

CFO'S

"2020, a year impossible to foresee."

Andres Cano, CFO

REVIEW

SOLID FOUNDATIONS

Describing and highlighting the financial impact of the year's main events on House of HR is at the same time easy and challenging, as there have been many phases throughout 2020. Everything that happened in 2020 put our teams, our clients and our candidates under extreme pressure, as it did for all of our society.

Only companies with solid foundations are able to survive and succeed faced with challenges such as those seen in 2020. A few are even able to benefit from these tough moments to create a brighter future, and we are convinced House of HR is one of them.

Our **unique strategy and successful implementation** is at the core of this conviction.

Our focus on certain markets, segments and niches, the full commercial drive of the organization, our pricing model that delivers superior returns in gross margin % and EBITDA %, that is efficiently transformed into liquidity available for the company – all our management teams executed these strategic imperatives perfectly while reacting quickly and decisively to local market conditions.

To better share our achievements in 2020 I have divided my analysis into three periods: Q1 2020, pre-pandemic; Q2 and Q3, where the uncertainty was extreme; and Q4, where we took long-term lasting actions to build for the future.

Q1 2020 – PRE-PANDEMIC

The first quarter of 2020 started well. Sales activity started nicely and sales got positive momentum until mid-March, where hard lockdowns were declared almost in all our markets. Suddenly in two weeks, 37% of our People at Work (PaW) was discontinued (see graph on page 62). Many of our customers were obliged to close their plants, shops, and offices. Fear about health and the near future took over. Our priorities were immediately to keep all our people safe and to be near our candidates, our clients, and of course our own families.

Q2 AND Q3 – RISING TO THE CHALLENGE

We entered into Q2 in a situation of uncertainty, but with a solid position in terms of cash available. This gave confidence in our strengths and near future to our managers and teams. After some weeks of extreme uncertainty, our teams came back to work, and for 26 weeks in a row, our PaW volume recovered compared to 2019 and sequentially (except during the summer break weeks).

Our clients restarted their activity and came back to us to look for support. From losing 37% of the PaW (13,044 PaW) in week 16 of 2020 (19th April) compared to four weeks earlier, we found that by mid-October (week 42) we had already recovered all of them. Indeed some entities were already above the previous year sales level. We were able to give again a job to more than 13,400 candidates, and recover more than 2,000 clients. We succeeded in getting back in terms of PaW to the point where it all started.

€1.6bn

Total sales in 2020

CFO'S REVIEW continued

Sales recovered progressively during this time and into Q4 to reach a -10% accumulated for 2020 compared to 2019. Total sales for the year have reached €1.6 billion compared to €1.9 billion the previous year.

Two remarks need to be made at this point:

- **Not a single month of 2020 showed negative EBITDA for HoHR.**
- **Gross Margin % was kept at pre-Covid19 level.** This guaranteed that our future was secured. We didn't need to lower our prices to get our sales back.

Our **strong liquidity** position, with the progressive sales recovery along Q2 and Q3, was driving us into Q4 where we took advantage of our position to invest again in the future of House of HR.

Q4 – BUILDING FOR THE FUTURE

Once we got into Q4, we really accelerated into executing our plans to get prepared for 2021 and beyond.

We were confident about being able to deal with the successive milder lockdowns, and that anticipation would give us a better position for the future. In this hectic period of building for the future we achieved a great deal.

Restarting our M&A activity

We restarted our **M&A** activity, frozen since March 2020 due to market conditions. Two deals were signed in December 2020. Solyne in the Netherlands and Greenworking in France. With combined sales of €20 million they will help us, via Continu Professionals and Abylsen, acquiring entities, to further implement our strategy of specialization. A third opportunity is also under an exclusivity period for us to complete the acquisition; this will happen early in Q2 2021. This specialty business is active in Germany, a key region of focus for us, and our first move since 2016 in the German market.

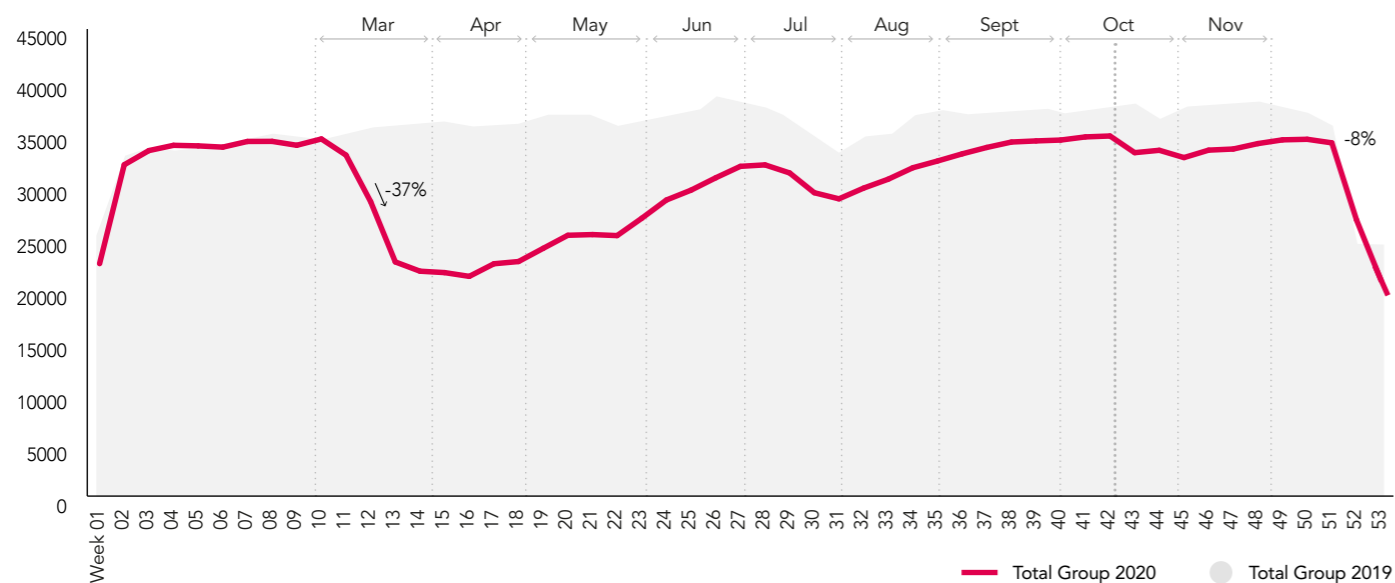
Integrating our German entities

We launched the project to integrate **TimePartner** and **Zaquensis** as of **May 2021**. This combination will help us accelerate specialization and simplify our investment plans in Germany as we will have a single platform to build on. We have formalized this integration with the creation of **House of HR Germany**. The brand used in the market for the new Group will be **'TimePartner'**. The focus of the integration is on growth, not cost synergies. The excellent momentum of sales growth of both companies in Q4 2020 is continuing in early 2021 and will be an excellent base for our expansion ambitions in Germany.

Creating House of Invest

Our newly incorporated entity House of Invest has a major role in our digital strategy. It will hold and drive all our digital developments. We have concentrated all our digital assets from across the Group into House of Invest, creating one platform to meet current needs and invest in new needs as they arise. House of Invest now owns **NowJobs, Gighthouse, Swop, Opco Connect, CV creator** and **My CV Softskills**, and holds ownerships in **Dora, Book'U** and **Ariad**. And we are eager to add more. House of Invest will take on the task to roll out the apps to all our powerhouses and, in some cases, to the open market.

PaW Weekly people at work



LOOKING AHEAD WITH CONFIDENCE

Because of what we have achieved in 2020, we are very confident that 2021 will be a year to get back to a normal life.

We have very solid foundations, built over the past years and on through the extraordinarily challenging and tumultuous 2020.

We aspire to be back again in growth mode: more clients, more PaW, more sales and more colleagues. We will also benefit from the world economic recovery to support that growth. As of today, several million people have already received a vaccine to protect them, and this is at the heart of the solution to the Covid19 pandemic.

We have ambitious targets for 2021: be back to 2019 sales; continue our M&A activity; open new niches in our markets; enter into new specializations such as Nursing and IT; further develop our sustainability policy and expand our apps to more companies, clients and candidates. These are just a few examples of our aims and ambitions. We are working together every day to achieve them.

If we look back, indeed 2020 was impossible to foresee. From a nice beginning to an extremely challenging middle to a positive and promising end – 2020 allowed us to show we are also **Happy Rebels** in the most difficult times!

Thanks to all within House of HR!

Read more about our Financial Results in our 2020 House Results

Andres Cano
CFO, House of HR



25 YEARS' CELEBRATION!

The Continu 25 years' celebration day in 'The Efteling' entertainment park brought our team together to celebrate this amazing milestone. Our party was completed with special guest, famous Dutch singer Gerard Joling.

See more of the evening

"Our newly incorporated entity House of Invest has a major role in our digital strategy."

Increasing our cash available

In December 2020, we successfully launched a **€200 million Senior Unsecured Notes** program. Orders were close to four times the offer, so the condition of the subordinated debt topped our expectations and demonstrates the belief of investors in House of HR. Together with our banks, we went to the market and in a record time of 14 days successfully launched this financing. The €200 million obtained will be the basis for our **buy and build strategy** along 2021.

These four key initiatives reflect our ambition to be a leader and a major player in our industry. And we were able to undertake initiatives, at the same time as our powerhouses continued to accelerate and grow towards the end of 2020. This is a great example of how we are set up to both excel in the present and build for the future. Our powerhouses continuously improve our market share, while as a Group we are always looking to create stronger foundations and new opportunities for the future.