



Public Report 2020

Investing in the future

Centric Holding B.V.

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Management report

Centric Holding B.V.

In 2020, a solid foundation has been laid for a future-proof Centric. Despite the impact of corona on the various markets, profitability remained stable and our IT services to customers continued almost unimpeded. In this board report, the board members discuss the most important developments of 2020 and talk about the course for the coming years. How does Centric look back on 2020?

'Centric is a great Dutch brand with an important role for Dutch society'

Louis Luijten, Chairman of the Board

Investing and innovating

In 2020, Centric founder Gerard Sanderink approached me about joining the board of the company. I have enormous esteem for him; he has a keen eye for business. Gerard wisely realised that it was in the best interest of the company that he take a step back, which is why I have taken over his role as chairman of the board.

Gerard Sanderink still remains our sole shareholder. Accountability and reporting are well arranged in the articles of association, via the shareholders meeting, as it should be.



Governance

We have learned that we need to be more open and transparent towards our stakeholders and that we need to approach the market more proactively. Meanwhile, customers see that there is a proper, solid governance structure in place that works well. This is particularly relevant in the sectors in which we are a strong player. With the arrival of Peter Mous, the non-executive board is now complete. Henny Luijrink, who filled the CEO role on an interim basis, transferred his responsibilities to Johan Taams in 2021.

My remit: strategy & agility

My first impression is that we have a lot of people with their heart in the right place. We are lagging behind in terms of innovation, however, because we have

not been investing enough in this. Gerard Sanderink's request was that I direct the focus towards renewing the strategy and adapting the company to a rapidly changing environment. Because Centric is a wonderful Dutch brand with an important role in Dutch society, I was happy to take on this mission.

Financial and commercial performance

Innovation has lagged behind, and this is reflected in lower sales and a narrowing profit margin. In addition to its commercial aspect, innovation is also important if we, as an employer, are to remain attractive to talented professionals. Those indicators need to start pointing in the other direction. That said, the company does not have any borrowed capital, and both the solvency and liquidity position are very healthy.

HR policy

It all starts with people. With a lack of innovation you risk losing the right, creative people. This has put us in a downward spiral: when people feel there are no prospects, they leave.

And it is human capital that determines how successful you are, from management and the technical talent to the people who build the products. As an employer, we want to become attractive once more by doing exciting, appealing new things and by giving people the space to develop.

A look to the future

Centric is in a good position, the finances are healthy and we are valued by our customers. We also have a lot of quality people working for us. But the question now is where we want to be in 2025. We must address our weaknesses and build on our strengths; then we can really make a difference. We are now in the process of making choices and determining what to invest in.

In 2020, we identified five strategic KPIs:

1. Reset our strategy
2. Make Centric an even better place to work
3. Work hard to keep enthusiastic, loyal customers
4. Regain our reputation as a leading IT company
5. Drive high performance

Together with many of the directors, we are now working hard on our new strategy. We will first work this out in detail and roll it out properly within the company. With such a process there is no finish line however: every year you have to check whether the underlying principles still apply.

We need to catch up, then we need to find a way to regain our competitive edge. The company absolutely has potential, but also faces challenges internally. My impression is that the company has been managed for the short term, and this has resulted in a feeling of resignation and in a lack of enthusiasm. As I said, it starts with people, so this is something we are going to change. It is essential that we once again animate and inspire our people, and I have every confidence that, with the current team, we will succeed in this endeavour.

*'Human capital
determines how
successful you are'*

'Proud of how we have adapted to working from home'

Henny Luijrink, CEO until September 2021

The face of 2020

In 2020, we laid the groundwork for future-proofing Centric. This was also my task when I took office as CEO. We now have the basis for the direction we need to take for the sake of our company's future. Profitability was reasonable, but we need to keep investing.



And that is exactly what we did in 2020, invest – a lot. We have embarked on a course that should lead to our applications being fully available in the cloud by 2023. Our customers demand this: 24/7 availability is the new standard. We also critically looked at how we can optimise our own cybersecurity: information security simply has to be effectively arranged, especially in a company like ours. We have also chosen to centralise procurement, to get a better overview of and insight into these activities. This encompasses aspects like contract management and procurement policy, but also the implementation of a good ERP system that enables the creation of connections between HR, Finance and Marketing. This contributes to efficiency and ensures transparency and real-time management information.

Partnership with Microsoft

In 2020 we migrated one data centre to Equinix in Amsterdam; two more will follow in 2021. In 2020, we entered negotiations with Microsoft, the leader in IT in the Netherlands, with the aim of forming an extensive collaboration. These talks resulted in us signing a multi-year partnership agreement in 2021.

For us, an intensive partnership with Microsoft was the logical step, both for our own company and for our customers. We are, to put it mildly, very pleased with this development.

Because we are constantly looking at needs and wishes in the area of infrastructure, we are not excluding other parties like Amazon or Google for the future. Thanks to our partnership with Microsoft, we can now jointly conduct pilots at customer locations. That means being the first to get there and leading the way rather than following.

Centric Academy

We have completely revamped the learning environment at our Centric Academy. All training and learning modules are now online, so that our people can develop and can earn their certificates. Especially now, at a time when we are working a lot from home, this offers ideal learning opportunities. We will also continue to work on Learning & Development. We feel it is important that we focus on the professional and personal development of our people at all times.

Smart Working

From September, our programme with which we will be shaping our working method for the future will get under way. We call it 'Smart Working'. It is a great step given that we have been working remotely for some time already. Although, for everyone, working from home took some getting used to, it also offers opportunities and advantages, such as less travel time, high productivity and a pleasant work-life balance. Over the past period, we have learned that we can collaborate very effectively in a different way too, which is why we are opting to combine working from home and working at the office, i.e. Smart Working.

To support this new way of working, we are adapting the layout of our offices and training managers in a new way of leadership. Employees will receive a daily allowance and a home-working allowance and choose a division of work at the office and remotely that is right for them. We will implement this new way of working in the second half of 2021.

The technology is already fully in place, some offices have been closed or scaled back, and the floors of our head office in Gouda will be adapted in the near future. We are creating wonderful meeting places where you can sit comfortably with a good cup of coffee. This internal transition is currently in full swing. I would like to take this opportunity to express how proud I am of how our people have so quickly adapted to working from home in response to the coronavirus. Our services to customers and our internal projects have hardly been affected by this.

Our colleagues outside the Netherlands

We are significantly expanding our nearshoring activities in Romania and Lithuania. Centric focuses on cybersecurity, infrastructure, software development, artificial intelligence and virtual and augmented reality. In the Netherlands, there are insufficient resources of the required quality available for this;

the job market is very tight. This is why we make use of the expertise in these other countries, where there are sufficient well-trained developers, engineers and testers who are happy to work for Centric.

I would like to pay a big compliment to all our colleagues outside the Netherlands: they have also adapted very well to the new working method the pandemic forced on us. As with our people in the Netherlands, with them too I perceive the intrinsic motivation to create calm, bring focus and get the most out of this together.

Changes on the Board

To be honest, it has been quite a difficult year for Centric in terms of publicity. There is no denying that the negative coverage has put a dent in our reputation. I would like to express my appreciation to our founder Gerard Sanderink, who, in the interest of the company, has stepped down. Everyone is handling this with utmost professionalism inside the company. And I am very happy to hear from customers that they feel that calm has once again returned.

The commercial result

As Patrick also indicates in his analysis, sales have lagged somewhat. On the other hand, we were able to add several new, attractive customers to our portfolio. We will be placing additional focus on growth in sales and margin, which means providing even more added value to existing customers and increasing our efforts to come into contact with companies and organisations who are not yet doing business with us.

My task was to give our people assurance about their jobs and to ensure a financially stable company, and of course to help my successor Johan Taams get off to a good start as CEO. I was happy to advise and assist him in the period leading up to him taking over my duties in August 2021.

'Knowledge is our company's most precious asset'

Johan Taams, CEO

Focusing on the customer

I feel I am in an enviable position in that I can continue to build on the solid foundation that has already been laid. That new foundation was also needed. We have set five strategic goals, which Louis also discussed. For 2021, we aim to adjust our strategy and bring our governance and leadership team into alignment with this strategy.



Collaboration starts with language and structure. That also means making choices, applying focus and putting our customers first. Making choices also entails determining what we are good at and what we want to be. We will be distinguishing ourselves more based on our knowledge of the processes and systems within the public sector, retail and financial institutions. In-depth market and process knowledge is truly our company's most precious asset.

That knowledge is in the heads of our employees. They have worked hard to bring us to where we are today, and now we will be giving them what they need to take the next step. If we continue to invest in our employees and our customers, we will have a golden future; of that I am convinced.

The best employer

We will be focusing more on employee satisfaction and continuously looking at what we can do to improve even further. We will also invest more in employee development. This is essential given that developments in IT are moving at lightning speed. Gone are the days

of ones and zeros: these days it is all about insights at customers and using new technology. That is why we want to build up our competencies not only in the Netherlands but in all 'Centric countries' and make this knowledge and these insights available to everyone. As Henny said, our infrastructure and online work environment are ready to accommodate this.

Location no longer relevant

Coronavirus has shown that our physical location is irrelevant. Romania and Lithuania were and are an integral part of our proposition. We are seeing the emergence of more and more collaborations and exchanges, of knowledge being shared. That is something we would like to encourage. By focusing on modern technology, knowledge sharing, innovation and collaboration with partners, we become even more attractive as an employer. And that is important, because good people are crucial for translating customer wishes and requirements into technological solutions. For this, as a Centric employee your physical location is irrelevant.

The best customers

At the best employer you work for the best customers. Customer focus is a very important matter for us. We want and need to be continuously engaged in determining what moves our customers and how we can help them with their IT issues and business challenges. This we do by engaging and conversing with them more extensively, through our service and sales channels, but also through market research and our marketing activities.

One Centric

With the new strategy, a culture that focuses on personal development and customer-oriented working, we want to raise our performance to a higher level. To do this, we need to adapt our processes and systems so that we are all working in the same way. With this approach, we ensure a consistent story within and outside the company, enabling us to become a more powerful, identifiable brand on the market.

We do this not by revolution, but by evolution – through a process of continuous improvement. People can and even should make mistakes, as long as they learn from them. And we take those lessons to heart so that improvement becomes an iterative process. I also call that being agile.

My role is to ensure that we speak the same language along the way and collectively stay focused on our shared objective. We need to cherish our most precious assets and become even more of a coherent entity. With almost four thousand employees, Centric provides customers in various markets with a very broad portfolio, doing so from several European countries, and yet always as one Centric.



'We want and need to be continuously concerned with what motivates our customers and how we can help them with their IT issues'

'Because we are a healthy company, we are in a position to invest a lot'

Patrick Rosengarten, CFO

About the results

To start with our figures for 2020: sales came in at 437 million euros, the net result was 14 million euros and the solvency ratio was 43%. Although sales were 9.9% lower, profit and the underlying margin were higher than in 2019. The result for 2020 was achieved with 3,684 FTE, of which 1,125 FTE work outside the Netherlands. Without placing all the blame with coronavirus and its consequences, we did suffer from this: we were faced with a drop in demand from existing customers, especially at Professional Staffing.



Also, some customers, such as in retail and managed services, put their investments on hold. Furthermore, selling to new customers was more difficult than usual: we value building relationships and we were not able to do that in our preferred manner.

We are the market leader in the public sector and this will not change. We are investing heavily in solutions for local councils and other government bodies, especially by migrating products to the cloud and making them SaaS solutions. We also see a stable line in the financial sector, where, in addition to processing payment transactions, we also provide workplace management for a number of large financial institutions. For Centric Pension and Insurance Solutions, 2020 was a year of transformation, a year in which a new target platform was put into use and the organisation was restructured. In retail, the third sector in which Centric is strongly represented, we have seen a temporary decline in sales due to the shops being closed as part of the lockdown measures.

No external financing

Centric has been a healthy and stable company right from day one. This can be clearly seen in the key figures in our annual reports and from the fact that for years we have had no external financiers. Of course there are points for attention, aspects that we are actively addressing. For the coming year, for example, we will focus on growth in sales and on investments in innovation with a view to staying ahead.

No government support requested

Because the decline in sales as a result of the pandemic was not too bad, as a financially healthy company we have not applied for government support. We owe our good results in 2020 to the fact that we have used our resources sparingly and that, despite the unprecedented situation, we still achieved reasonable sales with a good margin.

Dividend

Centric has followed a conservative dividend policy in recent years. This resulted in a very high solvency ratio of around 60%. There was also the cash pool construction, which we will talk more about later in this annual report. A dividend of 80 million euros was paid in 2020, which means that Sanderink Investments' position in the cash pool has decreased by the same amount. The remaining amount of 40 million in the cash pool will be reduced to 0 over the next three years. At 43%, our solvency position is still excellent.

My role in the financial domain

I see it as my task to place responsibility as low as possible in the organisation. This way, people know exactly what their task and role is. Having this sort of clarity works, and it ensures greater engagement. This does mean, however, that management information must also be available at that same level: this puts you in the best position to manage what you need to manage. Naturally, I monitor and pursue this closely. My role is to ensure a financially healthy company so that our employees, customers and stakeholders look to us with confidence and see us as the reliable, stable partner we are.

'In the financial domain I want to move towards a uniform process with short sprints, in which we continuously think about optimizations'

Outlook

For me, 2021 will be all about exceeding our goals of returning to growth and healthy profitability. We want to do this by retaining what's good and acquiring new customers in the markets where we add a lot of value with our knowledge. We continue to invest in products on the customer side, but also at the back end, by optimising and improving our core processes, for example, and by simplifying systems (CRM, ERP) and bringing these into better alignment. Because we are a healthy company, we are also able to invest a lot. What's more, this is really essential to ensure that Centric remains future-proof.

Elsewhere in this report, the other board members talk about our strategy programme; the direction I have been describing arises from this update of our corporate strategy. We have intensive, amiable contact on this matter and together we make choices concerning markets and possible acquisitions.

For me *'Developing into an agile Centric'* means this: in the financial domain, I want to move towards a uniform process in short sprints during which we never stop thinking about how we can optimise the process. This gives us the opportunity to build on the progress we have already made and to continuously improve ourselves.



'Centric is the translator between technology and customer reality'

Freddie Veltmaat, CTO

New technology & security

As CTO, I don't just look at the technology at Centric, but also at the general sentiment of the people working here. After all, we run this company together. My domain must add value, both for our own company and for our customers. Together we standardise and streamline where possible and we learn from each other along the way. We show our customers the way so that they don't get lost in the endless possibilities and can make the choices that best suit their situation.



We see two major social trends in IT. The first is a widespread desire to get software and IT infrastructure into the cloud. That said, it is better to run certain applications on a local server, or in a hybrid cloud, i.e. a solution that combines a private cloud and a public cloud.

Technology is developing very fast, and I see uncertainty about this among customers: it is difficult to keep up with it all. And that is why it is so important to understand their actual questions, their concerns and their objectives. Centric is the interpreter who stands between the technology and the customer's reality, not as a salesperson but as a partner. We only succeed when we make our customers more successful in their own business or industry.

With new technology, there is always the risk of teething problems, and so waiting a while is sometimes the better option. Furthermore, new technology requires investments. My job is to make choices and to explain to the company and customers why something is really necessary. Technology is a means to an end; this way

we bring everything back to human dimensions. So, apart from the technology itself, not much has changed really: our customers want to be taken care of and we want to provide them with value, in an economically responsible and adequately secure manner.

Build securely, use securely

The second trend is that the digital world is becoming increasingly complex and so less secure. Where in the past a firewall kept most viruses out, this is no longer the case. Even an eight-character password – still the standard for many organisations – can be cracked within minutes.

As a technology company and business partner, our job is to guide customers through these developments and help them operate securely. In this regard, creating resilience through social awareness training in this area is very important. We can build secure software, but the customer must also use it securely and we are more than happy to help them with that.

How Centric is responding to these trends

In 2020 we laid the foundation for a future-proof course, also in the area of technology. In his review of 2020, Henny talks about our partnership with Microsoft, for example. Thanks to this partnership we can provide our customers with better cloud solutions. We are going to the cloud shoulder to shoulder and working together on innovations. The connections between applications are better aligned and, thanks to modern technology, also more secure.

Internally, we will continue to direct attention to our security policy to increase employee security awareness. Information security is largely a matter of human behaviour. A phishing email is harmless in itself: it only becomes dangerous when someone clicks that malicious link.

Cyber Defense Services unit integrated into the organisation

In Centric's last annual report, we talked about the new Cyber Defence Services business unit. We have chosen to integrate this unit into our organisation and have it contribute to our own security processes. This ties in perfectly with the partnership with Microsoft. IT security is much more than just having an up-to-date virus scanner: you really need to be on top of it 24/7.



An agile Centric

In 2020, we laid a good foundation in our company for creating innovations through sprints. This form of agile working has been taken to the next level, making it more scalable and predictable. What is more, this new way of working is more flexible and more structured, allowing us to scale back faster in the event of problems and ensuring less time is lost.

And because this approach makes the value we add more transparent, it also allows us to involve the customer more in the process. Despite the fact that the teams are working remotely and our people are still learning the ropes with this way of working, even now we are working more collaboratively and effectively.

Outlook

In 2021, we will of course continue to build on our partnership with Microsoft. As well as migrating more applications to the cloud, we will be jointly developing new products and services.

We will also take a critical look at the reorientation of our strategy and determine in which areas we will invest. And in everything we do we will always keep the ultimate objective in mind: having an even sharper focus on matters that are relevant to the business of our customers.

'It is my job to make choices and to explain to ourselves and customers why something is really necessary'



Business Highlights

Business highlights

Financials

In the financial services sector, Centric focuses primarily on outsourcing, i.e. hosting complete IT environments and business processes, such as payment transaction processing, client and account administration and pension administration. In the past year, Centric has invested heavily in various programmes to further professionalise the organisational structure, process organisation and the IT infrastructure for pension administration. Aside from that, the required migrations from other pension providers were completed successfully.

The year 2020 was also about developing an innovative pension portal for customers. The related investments weighed down on the company's profit, but we expect to benefit from these investments in the coming years.

Setting up and monitoring processes and measures to prevent money laundering (AML) is a key priority for our customers and for the financial services sector as a whole. In 2020, together with our customers we started a study to see which parts of that process we can support with practical solutions.

Customer satisfaction is positive, thanks in part to the high level of involvement and knowledge of our employees. Our service to banks and insurers is also in good shape. This resulted in stable customer satisfaction and us achieving a positive financial result, among other benefits. Furthermore, we met the most important control requirements as part of our ISAE 3402 reporting.

Our in-depth knowledge of the banking and pension sectors and of our customers' IT and critical business processes that are so important in these sectors has given Centric a unique position in this market. In the coming years, as our key spearheads we will be looking to optimise our processes further, capitalise on our

newly developed IT landscape and the new platform for pension administration, develop and embed compliance and security expertise, and continue to strengthen customer relationships and customer satisfaction levels. On top of all that, we are looking to increase our market share by attracting new customers through autonomous growth and acquisitions.

Supply Chain

COVID-19 had an enormous impact on the markets in which we operate through Centric Supply Chain. Even so, we managed to contribute to the company's profit.

We benefited from the fact that consumers were ordering more online during the pandemic and expected a consistent shopping experience, an expectation that Centric's Omnichannel Retail Suite payment platform was made to meet. Another plus point was that the services provided to food retailers could, for the most part, continue during the pandemic.

The increase in online sales also gave rise to strong growth in our warehouse management activities. Our Locus WMS warehouse management system provides businesses with all the functionality they need to efficiently and effectively set up and run the e-commerce order picking process.

We were also pleased to be able to welcome new customers in 2020, like Apoteket in Sweden and Amazing Oriental, Kees Smit and NS Retail in the Netherlands.

Except for a hiccup due to restrictions in the shops, the services provided to Action continued unabated and we could continue to help the discount shop chain forge ahead with its ambitious growth plans in various foreign countries.

Public Sector

In a year that was almost entirely dominated by the coronavirus pandemic, Centric Public Sector Solutions continued to provide services without any problems. Behind the scenes, we are working hard at adapting applications for use in the cloud and migrating customers to – what is for them – a new environment. In addition, an increasing number of new solutions are being developed basically as SaaS solutions, like Centric's Leefomgeving solution that helps public bodies align their processes with the new Dutch Environment and Planning Act. This has led to a stream of orders for this solution based on tenders won.

With the development of eServices for civil registration, tax and social affairs, Centric has even been able to boost digitisation of the public services its customers provide. Take the eService tax solution for example: this made requesting a tax payment deferral easy for individuals and businesses alike. With the collective eService for applying for the temporary self-employment income support and loan scheme, from the end of March 2020 social services were able to quickly help self-employed persons apply for this support.

Managed Services

Managed Services focused on three main themes in 2020: Employee Empowerment, Power to Innovate and Business Continuity. With Employee Empowerment we focus on facilitating the best possible modern workplace, one that enables end users to perform their tasks easily and efficiently. We help our customers achieve high user adoption and we support end users with our End User Services.

The focus of the second theme, Power to Innovate, is on making the latest technological developments available on public and private cloud platforms so that, using new, innovative applications, the data available can be accessed and used to its greatest advantage.

With our Business Continuity theme we concentrate on embedding security and compliance and on orchestrating the customer's IT environment. We ensure that valuable data is secured and that the customer complies with all laws and regulations.

To flesh out these themes, in 2020 we set up a separate business unit, Cloud Practice, to focus on developing services under these themes. Assessments have been developed for these services so that customers can quickly gain insight into the benefits these can offer their organisation.

We have also entered into a partnership with Microsoft in the field of cloud services, the Azure platform and the Modern Workplace. This move allows us to strengthen our cloud strategy, enter the market as partners, and develop innovative services to offer the market. This is an important element in Centric's proposition, along with other public cloud providers like Amazon Web Services.

Because we are also active in the field of private cloud services, we can offer our customers hybrid solutions as well, combining a private cloud with a public one and managing it all centrally. To this end, in 2020 we invested in setting up a management platform.

Professional Staffing

The day-to-day operations of Professional Staffing was not spared the impact of the coronavirus pandemic either. Despite the restrictions, we were able to carry on serving our customers as well as possible within the new context, while still maintaining that connection with each other and with our customers. Thanks to our people, we have been able to ensure continuity, meaning our customers can continue to count on us.

One major change implemented in 2020 was the fusion of all Staffing activities in the Netherlands and Belgium, bringing the whole under one management team. All resource and recruitment activities have been placed with Professional Staffing. Due to the coronavirus pandemic, this process has been successfully accelerated. Centralising the capacity requests for professionals throughout Centric at Resourcing & Recruitment Support has boosted efficiency enormously. As a result, internal and external customers could continue to focus on their core business and our professionals were not unnecessarily left sitting idle in an ever-tightening job market.

In Scandinavia, to integrate and strengthen our services all IT activities – both from our nine Scandinavian offices and in combination with our nearshore support solutions in Lithuania – were brought under one management team. Although the effects of the pandemic encumbered the Scandinavian activities, by the end of 2020 our organisation had already bounced back to its pre-COVID size.

Solution Engineering

In 2020, we made the strategic decision to focus on our core activities at Solution Engineering and so bid farewell to several non-core pursuits like CRM and O365 projects. We also worked on the further professionalisation and simplification of the governance model and took steps to further increase the return on the commercial activities. All this led to an improvement in the financial result in the second half of 2020. We expect this trend to continue in 2021.

In 2020, we also helped many organisations get the right IT solution for their business processes. For example, Solution Engineering took over the management of all Smurfit Kappa's Microsoft custom developed applications. On behalf of FCI, we have started on the complete revamp of the factoring platform so that international factoring will run even more smoothly for the more than 400 affiliated banks.

In 2021, we will build further on the foundation laid in 2020. In addition, we will use data analytics to optimise the business processes of customers and the investments in the associated custom solutions.

HR & Payroll

In 2020, HR & Payroll focused on the next generation eHRM solution Motion. With an installed base, the business unit had approximately 125 Motion customers in the public sector this year. Thanks to its generic nature and flexible design options, Motion can be widely offered and used on the private market too.

This can be seen in the fact that in 2020, despite the impact of the COVID-19 pandemic on the sales process, about 30 private customers went live with Motion, bringing the total number of organisations that now rely on the system up to 150. The trade media have positioned Motion as the number 1 challenger solution on the market.

Working on sustainability

In 2020, we more than achieved our goal of making our energy consumption 2% more efficient each year. What is more, in the area of transport, we reduced our carbon emissions by 34%. We are also investing heavily in remote working so as to reduce the number of trips to and from customers. In addition to other benefits, it was also partly thanks to this that we were able to continue providing many of our services during the coronavirus pandemic.

We were of course only able to do this thanks to our employees. They are at the heart of our company, which is why we pay non-stop attention to their professional and personal development, including through workshops, courses, practical training and challenging projects. By bringing our professionals, partners and customers together, Centric provides the environment for them to share their talents, knowledge and ideas.

Centric aims to be an inclusive employer: everyone is welcome here. This goes for our own employees, and it applies to people with more limited job prospects too: we broaden their prospects by offering this group work experience placements, additional training and retraining in IT. We also offer internships that allow students to gain work experience and, this way, increase their chances on the job market. These kinds of efforts help reduce the shortage of skilled IT staff and help jobseekers, including those with poor job prospects, find paid employment.

In September, Centric started with Smart Working, meaning employees will be able to continue working from home several days a week, where possible, even after the pandemic has passed.

It starts and ends with our employees

At Centric, we put our employees first and offer everyone 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.

Centric employs 3,917 people, 1,213 of whom work outside the Netherlands. To ensure employee loyalty, we invest in personal support, development opportunities and workplace wellness programmes.

Given that the first few months with a new employer are decisive for a successful collaboration, we have introduced an extensive 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. Throughout their careers, employees have ongoing access to the Centric Academy, a learning environment brimming with personal development opportunities.

Auditor change

Centric has changed auditors as of 2020. RSM has been engaged for the interim audit in 2020 and the audit of the 2020 financial statements.



How we mitigate risks

How we mitigate risks:

Governance, Risk and Compliance

Governance

Gerard Sanderink ended his direct involvement as chairman and member of Centric’s board with effect from 1 January 2021.

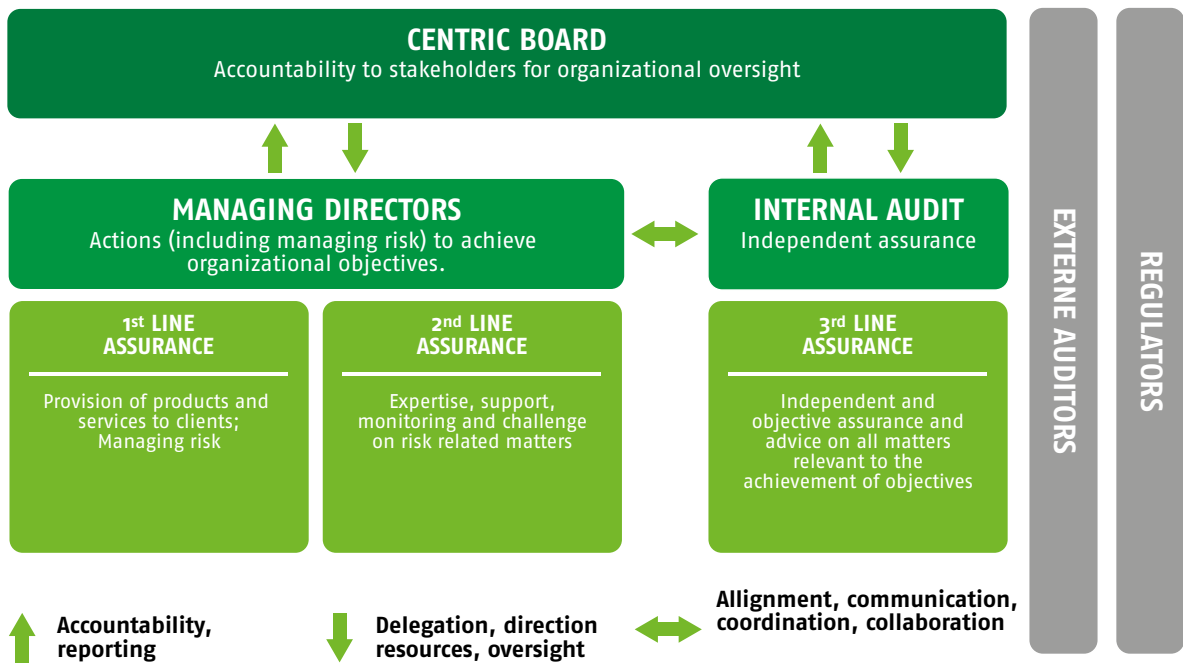
Additional changes were made to Centric’s board in 2020 and the first half of 2021. These changes have now been fully implemented and the board is set to realise Centric’s strategic ambitions.

The following changes were made:

- On 1 July 2020, a new CFO and a non-executive member joined the board.
- On 1 March 2021, Centric’s board was reinforced with a new non-executive member.
- On 1 August 2021, a new CEO took up his position on the board, succeeding the retiring CEO.

The risk management organisation

In setting up the risk management organisation, Centric employed the Three Lines Model. In this model, the first-line business roles are supported by the corporate second-line roles, and the internal audit organisation has an independent assurance role towards customers and Centric’s board.



Risks

Centric operates in a constantly evolving environment. Developments in the area of cybersecurity, data privacy and innovation (including migrating our software solutions to the cloud) are high on our risk agenda.

With a view to managing business risks, we have the Centric Risk and Control Framework.

These are the key risks Centric faces:

COVID-19

The COVID-19 pandemic has had a major impact on the world and, accordingly, also on Centric. Everyone has been forced to change their way of working, with Centric employees working from home as much as possible, in line with government guidance.

Thanks to Centric's excellent infrastructure for remote working, along with our employees' flexibility, we have been able to guarantee the continuity of our services and those of our customers to the highest degree possible.

This approach to work also offers opportunities, and to profit from these Centric is working on a future-proof, more efficient way of working: Smart Working, which stands for a more flexible, location-independent way of working and work that offers more variety. The aim of Smart Working is to collaborate more efficiently and effectively.

Despite the coronavirus pandemic, the results remained stable and Centric's financial position (liquidity and solvency) is healthy.

Competitive capacity and strategy

Because we want to continue to live up to our reputation as a leading IT company in the future as well, in 2020/2021 Centric developed a strategy map showing the route for Centric's further development over the coming years. Centric has set itself the goal of implementing major innovations while keeping the quality of the current services at a high level.

Market developments

Economic developments and market developments can negatively affect financial results. Centric aims to strike a balance in terms of the markets in which we operate and the activities we pursue. This diversification enables the company to absorb the negative effects in a specific market or region.

Rapidly changing technology

Changes to technology can potentially impact on our competitive edge. To remain a leading IT player, Centric makes full use of the opportunities offered by new proven technologies and the knowledge of leading partners in the IT world.

SaaS/cloud technology

Centric sees the use of SaaS/cloud technology as a good way to serve our customers better and faster. Accordingly, we are working on a future-proof and manageable reference architecture for the services and applications we provide.

Partnership with Microsoft

Centric is convinced that the cloud is the best future-oriented solution for many customers. By working strategically with Microsoft, we will be able to provide our customers with the best possible service in the future too.

Data privacy

In the area of compliance, specific attention needs to be paid to regulations relating to privacy (like the GDPR). Centric is constantly working on optimising its privacy programme. This programme is aimed at taking stock of and protecting the personal data of both customers and our own people. As part of the programme, the effectiveness of our privacy protection measures is assessed on an ongoing basis. Centric also uses standard data processing agreements for both customers and suppliers, in which we set out agreements on privacy protection and accountability on the measures that have been implemented.

Information Security and Cyber Security

At Centric, we consider information security a crucial part of our operations and of the services we provide our customers. Robust information security is the basis of our reliability as a supplier, business partner and employer. Centric has therefore implemented an Information Security Baseline across the entire organisation. Using extensive control information and scorecards, we ensure the right level of information security within the various business operations.

Business continuity

Centric pays specific attention to managing the continuity of its business processes and the services it provides its customers. Business impact analyses are carried out on a regular basis and provide input for the specific activities and measures in the area of business continuity. The basic principle is that we align the activities that focus on the continuity of information provision, business activities and services to the risks, business operations, agreements and relevant laws and regulations.

Job market

Our people are of strategic importance to Centric. It is with this in mind that we spend a considerable amount of time on enhancing our attractiveness as an employer. Centric has various programmes that cater to employees' changing expectations and preferences in terms of what they look for in an employer.

Centric also aims to:

- increase employee satisfaction and keep it at a high level;
- create a culture in which learning is an intrinsic part of the job;
- support flexible working through the Smart Working concept.

Business operations

To continue to play a leading role in the rapidly changing world of IT, business operations need to be aligned to today's internal and external demands and information needs. It was exactly with this in mind that Centric developed its Harmony programme. This programme focuses on optimising the internal business processes, provision of information and implementation of a new Centric-wide ERP system.

KEY FIGURES

In thousands of euros

	2020	2019	2018
Shareholders' equity	83,196	149,147	159,589
Total capital	192,996	255,766	270,970
Solvency total capital	43%	58%	59%
Net cash flow	19,327	-148	-10,306
Net sales	436,572	481,743	489,077
Net income (after taxation)	14,099	9,805	18,325
Depreciation	3,439	5,077	5,538
Taxes (corporate income tax)	1,746	2,112	5,507
Operating results	16,131	11,959	23,953
Average number of employees (FTE)	3,684	4,006	4,308



Financial statements

Centric Holding B.V.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

after profit appropriation proposal

In thousands of euros

	Notes		2020	2019
ASSETS				
Fixed assets				
Intangible fixed assets	1.1	1,012	2,390	
Tangible fixed assets	1.2	10,733	10,581	
Financial fixed assets	1.3	<u>46,510</u>	<u>109,755</u>	
			58,255	122,726
Current assets				
Inventories	2.1	4,167	5,052	
Receivables	2.2	88,243	104,840	
Cash	2.3	<u>42,331</u>	<u>23,148</u>	
			134,741	133,040
TOTAL ASSETS			192,996	255,766
LIABILITIES				
Shareholders' equity	3.1	83,196	149,147	
Third-party share in group equity	3.2	<u>-17</u>	<u>-10</u>	
Group equity			83,179	149,137
Provisions	4		14,178	6,561
Current liabilities	5		95,639	100,068
TOTAL LIABILITIES			192,996	255,766

CONSOLIDATED PROFIT AND LOSS ACCOUNT

In thousands of euros

	Notes		2020		2019
SALES	6	436,572		481,743	
Other operating income		585		3,460	
Total operating income			437,157		485,203
Purchase price of goods for resale		32,722		48,530	
Outsourced work		97,910		99,654	
Wages and salaries	7.1	224,488		248,097	
Depreciation and impairments	7.2	3,439		5,077	
Other operating costs	7.3	62,467		71,886	
Total operating costs			421,026		473,244
Operating results			16,131		11,959
Balance of finance income (/ expenses)	8		-187		-48
Income/loss from ordinary activities before taxation			15,945		11,911
Taxes on profit (loss) from ordinary activities	9		-1,746		-2,112
Income/loss from financial participations			-100		6
Income/loss from ordinary activities after taxation			14,099		9,805

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros

		2020	2019
Income/loss after taxation	14,099		9,805
Changes without cash flow:			
Third-party share in group results	100		-6
Interest on amounts received and paid	-42		10
Profit taxes	3,119		2,112
Depreciation and impairments	3,439		5,077
Disinvestments in tangible fixed assets	398		22
Changes in provisions	6,335		704
Cash flow from operating activities for changes in working capital	27,248		17,724
Changes in working capital:			
Accounts payable	-6,093		-4,854
Accrued current liabilities	2,484		2,606
Inventories	885		1,272
Trade accounts receivable	11,399		9,034
Other receivables, prepayments and accrued income	5,736		-1,644
Taxes paid on profits	-2,565		-5,507
	11,846		906
Cash flow from operating activities		39,094	18,630
Investments in intangible fixed assets	0		-681
Investments in tangible fixed assets	-2,721		-6,116
Changes in other financial fixed assets	62,954		8,019
Cash flows from investing activities		60,233	1,222
Dividends paid out	-80,000		-20,000
Cash flows from financing activities		-80,000	-20,000
Total net cash flow		19,327	-148
Balance of cash and cash equivalents on 1 January		23,148	23,354
Differences on exchange of cash and cash equivalents		-144	-58
Balance of cash and cash equivalents on 31 December		42,331	23,148

SUMMARY OF TOTAL CONSOLIDATED PROFITS FOR 2020

In thousands of euros

		2020		2019
Consolidated net income/loss after taxation		14,099		9,805
Translation differences for operations abroad	-48		-247	
Total of the changes made directly in shareholder's equity as part of the group equity		-48		-247
Total profits		14,051		9,558

PRINCIPLES OF ACCOUNTING FOR THE VALUATION OF ASSETS AND LIABILITIES

GENERAL

Financial year

The financial year runs from 1 January 2020 to 31 December 2020.

Company activities

Businesses and government bodies can approach Centric Holding B.V. and its subsidiaries for temporary assistance in the form of 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

Assessments and estimates

The Group's management makes various assessments and estimates in the application of the principles and rules for drafting the financial statements. The main assessments and estimates, including the associated assumptions, are as follows.

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.

PRINCIPLES OF ACCOUNTING FOR CONSOLIDATION

All companies in which Centric Holding B.V. has majority 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 of acquisition or to the date of sale.

The third-party share in shareholders' equity and in the profit is shown separately in the consolidated financial statements.

The following companies are recognised in full in the consolidated financial statements.

Centric Netherlands Holding B.V., Gouda

Centric Netherlands B.V., Gouda

Centric Training B.V., Gouda
Centric Capacity Services B.V., IJsselstein
Centric Test & Security Professionals B.V., IJsselstein
Centric IT Workforce B.V., IJsselstein
Q-Magic Uitzendbureau B.V., IJsselstein
Centric Financial Professionals B.V., Amsterdam
Centric BPO Services B.V., 's Hertogenbosch
Bakerware B.V., Emmen
Bitlibre B.V., Hoofddorp

Centric International Holding B.V., Gouda

Centric Nordic Holding AS, Oslo
Centric IT AS, Oslo
Centric IT Professionals AS, Oslo
Centric Partner Network AS, Oslo
Centric Finance Professionals AS, Oslo
Centric Care AS, Oslo
Centric Finance AS, Oslo
Centric IT Academy AS, Oslo
Centric IT Solutions AS, Hamar
Centric Professionals AB, Sundbyberg
Centric Partner Network AB, Sundbyberg
Centric Professionals Aps, Copenhagen

Sellcore Consulting AB, Sundbyberg
 Centric Care AB, Gothenburg
 Centric IT Solutions Sweden AB, Sundbyberg
 Centric Waregem N.V. (99,7%), Oostkamp
 Centric Oostkamp N.V. (99,9%), Oostkamp
 Centric Belgium N.V. (99,9%), Oostkamp
 Qmagic SARL, Luxembourg
 Centric IT Solutions Luxembourg SA, Luxembourg
 Summit Retail B.V.B.A. (99,9%), Oostkamp
 Centric Germany GmbH, Essen
 Centric IT Solutions GmbH, Essen
 Centric Cloud Solutions, Hamburg
 Centric IT Solutions Holding AG, Eggenwil
 Centric France SAS, Olivet
 Centric IT Solutions Romania SRL, Iași
 Centric Lithuania Holding UAB, Skuodo r.
 Centric ITS Lithuania UAB, Kaunas
 Centric Care UAB (51%), Vilnius
 Centric Offices Holding B.V., Gouda
 WES Software B.V., Gouda
 Centric Financial Solutions & Services B.V., Zoetermeer
 Trigger IT Services B.V., Deventer
 Centric Ventures B.V., Gouda
 Centric Pension and Insurance Solutions B.V., Gouda
 Centric Gouda 3 B.V., Gouda
 Centric Gouda 4 B.V., Gouda
 Centric Gouda 5 B.V., Gouda
 Centric Pensioenbelangen Personeel B.V., Gouda

All financial participations are fully owned subsidiaries unless stated otherwise.

The companies and other capital interests listed below are not consolidated, but are measured at net asset value.

Antea Ventures beheer B.V. (50%), Oosterhout
 CAG Ventures C.V. (50%), Heerenveen (comes under Centric Ventures B.V.)

PRINCIPLES OF ACCOUNTING FOR THE VALUATION OF ASSETS AND LIABILITIES

The financial statements have been prepared with due observance of the stipulations in the Dutch Civil Code, Book 2, Part 9.

Currency

The euro, the group's functional and performance 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 in foreign currencies is valued at the initial processing at the functional exchange rate on the transaction date. Monetary balance sheet items in foreign currencies are converted 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 converted at the functional exchange rate on the transaction date. Non-monetary balance sheet items in foreign currencies, which have been valued at the current value, are converted at the functional exchange rate applicable at the time of item valuation. Differences on exchange occurring upon settlement or conversion of monetary items in foreign currencies are incorporated into the profit and loss accounts, with the exception of differences on exchange resulting from net investments in business activities in foreign countries and loans taken out in order to fund or effectively hedge net investments in business activities in foreign countries, respectively.

These exchange-rate differences are recognised directly in the translation differences reserve. The translation differences reserve has been included under the 'Legal reserves' item. On the balance sheet date, the assets and liabilities from business activities in foreign countries are converted into the group's performance currency (the euro) at the rate on the balance sheet date; and the income and expenditure in the profit and loss accounts is converted at the average rate for the year. The resulting exchange-rate differences are recognised directly in the statutory reserves in the 'Translation differences reserve'. Upon disposal of the foreign business 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:

- 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; or
- using generally accepted valuation models and valuation techniques.

Amortised cost

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

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

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 depreciated over the relevant depreciation period. An amortisation period varying from 4 to 12 years applies to the value of a customer portfolio, 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 amortised over a period varying from 3 to 12 years.

Intangible fixed assets relating to the capitalisation of software packages developed in-house are depreciated 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 expected service life.

In the year of investment, the depreciation is proportional to time. The depreciation rates are:

- Computer systems (hardware and software): 20% – 33 1/3%
- Renovations and other operating assets: 20%
- Buildings and premises: 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 a financial participation is recognised as goodwill.

Financial fixed assets include financial participations recognised at net asset value, as well as loans valued at fair value at initial recognition plus the directly attributed transaction costs and subsequently valued at amortised cost as per the effective interest method.

Financial participations 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. In the profit and loss account, dividends are accounted for as returns from financial participations.

Third-party shares 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 created.

Inventories

The merchandise inventory is valued at historical cost less a provision for any obsolescence applicable.

Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are included at the original invoice sum (historical cost) minus impairment based on estimates of creditworthiness of the accounts receivable in question, while also taking historical data into account. The recognised impairment 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 uncollectible.

The work in progress position 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.

Cash

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

Impairments of financial assets

If there are objective indications of impairment for any category of financial assets that are valued at (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 uncollectibility.

Classification of shareholders' equity and loan capital

A financial instrument or the constituent components of such an instrument 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 the legal reality. Interest, dividends, income and expenses relating to all or part of a financial instrument are recognised in the financial statements depending on the classification of the financial instrument as either a financial liability or an equity instrument.

LIABILITIES

Provisions

A provision is formed when the group has a legally enforceable or constructive obligation on the balance sheet date that is likely to require an outflow of resources for settlement and the size of which can be reliably estimated. The size of the provision is determined by the best estimate of the amounts necessary to settle the relevant obligations and losses on the balance sheet date.

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.

A provision for onerous contracts will be recognised in the balance sheet when the economic benefits from a contract are expected to be lower than the unavoidable costs to be incurred in meeting the obligations under the contract.

With regard to a reorganisation, provisions will be created if a detailed reorganisation plan has been formalised and the reorganisation has started or been announced publicly. A provision is not created for future operating costs. The reorganisation provision covers primarily redundancy schemes, transitional payments, and reassignment of employees whose job has been discontinued.

Assessments and estimates regarding the provision for ongoing procedures are based on documentation and meetings with the counterparty, consultations with solicitors 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 taxation. Deferred tax receivables will only be taken into account if it may be reasonably assumed that they can be set off.

Pension plans

The premium payable to the pension provider is accounted for under expenses in the profit and loss account. The premium due and the premium paid in advance at year-end are accounted for as 'Accruals and deferred income' and 'Prepayments and accrued income' respectively.

A provision is recognised for liabilities other than the premium payable to the pension provider if,

on the balance sheet date, there is a legally enforceable or constructive obligation towards the pension provider and/or employees, if it is likely that a resource outflow is necessary for settlement and if a reliable estimate can be made of the size of the obligation. The provision for additional obligations to the pension provider and/or employees is valued at the best estimate of the sums needed to settle the relevant obligations as of the balance sheet date. The provision is valued at the present value if the effect of the time value of money is significant (whereby the discount rate before taxation represents the actual market rate).

A pension receivable due to a surplus at the pension provider is included if the Group has power of disposal over the surplus, if it is likely that it will result in future economic benefits for the Group and if the receivable can be reliably calculated. A pension surplus is valued in the same way as a provision.

German pension provision

Centric Germany GmbH has recognised a pension provision for future obligations based on an average salary scheme. The Projected Unit Credit Method is used to calculate the relevant pension liabilities. This method requires estimates that include the discount rate, expected remaining years of service and actuarial life expectancy.

The most significant assumption is the discount rate, which is based on the market interest rate of high-quality corporate bonds in euros and extrapolated to the term of the pension provision. The actuarial life expectancy is based on the publicly available mortality tables published by Heubeck-Richttafeln GmbH. Please refer to the notes to the provisions for further information regarding the assumptions and estimates in determining the pension provision.

Current liabilities

Current liabilities are valued at the 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 balanced in the financial statements if and to the extent that:

- a sound legal instrument is available to simultaneously settle the asset and the loan capital item balanced; 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 will no longer be recognised in the balance sheet if a transaction leads 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

Maintenance & Management

The net turnover related to maintenance & management is recognized in the period to which the agreements with customers relate.

Services

The net turnover of services is recognized in the period in which the underlying service was performed or the delivery took place.

Costs

Costs are determined with due observance of the aforementioned principles of valuation and are allocated to the financial year to which they relate. Profits are accounted for in the year in which the goods were delivered or the services rendered. Losses are taken 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.

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.

Group tax entity

Centric Holding B.V. and Sanderink Investments B.V. together constitute a group tax entity for Dutch corporate income tax purposes. Taxes are allocated within this tax entity as if each company were independently taxable. Centric Holding B.V. and its Dutch group companies also together constitute a group tax entity for Dutch turnover tax purposes.

PRINCIPLES OF ACCOUNTING FOR THE STATEMENT OF CASH FLOWS

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. Cash available in new group companies is deducted from the cash outflow.

NOTES TO THE BALANCE SHEET

In thousands of euros

1.1 Intangible fixed assets

	Software	Goodwill	Total
Accounting value at 31 December 2019	2,141	249	2,390
Depreciation	22	79	101
Transfer to tangible fixed assets	1,129	0	1,129
Exchange-rate gains/losses	-135	-12	-147
Disinvestments and sales	0	277	277
Depreciation on disinvestments	0	-277	-277
Accounting value at 31 December 2020	855	157	1,012
Purchase price	922	3,998	4,920
Accumulated depreciation	-67	-3,841	-3,908

1.2 Tangible fixed assets

	Buildings and renovations	Computer systems (Machines and plant)	Other fixed operating assets	Total
Accounting value at 31 December 2019	2,377	5,681	2,523	10,581
Investments or takeover	254	1,377	1,090	2,721
Transfer of intangible fixed assets			1,129	1,129
Depreciation	477	2,016	802	3,295
Impairments	0	1	0	1
Exchange-rate gains/losses	0	7	-13	-6
Disinvestments and sales	116	1,262	532	1,910
Depreciation on disinvestments	104	916	492	1,512
Accounting value at 31 December 2020	2,141	4,707	3,885	10,733
Purchase price	14,069	16,553	13,569	44,191
Accumulated depreciation	11,928	11,846	9,684	33,458

1.3 Financial fixed assets	2020	2019
Cash pool receivables	37,646	108,868
Deferred tax receivables	1,603	626
Loans receivable	7,212	212
Minority shareholdings and financial participations	49	49
	46,510	109,755

The financial fixed assets item has developed as follows:

	Cash pool receivables	Deferred tax receivables	Loans receivable	Minority shareholdings and financial participations
Accounting value at 1 January 2020	108,868	626	212	49
Repayment / write-down	-71,222	-335	0	0
Addition		1,312	7,000	0
Result from financial participation				-107
Allocation to provision for financial participation				107
Accounting value at 31/12/2020	37,646	1,603	7,212	49

Cash pool receivables

Cash pool receivables concern 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. Only the balance of the cash pool in which the accounts of all entities are settled is freely available. This means that when other entities within the cash pool have a negative balance, the entire balance is not freely available and this is accounted for as a cash pool receivable. This receivable has no specific term and/or interest rate. This receivable is part of a credit facility with a balance and interest compensation arrangement. In this arrangement, the conditions include a six-monthly review of the solvency ratio (at least 30%) and an EBITDA coverage ratio test (at least 75%).

This overdraft limit (i.e. the maximum negative balance the entities are allowed in the cash pool) will be reduced by €10 million to €30 million on 1 May 2022, then by €15 million to €15 million on 1 May 2023, and finally again by €15 million to €0 by no later than 1 May 2024.

Deferred tax receivables

A receivable has been recognised for the difference between valuation for tax purposes and commercial valuation regarding the goodwill (purchased in 2017) to be amortised over the coming year. The receivable is measured at 25% for 2021.

In addition, there are compensable losses totalling €15.7 million that have not been measured, of which €9.7 million in Germany, €5.1 million in Belgium, and €0.9 in Norway.

The compensable losses in Belgium were capitalised at 25% as of 31 December 2020.

Loans receivable

The loans receivable item concerns a €0.2 million loan provided by Centric Ventures BV to CAG Ventures B.V.

Centric Holding B.V. has furthermore provided loans totalling €7 million to two affiliated companies in 2020.

2.1 Inventories	2020	2019
Finished goods	4,167	5,052
	4,167	5,052

2.2 Receivables	2020	2019
Trade accounts receivable	59,361	70,331
Provision for uncollectible debt	-1,438	-1,272
Receivables from other affiliated companies	3,003	2,728
Taxes and social security contributions	376	534
Prepaid pension contributions	924	857
Sales not yet invoiced	13,411	17,692
Prepaid costs	11,480	11,910
Other receivables	1,126	2,060
	88,243	104,840

Costs paid up front include an amount of €2.4 million (2019: €2.1 million) with a term of more than 1 year.

The turnover still to be invoiced includes an amount of € 2.2 million (2019: € 0.7 million) with a term longer than 1 year.

The doubtful debt item has developed as follows:

	2020	2019
Balance at 1 January	1,272	1,903
Allocations	516	396
Withdrawal	150	739
Release	200	288
Balance at 31 December	1,438	1,272

2.3 Cash

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

As a result, not all of the balance is at the free disposal of the company and its participations. For this reason, an amount of €37.6 million (2019: €108.8 million) in cash that is not freely available to the company is recognised under 'Financial fixed assets'.

3.1 Shareholders' equity

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

2020 profit appropriation

At the stockholders' meeting, where the 2020 financial statements will be presented and approved, it will be proposed to assign the profit of €14.1 to 'Other reserves'. This proposal has been included in the balance sheet of 31 December.

3.2 Third-party share in group equity

Balance at 31 December 2019		-10
<i>Changes:</i>		
Result of minority share in group result	-7	-7
Balance at 31 December 2020		-17

4. Provisions

	2020	2019
Provision for anniversary	2,888	2,797
Provision for onerous contracts	6,931	2,006
Reorganisation provision	846	0
Provision for anniversary allowances	1,310	343
Provision for vacant property	242	635
Pensions provision	580	543
Deferred tax provision	205	211
Provision for financial participation	107	0
Other	1,069	26
	14,178	6,561

The provisions item has developed as follows:

	Anniversary allowances	Onerous contracts	Reorganisation provision	Claims	Vacant property
Balance at 31 December 2019	2,797	2,006	0	343	635
Allocation	439	5,697	846	1,267	215
Release	244	272	0	100	0
Withdrawal	104	500	0	200	608
Balance at 31 December 2020	2,888	6,931	846	1,310	242
of which:					
term of 1 year or less	0	4,901	846	1,310	120
term of more than 1 year	2,888	2,030	0	0	122

	Pension	Deferred taxation	Financial participation	Other	Total
Balance at 31 December 2019	543	211	0	26	6,561
Allocation	59	0	107	1,064	9,694
Release	22	6	0	21	665
Withdrawal	0	0	0	0	1,412
Balance at 31 December 2020	580	205	107	1,069	14,178
of which:					
term of 1 year or less	59	205	107	1,069	8,617
term of more than 1 year	521	0	0	0	5,561

Provision for onerous contracts

The provision for onerous contracts concerns service contracts in which the estimated unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. This concerns contracts that are loss making over the remainder of the contract term, where the loss is recognized as the unavoidable costs less the contractual revenues in the provision for onerous contracts.

Reorganisation provision

A provision was created for Centric Pension and Insurance Solutions B.V. as of the end of the financial year in relation to the announced reorganisation of the company. The reorganisation is necessary due to several clients leaving in 2020 and 2021. In August 2020, the Works Council accepted the reorganisation plan and employees were informed.

Pensions provision

Centric Germany GmbH has recognised a pension provision for future obligations based on an average salary scheme. The pension plan in effect at Centric Germany GmbH is under the company's own management and the company has taken out additional insurance for this for its employees. The pension obligations are paid from Centric Germany's own cash resources. Every employee participates in the pension plan from the start of employment. The Projected Unit Credit Method is used to calculate the relevant pension liabilities. For the actuarial basis, the following assumptions are applied in determining future obligations:

- Discount rate = 2.30%
- Expected remaining years of service for employees = 15 years
- Salary increase = 1.5% per annum
- Mortality table = Heubeck-Richttafeln 2018 G

These assumptions are reviewed and modified at the end of each financial year.

Deferred tax provision

A deferred tax provision has been recognised for the untaxed reserves of the Swedish entities.

Other provisions

Includes a €0.9 million provision for a VAT ruling that was ceased as of 1 January 2020 but was applied throughout the whole year on an administrative level.

5. Current liabilities

	2020	2019
Trade accounts payable	19,079	25,142
Liabilities to other affiliated companies	4,016	46
Taxes and social security contributions	18,394	18,437
Corporate income tax payable	1,357	2,151
Sales invoiced in advance	21,916	18,344
Staff costs still payable	18,692	18,561
Invoices still payable	9,580	14,432
Other liabilities	2,605	2,955
	95,639	100,068

The Dutch corporate income tax payable to the amount of €1.9 million (2019: €1.9 million) is paid to Sanderink Investments B.V. as part of the group tax entity.

Liabilities to other affiliated companies includes a short-term loan of €4 million with an interest rate of 4%.

Other liabilities, and accruals and deferred income includes an amount of €1.5 million (2019: €1.3 million) with a term of more than 1 year. This largely concerns rent supplement received in advance, attributed to the years 2021 to 2023.

FINANCIAL INSTRUMENTS

General

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

Interest risk

The amount paid in interest is linked to the EURIBOR rate.

Currency risk

The majority 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.

Commitments not evident from the consolidated balance sheet

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

	2020	2019
Within 1 year	17,346	22,376
After one year but within five years	22,714	36,297
After five years	812	411
	40,872	59,084

€1.2 million in purchase commitments have been included under these commitments not shown on the balance sheet (2019: €3 million). Of this amount, €0.5 million (2019: €1.4 million) expires within 1 year, €0.7 million (2019: €1.3 million) within 5 years, while there are no obligations with a term of more than 5 years (2019: €0.3 million).

Centric BV and its associates and joint ventures have issued bank guarantees totalling €3.9 million (2019: €4 million).

In 2020, Centric BV and its associates and joint ventures had a credit facility of €5 million.

This facility was discontinued as of 1 January 2021.

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

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

NOTES TO THE PROFIT AND LOSS ACCOUNT

In thousands of euros

	2020	2019
6.1 Sales		
Licences	9,563	10,573
Maintenance and Management	223,041	216,377
Services	167,131	199,307
Trade	35,288	53,273
Other	1,549	2,213
	436,572	481,743
Sales in the Netherlands	338,778	360,741
Sales in Europe	96,908	120,227
Other	886	776
	436,572	481,743
6.2 Other operating income		
Sale of social housing activities	0	2,712
Other operating income	585	748
	585	3,460

7.1 Wages and salaries

	2020	2019
Salaries	183,858	201,401
Pension costs	9,633	10,246
Social security contributions	30,997	36,450
	224,488	248,097

Employees

	2020	2019
Number of employees at year-end	3,917	4,386
Average number of employees expressed as full-time equivalents (FTEs).		
Board of Directors	41	45
Sales and marketing	155	127
General administration	422	480
Production	3,066	3,354
	3,684	4,006

With 1,125 of these FTE working outside the Netherlands (2019: 1,473 FTE).

Recognition of remuneration of executive and non-executive directors

	2020	2019
Executive directors	337	2,191
Non-executive directors	75	49
	412	2,240

Remuneration comprises fixed pay, social security taxes paid by the employer, pension obligations, anniversary allowances, profit sharing, bonuses and termination benefits.

7.2 Depreciation

	2020	2019
Depreciation of intangible fixed assets	102	123
Depreciation of tangible fixed assets	3,294	3,536
Impairments	43	1,418
	3,439	5,077

7.3 Other operating costs

	2020	2019
Other staff costs	27,072	35,543
Office expenses	13,247	14,415
Communication expenses	1,655	3,061
Accommodation	11,546	13,368
Selling costs	2,533	3,665
Temporary agency staff/other temporary staff	351	890
Miscellaneous costs	6,063	945
	62,467	71,886

Use is made of the exemption under Section 382(a)(3) of Book 2 of the Dutch Civil Code from the requirement to disclose the audit fees in the financial statements. The information is included in the financial statements of Centric Holding B.V.

R&D costs

In 2020, Centric Holding spent €46 million (2019: €48 million) on research and development.

8. Financial income and expenses

Finance income
Finance costs
Foreign exchange gains/losses
Finance income from other affiliated companies

2020	2019
42	172
-124	-162
-144	-58
39	0
-187	-48

Finance income and costs were received and paid in the course of the year.

9 Taxes

Corporate tax payable (acute)
Deferred tax (mutation)

2020	2019
2,723	2,736
-977	626
1,746	2,112

Effectively, the corporate tax rate is 11% (2019: 18%). This is caused by the valuation of the carry-forward losses in Belgium, the foreign corporation tax and the innovation box provision.

Centric Holding B.V. is part of the group tax entity with Sanderink Investments B.V.

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

Events after the balance sheet date

COVID-19

The impact of COVID-19 has been limited at Centric Holding level and the results for the first six months of 2021 look good.

Measures taken so far mainly relate to making the most efficient use of all capacity within the company; we have made less use of external workers as a result.

For the time being, we see no need to take measures that have far-reaching consequences for future business operations. We will, however, roll out a new way of working (including home working) from September 2021.

Given Centric's solid solvency position and stable liquidity trend, the company is starting from a healthy position. Naturally, this is being closely monitored and predictions and scenarios are being used more actively and more frequently. In this, we also take into account worst case scenarios so that we can act promptly should these arise.

These developments are, of course, accompanied by uncertainties, and it remains difficult to predict what will happen over the next one to two years.



COMPANY FINANCIAL STATEMENTS

Centric Holding B.V.

COMPANY BALANCE SHEET AS AT 31 DECEMBER

after profit appropriation proposal

In thousands of euros

ASSETS	Notes		2020		2019
Fixed assets					
Financial fixed assets	10	<u>86,872</u>	86,872	<u>147,006</u>	147,006
Current assets					
Receivables	11.1	142		96	
Cash	11.2	<u>214</u>	356	<u>2,072</u>	2,168
TOTAL ASSETS			87,228		149,174
LIABILITIES					
Shareholders' equity					
Paid-up and called-up share capital		16		16	
Legal reserves		-1,119		-1,070	
Other reserves		<u>84,299</u>		<u>150,200</u>	
Shareholders' equity	12		83,196		149,146
Current liabilities					
Current liabilities	13		4,032		28
TOTAL LIABILITIES			87,228		149,174

COMPANY PROFIT AND LOSS ACCOUNT

In thousands of euros

	2020	2019
Income/loss from financial participations after taxation	14,518	9,314
Other income and expenditure after tax	-419	491
Income/loss after taxation	14,099	9,805

NOTES TO THE COMPANY BALANCE SHEET

In thousands of euros

General

The company has drafted the individual financial statements in accordance with the legal stipulations given in the Dutch Civil Code, Part 9, Book 2. The financial statements were drawn up on 11 October 2021. 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.

Given that the profit and loss account of Centric Holding B.V. for 2020 has been included in the consolidated financial statements, only a summary profit and loss account has been included (in the company financial statements) in accordance with Section 2:402 of the Dutch Civil Code. There were no mergers or acquisitions in 2020.

10. Financial fixed assets

	2020	2019
Cash pool receivables	348	32,660
Deferred tax receivables	335	626
Loan receivable	7,000	0
Minority shareholdings and financial participations	79,189	113,720
	86,872	147,006

The financial fixed assets item has developed as follows:

	Cash pool receivables	Deferred tax receivables	Loans Receivable	Minority shareholdings and financial participation	Total
Balance at 1 January	32,660	626	0	113,720	147,006
Repayment / Write-down	-32,312	-335			-32,647
Addition		44	7,000		7,044
Result from financial				14,518	14,518
Dividend				-49,000	-49,000
Foreign exchange adjustments				-49	-49
Balance at 31 December	348	335	7,000	79,189	86,872

Cash pool receivables

The cash pool 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.

Only the balance of the cash pool in which the accounts of all entities are settled is freely available; this balance is recognised as Cash and cash equivalents. This means that when other entities within the cash pool have a negative balance, the entire balance is not freely available and this is accounted for as a cash pool receivable. This receivable has no specific term and/or interest rate. This receivable is part of a credit facility with a balance and interest compensation arrangement. In this arrangement, the conditions include a six-monthly review of the solvency ratio (at least 30%) and an EBITDA coverage ratio test (at least 75%).

Deferred tax receivables

A receivable has been recognised for the difference between valuation for tax purposes and commercial valuation regarding the goodwill (acquired in 2017) to be amortised. The receivable is measured at 25% for 2021.

Loans receivable

Centric Holding B.V. has provided loans totalling €7 million to two other affiliated companies in 2020.

11.1 Receivables

	2020	2019
Receivables from group companies	35	47
Receivables from other affiliated companies	37	0
Corporate income tax receivable	43	46
Taxes and social security contributions	5	3
Prepaid costs	22	0
	142	96

Corporate income tax receivable is settled between Centric Holding B.V. and Sanderink Investments B.V. as part of the group tax entity.

11.2 Cash

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

As a result, not all of the balance is at the free disposal of the company. For this reason, an amount of €0.3 million (2019: €32.6 million) in cash that is not freely available to the company is recognised under Financial fixed assets.

12. Shareholders' equity

	Paid-up and called -up share capital	Legal reserves	Other reserves	Total
Balance at 31 December 2019	16	-1,070	150,200	149,146
Result			14,099	14,099
Differences on exchange		-49		-49
Dividend			-80,000	-80,000
Balance at 31 December 2020	16	-1,119	84,299	83,196

The authorised share capital amounts to €45,400 divided into 200 shares of €227 each. 70 shares have been issued and paid up.

The statutory reserve is for translation differences for foreign financial participations.

13. Current liabilities	2020	2019
Trade accounts payable	15	14
Liabilities to group companies	0	2
Liabilities to other affiliated companies	4,000	0
Other liabilities, and accruals and deferred income	17	12
	4,032	28

The liabilities to other affiliated companies item concerns a short-term loan with an interest rate of 4%.

Commitments not evident from the balance sheet

None.

14. Audit fees

Audit firm's fees:

	2020	2019
Audit of the financial statements	692	392
Other auditing	762	509
Other non-assurance services	77	33
	1,531	934

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

SIGNING OF THE FINANCIAL STATEMENTS

Gouda, 11 October 2021

Executive director:

J.G.P. Taams

P.P.J. Rosengarten

OTHER INFORMATION

Profit appropriation

Statutory provisions in respect of profit appropriation

Profit appropriation is handled in accordance with the Articles of Association, which state that the profit is at the disposal of the general meeting of shareholders.

Branch offices

In addition to the head office in Gouda (Netherlands), the company has branch offices in the Netherlands in Almere, Amsterdam, Badhoevedorp, Budel, 's-Hertogenbosch, Deventer, Emmen, Groningen, Hoogeveen, IJsselstein, Moordrecht, Rijssen, Son en Breugel, Wezep, Zoetermeer,

Mechelen (Belgium), Oostkamp (Belgium),
Zaventem (Belgium),

Essen (Germany), Hamburg (Germany),

Olivet (France),

Vilnius (Lithuania),

Bergen (Norway), Drammen (Norway),
Hamar (Norway), Oslo (Norway),
Stavanger (Norway), Trondheim (Norway),

Iasi (Romania),

Göteborg (Sweden), Jönköping (Sweden),
Linköping (Sweden), Malmö (Sweden),
Stockholm (Sweden) 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 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 of Centric Holding B.V. based in Gouda.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Centric Holding B.V. as at 31 December 2020 and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2020;
2. the consolidated and company profit and loss account for 2020; and
3. 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 of 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 the 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 report;
- other information as required by 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 substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management 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, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management 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 directors are 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 engagement 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 detect all material errors and fraud during our audit.

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 judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- concluding on the appropriateness of management'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; and
- 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 those charged with governance 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.

Utrecht, 11 October 2021

RSM Netherlands Accountants N.V.

drs. H.R. Hollander RA

Colofon

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