		-238	0	-238	
- Acquisition & transaction costs related to third parties		-405	-497	92	-19%
+/- Profit/(Loss) from material business and asset disposal		0	0	0	
- Non-committed stock based compensation		934	-2,093	3,027	-145%
+/- Profit/(Loss) from discontinued operations		0	0	0	
+/- Other non-operating income/expense below the line		0	0	0	

Amounts in € 000	Note	FY2020	FY2019	YoY B/(W)	YoY%
EBITDA		**-1,934**	**-3,112**	**1,178**	**-38%**
- Depreciations, amortisations and impairments		-30	-28	-1	5%
- Impairments on participations and goodwill		0	0	0	
EBIT		**-1,963**	**-3,140**	**1,177**	**-37%**
- Financial expenses		-4,473	-29,621	25,148	-85%
+ Financial income		11,693	49,227	-37,534	-76%
Profit before tax		**5,257**	**16,466**	**-11,209**	**-68%**
- Taxes		-879	-6	-874	
Profit after tax		**4,378**	**16,461**	**-12,083**	**-73%**

Statutory result appropriation for the period ended 31 December 2020

Amounts in € 000	Note	FY2020	FY2019	YoY B/(W)	YoY%
NET RESULT OF THE YEAR		**4,378**	**16,461**	**-12,083**	**-73%**
Result carried forward		13,328	-2,309	15,637	-677%
TOTAL AVAILABLE AND DISTRIBUTABLE RESERVES		**17,706**	**14,152**	**3,554**	**25%**
Appropriation					
Addition to the share capital and share premium				0	
Addition to the legal reserve		220	824	-604	
Gross dividend					
Carried forward		17,486	13,328	4,158	31%
Total		**17,706**	**14,152**	**3,554**	**25%**

21. Compliance Certificate

To the best of our knowledge, we declare that:

- The consolidated financial statements reflect a faithful image of the assets and liabilities, financial situation and results of the Group;
- The Adjusted Leverage does not exceed 4:1 as per the Reference Date 31 December 2020.

Filip Dierckx (26 April 2021)
BV GINKGO Associates with
permanent representative
Filip Dierckx, Chair of the Board
of Directors of SD Worx

Hector Vermeersch (26 April 2021)
Chief Financial Officer

Handtekening:

Filip Dierckx (26 April 2021)
Email: filip.dierckx@sdworx.com
Titel: Chair of the Board
of Directors of SD Worx

Handtekening:

Hector Vermeersch (26 April 2021)
Email: hector.vermeersch@sdworx.com
Titel: CFO SD Worx nv