



annual report 2018

Centric Holding B.V.

2 april 2019

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MANAGEMENT BOARD REPORT

Focus on core activities, increase in recurring business

In 2018, we reaped the rewards of our strategy. Applying greater focus in our activities, the transition towards the cloud, and stepping up internal international collaboration have led to us landing high-profile projects and generating new (international) business.

Over the past years, Centric's sights were set on raising customer satisfaction levels and restructuring our organisation, as economic and technological developments called for a shift in our activities.

We have invested heavily in this shift, using our own funds and bearing all the risks involved ourselves, ultimately achieving success. We have taken our customers with us to new propositions: from staffing services to managed services, from being a hardware reseller and implementation partner to a provider of cloud-based services. The shift in our activities saw us increase our recurring business, which is an important basis for our company's continuity. In 2018, we took the final step in further sharpening our focus in these activities. In the area of infrastructure, for example, the sale of our reselling activities to HET IT marked the final step in our transition into a cloud provider.

We have also further strengthened our position in retail, finance, and the public sector. This is important going forward, as we need a large enough market share to ensure return on investments in the development and innovation of products and services. It is also why we sold our market-specific software solutions for housing corporations in early 2019. In the housing corporation market, we simply lacked the required market share to be able to sustain the innovation capacity needed to produce market-specific solutions. By selling these activities to TSS, an organisation with a strong focus on housing corporations, we were able to offer our customers and the employees involved continuity for the future.

Development of sales and profits

The anticipated downward trend in sales and profits due to the restructuring of the organisation was conclusively converted into an upward trend in 2018. The final step in our transition is to further reform the internal organisation to create a solid basis for further growth and professionalisation of services.

In 2018, sales came in at 490 million euros (2017: 468 million euros). Profit totalled 18.3 million euros in 2018, which is down on 2017 (21.3 million euros) due to several one-off income items in 2017. Operating profit did rise. At 59%, solvency in 2018 stayed in line with previous years. With a current ratio of 1.4, liquidity is stable. Total net cash flow was -10.3 million euro in 2018 (2017: 5.0 million euros). The company does not use financial instruments or external financing.

Centric meets the criteria for a 'large public company regime' (structuurvennootschap) and, in line with this, has a one-tier management board. Whenever there are vacancies on the board, Centric endeavours to find the most qualified candidate, while also seeking to comply with the diversity principle. In 2018, this resulted in the appointment of Carolien van der Werf to the position of CFO, meaning that Centric complies with the diversity principle in its executive board. Centric currently also has a vacancy for a non-executive board member. Given that the other seats on the board are held by stable members, there will be no further changes to the composition of the board. Owned by Sanderink Investments B.V., Centric Holding is the holding company for all Centric operating companies.

Growing expertise

In 2018, we continued to devote much time and energy to developing innovative solutions, further developing our Hybrid cloud proposition, and SaaSifying our software solutions, while also pouring substantial funds into our data science expertise. Together with our data

science specialists, we are looking into ways to combine the various information flows to be able to forecast future developments, especially in the retail market.

Highlights

Financials

In the finance sector, Centric focuses primarily on outsourcing, i.e. hosting customers' complete IT environment and processes, such as payment transaction processing and pension administration. Centric has invested specifically in its outsourcing services, including in new pension administration activities for five industry pension funds we acquired from Syntrus Achmea.

Over the past year, a lot of focus has gone into the further development of operational processes and the set-up of our IT platform for pension administration. The costs involved were steeper than expected and weighed down on the company's profit. Over the coming years, we expect to reap the benefits of the resulting improvements to the operational process. In part thanks to the great commitment and knowledge of our staff, satisfaction with our pension administration services is generally positive and we even welcomed three new pension funds.

Also when it comes to our services to banks, customer satisfaction levels are good, as confirmed by NWB Bank renewing its contract with Centric. We take care of payment transactions for NWB Bank. Our in-depth knowledge of the pensions and banking industry, and the IT and administrative processes that are so important in this industry, has given Centric a unique position in this market. To further strengthen this position and maximise synergies for customers, services will be continued in 2019 under the supervision of a single management team. Key spearheads are to optimise processes, to exchange and embed compliance, security and other knowledge, and to boost our innovative strength.

Supply Chain

In 2018, we reaped the benefits of international collaboration in retail. Both in product development, where colleagues from Romania, the Netherlands and Belgium work closely together, and in generating new business in Scandinavia and the Benelux countries. On top of that, more and more customers have switched to the cloud-based Omnichannel Retail Suite, taking maximum advantage of the innovation roadmap of our solutions. Our retail solution runs on traditional PCs, tablets and smartphones, and comes with all the essential retail features of today, supporting loyalty schemes, promotions, customer tracking and much more. Our field services, i.e. the local specialists who provide customer support, also performed well, assisting customers in different countries with the roll-out and implementation of store automation, including POS solutions and networks. One example from 2018 is the store automation process we started at Carrefour Belgium, one of the Benelux's largest food retailers, where we are implementing a fully cloud-based software-as-a-service solution.

In logistics, Centric tapped into the mechanisation trend by making its Locus WMS solution easier to link to mechanised systems used in online, offline, and omnichannel retail and wholesale warehouses. And finally, Third Party Logistics is also on the right track thanks to an attractive combination of our Plan&Go and Locus WMS solutions.

Public Sector

As of 1 January, Centric has a new management team for services to local governments. Focusing primarily on strengthening administrative ties between governments and the business community, modernising our portfolio, and raising customer satisfaction levels, we are working hard on further professionalisation of the organisation. And it has already resulted in a clear roadmap towards future-proof digital services and new online services for register offices and social services. The innovation programme has produced the first successes in terms of the switch from locally installed software to cloud-hosted software. One example is the large-scale upgrade

of our taxation and data distribution solutions for local authorities. And VyZyr's BI tools are still a very valuable add-on to our Key2Belastingen solution. In late 2017, Centric acquired a 20 percent stake in this management information tool maker.

Also, in the run-up to the Environment and Planning Act coming into force, we developed a solution comprising all tools for spatial planning, permit issuance, surveillance and enforcement. As local authorities merged, we helped several local governments successfully migrate and harmonise their information provision.

Aside from that, a large number of customers went live with Motion, our HR cloud solution, with an equally large number of public-sector and private-sector customers set to do the same in 2019.

IT Outsourcing

In our IT outsourcing services, 2018 saw the completion of our transition from hardware supplier into cloud services provider. This transition has resulted in an overhaul of our organisation, which is now made up of the new Cloud Services group that sells our Centric cloud-based SaaS solutions on the one hand and IT Outsourcing on the other, whereby the latter offers a hybrid solution, i.e. a combination of public and private cloud with centralised management. Standardisation of the design and management of our cloud services was a key precondition for further internationalisation of our capacity in this area. The working methods of our international service desks were also standardised further. The office we opened in Lithuania in 2018 will provide support.

Staffing Services

In today's tight labour market, the biggest challenge in staffing services is to attract and retain sufficient IT professionals to be able to successfully meet customers' demand for qualified staff. The efforts of our Expertise Centers, Craft (our growth programme for IT pros), as well as the field managers who take care of personal guidance, play a key role in setting Centric

apart from other employers. Centric also offers attractive career opportunities: our professionals not only get the opportunity to keep growing in their own specialist area, but also to switch to other Centric divisions to continue their career there. They may, for example, want to switch when they need a fixed work location at one of the Centric offices.

Risks and how we mitigate them

Given that there is always some level of risk involved in doing business, since its founding, Centric has been striving to strike a healthy balance in its markets and activities, aiming to secure continuity for both customers and employees. Diversification enables us to absorb any negative consequences of risks taken in a specific country or focus area. Centric furthermore has a Compliance Policy and a Code of Conduct that are integrated into employees' employment contracts.

Security

Over the past few years, security and privacy have rapidly become essential concerns in our society. The introduction of the GDPR and other legislation have made colleagues and customers doubly aware of security and privacy, and rightfully so. We at Centric, too, consider information security a crucial part of our operations and services to customers. Robust information security is the basis of our reliability as a supplier and a business partner, as well as a prerequisite for long-term partnerships with our stakeholders, which calls for effective and unequivocal measures. We have, therefore, opted to centralise our policy within our organisation. In 2018, development of Centric-wide Baseline Information Security continued and we have meanwhile started implementing it. This subject continues to be high on our agenda.

Following the taking effect of the GDPR, we furthermore engaged with VNG, the Association of Netherlands Municipalities, to agree on a generic, standard data processing agreement and thus make clear arrangements with respect to GDPR compliance.

Audit, Risk and Compliance

In society as a whole, and certainly also in the customer groups that Centric serves, risk management is an increasingly important topic and a prerequisite for long-term partnerships, as becomes evident from customers' increasing fixation on certifications verifying that our services can be trusted.

To ensure that Centric has the right risk management and internal controls in place, we have opted to centralise the internal audit function and make it come directly under the management board's responsibility. Auditing used to be a decentralised function.

A tight labour market

Labour shortages are making it harder for us to seize growth opportunities in the market, especially in staffing services, where demand from customers exceeds supply. Also when it comes to running projects at customers, the key challenge is to have a sufficient number of professionals available. By standardising processes and stepping up collaboration with our offices outside the Netherlands, including those in Lithuania and Romania, we are minimising the impact of labour shortages on our customers and helping them ensure their continuity. In this context, it is important that we invest not only in developers and infrastructure specialists in the Benelux countries, but also in industry-specific and functional knowledge. Our colleagues play an important role here. They maintain close ties with our customers and shape our product roadmaps in consultation with them. We invest in being a good employer in order to retain and challenge our employees, and to make our company as attractive as possible to (external) professionals.

GIBIT implementation

The implementation of the GIBIT IT procurement conditions is intended to help local authorities guarantee that they get a product or service that meets the need for which they procured it. This forces Centric to even more tightly organise its project management to be able to adequately meet all GIBIT requirements. In our view, the current version of GIBIT shifts (too) much of the risk to providers to the public sector, which includes Centric. We are, therefore, engaging with

stakeholders such as VNG (Association of Netherlands Municipalities) to agree on a more balanced division of risks.

These measures adequately address the main risks that could threaten profit growth and the company's continuity. There is no interest rate risk because there are no outstanding loans and, with a current ratio of 1.4, the organisation's liquidity is stable. The company primarily operates in euro countries, which means that currency risks do not have a material impact on the operating profit. There is, however, a dependency risk in the relationship with Sanderink Investments B.V. due to the common cash pool with Centric Holding B.V. Given that this has been a stable relationship for years and given the current situation, we do not expect this cash pool construction to jeopardise the company's continuity. On top of that, Centric will structurally be paying a dividend to Sanderink Investments, which will reduce the dependency each year.

Working on sustainability

In 2018, based on our CSR plan, we worked with all business units on things such as reduction of CO₂ emissions, inclusive employment practices and making our products and services more sustainable to improve both our own and our customers' environmental performance. This is how Centric contributes towards a better world. We firmly believe that technology plays a pivotal role in increasing sustainability. To make processes and whole industries more sustainable, our focus in 2018 was on Greening by IT, Greening of IT, and IT as enabler.

Mobility is another mainstay of Centric's ambition of reducing our CO₂ emissions. Following a successful pilot, we included fully electric vehicles in our car leasing programme last year, entirely in line with our ambition. In early 2018, we furthermore replaced all cars in our company car fleet with green gas-powered models. Given that no fully electric models of these vehicles are available yet, Centric opted for CNG. This is the most sustainable intermediate step in the transition towards a fully electric fleet.

Our employees make the difference

In all of Centric's operations, people come first. At Centric, everyone is given the same opportunities. This goes for our own employees, but also for people with poor job prospects, for whom we run social return projects to improve their prospects of finding paid work. We have actively invested in this through initiatives such as retraining programmes for people on benefits and additional training for people who already have computer skills.

To keep employees at our company, we invest in personal support, development opportunities, and vitality programmes. Given that the first few months at a new employer are decisive in forging successful collaboration, we have furthermore revamped our new-hire onboarding programme. By combining online onboarding in the lead-up to the first day at work with an interactive induction day, we get new hires off to a flying start at Centric and instantly lay the foundations for their Centric network. On top of this, Centric employees can choose to have mentor guidance during their first year at Centric, alongside the normal support they get from their manager.

What will 2019 bring?

Over the past few years, we have shaped our strategic focus on the public sector and financial sector in the Netherlands and on the international supply chain, in combination with extensive international collaboration and growth of our Staffing Services and IT Outsourcing activities. With this transition nearly completed, we have accomplished a stable organisation with both diversity and balance in our operations. In 2019, we are going to prepare for further deepening and detailing of our strategy for 2025. And we are going to do so with a changed management team. Operational performance in 2019 will be on a par with that of 2018, whereby sales will drop between two and five percent on 2018 due to the sale of a number of operations. We expect not to

need external financing for our operations, just like we did not need external financing in previous years.

When it comes to collaboration with customers, Centric stands out because of its unrivalled commitment. Not only through in-depth knowledge of technological and industry developments, but especially through our professionals' commitment to making every project a success. The number of Centric employees has remained stable for several years now, and we expect it to stay that way going forward. The reliability, personal attention and streamlined services are what set these professionals, and therefore our company, apart. This is something we cherish, as it is what allows us to make the difference. At the same time, we continue to work on further strengthening our internal organisation.

The nature of our company and services requires that we keep investing in innovation and anticipating technological developments. At the same time, requirements in the area of security, compliance, and certifications are becoming ever stricter, while legislation and regulations also continue to change rapidly. It is an absolute prerequisite for success that we continue to invest, also in 2019, in improving our processes, procedures and our employees' expertise to meet our customers' expectations. Continued investment will enable us to even better serve our customers with our broad portfolio, which we will bolster further in 2019 by continuing the trend towards SaaS solutions and (hybrid) cloud technology.

Non-Executives of Centric

Gerard Sanderink

Aike Schoots

Executives of Centric

Hans Schrijver – CCO

Carolien van der Werf – CFRO

KEY FIGURES

In thousands of euros

	2018	2017	2016
Group equity	159,589	153,402	142,281
Total assets	270,970	269,114	260,485
Solvency ratio	59%	57%	55%
Net cash flow	-10,306	5,032	3,961
Total operating income	489,077	467,771	451,609
Profit after taxation	18,325	21,279	20,209
Depreciation & amortisation	5,538	4,481	4,884
Taxes (corporate income tax)	5,507	6,001	6,079
EBIT	23,953	27,513	26,511
Average number of employees	4,308	4,250	4,292



financial statement

Centric Holding B.V.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

After profit appropriation proposal

In thousands of euros

	Notes		2018		2017
ASSETS					
Fixed assets					
Intangible fixed assets	1.1	1,818		2,029	
Tangible fixed assets	1.2	9,164		9,773	
Financial fixed assets	1.3	<u>117,152</u>		<u>115,232</u>	
			128,134		127,034
Current assets					
Inventories	2.1	6,324		9,233	
Receivables	2.2	113,158		99,127	
Cash at bank and in hand		<u>23,354</u>		<u>33,720</u>	
			142,836		142,080
TOTAL ASSETS			270,970		269,114
SHAREHOLDERS' EQUITY AND LIABILITIES					
Equity	3.1	159,589		153,402	
Minority interests	3.2	<u>0</u>		<u>-4</u>	
Group equity			159,589		153,398
Provisions	4		5,857		7,158
Current liabilities	5		105,524		108,558
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			270,970		269,114

CONSOLIDATED PROFIT AND LOSS ACCOUNT

In thousands of euros

	Notes	2018	2017
NET SALES	6	4,89,077	4,67,771
Other operating income		534	-13
Total operating income		4,89,611	4,67,758
Cost of raw materials and consumables and equipment	7.1	50,352	53,889
Outsourced activities	7.2	73,988	70,996
Wages and salaries	7.3	266,769	250,592
Depreciation and amortization	7.4	5,538	4,481
Other operating expenses	7.5	69,011	60,287
Total of operating expenses		4,65,658	4,40,245
Operating profit		23,953	27,513
Finance income and expenses	8	-115	-204
Profit/loss before taxation		23,838	27,309
Income taxes		-5,507	-6,001
Share in profit (loss) on participating interests		-2	0
Profit/loss after taxation		18,329	21,308
Minority interests in profit / (loss)		-4	-29
Profit / (loss) after taxation		18,325	21,279

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros

		2018		2017
Profit/loss after taxation	18,325		21,279	
Non cash movements:				
Minority interests in group results	4		19	
Income tax	5,507		6,001	
Depreciation and amortization	5,538		4,481	
Movements in provisions	-1,301		325	
Cash flow from operating activities	28,073		32,105	
Changes in working capital:				
Accounts payable	-1,805		8,554	
Accrued current liabilities	-735		-11,289	
Inventories	2,909		-1,019	
Accounts receivable	-5,026		-1,535	
Other receivables, prepayments and accrued income	-9,005		-2,861	
<i>Changes in working capital</i>	<i>-13,662</i>		<i>-8,150</i>	
Income tax paid	-6,001		-6,079	
	-19,663		-14,229	
Cash flow from operating activities		8,410		17,876
Investments in intangible fixed assets	-1,368		-1,254	
Investments in tangible fixed assets	-3,551		-6,565	
Disposals in tangible fixed assets, incl. other changes	123		130	
Changes in other financial fixed assets	-1,920		4,845	
Cash flow from investing activities		-6,716		-2,844
Dividends paid to parent company	-12,000		-10,000	
Cash flow from financing activities		-12,000		-10,000
Total net cash flow		-10,306		5,032
Balance of cash and cash equivalents on 1 January		33,720		28,794
Exchange and translation gain and losses on cash and cash equivalent		-60		-106
Balance of cash and cash equivalents on 31 December		23,354		33,720

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2018

In thousands of euros

		2018		2017
Consolidated profit after taxation		18,325		21,279
Translation differences concerning foreign activities	-138		-181	
Net other comprehensive income recognized directly in group equity		-138		-181
Total comprehensive income		18,187		21,098

ACCOUNTING POLICIES

General

Financial year

The financial year starts at 1 January 2018 and ends at 31 December 2018.

Group activities

Companies and government can approach Centric Holding B.V. and its subsidiaries for temporary assistance in secondment of professionals, software products that support business processes and the total outsourcing of IT infrastructure or specific business processes.

Parent company

The company is fully owned by Sanderink Investments B.V. in Gouda (ultimate parent company).

Visitor address

Antwerpseweg 8
2803 PB Gouda
Netherlands
Chamber of Commerce registration number: 38023630

Comparative figures

Where this provides greater insight, the comparative figures have been adjusted in connection with reclassifications of general ledger accounts to other items in the financial statements.

Judgments and estimates

The Group's management makes various judgments and estimates when applying the accounting policies and rules for preparing the financial statements. The main judgments and estimates, including the associated assumptions, are included in the principles of accounting for provisions, impairments, inventories and receivables. The group makes estimates and assessments based on the prevailing circumstances and information available at the time when the financial statements were compiled. Estimates based on future events (or the failure of expected events to materialise) are subject to future changes in the market and circumstances outside of the group's control. Changes to such estimates are accounted for prospectively.

Basis for consolidation

All companies over which Centric Holding B.V. exercises control are included in the consolidated financial statements of Centric Holding B.V.

The profit or loss of companies that have been acquired are recognised in the consolidated profit and loss account from the date on which control is obtained until the date that control no longer exists.

Minority interests in group companies are part of group equity. Minority interests in profit or loss of group companies are deducted from group profit or loss after taxation.

The following companies are fully consolidated in the consolidated financial statements.

Centric Netherlands Holding B.V., Gouda
Centric International Holding B.V., Gouda
Centric Offices Holding B.V., Gouda
Centric Pensioenbelangen Personeel B.V., Gouda

All financial participations are fully owned subsidiaries unless stated otherwise.

A full list of financial participations and associated capital interests has been filed with the Rotterdam Chamber of Commerce.

Principles of accounting for the valuation of assets and liabilities

The financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

CURRENCY

The euro, the group's functional and presentation currency, is the currency used in the consolidated financial statements. Every entity within the group determines its own functional currency and the items in the financial statements for every entity are valued on the basis of this functional currency.

A transaction denominated in foreign currencies is initially carried at the functional exchange rates ruling at the date of transaction. Monetary balance sheet items denominated in foreign currencies are translated at the functional exchange rate on the balance sheet date. Non-monetary balance sheet items in foreign currencies, which have been valued at historical cost, are translated at the functional exchange rate on the transaction date.

Non-monetary balance sheet items that are measured at current value are translated at the functional exchange rates ruling at the date of valuation.

Exchange rate differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the profit and loss accounts, with the exception of exchange differences resulting from net investments in business activities in foreign countries or from loans taken out in to finance or effectively hedge net investments in foreign activities.

These exchange-rate differences are recognised directly in revaluation reserve. The revaluation reserve has been included under the "Statutory Reserves" item. On the balance sheet date, the assets and liabilities in foreign activities are converted into the group's presentation currency (the euro) at the rate on the balance sheet date; and the income and expenses in the profit and loss accounts is translated at the average rate for the year. The resulting exchange-rate differences are recognised directly in the statutory reserves in the "revaluation reserve". Upon disposal of the foreign activities, the relevant accumulated sum of the translation differences that was included in the shareholders' equity in the profit and loss accounts is accounted for as part of the sales profits.

Fair value

The fair value of the financial instruments is determined using available market information or estimation methods. The following estimation methods

are used to determine the fair value:

- The fair value is derived from the fair value of its components or a comparable instrument if a reliable fair value can be identified for the components or a comparable instrument.
- Generally accepted valuation models and valuation techniques are used.

Amortized cost

The amortized cost is determined using the effective interest method minus any write-downs (directly, or by creating a provision) due to impairment or uncollectable debt. In the calculation, premiums/discounts at the time of acquisition are taken into account, as are transaction expenses and fees that are an integral part of the effective interest rate.

Unless stated otherwise, the assets and liabilities are recognised at nominal value.

ASSETS

Intangible fixed assets

Goodwill, paid when acquiring companies, is the amount by which upon the initial incorporation the cost of an entity exceeds the net fair value of the identifiable assets and liabilities.

If, when acquiring an entity, separately identifiable intangible assets can be identified, these are capitalised and amortized over the relevant amortization period. An amortization period varying from 4 to 12 years applies to the value of a customer portfolio and acquired software, depending on the type and expected churn rate. An amortisation period of 0.5 to 6 years applies for the value of an order portfolio. This period is based on the order portfolio's term.

Goodwill paid on the acquisition of operations is capitalised and amortized over a period varying from 3 to 12 years.

Intangible fixed assets relating to the capitalisation of software packages developed in-house are amortized during the period in which the sale of the packages concerned is expected to occur.

Tangible fixed assets

The tangible fixed assets are valued at purchase price less depreciation using the straight-line method, based on the estimated useful economic lives.

In the year of investment, the depreciation is proportional to time.

The depreciation rates are:

<i>Computer systems (hardware and software):</i>	33 1/3 %
<i>Computer software:</i>	33 1/3 %
<i>Renovations and other operating assets:</i>	20 %
<i>Buildings and premises:</i>	0 - 10%

Financial fixed assets

Acquisitions are incorporated into the financial statements using the purchase accounting method. This means that, on the acquisition date, the acquired assets and liabilities are valued at fair value. The difference between the purchase price and the company's share in the fair value of the acquired identifiable assets and liabilities at the moment of the transaction of participating interests is recognised as goodwill.

Financial fixed assets include participating interests recognised at net asset value, as well as loans valued at fair value plus the directly attributed transaction expenses and subsequently valued at amortised cost as per the effective interest method.

Participating interests where the company does not exercise significant influence over financial or business policy are valued at the purchase price, or the realisable value if lower. Dividend is designated as income and recognized under financial income and expense. Minority interests in financial participations with a negative shareholders' equity are valued at nil. If valuation of a financial participation at the net asset

value returns a negative figure, it will be valued at nil. If and insofar as the company fully or partly guarantees the debts of the financial participation, or firmly intends to enable the financial participation to pay its debts, a provision will be formed.

Deferred tax assets are valued based on current tax rates. Deferred tax assets are recognised if it can be reasonably assumed that they can be set off against taxes payable in the next few years. Deferred tax assets and liabilities within the same group tax entity are shown netted. Insofar as a receivable has an estimated term of more than one year, this receivable is recognised as a financial fixed asset.

Cash that is expected not to be at the company's disposal for over twelve months is classified as a loan under Financial fixed assets. This loan is valued at fair value. Income and expenditure are recognised in the profit and loss account as soon as the receivable has been impaired.

Inventories

Goods for resale are carried at the lower cost and recoverable amount less a provision for obsolete stock if applicable. The inventory of work in progress is valued on the basis of direct expenses incurred and an attributed share of the indirect expenses, less any provisions deemed necessary and instalments billed.

Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are initially measured at fair value and subsequently carried at amortised cost less a provision for doubtful debts based on estimates of creditworthiness of the accounts receivable in question, while also taking historical data into account. The recognised provision is the best estimate of the outstanding amount that the company will not be able to collect. Doubtful debts are written off as soon as it is determined that they are uncollectable.

Cash

Cash is valued at the nominal value. Cash that is expected not to be at the group's free disposal for over twelve months is classified as a financial fixed asset.

Impairment of financial assets

If there are objective indications of impairment for any category of financial assets that are valued at cost/amortised cost, the extent of the loss will be determined based on the impairment and recognised in the profit and loss account.

For financial assets that are valued at amortised cost, the extent of the loss is the difference between the book value of the asset and the best possible estimate of future cash flows, converted to their net present value at the effective interest rate of the financial asset as calculated upon first recognition of the instrument. A previously included valuation loss will be reversed, provided that the reduction of the impairment is related to an objective event after amortisation, up to a maximum of the amount needed to value the asset at amortised cost at the time of the reversal if there would not have been an impairment. The reversed loss must be recognised in the profit and loss account. The book value of the receivables is reduced using a provision for uncollectability.

Classification of shareholders' equity and loan capital

A financial instrument or its separate components are classified in the consolidated financial statements as loan capital or as shareholders' equity in line with the economic reality of the contractual agreement from which the financial instrument ensues. In the individual financial statements, a financial instrument is classified in line with legal reality. Interest, dividends, income and

expenses relating to (part of) a financial instrument are recognised in the financial statements depending on the classification of the financial instrument as liability or equity.

LIABILITIES

Provisions

Provisions are carried at non-discounted value, with the exception of the provision for pensions and the provision for anniversary allowances.

The provision for anniversary allowances is based on actuarial calculations of future payments, which have been converted to their net present value, taking into account the probability of leaving the company and of death.

Assessments and estimates regarding the reserve for ongoing procedures are based on documentation and meetings with the counterparty, consultations with sollicitors and based on estimations by management.

A provision for deferred tax liabilities has been created based on the current taxation rate. If this can be set off against tax losses, it is taken into account when calculating the deferred tax. Deferred tax debits will only be taken into account if it may be reasonably assumed that they can be set off.

Reserves/impairment/deferred tax receivables

Restructuring reserve

The restructuring reserve accounted for is based on a detailed formal reorganisation plan. Restructuring reserves are only included if a reliable estimate can be made.

Pension plans

Contributions payable to the pension provider is recognized as an expense in the profit and loss account.

Contributions due at year-end are recognized under 'Accruals and deferred income' and 'Prepayments and accrued income' respectively. A provision is formed for liabilities other than the contribution payable to the pension plan if, on the balance sheet date, there is a legally enforceable or actual liability towards the pension plan and/or employees, if it is probable that settlement of these liabilities will entail an outflow of resources and if a reliable estimate can be made of the amount of liability. The provision for additional liabilities to the pension plan administrator and/or employees is based at the best estimate of the amounts needed to settle these liabilities concerned at the balance sheet date. The provision is carried at present value if the effect of the time value of money is material (with the discount rate before taxation reflecting the actual market rate).

A pension receivable in respect of surplus available at the pension plan administrator is recognized if the group controls the surplus, if it is probable that it yields future economic benefits for the group and if it can be reliable determined. A pension surplus is calculated using the same method as is used for provisions.

Long-term liabilities

Long-term liabilities are measured at fair value of the consideration and subsequently valued at amortized cost using the effective interest method. The part of long-term liabilities that must be repaid within one year is accounted for as a long-term liability repayment liability under the 'Current liabilities'.

Current liabilities

Current liabilities are carried at fair value of the consideration and subsequently valued at the amortised cost using the effective interest method.

Netting

Assets and loan capital items are only netted in the financial statements if and to the extent that:

- a legal instrument is available to simultaneously settle the asset and the loan capital item netted; and
- there is a definitive intent to settle the balance as such or both items simultaneously.

Derecognition of financial assets and liabilities in the balance sheet

A financial instrument is derecognized if a transaction results to all or virtually all entitlements to economic benefits and all or virtually all risks relating to the position have been transferred to a third party.

PRINCIPLES OF ACCOUNTING FOR THE DETERMINATION OF THE PROFIT OR LOSS

Sales

Net sales are recognised in the period in which the major rights to economic benefits and significant risks relating to the goods have been transferred to the buyer and the income is probable to be received.

Expenses

Expenses are determined with due observance of the aforementioned principles of valuation and are allocated to the financial year to which they relate.

Losses are recognized into account in the year in which they are foreseeable.

Depreciation

Depreciation/amortisation is spread evenly over time according to the estimated service life.

Depreciation/amortisation on purchases made in the financial year is in proportion to the time period.

Result from financial participations

Result from financial participations is recognised according to the net asset value method.

Extraordinary income and expenses

The 'Extraordinary income and expenses' item comprises any income and expenses not stemming from ordinary activities.

Taxation

Taxation is calculated on the basis of the profit accounted for, taking into account any items eligible for tax exemption and expenses that are fully or partially non-deductible. The taxation is allocated to the profit on ordinary activities and the extraordinary profit in proportion to its share.

PRINCIPLES OF ACCOUNTING FOR THE STATEMENT OF CASH FLOWS

The cash flow statement has been prepared in accordance with the indirect method. Amounts received and paid relating to interest and profit taxes are included in the cash flow from operating activities.

The sums for acquiring new group companies, if paid in cash, are included in the cash flow from investing activities. Upon acquisition, the cash available in new group companies is recognised in the cash flow from investing activities.

The cash flow statement is drawn up using the indirect method. Amounts received and paid relating to interest and profit taxes are included in the cash flow from operating activities. The sums for acquiring new group companies, if paid in cash, are included in the cash flow from investment activities. Upon acquisition, the cash available in new group companies is recognised in the cash flow from investing activities.

NOTES TO THE CONSOLIDATED BALANCE SHEET

In thousands of euros

Mergers and acquisitions

On 1 January 2018 Centric International Holding B.V. acquired 100% of the shares of Summit Retail BVBA.

On 1 January 2018 BV Adviesbureau LXY and Centric Pension Services B.V. and Centric Netherlands B.V. were merged, with Centric Netherlands B.V. being the remaining subsidiary.

On 1 January 2018 SPL Technology B.V. and WES Software B.V. were merged, with WES Software B.V. being the remaining subsidiary.

On 20 February 2018 Centric Lithuania Holding UAB set up a new company named Centric IT Solutions Lithuania UAB.

On 30 November 2018 the Belgium daughter companies Centric Managed ICT Services Brussel N.V. and Quadris N.V. were liquidated.

Events after the balance sheet date

On 4 Januari 2019 Centric sold her housing activities.

1.1 Intangible fixed assets

The intangible fixed assets relate to purchased goodwill paid upon the acquisition of activities, as well as the capitalised software packages developed in-house.

Movements in intangible fixed assets were as follows:

	Goodwill	Software	Total
Balance at 1 January	1,048	981	2,029
Investments or acquisitions	830	538	1,368
Amortization	336	4	340
Exchange-rate gains/losses	-4	-30	-34
Impairment	1,205	0	1,205
Balance at 31 December	333	1,485	1,818
Cost	4,608	1,489	6,097
Accumulated amortization	4,275	4	4,279

Investments in goodwill in 2018 concern the goodwill acquired from Summit Retail BVBA. The full goodwill amount was written down in 2018.

1.2 Tangible fixed assets

	Buildings and renovations	Computer (Machinery and equipment)	Other fixed operating assets	Total
Balance at 31 December 2017	1,780	4,238	3,755	9,773
New to the consolidation	0	14	15	29
Investments or acquisitions	402	1,731	1,389	3,522
Depreciation	878	1,990	1,165	4,033
Exchange-rate gains/losses	0	-7	3	-4
Disposals / retired assets	5	78	40	123
Balance at 31 December 2018	1,299	3,908	3,957	9,164
Purchase price	9,623	30,609	9,526	49,758
Accumulated depreciation	8,324	26,701	5,569	40,594

1.3 Financial fixed assets	2018	2017
Deferred tax assets	1	0
Loans receivable	117,098	115,182
Participating interests	53	50
	117,152	115,232

	Deferred tax assets	Loans receivable	Participating interests	Total
Balance at 31 December 2017	0	115,182	50	115,232
Addition	1	1,916	3	1,920
Balance at 31 December 2018	1	117,098	53	117,152

Loans receivable concerns Centric Holding B.V.'s cash as part of the cash pool with Sanderink Investments B.V. that is not at the free disposal of Centric Holding B.V. and a loan issued to CAG Ventures.

Available fiscal losses in Belgium of EUR 7,101,848 are not included under deferred tax assets.

2.1 Inventories	2018	2017
Finished products and goods for resale	6,324	9,233
	6,324	9,233

2.2 Receivables	2018	2017
Trade receivable	80,940	75,366
Provision for doubtful debts	-1,903	-1,801
Receivables from group companies	2,712	3,158
Taxation and social security contributions	678	794
Pension claims	703	555
Prepayments and accrued income	30,028	21,055
	113,158	99,127

An amount of EUR 1,654,750 (2017: EUR 1,993,600) with a term longer than one year has been included under Other receivables, prepayments and accrued income.

Movement in provisions for doubtful debts are as follows

	2018	2017
Balance at 1 January	-1,801	-2,145
Additions	315	253
Withdrawals	181	581
Release	32	16
Balance at 31 December	-1,903	-1,801

3.1 Shareholders' equity

Please refer to the company balance sheet for more information on the shareholders' equity.

3.2 Minority interests

Balance at 31 December 2017		-4
<i>Changes:</i>		
Result of minority interest in group results	4	4
Balance at 31 December 2018		0

4. Provisions

	Jubilee	Pension	Other	Total
Balance at 31 December 2017	2,384	463	4,311	7,158
Addition	555	47	2,327	2,929
Withdrawal/release	319	17	2,082	2,418
Vrijval	0	0	1,812	1,812
Balance at 31 December 2018	2,620	493	2,744	5,857

The jubilee provision can be considered to be long term.

The other provision relates to legal cases (long term), costs for terminating contracts, and onerous contracts regarding the rental of buildings. A provision for loss-making contracts has also been included, and the additional tax liabilities over the past years are covered.

An amount of EUR 1,620,000 with a term of under one year has been included under Provisions.

5. Current liabilities

	2018	2017
Trade creditors	29,854	31,659
Taxation and social security contributions	14,932	16,679
Corporate income tax payable	4,843	5,524
Other liabilities, accruals and deferred income	55,895	54,696
	105,524	108,558

An amount of EUR 1,386,790 (2017: EUR 8,921,143) with a term longer than one year has been included under Other liabilities, accruals and deferred income.

FINANCIAL INSTRUMENTS

General

The main financial instruments are bank loans and credit facilities and cash and cash equivalents. The primary objective of the financial instruments is to obtain financing for business activities. Furthermore, there are various other financial assets and liabilities, for example trade accounts receivable and debts to suppliers, that result directly from business activities. There are no derivatives or financial instruments for trading purposes.

Interest risk

Interest risks with respect to the interest-bearing loans and bank liabilities have not been hedged. The amount paid in interest is linked to the EURIBOR rate.

Currency risk

Most of the group's activities are carried out within the euro zone. The subsidiaries outside of the euro zone generally trade in their own national currencies. The transaction risk for shareholders' equity and loans extended to subsidiaries outside of the euro zone is not hedged. The currency risk is limited to the foreign subsidiaries.

Arrangements and commitments not shown in the balance sheet

The total contractual obligation for payment of rental, lease and purchase commitments are as follows.

	2018	2017
Within 1 year	19,300	18,583
After 1 year but within 5 years	39,378	36,265
After 5 years	759	5,404
	59,437	60,252

EUR 3.0 million in purchase commitments have been included under these commitments not shown in the balance sheet. Of this amount, EUR 1.0 million expires within 1 year, EUR 1.4 million within 5 years, and EUR 0.6 million has a term of more than 5 years.

Centric Holding B.V. and its subsidiaries have issued bank guarantees totalling EUR 4.6 million.

The bank accounts of the company are included in the interest and balance compensation (cashpool) of Sanderink Investments B.V., for which joint and several liability has been agreed.

The Dutch group companies together form a fiscal unity for corporate income tax and VAT and are therefore liable as a whole for the tax debt of the fiscal unity.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

In thousands of euros

	2018	2017
6.1 Net Sales		
Licences	12,226	10,380
Maintenance and management	191,665	176,076
Services	230,340	221,570
Trade	52,656	56,139
Other	2,092	3,606
Total to third parties	488,979	467,771
Group companies	98	0
	489,077	467,771
Sales in the Netherlands	357,541	346,974
Sales in Europe	130,511	118,337
Other	1,025	2,460
	489,077	467,771
6.2 Other operating income		
Other operating income	534	-13
	534	-13
7.1 Cost of sales for hardware and software		
Cost of goods sold	50,352	53,889
	50,352	53,889
7.2 Subcontracted work		
Subcontracted work	73,988	70,907
Subcontracted work for group companies	0	89
	73,988	70,996

7.3 Wages and salaries	2018	2017
Salaries	220,269	205,676
Pension expenses	9,746	10,312
Social security taxes	36,754	34,604
	266,769	250,592

Employees	2018	2017
Number of employees at year-end	4,594	4,669
<i>Average number of employees expressed as full-time equivalents (FTEs)</i>		
Directors	47	52
Sales & marketing	138	140
General management	593	602
Production	3,530	3,456
	4,308	4,250

With 1,579 of these employees working outside the Netherlands (2017: 1,589).

Recognition of remuneration of executive and non-executive directors

	2018	2017
Executive directors	1,215	1,145
Non-executive directors	33	30
	1,248	1,175

Remuneration is made up of fixed pay, social security taxes paid by the employer, pension obligations, early retirement obligations, anniversary allowances, continued payment during a sabbatical, entitlement to top-up of social benefits etc., profit sharing and bonuses.

7.4 Depreciation	2018	2017
Intangible fixed assets	340	281
Tangible fixed assets	4,033	4,154
Impairment	1,165	46
	5,538	4,481

7.5 Other operating expenses	2018	2017
Other personnel expenses	36,787	32,827
Office expenses	14,797	13,723
Communication expenses	2,239	2,742
Accommodation	12,037	11,754
Sales and marketing expenses	3,481	4,395
Temporary staff	1,245	658
Miscellaneous income	-1,575	-5,812
	69,011	60,287

The receivable of a claim in a long-standing lawsuit has been reported under miscellaneous income as well as income in the form of the technical result from pension insurance.

8. Finance income and expenses

Finance income
Finance expenses
Foreign exchange gains/losses
Finance income of group companies

2018	2017
87	88
-98	-186
-161	-106
57	0
-115	-204

2018 profit appropriation

At the General Meeting, where the 2018 financial statements will be presented and approved, it will be proposed to assign the profit of €18,324,680,- to the other reserves. This proposal has been included in the balance sheet at 31 December.

Income tax position at 31 December 2018

Income/loss from ordinary activities before taxation

23,838

Add: Fixed amount for non deductible expenses

589

Less: Result from associates and joint ventures before taxation:

Bakerware B.V.

376

Centric Nordic Holding AS

2,092

Quadris NV

-6

Centric Waregem NV

-2

Centric Oostkamp NV

204

Centric Belgium NV

-431

Summit BVBA

-381

Centric Germany GmbH

335

Centric France SAS

-13

Centric Lithuania Holding UAB

-397

Centric IT Solutions Romania SRL

1,703

3,480

Less: Difference between valuation for tax purposes and commercial valuation

473

Taxable amount in the Netherlands

20,474

Correction of taxable profit from innovation box in 2018

2,301

**Corporate income tax at 7% deducted from profit
for financial year (group tax entity)**

161

**Corporate income tax at 25% deducted from profit
for financial year (group tax entity)**

4,543

Bakerware B.V.	67	
Centric Nordic Holding AS	438	
Centric Belgium NV	46	
Summit BVBA	2	
Centric IT Solutions Romania SRL	250	
Corporate income tax for companies not part of the group tax entity:		803
Corporate income tax for Centric Holding BV		5,507

Effective corporate income tax is 22%.

Centric Holding B.V. is part of the fiscal unity with Sanderink Investments B.V.

The Dutch corporate income tax for the financial year is settled through the intercompany current accounts.

COMPANY BALANCE SHEET AS AT 31 DECEMBER

After profit appropriation proposal

In thousands of euros

ASSETS	Notes		2018		2017
Fixed assets					
Financial fixed assets	9	<u>124,652</u>	124,652	<u>123,547</u>	123,547
Current assets					
Receivables	10.1	66		348	
Cash at bank and in hand	10.2	<u>35,099</u>	35,165	<u>29,998</u>	30,346
TOTAL ASSETS			159,817		153,893
SHAREHOLDERS' EQUITY AND LIABILITIES	Notes		2018		2017
Shareholders' equity	11		159,589		153,402
Current liabilities	12		228		491
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			159,817		153,893

COMPANY PROFIT AND LOSS ACCOUNT

In thousands of euros

	2018	2017
Share in profit on financial participations	17,744	21,517
Other income and expenses after taxation	581	-238
Profit / (loss) after taxation	18,325	21,279

NOTES TO THE COMPANY BALANCE SHEET

In thousands of euros

General

The company has prepared the company financial statements in accordance with the legal stipulations given in the Dutch Civil Code, Part 9, Book 2. The financial statements were prepared on 2 april 2019. The principles of accounting for the valuation and determination of profit for the company financial statements are the same as the principles specified for the consolidated financial statements.

Consolidated group companies are recognised at net asset value. The profit from financial participations corresponds to the share of the profit for the companies in question in that financial year.

The company profit and loss account was compiled in compliance with Article 402 of the Dutch Civil Code, Book 2.

Notes to mergers and acquisitions are included in the notes to the consolidated balance sheet.

9. Financial fixed assets

The financial participations item has developed as follows:

	2018	2017
Balance at 1 January	123,546	132,594
Profit/loss for financial year	17,744	21,517
New financial participations	0	117
Capital contribution	3,500	1,000
Dividend	-20,000	-31,500
Foreign exchange adjustment	-138	-181
Balance at 31 December	124,652	123,547

10.1 Receivables

	2018	2017
Trade accounts receivable	57	45
Receivables from group companies	5	286
Taxation and social security taxes	4	17
	66	348

10.2 Cash

The bank accounts of the company are included in the interest and balance compensation (cashpool) of Sanderink Investments B.V., for which joint and several liability has been agreed.

As a result, the balance is not at the free disposal of the company.

11. Shareholders' equity

	Subscribed capital	Share premium	Other reserves	Total
Balance at 31 December 2017	16	-685	154,071	153,402
Profit	0	0	18,325	18,325
Exchange rate difference	0	-138	0	-138
Changes in ownership interest in subsidiary	0	0	0	0
Dividend	0	0	-12.000	-12.000
Balance at 31 December 2018	16	-823	160,396	159,589

The authorised share capital amounts to €56,723 divided into 200 shares of €226.89 each. 70 shares have been issued and paid up.

The statutory reserve is for exchange rate differences for foreign financial participations.

12. Current liabilities

	2018	2017
Trade accounts payable	22	281
Liabilities to group companies	195	0
Pension obligations	0	201
Other liabilities, accruals and deferred income	11	9
	228	491

13. Audit fees

Audit firm's fees:

	2018	2017
Audit of financial statements	340	293
Other assurance services	582	488
Other non-assurance services	71	88
	993	869

Audit firm's fees are presented in accordance with Article 382a of the Dutch Civil Code, Part 9, Book 2.

OTHER INFORMATION

Profit appropriation

Provisions in the articles of association on profit on profit appropriation.

Profit appropriation takes place in accordance with statutory provisions. Accordingly the profit is declared at the General Meeting.

Branch offices

In addition to the head office in Gouda (the Netherlands), the company has branch offices in the Netherlands in Almere, Badhoevedorp, Capelle a/d IJssel, Den Bosch, Deventer, Emmen, Groningen, Hoogeveen, IJsselstein, Moordrecht, Son en Breugel, Weesp, Zoetermeer, Mechelen (Belgium), Oostkamp (Belgium), Zaventem (Belgium), Rattigen (Germany), Orléans (France), Vilnius (Lithuania), Bergen (Norway), Drammen (Norway), Hamar (Norway), Oslo (Norway), Stavanger (Norway), Tønsberg (Norway), Trondheim (Norway), Tromsø (Norway), Iasi (Romania), Göteborg (Switzerland), Jönköping (Switzerland), Linköping (Switzerland), Örebro (Switzerland), Malmö (Switzerland), Stockholm (Switzerland) en Eggenwil (Switzerland).

INDEPENDENT AUDITOR'S REPORT

To: the shareholder and the board of Centric Holding B.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 of Centric Holding B.V., based in Gouda.

In our opinion the accompanying financial statement give a true and fair view of the financial position of Centric Holding B.V. as at 31 December 2018 and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2018
- The consolidated and company profit and loss account for 2018
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Centric Holding B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The board is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The non-executive board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board
- Concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Rotterdam, 2 April 2019

Ernst & Young Accountants LLP

Signed by J.W. van der Steen



Acknowledgements

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