

DPA delivers solid results despite clear drop in revenue in H1 2021

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Highlights of first half year:

- Revenue: 64.4 million euro (H1 2020: 71.4 million) due to a decreasing number of professionals (-11%)
- Gross profit/gross margin: 21.1 million euro; 33.3% (H1 2020: 20.3 million; 28.4%)
- Cost base was low in H1 2021 due to an explicit focus on cost control in 2020
- Further increase in labour market tightness; significant investments needed to attract new professionals
- EBITDA/EBITDA margin: 10.1 million euro; 15.9% (H1 2020: 8.6 million; 12.1%)
- One-off transaction costs: negative impact of 1.1 million euro on EBITDA
- Lower travel and transport costs than in 2020: positive impact of 0.6 million euro on EBITDA, primarily realised in Q1 2021
- Number of working days equal to H1 2020 (124)

Condensed income statement¹

in millions of euro or percentages

	H1 2021	H1 2020
Net revenue	63.4	71.4
Cost of sales	42.3	51.1
Gross profit	21.1	20.3
Gross margin	33.3%	28.4%
Selling, general and administrative expenses excluding depreciation, amortisation and impairments	11.0	11.7
EBITDA	10.1	8.6
EBITDA margin	15.9%	12.1%
Depreciation and amortisation	-3.2	-11.3
Operating result (EBIT)	6.9	-2.7
EBIT margin	10.8%	-3.8%
Financial income and expenses	-0.2	-0.2
Result of associates	0.0	0.0
Profit before tax	6.7	-2.9
Tax on profit	-1.7	-1.1

Net profit/loss

5.0

-4.0

1. *The results for the first six months of 2020 and 2021 have not been audited.*

Commenting on the half-year results, DPA CEO Arnold van Mameren said:

“There are two sides to these figures. On the one hand DPA showed that it is able to achieve solid financial results in a very challenging labour market. Demand for DPA professionals remains high and also results in great new projects. The Legal & Public cluster posted nice growth due to the allowances project for the Dutch tax authority (*Belastingdienst*) and the TOZO scheme projects for municipalities. The Banking cluster, on the other hand, has had to deal with a very challenging banking sector that is seeing a shift from the demand from junior to mid-level/senior professionals. This group of professionals is even scarcer than the more junior professionals.

On the other hand, we are noticing the structural tightening of the labour market, mainly driven by the increasing shortage of specialised, highly educated professionals. Further investments are needed in our internal organisation and in marketing in order to grow in the second half of the year. DPA will continue to invest in the organisation and competencies of our employees with a view to attracting and retaining good professionals.”

Development of first-half 2021 results

Revenue fell by 11.2% in the first half of 2021 to 63.4 million euro (H1 2020: 71.4 million euro). Direct costs fell by 17.2% to 42.3 million euro (H1 2020: 51.1 million). Gross profit increased by 3.9% to 21.1 million euro (H1 2020: 20.3 million). The gross margin rose from 28.4% in the first half of 2020 to 33.3% in the first half of 2021.

The number of professionals under contract fell sharply: from 1,092 at 30 June 2020 to 973 at 30 June 2021.

Selling, general and administrative expenses decreased by 6.0% to 11.0 million euro (H1 2020: 11.7 million). As a percentage of revenue, these costs rose to 17.4% (H1 2020: 16.4%). Part of these selling, general and administrative expenses are transaction costs of 1.1 million euro related to Gilde's public offer for all outstanding DPA shares. The profit margin is good due to a lower cost base as a result of cost cuts initiated in 2020 and a 0.6 million euro reduction in fuel, travel and accommodation expenses for professionals compared to the first half of 2020. Most of this was realised in the first quarter as the effects of the COVID-19 pandemic only began to be felt in March 2020. In the first half of 2020 EBITDA was negatively affected by the restructuring costs of 1.1 million euro due to the pandemic. EBITDA increased to 10.1 million euro in the first half of the year (H1 2020: 8.6 million), while the EBITDA margin rose to 15.9% (H1 2020: 12.1%).

Segment breakdown

For reporting purposes the six DPA clusters are combined into three segments:

- Finance & Banking with the Finance and Banking clusters
- Legal & Public with the Legal & Public cluster
- IT, Supply Chain & Logistics & Participations with the IT, Supply Chain & Logistics and Participations clusters

Revenue and gross profit by segment	H1 2021			H1 2020		
<i>In millions of euro and %</i>						
	Revenue	Gross profit	Margin %	Revenue	Gross profit	Margin %
Finance & Banking	34.2	10.2	29.8%	41.5	11.7	28.1%
Legal & Public	14.0	6.4	45.6%	10.6	4.0	37.8%
IT, Supply Chain & Logistics & Participations	15.2	4.6	30.1%	19.4	4.6	23.8%
Total	63.4	21.1	33.3%	71.4	20.3	28.4%

Financial position

The net cash flow from operating activities amounted to a positive 6.5 million euro (H1 2020: positive 17.3 million). It should be noted that the government support received in 2020 (which was repaid in August 2020), amounting to approximately 8 million euro, had a major one-off impact on the first half of 2020.

Days sales outstanding (average accounts receivable in days) equalled 28 at 30 June 2021 (30 June 2020: 25). The overall debtor position and sales yet to be invoiced stood at 22.0 million euro (30 June 2020: 22.0 million). The net cash flow from investment activities amounted to a negative 2.5 million euro (H1 2020: positive 0.4 million). The net cash flow from financing activities was a negative 2.9 million euro (H1 2020: 8.0 million negative). This difference is partly caused by the repayment of the long-term loans and the current account credit facility in the first half of 2020.

The net debt position stood at 3.2 million euro (30 June 2020: 4.1 million euro).

DPA had two financing agreements with Rabobank at 30 June 2021– a credit facility and an acquisition financing agreement. The credit facility is for a maximum of 25.0 million euro. The permitted maximum amount is determined based on the balance of 70% of the total amount of 'revenue yet to be billed' plus 70% of the total amount of legally pledged claims. The acquisition financing had already been repaid in full at the end of 2021 (30 June 2020: 1.2 million euro).

Employees

After the decline in the number of professionals in 2020 due to the COVID-19 pandemic, the current tight labour market is now causing the number of professionals to stabilise in 2021. It is a challenge to achieve further growth. At 30 June 2021 DPA had 973 professionals (30 June 2020: 1,092) and 142 internal employees (30 June 2020: 160) under contract. An important ratio is the ratio of direct/indirect staff (professionals under contract/internal employees). This ratio fell from 7.1 at 31 March 2021 to 6.9 at 30 June 2021. At 30 June 2021 DPA had 144 self-employed professionals under contract on a full-time basis (30 June 2020: 160).

(on an FTE basis)	30-6-2020	30-9-2020	31-12-2020	31-3-2021	30-6-2021
Professionals	1,092	1,014	982	987	973

Self-employed				160	
professionals	160	159	143		144
Internal employees	160	143	132	139	142

Because DPA deploys its employees as flexibly as possible and demand for professionals is high, only a limited number of them were left 'on the bench' and productivity remained high. At the same time DPA continues to work on developing its professionals through personal coaching, courses and training. Due to unprecedented scarcity in the labour market, further investment is needed to be able to grow again.

Outlook

DPA continues to monitor market developments closely. Current shortages in the labour market mean that DPA will have to invest heavily in order to continue to meet the high demand from our clients for our professionals.

Post balance sheet events

On 27 July 2021 DPA was provided with a new current account financing facility for up to 2.5 million euro.

On 30 July 2021 DPA expanded its stakes in DPA Supply Chain, DPA Privacy and DPA Tax to 100% by exercising call options. DPA already had decisive control over these subsidiaries, which meant that they were already consolidated.

Public offer by New Horizons

On 1 March 2021 DPA and Gilde Equity Management Benelux Partners B.V. (Gilde) jointly announced that they agreed on a recommended public offer, with committed financing, by an entity of Gilde for all issued and outstanding ordinary shares of DPA at an offer price of 1.70 euro (cum dividend) per share in cash. Following the post-acceptance period New Horizons Holding B.V. holds 93.0% of the issued and outstanding capital, i.e. 43,679,894 shares.

DPA Group N.V.

DPA connects organisations with professionals who have the right knowledge and know-how. Under the motto 'improving your performance' the company gives its employees room to be driven about their profession and continuously work on their professional and personal development. This enables them to help clients realise improvements and innovations. DPA is listed on Euronext Amsterdam. Further information can be found at www.dpa.nl

Further information

For more information please contact Sharon Hulkenberg at sharon.hulkenberg@dpa.nl or on +31 (0)6 5141 1647.

Disclaimer

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Attachment

- [Persbericht H1 2021 DPA Group N.V. tabellen](#)