

2019 Annual Report

Centric Holding B.V.

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MANAGEMENT REPORT

Making life easier from the cloud

Just how satisfied our customers are – even after a turbulent year in terms of publicity – with the quality of Centric's services is shown by the great number of contract renewals that we gained in 2019.

Services to our customers continued unchanged over the past year, in the way that they have come to expect from us.

Customer confidence is further confirmed by the increase in recurring business. Customers readily turn to Centric for help with their IT facilities, workplace management, pension administration, shop automation or business applications, or to outsource these functions to Centric entirely, so that they can focus on their core business.

In 2019, specific efforts and funds were directed to restructuring several business units, strengthening our corporate culture, increasing our financial insights and refining our focus. The extra investments have had an impact on the result for 2019, but are needed to be able to build our future.

Moving solutions to the cloud

Over the past year, we have made giant leaps forward in realising our ambition to make solutions for customers available in a new format from the cloud, on a Software as a Service (SaaS) basis.

In 2019, we started outsourcing our data centres to specialist Dutch partners who host our hardware and take care of optimum security, cooling, camera surveillance and logs. The use of these data centres ensures security, reliability and maximum service and scalability for our customers. In the past year, we have helped several of our customers migrate their environments to the cloud.

Further investment has gone into the cloud transition of our services for the HR & Payroll market, local authorities and other customers in the past year. This innovation of hosting services from the cloud is imperative in being able to stay successful in these industries that are highly important to Centric.

Organisations facing an IT or information challenge can now turn our Staffing division's new Multidisciplinary Teams (MDTs). These versatile teams made up of software developers, testers, designers, infrastructure specialists and other professionals help our customers with development capacity and advice, working on a project basis to respond flexibly to customers' needs.

Being a major organisation, Centric has the kind of expertise that enables us to offer this combination.

Centric has chosen Microsoft technology for the data centres and cloud services. With Microsoft Azure Stack, we can offer our customers the same hosting and management functionality in a private cloud as they would get in the public cloud, meaning that our customers get all the benefits of Microsoft cloud technology while being secure in the knowledge that all data remains on Dutch soil, hosted at Centric's secure data centres.

Launch of new Cyber Defence Services unit

It is becoming increasingly important to keep information secure. Various incidents that occurred in the last year have shown clearly just how much damage a security breach can do. Centric itself works to the highest security standards in developing software and processing customers' data. As an active knowledge partner to the Dutch Centre for Information Security and Privacy Protection (CIP), Centric also contributes to knowledge development and raising awareness in the security domain. To allow our customers to also benefit from this expertise, we started work on a new Cyber Defence Services unit in December. This new unit will use security assessments and scans to give companies insight into the effectiveness of their IT security and help them get protected against the increasing cybercrime threat.

Development of sales and profits

In 2019, sales came in at 482 million euros (2018: 489 million euros). This drop came mainly as a result of the sale of both the hardware reselling business (in late 2018) and the Housing Solutions business (in early 2019). The net profit totalled 9.8 million euros in 2019. At 58% in 2019, solvency is in line with previous years and, with

a current ratio of 1.3, liquidity is more than sufficient. Cash flow has been showing the same stable pattern for years. The company, therefore, does not use external financing and financial instruments. As a result, the company is not exposed to unnecessary risks when it comes to investment risk, price risk and interest rate risk.

For an IT company such as Centric, R&D is indispensable. To keep up with the latest technological developments and blaze new trails with innovations, it is key that we keep renewing our portfolio. Some of our innovations happen under the bonnet, such as the cloud transition of our applications for local authorities, while others have a higher profile, such as our AR project with researchers at Wageningen University.

Other examples of innovation and R&D are our projects in the domain of data science technology for predictive maintenance and fraud detection, research into sustainable software, a driving simulator developed in partnership with our Antea Group sister company, and experimental blockchain technology. Centric does its R&D partly in the Netherlands and partly at our sites in Romania and Lithuania, under the direction of our Enterprise Innovation department.

As a company that meets the criteria for a 'large public company regime' (*structuurvennootschap*), Centric has a one-tier board. Whenever there are vacancies on the board, Centric endeavours to find the most qualified candidate, while also seeking to comply with the diversity principle. Centric has recently appointed a CFO and filled a non-executive board position, ensuring compliance with the requirements for a one-tier board.

Owned by Sanderink Investments B.V., Centric Holding B.V. is the holding company for all Centric operating companies.

Highlights

Financials

In the finance sector, Centric focuses primarily on outsourcing, i.e. hosting complete IT environments and business processes, such as payment transaction processing, client and account administrations and pension administration.

Finance

In the finance sector, Centric focuses primarily on outsourcing, i.e. hosting customers' complete IT environment and processes, such as payment transaction processing, client and account administrations and pension administration. We work to the highest standards in terms of continuity, security and compliance.

2019 was largely about getting our customers' payment transaction systems and processes ready for new legislation and regulations, which included the addition of functionality for Instant Payments and PSD2. We also welcomed new customers in 2019. De Nederlandsche Bank (DNB), the Dutch central bank, has entered into a partnership with Centric. Centric will provide DNB staff with workspace services, a service desk and office automation, and will also manage the data centres. DNB was looking to team up with a business partner in the long term with the aim of increasing the flexibility and performance of its IT organisation and shaping its digital transformation.

Pension administration

In the past year, Centric has invested heavily in various programmes to professionalise both the organisational and process set-up and the IT infrastructure for pension administration. Aside from that, a number of migrations from other pension providers were completed successfully.

The year 2019 was also about developing an innovative pension portal for customers. The investments involved weighed down on the company's profit. Despite the fact that one pension fund announced that it would part ways with Centric and the loss of the obligation of another fund that consequently ceased to exist, Centric PaIS will continue along the charted path of modernisation and professionalisation.

Our customers are positive about the great commitment and knowledge shown by our employees and we have welcomed three new pension funds this year.

Our services to pension funds and insurers are also in good shape. This resulted in, among other things, Centric meeting the control requirements as part of our ISAE 3402 reporting.

Our in-depth knowledge of the pensions and banking industry, and of our customers' IT and (critical) administrative processes that are so important in these industries, has given Centric a unique position in this market. Key spearheads for 2020 are further process optimisation, the choice for the new AxyLife target platform for pension administration, developing and embedding compliance and security expertise, and continued strengthening of 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

Thanks to our employees' great engagement and industry expertise, our customers were satisfied with our solutions and services in 2019. Like in previous years, we welcomed yet more new customers in the Netherlands, Belgium and Sweden, including Coop, Byggmax, Stadium, Hendi & Geevers, Maters, Vels Transport and Gourmet.

Retail

In 2019, there was particular focus on making our delivery organisation more scalable, so as to be able to speed up the onboarding of new customers. Other than that, we have reaped the rewards of our international collaboration with peer companies in Romania (development), Sweden and Belgium. Together, we have made major leaps forward in terms of product development and securing new customers in Scandinavia and the Benelux countries.

Logistics

This year, we tapped into the mechanisation trend by making our Locus WMS solution easier to link to mechanised systems used in online, offline and omnichannel retail and wholesale warehouses.

Public sector

Under the leadership of the Association of Netherlands Municipalities (VNG), local authorities are working on an approach that will give them the ability to act faster when it comes to embracing new technological possibilities and responding to changing demands from residents and companies. Based on the principle of 'Organising

Together', they are working on a set of facilities, standards and arrangements under the name Common Ground. Centric has committed to this movement and actively contributes to it.

Another theme in 2019 was the shaping of the 'Road to the Cloud' and preparing our organisation for this move. As modernisation of our portfolio continued, we have put together roadmaps that provide clarity on how our current products will be switched to the cloud. As part of this, we have already announced to the market that we will offer all our applications from the cloud from 2023.

We are also continuing to work on the further professionalisation of the organisation and future-proof digital public services for our customers by, among other things, reinforcing administrative ties between governments and the business community, modernising our portfolio and further raising customer satisfaction levels.

IT outsourcing

In 2019, we reorganised our IT Outsourcing along three market-driven verticals, i.e. Public, Finance and Business. This allows us to even better tailor standardised services to the specific requirements and needs in the customer segment.

Work also continued on the further development of our hybrid cloud solutions this year.

Our hybrid cloud offers our customers a combination of public and private cloud with centralised management. In order to further internationalise our cloud capacity, we have started standardising the set-up and management of our cloud services.

Microsoft Azure Stack lets organisations deliver cloud services from their own data centre, with the same trusted portal and technology as the public Azure Cloud, thus allowing organisations to enjoy the benefits of the public cloud in their own proprietary on-premises environment. Centric chose Microsoft as its cloud partner on account of Microsoft's proven reliable infrastructure, excellent support and scalability.

When it comes to End User Management, we have further standardised our international service desks.

We have meanwhile started serving the first customers from our Lithuania offices. Increasing demand for user support, over the telephone or on-site, brought solid growth in End User Management services last year.

Staffing Services

In 2019, we restructured and improved the Staffing Services organisation. Key changes include the merger of Software Professionals and Test Professionals, the better positioning of the Resource Desk and the reduction of the number of regions (from four to three).

These and other measures have boosted the organisation's responsiveness and efficiency, made the organisation 'lean and mean' and enabled us to serve our customers better.

In the past year, we have further stepped up our focus on multidisciplinary teams (MDTs). Through these teams, we will be engaging more with our customers about their IT organisation issues. The MDTs have been incorporated into our organisation as a business unit and are a platform from which we now operate in the domains we have specified, i.e. cloud, Microsoft 365, data science and Internet of Things (IoT).

Software Engineering

The role that information technology plays in our society continues to grow year on year, and technological advances follow each other in increasingly quick succession. This, in turn, creates ever greater demand for consultancy and customised solutions.

Our clients want to know, for example, how blockchain, Business Intelligence, low code platforms and robotic process automation can help them set themselves apart from the competition.

The consultants and engineers of Solution Engineering work side by side with clients to create the required solution through workshops, proof of concepts and DevOps teams.

The main theme for 2019 was the implementation of DevOps concepts and tooling across the organisation, enabling clients, consultants and software engineers to operate as one single streamlined value

chain. Another key focus point in 2019 was the transition from traditional infrastructure solutions to cloud-based solutions by Microsoft and Amazon. Almost all projects were completed successfully and on budget.

Besides on improving the financial results, the emphasis in 2020 will be on adding new clients to our portfolio and further streamlining and automating our development and operational processes. Plus, we expect to be able to get started with our first-ever large-scale blockchain technology project.

HR & Payroll

Through the Motion solution, Centric invests in improving digital processes and services in the area of HR and payroll processing. In 2019, we enriched Motion with a number of important new modules for things such as new-hire onboarding, digital signing and recruitment.

Centric HR & Payroll Services has traditionally served mainly public-sector organisations. In 2019, we made serious inroads in the non-profit market and will continue to push ahead in this market. In order to realise our bold growth ambition for Motion, we need to gain a foothold in the private sector, which is a relatively new market for Centric. We will therefore further expand our focus on this sector in 2020.

Working on sustainability

Centric's products, services and operations are designed with People, Planet, Profit and Product in mind.

In 2019, we worked on reducing our carbon footprint, being an inclusive employer, and greening our products and services across all business units based on our CSR plan.

Centric has translated its CSR objectives into specific targets, such as to increase energy efficiency by 2% every year, including by cutting energy use in our buildings. And our fleet management policy now includes carbon emission caps for each category of vehicle.

When it comes to People, we aim to be an inclusive employer, which has seen us run retraining programmes and engage in collaborations that have already led to us hiring people with poor job prospects.

We have hired, for example, two people from ITvitae, a longstanding social enterprise that trains people on the autism spectrum to become, among other things, certified testers. In the Planet domain, the digitalisation of paper flows was a key goal in 2019. One highlight in this respect was the launch of the Centric Career Academy. A fine example of how the launch of a new platform can go hand in hand with environmental gains, as all training requests are processed digitally since the launch.

As far as our efforts in the Profit domain are concerned, we were the main sponsor of *De Goudse Weekendschool*. We not only support this school financially and administratively, but also through our employees who enjoy volunteering their time during the lessons. Our work in the Product domain in 2019 included further development of our Green IT portfolio, with Greening of IT, which is all about making the IT itself more sustainable, Greening by IT, where IT supports the sustainability transition in other areas, and IT as Enabler, which allows our customers to use our software to increase their own social impact. Centric considers IT an important resource in making processes and industries more sustainable.

Our employees make the difference

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

Centric employs 4,386 people, 1,473 of whom work outside the Netherlands. To keep employees at our company, we invest in personal support, development opportunities and vitality programmes. Given that the first few months at a new employer are decisive in forging successful collaboration, we have introduced an extensive new-hire onboarding programme.

By combining online onboarding in the lead-up to the first day at work with an interactive induction day, we get new hires off to a flying start at Centric and instantly lay the foundations for their Centric network.

Throughout their careers, employees have ongoing access to the Centric Academy, a learning environment brimming with personal development opportunities.

How we mitigate risks/Audit, Risk and Compliance

Risk management

The rapidly changing world in which Centric sells its products and services also leads to a rapidly changing risk landscape. Developments in the area of cybersecurity, data privacy and Centric's internationalisation are high on the risk agenda.

The organisation

In order to be able to ensure an adequate risk management and internal control system, Centric opted in 2018 to set up the Audit, Risk and Compliance function (ARC) as a central function in the organisation that comes directly under the board's responsibility. In 2019, this function was further reinforced.

Risk and Control Framework

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

Business risks

Information security, rapidly changing technology and data security are at the basis of Centric's success and reputation as an IT service provider. Although the expected impact is sometimes hard to quantify, we are not taking any risks on these points. And when it comes to other business risks, our risk appetite is low. The main business risks that Centric has identified are the following:

Data privacy

The fact that privacy and personal data protection legislation (such as the GDPR) keeps changing increases

the chance of Centric not being compliant. This is why Centric has run a data privacy programme to both take stock of personal data in internal Centric systems and customer systems and assess the effectiveness of measures taken to protect privacy. Centric furthermore uses standard data processing agreements with both customers and suppliers to record privacy protection arrangements and accountability on measures that have been implemented.

Information security and cybersecurity

Events that may lead to inappropriate use, loss or disclosure of confidential information. Centric has implemented an Information Security Baseline across the entire organisation, the status of which is monitored periodically by Centric's CISO. The IT processes and relevant operational processes that Centric runs comply with the ISO 27001 information security standard.

Market developments

Economic and market developments potentially have a negative impact on financial results. Centric aims to strike a balance in terms of the markets in which we operate and activities we pursue. This diversification enables the organisation to absorb the negative effects in a specific market or region.

Internationalisation

Having offices in various countries and the associated cultural differences may lead to loss of control. Each of our offices outside the Netherlands is led by a Country Manager who reports directly to the Centric Board.

Centric runs an International Management Development programme that includes a focus on the unique Centric way of working and culture.

Business continuity

Risk caused by natural disasters, IT disruptions, power outages and the like. Centric has implemented a Business Continuity Framework for the IT outsourcing processes and critical operational processes.

Competitive capacity and strategy

Technological advances in the market produce both opportunities and risks. Centric seizes the opportunities and responds to the risks by spreading its operations across a wide range of both fluctuation-prone and fluctuation-proof areas, in which we offer standard software, customisation, IT outsourcing, BPO and staffing services. Running a business involves risks. By investing at our own expense and risk, Centric has been able to grow over the past decades into the successful IT service provider that we are today.

Governance

With the appointment of new directors in the first half of 2020, Centric has further strengthened the organisation, shaping the good governance and flexibility we need to be able to respond to future developments. In 2019, several changes were made to the executive and non-executive board, which saw the CEO, CCO, CFO and a non-executive director step down.

In early 2020, a new CEO was appointed (officially as of 6 March). As of 1 July 2020, a new CFO and a new non-executive director took office. With these changes at the top, Centric meets the requirements for a one-tier board structure.

Centric targets an equal number of men and women in directorships. In the short term, gender balance on the board is not an issue, as new board members were recently appointed. For the future, gender balance is our aim. Given the importance of the company, candidates' quality comes first.

Tight labour market

Due to shortages in the labour market, we are insufficiently able to seize the growth opportunities that arise in the market today.

Centric puts a lot of energy into being an attractive employer, running various programmes that cater to employees' changing expectations and preferences in terms of what they look for in an employer:

- Young Centric
- CRAFT Centric Career Centre
- Centric Academy
- Training and development opportunities

In order to cover a number of key specialist operations, Centric is adding to its nearshoring capacity in international sites in countries such as Lithuania and Romania.

Rapidly changing technology

Changes to technology potentially impact on our competitive edge. In 2019, Centric organised its entire delivery chain by industry. Concentrating our industry-specific knowledge in this way enables us to standardise processes based on industries and more quickly and effectively respond to changes in technology and customer expectations. Centric makes active use of SaaS/cloud technology in this context.

Operational risks

Events in operational processes that impact negatively on service continuity and quality. Centric has implemented a Risk and Control Framework for its BPO services and provides assurance to its customers on the set-up, existence, and functioning of this framework every year through media such as ISAE 3402 reports.

In 2019, Centric launched a programme that is intended to produce a robust internal control framework for critical internal business processes.

In the Nordics, Centric worked on the implementation of a new external ERP package for its internal processes in 2019. This project has carried over into 2020. Centric has teamed up with an external party for this implementation.

Financial risks

Centric manages its financial risks with a view to optimising performance and profitability in the long term, while at the same time guaranteeing sufficient liquidity. Given that Centric has had a stable cash flow pattern for many years now, and does not use external financing or financial instruments, the financial risks are minor. As a result, Centric is not exposed to investment or price risks, and only to a very minor interest rate and currency risk. On top of that, the company's solvency position has been very robust for many years.

Reputation risk

Centric attracted some media attention in 2019, generally unrelated to Centric's operations, services and products. Since customers and other stakeholders continued to be able to rely unchanged on the good services that they have come to expect from us, we expect the media exposure to have little impact.

Impact of the coronavirus crisis

The coronavirus crisis that unfolded from early 2020 has been having an unprecedented impact on societies and economies across the globe. Countless companies and local authorities in the Netherlands and other European countries rely on our services to be able to stay operational. Thanks to excellent infrastructure for remote working and our employees' flexibility, we are able to guarantee the continuity of our services and those of our customers to the maximum degree possible.

Our solid solvency and healthy liquidity, coupled with the right mix of fluctuation-prone and fluctuation-proof operations, give Centric a good starting position in being able to cope with the economic risks brought by the coronavirus crisis. Centric offers its customers a wide range of products and services, and not all markets and industries are affected by these kinds of economic trends. This diversity benefits Centric greatly in the current exceptional situation.

What will 2020 bring?

So far, the impact of the COVID-19 pandemic has been minor at Centric Holding level and the results for the first five months of the year look good. The measures we have taken to mitigate the future impact of the coronavirus crisis on our company concern primarily maximisation of utilisation of all the capacity available across our company and reduction of insourced staff. For the time being, we see no need to take any further measures.

Aside from that, we are assessing the potential benefits of new ways of working (remotely) and looking into the structural effects this will produce. A solid solvency position and stable liquidity development at least give Centric a stable starting position in this respect.

Needless to say, we are closely monitoring social and economic developments. And we make active and frequent use of forecasts and scenarios, including worst-case scenarios, so as to give ourselves the ability to respond early to any situation that may arise.

Despite our good financial health and the measures we have taken, the coronavirus situation continues to cause uncertainty. It is still difficult to look ahead to what may happen over the coming years. Since Centric does not use financial instruments, we are not exposed to a price risk or interest rate risk in 2020 either. Thanks to the ample digital means available these days for home working, our employees will be able to continue to do the majority of their work from home as they have now become accustomed to doing, regardless of how the situation develops. The same goes for the many customers who use our IT products and services – and have been doing so since before the coronavirus outbreak – to run and manage, or have a third party run and manage, their own services and business processes remotely.

Focus on your core tasks

The public sector and the private sector in the Netherlands and the (international) supply chain continue to be our central focus, along with international partnerships and growth of our Staffing Services and IT Outsourcing operations. Market developments and changing legislation (GDPR, Water Decree, Dutch Environment and Planning Act) require us to keep investing in innovation and anticipating technological developments.

Continued investment will enable us to keep serving our customers with a broad portfolio of products and services, which we will bolster further in 2020 by persevering with the trend towards SaaS solutions and (hybrid) cloud technology.

Nearshoring of operations plays an increasingly important role in this respect. Effective collaboration and knowledge sharing with international Centric sites, including in Romania and Lithuania, is crucial for our product development and will continue to drive the growth of our infrastructure operations.

We also expect further growth in the supply chain (retail, transport and logistics), where we serve companies with our multichannel business platform. The same goes for the HR & Payroll market, where we continue to increase our foothold thanks to Motion, our newly developed SaaS solution.

A keener focus on core activities and the sale of various operations in 2018 will empower us in the coming year to set course for successful implementation of our strategy for the coming years with greater clout and under the able leadership of a changed board. Also in 2020, it will continue to be a challenge to attract adequately qualified staff for our company in the current tight labour market. Well-educated and experienced professionals are essential to our ability to achieve the kind of growth we want to achieve and to meet market demand.

What goes without saying is that our employees make our company the successful IT services provider that we are. Without satisfied employees, we will not have satisfied customers. Our employees know our customers like no other and are up to speed on the latest technology and the latest developments in the market. The board will, therefore, closely involve them in defining the company's product policy and vision for the future.

Executives

Henny Luijrink (CEO)

Non-Executives

Aike Schoots

Gerard Sanderink

KEY FIGURES

In thousands of euros

| | 2019 | 2018 | 2017 |
|------------------------------------|---------|---------|---------|
| Shareholders' equity | 149,147 | 159,589 | 153,402 |
| Total capital | 255,766 | 270,970 | 269,114 |
| Solvency total capital | 58% | 59% | 57% |
| Net cash flow | -148 | -10,306 | 5,032 |
| Net sales | 481,743 | 489,077 | 467,771 |
| Net income (after taxation) | 9,805 | 18,325 | 21,279 |
| Depreciation | 5,077 | 5,538 | 4,481 |
| Taxes (corporate income tax) | 2,112 | 5,507 | 6,001 |
| Operating results | 11,959 | 23,953 | 27,513 |
| Average number of employees (FTEs) | 4,006 | 4,308 | 4,250 |

Financial statements

Centric Holding B.V.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

After profit appropriation proposal

In thousands of euros

| | Notes | | 2019 | | 2018 |
|-----------------------------------|-------|----------------|----------------|----------------|----------------|
| ASSETS | | | | | |
| Fixed assets | | | | | |
| Intangible fixed assets | 1.1 | 2,390 | | 1,818 | |
| Tangible fixed assets | 1.2 | 10,581 | | 9,164 | |
| Financial fixed assets | 1.3 | <u>109,755</u> | | <u>117,152</u> | |
| | | | 122,726 | | 128,134 |
| Current assets | | | | | |
| Inventories | 2.1 | 5,052 | | 6,324 | |
| Receivables | 2.2 | 104,840 | | 113,158 | |
| Cash | 2.3 | <u>23,148</u> | | <u>23,354</u> | |
| | | | 133,040 | | 142,836 |
| TOTAL ASSETS | | | 255,766 | | 270,970 |
| LIABILITIES | | | | | |
| Shareholders' equity | | | | | |
| Shareholders' equity | 3.1 | 149,147 | | 159,589 | |
| Third-party share in group equity | 3.2 | <u>-10</u> | | <u>0</u> | |
| Group equity | | | 149,137 | | 159,589 |
| Reserves | 4 | | 6,561 | | 5,857 |
| Current liabilities | | | | | |
| Current liabilities | 5 | | 100,068 | | 105,524 |
| TOTAL LIABILITIES | | | 255,766 | | 270,970 |

CONSOLIDATED PROFIT AND LOSS ACCOUNT

In thousands of euros

| | Notes | | 2019 | | 2018 |
|---|-------|---------|----------------|---------|----------------|
| SALES | 6 | 481,743 | | 489,077 | |
| Other operating income | | 3,460 | | 534 | |
| Sum of operating income | | | 485,203 | | 489,611 |
| Purchase price of goods for resale | | 48,530 | | 50,352 | |
| Outsourced activities | | 99,654 | | 73,988 | |
| Wages and salaries | 7.1 | 248,097 | | 266,769 | |
| Depreciation and impairment | 7.2 | 5,077 | | 5,538 | |
| Other operating costs | 7.3 | 71,886 | | 69,011 | |
| Sum of operating costs | | | 473,244 | | 465,658 |
| Operating results | | | 11,959 | | 23,953 |
| Financial income and expenses | 8 | | -48 | | -115 |
| Income/loss from ordinary activities before taxation | | | 11,911 | | 23,838 |
| Taxes on income/loss from ordinary activities | | | -2,112 | | -5,507 |
| Income/loss from ordinary activities after taxation | | | 9,799 | | 18,329 |
| Third-party share in group results | | | 6 | | -4 |
| Income/loss after taxation | | | 9,805 | | 18,325 |

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros

| | | 2019 | | 2018 |
|--|---------|----------------|---------|----------------|
| Income/loss after taxation | 9,805 | | 18,325 | |
| Changes without cash flow: | | | | |
| Third-party share in group results | -6 | | 4 | |
| Interest on amounts received and paid | 10 | | 46 | |
| Profit taxes | 2,112 | | 5,507 | |
| Depreciation and impairments | 5,077 | | 5,538 | |
| Disinvestments in tangible fixed assets | 22 | | 123 | |
| Changes in reserves | 704 | | -1,301 | |
| | | | | |
| Cash flow from operating activities for changes in working capital | 17,724 | | 28,242 | |
| Changes in working capital: | | | | |
| Accounts payable | -4,854 | | -1,805 | |
| Accrued current liabilities | 2,606 | | -735 | |
| Inventories | 1,272 | | 2,909 | |
| Trade accounts receivable | 9,034 | | -5,072 | |
| Other receivables, prepayments and accrued income | -1,644 | | -9,005 | |
| Changes in working capital | 6,414 | | -13,708 | |
| Taxes paid on profits | -5,507 | | -6,001 | |
| | 906 | | -19,709 | |
| Cash flow from operating activities | | 18,630 | | 8,533 |
| Investments in intangible fixed assets | -681 | | -1,368 | |
| Investments in tangible fixed assets | -6,116 | | -3,551 | |
| Changes in other financial fixed assets | 8,019 | | -1,920 | |
| Cash flow from investing activities | | 1,222 | | -6,839 |
| Dividends paid out | -20,000 | | -12,000 | |
| Cash flows from financing activities | | -20,000 | | -12,000 |
| Total net cash flow | | -148 | | -10,306 |
| Balance of cash and cash equivalents on 1 January | | 23,354 | | 33,720 |
| Differences on exchange of cash and cash equivalents | | -58 | | -60 |
| Balance of cash and cash equivalents on 31 December | | 23,148 | | 24,903 |

SUMMARY OF TOTAL CONSOLIDATED PROFITS FOR 2019

In thousands of euros

| | | 2019 | | 2018 |
|--|------|-------|------|--------|
| Consolidated net income after taxation | | 9,805 | | 18,325 |
| Translation differences for operations abroad | -247 | | -138 | |
| Total of the changes made directly in shareholders' equity as part of the group equity | | -247 | | -138 |
| Total profits | | 9,558 | | 18,187 |

PRINCIPLES OF ACCOUNTING FOR CONSOLIDATION, VALUATION, DETERMINATION OF PROFIT AND STATEMENT OF CASH FLOWS

GENERAL

Financial year

The financial year runs from 1 January 2019 to 31 December 2019.

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 included in the principles of accounting for reserves, impairment, inventory and accounts receivable. 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., IJsselstein
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 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, Ratingen
 Centric IT Solutions GmbH, Ratingen
 InOne Europe GmbH, Ratingen
 Centric IT Solutions Holding AG, Eggenwil
 Centric France SAS, Olivet
 Centric IT Solutions Roemenien SRL, Iași
 Centric Lithuania Holding UAB, Skuodas District Municipality
 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., IJsselstein
 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 "Statutory 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:

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

Amortised cost

The amortised cost is determined using the effective interest method minus any write-downs (directly, or by creating a reserve) due to impairment or uncollectable 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 acquisition price 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): | 33.3% |
| Computer software: | 33.3% |
| 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 reserve will be formed.

Deferred tax receivables are calculated based on the tax consequences of the group's intended method of recovery or settlement of assets, reserves, liabilities or accruals and deferred income at the balance sheet date. Deferred tax receivables are valued to the extent that it is probable that taxable profit will be available for settlement. In this assessment, the group includes the availability of deferred tax liabilities to offset, the possibility of planning taxable profit/loss, and the amount of future taxable profits in combination with the time and/or period at/in which the deferred tax receivables are realised.

Inventories

The merchandise inventory is valued at historical cost less a reserve 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.

Cash

Cash is valued 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.

Impairment 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 reserve for uncollectability.

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

Reserves

A reserve 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 reserve is determined by the best estimate of the amounts necessary to settle the relevant obligations and losses on the balance sheet date. Unless otherwise stated, reserves are valued at present value.

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

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

A reserve 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.

Dutch 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 reserve 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 reserve 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 reserve 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 reserve.

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-Richttafel GmbH. Please refer to the notes to the reserves 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 netted; and
- there is a definitive intent to settle the balance as such or both items simultaneously.

Derecognition of financial assets and liabilities in the balance sheet

A financial instrument 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

The net sales are accounted for in the period in which the service upon which it is based was rendered or the delivery made.

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. Upon acquisition, the cash available in new group companies is recognised in the cash flow from investing activities.

NOTES TO THE CONSOLIDATED BALANCE SHEET

In thousands of euros

Mergers and acquisitions

In mid-2018, the management announced its plan to divest the social housing activities. The reason for this move was that these activities were no longer a fit with Centric's strategy and Centric did not want to make the necessary further investments in these activities. On 4 January 2019, an agreement was signed to sell the activities to Hercules for an amount of €2.7 million, €2.2 million of which was received in 2019; the remaining €0.5 million was received in January 2020.

1.1 Intangible fixed assets

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

| | Goodwill | Software | Total |
|--------------------------------|------------|--------------|--------------|
| Book value at 31 December 2018 | 333 | 1,485 | 1,818 |
| Investments or acquisitions | 0 | 681 | 681 |
| Depreciation | 84 | 39 | 123 |
| Exchange-rate gains/losses | 0 | 14 | 14 |
| Book value at 31 December 2019 | 249 | 2,141 | 2,390 |
| Purchase price | 4,271 | 2,184 | 6,455 |
| Accumulated depreciation | 4,022 | 43 | 4,065 |

1.2 Tangible fixed assets

| | Buildings and renovations | Computer systems (Machinery and plant) | Other fixed assets | Total |
|----------------------------------|---------------------------|--|--------------------|---------------|
| Book value at 31 December 2018 | 1,686 | 3,593 | 3,885 | 9,164 |
| Investments or acquisitions | 1,269 | 4,008 | 1,027 | 6,304 |
| Depreciation | 579 | 1,904 | 1,053 | 3,536 |
| Impairment | 0 | 1,319 | 0 | 1,319 |
| Exchange-rate gains/losses | 0 | -9 | -1 | -10 |
| Disinvestments and sales | 110 | 1,523 | 1,260 | 2,893 |
| Disinvestment-related write offs | 110 | 1,516 | 1,245 | 2,871 |
| Book value at 31 December 2019 | 2,376 | 4,362 | 3,843 | 10,581 |
| Purchase price | 13,931 | 16,447 | 11,899 | 42,277 |
| Accumulated depreciation | 11,555 | 12,085 | 8,056 | 31,696 |

| 1.3 Financial fixed assets | 2019 | 2018 |
|-----------------------------------|----------------|----------------|
| Cash pool receivable | 108,868 | 116,988 |
| Deferred tax receivables | 626 | 0 |
| Loans receivable | 212 | 111 |
| Minority shareholdings | 49 | 53 |
| | 109,755 | 117,152 |

| | Cash pool receivable | Deferred tax | Loans receivable | Minority shareholdings |
|-------------------------------------|---------------------------------|-------------------------|-----------------------------|-----------------------------------|
| Book value at 31 December 2018 | 116,988 | 0 | 111 | 53 |
| Repayment/Write-down | 8,120 | 0 | 0 | 0 |
| Addition | 0 | 626 | 101 | 0 |
| Result from financial participation | 0 | 0 | 0 | -4 |
| Book value at 31 December 2019 | 108,868 | 626 | 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%).

For changes from 2020 regarding this cash pool receivable, please refer to Events after the balance sheet date.

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 next two years. The receivable is valued at 25% for 2020 and 21.7% for 2021.

In addition, there are compensable losses in Belgium (€6.7 million) and in Norway (€2.8 million) that are not included under deferred tax assets.

Loan receivable

The loan receivable concerns a loan provided by Centric Ventures BV to CAG Ventures B.V.

2.1 Inventories

Finished goods for resale

| 2019 | 2018 |
|--------------|--------------|
| 5,052 | 6,324 |
| 5,052 | 6,324 |

2.2 Receivables

Trade accounts receivable

Reserves for uncollectable debt

Receivables from other affiliated companies

Taxation and social security contributions

Prepaid pension contributions

Sales not yet invoiced

Costs paid up front

Other receivables

| 2019 | 2018 |
|----------------|----------------|
| 70,331 | 80,940 |
| -1,272 | -1,903 |
| 2,728 | 2,712 |
| 534 | 678 |
| 857 | 703 |
| 17,692 | 9,918 |
| 11,910 | 14,841 |
| 2,060 | 5,269 |
| 104,840 | 113,158 |

Sales not yet invoiced includes a work-in-progress item of €1 million based on the percentage of completion with zero profit method. This method has been applied to a work in progress started in 2019 for which it is not yet possible to obtain a reliable estimate of the work in progress due to a change in the project content. Talks are currently under way between the contracting parties, the outcome of which is not expected in the short term. These talks mainly concern fleshing out the details of the consequences of the revised project content.

Costs paid up front include an amount of €2.1 million (2018: €1.7 million) with a term of more than 1 year.

The doubtful debt item has developed as follows:

Book value at 1 January

Donations

Withdrawals

Release

Book value at 31 December

| 2019 | 2018 |
|---------------|---------------|
| -1,903 | -1,801 |
| 396 | 315 |
| 739 | 181 |
| 288 | 32 |
| -1,272 | -1,903 |

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. The balance presented under Cash and cash equivalents is freely available to the company.

3.1 Shareholders' equity

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

2019 profit appropriation

At the general meeting of shareholders, where the financial statements will be presented and approved, it will be proposed to allocate the profit of €9,804,794 to 'other reserves'. This proposal has been included in the balance sheet at 31 December.

3.2 Third-party shares in group equity

| | | |
|--|-----|------------|
| Balance at 31 December 2018 | | 0 |
| <i>Changes:</i> | | |
| Result of third-party share in group results | -10 | -10 |
| Balance at 31 December 2019 | | -10 |

4. Reserves

| | 2019 | 2018 |
|--------------------------------------|--------------|--------------|
| Provision for anniversary allowances | 2,797 | 2,620 |
| Provision for onerous contracts | 2,006 | 600 |
| Provision for claims | 343 | 1,720 |
| Provision for vacant property | 635 | 0 |
| Pensions provision | 543 | 493 |
| Deferred tax receivables | 211 | 330 |
| Other | 26 | 94 |
| | 6,561 | 5,857 |

The reserves item has developed as follows:

| | Anniversaries | Onerous contracts | Claims | Vacant property |
|-----------------------------|---------------|-------------------|------------|-----------------|
| Balance at 31 December 2018 | 2,620 | 600 | 1,720 | 0 |
| Donation | 931 | 2,006 | 243 | 635 |
| Withdrawal | 436 | 600 | 970 | 0 |
| Release | 318 | 0 | 650 | 0 |
| Balance at 31 December 2019 | 2,797 | 2,006 | 343 | 635 |
| of which: | | | | |
| term of 1 year or less | 0 | 772 | 243 | 609 |
| term of more than 1 year | 2,797 | 1,234 | 100 | 26 |

| | Pensions | Deferred tax | Other | Total |
|-----------------------------|------------|--------------|-----------|--------------|
| Balance at 31 December 2018 | 493 | 330 | 94 | 5,857 |
| Donation | 50 | 1 | 21 | 3,887 |
| Withdrawal | 0 | 112 | 89 | 2,207 |
| Release | 0 | 0 | 0 | 0 |
| Differences on exchange | 0 | 8 | 0 | 976 |
| Balance at 31 December 2019 | 543 | 211 | 26 | 6,561 |
| of which: | | | | |
| term of 1 year or less | 0 | 0 | 0 | 1,624 |
| term of more than 1 year | 543 | 211 | 26 | 4,937 |

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.

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 = 2.71%

Expected remaining years of service for employees = 15 years

Salary increase = 1.5% per year

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.

5. Current liabilities

| | 2019 | 2018 |
|---|----------------|----------------|
| Trade accounts payable | 25,142 | 29,854 |
| Liabilities to other affiliated companies | 46 | 0 |
| Taxation and social security contributions | 18,437 | 14,932 |
| Corporate income tax payable | 2,151 | 4,843 |
| Other liabilities, accruals and deferred income | 54,292 | 55,895 |
| | 100,068 | 105,524 |

The Dutch corporate income tax payable to the amount of €1.9 million (2018: €4.7 million) is paid to Sanderink Investments B.V. as part of the group tax entity.

Other liabilities, and accruals and deferred income includes an amount of €1.3 million (2018: €1.4 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 instruments are bank loans and credit facilities and cash and cash equivalents.

The primary objective of the financial instruments is to obtain financing for business activities.

Furthermore, there are various other financial assets and liabilities, for example trade accounts receivable and debts to suppliers, that result directly from business activities. There are no derivatives or financial instruments for trading purposes.

Interest risk

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

Currency risk

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.

| | 2019 | 2018 |
|---------------------------------|---------------|---------------|
| Within 1 year | 22,376 | 19,300 |
| After 1 year but within 5 years | 36,297 | 39,378 |
| After 5 years | 411 | 759 |
| | 59,084 | 59,437 |

€2.8 million in purchase commitments have been included under these commitments not shown on the balance sheet (2018: €3 million). Of this amount, €1.2 million (2018: €1 million) expires within 1 year, €1.3 million (2018: €1.4 million) within 5 years, and €0.3 million (2018: €0.6 million) has a term of more than 5 years.

Centric Holding B.V. and its associates and joint ventures have issued bank guarantees totalling €4 million (2018: €4 million).

Centric Holding B.V. and its associates and joint ventures have a credit facility of €5 million (2018: €5 million).

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 CONSOLIDATED PROFIT AND LOSS ACCOUNT

In thousands of euros

General

Given that the profit and loss account of Centric Holding B.V. for 2019 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 Article 2:402 of the Dutch Civil Code.

6 Sales

| | 2019 | 2018 |
|----------------------------|----------------|----------------|
| Licences | 10,573 | 12,226 |
| Maintenance and management | 216,377 | 191,665 |
| Services | 199,307 | 230,438 |
| Trade | 53,273 | 52,656 |
| Other | 2,213 | 2,092 |
| | 481,743 | 489,077 |

Geographic distribution of sales

| | | |
|--------------------------|----------------|----------------|
| Sales in the Netherlands | 360,741 | 357,541 |
| Sales in Europe | 120,226 | 130,511 |
| Other | 776 | 1,025 |
| | 481,743 | 489,077 |

6.2 Other operating income

| | 2019 | 2018 |
|-----------------------------------|--------------|------------|
| Sale of social housing activities | 2,712 | 0 |
| Other operating income | 748 | 534 |
| | 3,460 | 534 |

7.1 Wages and salaries

| | 2019 | 2018 |
|-----------------------|----------------|----------------|
| Salaries | 201,401 | 220,269 |
| Pension costs | 10,246 | 9,746 |
| Social security taxes | 36,450 | 36,754 |
| | 248,097 | 266,769 |

Employees

| | 2019 | 2018 |
|---|--------------|--------------|
| Number of employees at year-end | 4,386 | 4,594 |
| Average number of employees expressed as full-time equivalents (FTEs) | | |
| Directors | 45 | 47 |
| Sales & marketing | 127 | 138 |
| General management | 480 | 593 |
| Production | 3,354 | 3,530 |
| | 4,006 | 4,308 |

With 1,473 of these employees working outside the Netherlands (2018: 1,579).

Recognition of remuneration of executive and non-executive directors

| | 2019 | 2018 |
|-------------------------|--------------|--------------|
| Executive directors | 2,191 | 1,215 |
| Non-executive directors | 49 | 33 |
| | 2,240 | 1,248 |

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

7.2 Depreciation

| | 2019 | 2018 |
|---|--------------|--------------|
| Depreciation of intangible fixed assets | 123 | 340 |
| Depreciation of tangible fixed assets | 3,536 | 4,033 |
| Total depreciation/impairment | 1,418 | 1,165 |
| | 5,077 | 5,538 |

7.3 Other operating costs

| | 2019 | 2018 |
|--|---------------|---------------|
| Other staff costs | 35,543 | 36,787 |
| Office expenses | 14,415 | 14,797 |
| Communication costs | 3,061 | 2,239 |
| Accommodation | 13,367 | 12,037 |
| Selling costs | 3,665 | 3,481 |
| Temporary agency staff/other temporary staff | 890 | 1,245 |
| Miscellaneous costs | 945 | -1,575 |
| | 71,886 | 69,011 |

Miscellaneous costs include the release of reserves and provisions relating to invoices still to be received, tax refunds and costs relating to the termination of service contracts.

R&D costs

In 2019, Centric Holding spent €48 million (2018: €46 million) on research and development.

| 8. Finance income and costs | 2019 | 2018 |
|--|-------------|-------------|
| Finance income | 172 | 87 |
| Finance costs | -162 | -98 |
| Foreign exchange gains/losses | -58 | -161 |
| Finance income from other affiliated parties | 0 | 57 |
| | -48 | -115 |

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

Tax position at 31 December 2019

| | | |
|---|-------|--------------|
| Income/loss from ordinary activities before taxation | | 11,911 |
| Add: Fixed amount for mixed expenses | | 602 |
| Less: Result from associates and joint ventures before taxation: | | |
| Centric Nordic Holding AS | -842 | |
| Centric Waregem NV | -2 | |
| Centric Oostkamp NV | 204 | |
| Centric Belgium NV | 868 | |
| Summit BVBA | -288 | |
| Centric Germany GmbH | 299 | |
| Centric France SAS | -13 | |
| Centric Lithuania Holding UAB | -507 | |
| Centric IT Solutions Romania SRL | 2,124 | |
| | | 1,844 |
| Less: Difference between valuation for tax purposes and commercial valuation | | 1,340 |
| Taxable amount in the Netherlands | | 9,329 |
| Taxable profit from innovation box in 2019 | 2,096 | |
| Corporate income tax at 7% deducted from profit for financial year (group tax entity) | | 147 |
| Corporate income tax at 25% deducted from profit for financial year (group tax entity) | | 1,808 |
| Centric Nordic Holding AS | 434 | |
| Centric Belgium NV | 42 | |
| Summit BVBA | 1 | |
| Centric Lithuania Holding UAB | 3 | |
| Centric IT Solutions Romania SRL | 303 | |
| Corporate income tax for companies not part of the group tax entity | | 783 |
| Addition of deferred tax receivables | | 626 |
| Corporate income tax for Centric Holding B.V. | | 2,112 |

Effective corporate income tax is 18%. This is due to foreign corporate income tax and the innovation box.

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 healthy solvency gave Centric the opportunity to make an additional dividend payment of 80 million euros to the parent company in April 2020. After this distribution, the solvency ratio still remains at above 38%. This is in line with the continuity policy of reducing dependence on the parent company.

The impact of COVID-19 so far has been limited at Centric Holding level and the results for the first four months of the year look good.

However, we only expect the effects to be reflected in the figures from now onwards. 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.

Beyond this, we are examining new ways of working and the enduring effects this will have. 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.

Cash pool receivables

A dividend payment of €80 million was made on 1 May 2020, which means that the arranged overdraft limit (i.e. the maximum allowable negative balance of the entities within the cash pool) has been reduced to €40 million. This overdraft limit 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.

COMPANY BALANCE SHEET AS AT 31 DECEMBER

After profit appropriation proposal

In thousands of euros

| ASSETS | Notes | | 2019 | | 2018 |
|-------------------------------------|-------|----------------|----------------|----------------|----------------|
| Fixed assets | | | | | |
| Financial fixed assets | 9 | <u>147,006</u> | 147,006 | <u>156,239</u> | 156,239 |
| Current assets | | | | | |
| Receivables | 10.1 | 97 | | 66 | |
| Cash | 10.2 | <u>2,072</u> | 2,169 | <u>3,512</u> | 3,578 |
| TOTAL ASSETS | | | 149,175 | | 159,817 |
| | | | | | |
| LIABILITIES | Notes | | 2019 | | 2018 |
| Paid-up and called-up share capital | | 16 | | 16 | |
| Statutory reserves | | -1,070 | | -823 | |
| Other reserves | | <u>150,201</u> | | <u>160,396</u> | |
| Shareholders' equity | 11 | | 149,147 | | 159,589 |
| Current liabilities | 12 | | 28 | | 228 |
| TOTAL LIABILITIES | | | 149,175 | | 159,817 |

COMPANY PROFIT AND LOSS ACCOUNT

In thousands of euros

| | 2019 | 2018 |
|---|--------------|---------------|
| Profit on financial participations after taxation | 11,330 | 17,744 |
| Other income and expenditure after taxation | -1,525 | 581 |
| Income/loss after taxation | 9,805 | 18,325 |

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 30 July 2020. 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 2019 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 Article 2:402 of the Dutch Civil Code.

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

9. Financial fixed assets

Financial participations
Cash pool receivable
Deferred tax receivables

| | 2019 | 2018 |
|--|----------------|----------------|
| | 113,720 | 124,652 |
| | 32,660 | 31,587 |
| | 626 | 0 |
| | 147,006 | 156,239 |

| | | |
|------------------------------------|----------------|----------------|
| Book value at 1 January | 124,652 | 123,546 |
| Profit/loss for the financial year | 9,315 | 17,744 |
| Capital contribution | 0 | 3,500 |
| Dividend | -20,000 | -20,000 |
| Foreign exchange adjustments | -247 | -138 |
| Book value at 31 December | 113,720 | 124,652 |

The financial participations item has developed as follows:

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 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 (purchased in 2017) to be amortised over the next two years. The receivable is valued at 25% for 2020 and 21.7% for 2021.

10.1 Receivables

| | 2019 | 2018 |
|------------------------------------|-----------|-----------|
| Trade accounts receivable | 0 | 57 |
| Receivables from group companies | 48 | 5 |
| Taxation and social security taxes | 3 | 4 |
| Corporate income tax | 46 | 0 |
| | 97 | 66 |

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

10.2 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 €32.6 million (2018: €31.6 million) in cash that is not freely available to the company is included under Financial fixed assets.

11. Shareholders' equity

| | Paid-up and called-up share capital | Statutory reserves | Other reserves | Total |
|-----------------------------|-------------------------------------|--------------------|----------------|----------------|
| Balance at 31 December 2018 | 16 | -823 | 160,396 | 159,589 |
| Profit | 0 | 0 | 9,805 | 9,805 |
| Differences on exchange | 0 | -247 | 0 | -247 |
| Dividend | 0 | 0 | -20,000 | -20,000 |
| Balance at 31 December 2019 | 16 | -1,070 | 150,201 | 149,147 |

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

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

12. Current liabilities

| | 2019 | 2018 |
|---|-----------|------------|
| Trade accounts payable | 14 | 22 |
| Liabilities to group companies | 2 | 0 |
| Corporate income tax | 0 | 195 |
| Other liabilities, accruals and deferred income | 12 | 11 |
| | 28 | 228 |

13. Audit fees

Audit firm's fees:

| | 2019 | 2018 |
|-------------------------------|------------|------------|
| Audit of financial statements | 392 | 340 |
| Other auditing | 509 | 582 |
| Other non-assurance services | 33 | 71 |
| | 934 | 993 |

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

Signing of the financial statements

Gouda, 30 July 2020

Executive director:

H. G. Luijrink

Non-executive directors:

G. P. Sanderink

A. Schoots

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 and Zoetermeer, as well as in Mechelen (Belgium), Oostkamp (Belgium), Zaventem (Belgium), Rattigen (Germany), Olivet (France), Vilnius (Lithuania), Bergen (Norway), Drammen (Norway), Hamar (Norway), Oslo (Norway), Stavanger (Norway), Trondheim (Norway), Iasi (Romania), Gothenburg (Sweden), Jönköping (Sweden), Linköping (Sweden), Malmö (Sweden), Stockholm (Sweden) and in Eggenwil (Switzerland).

INDEPENDENT AUDITOR'S REPORT

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

Report on the 2019 financial statements included in the annual report

Our opinion

We have audited the 2019 financial statements of Centric Holding B.V., established in Gouda.

In our opinion, the financial statements contained in this annual report provide a faithful representation of the size and composition of Centric Holding B.V.'s equity at 31 December 2019 and of the profit for 2019, in accordance with the Dutch Civil Code, Part 9, Book 2.

The financial statements comprise:

- the consolidated and company balance sheets at 31 December 2019;
- the consolidated and company profit and loss account over 2019;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The basis of our opinion

We have performed our audit in accordance with Dutch law, including Dutch auditing standards. Our responsibilities in this respect are described in the section Our responsibilities for the audit of the financial statements.

We are independent of Centric Holding B.V. as required by the Audit Firms (Supervision) Act [*Wet toezicht accountantsorganisaties*], the Regulation on the independence of accountants for assurance engagements [*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten*] and other independence rules and regulations relevant to the audit engagement in the Netherlands.

We have also complied with the Code of Ethics for Professional Accountants / Regulation with respect to Rules of Professional Conduct [*Verordening gedrags- en beroepsregels accountants*].

We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

Emphasis of matter in relation to developments around COVID-19

The COVID-19 pandemic and related measures are having a major impact on people, our society and the economy. These developments also have an impact on the financial position and operational performance of businesses and the assessment of whether these can continue as a going concern. The financial statements and our report on our audit of these are based on the conditions at the time they were drawn up, and the situation can change at any time. The impact of these developments on Centric Holding B.V. is set out in the management report on page 3, and the notes to the Events after the balance sheet date on page 33; we draw the reader's attention to these disclosures.

Our opinion is not modified in respect of this matter.

Report on the other information included in the annual report

In addition to the financial statements and our audit opinion regarding those financial statements, the annual report includes:

- the management report;
- other information.

Based on the activities stated below, we are of the opinion that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- presents all the information required pursuant to the Dutch Civil Code, Part 9, Book 2.

We have read the other information and, based on our knowledge and understanding gained from the audit of the financial statements or otherwise, assessed whether the other information contains any material misstatements.

By performing these activities, we have complied with the requirements as stated in the Dutch Civil Code, Part

9, Book 2 and in the Dutch Standard 720. These activities were not performed to the same level of detail as our audit activities for the financial statements.

The management is responsible for preparing the other information, including the information required pursuant to the Dutch Civil Code, Part 9, Book 2.

Report on other legal and regulatory requirements

Responsibilities of the management in relation to the financial statements

The management is responsible for preparing and accurately presenting the annual financial statements in accordance with the Dutch Civil Code, Part 9, Book 2. In this respect, the management is also responsible for exercising internal controls to the extent considered necessary by the management in order to prepare the financial statements in a form free of material misstatements, whether due to fraud or error. When preparing the financial statements, the management must consider whether the company is capable of continuing its activities in the long term. The management must prepare the financial statements pursuant to the stated reporting systems based on a going-concern assumption, unless the management intends to liquidate the company or cease operations, or if ceasing operations is the only realistic alternative. The management must disclose in the financial statements any conditions and/or events that may cast significant doubt on the company's ability to continue as a going concern.

The non-executive directors are responsible for overseeing the company's financial reporting process.

Our responsibilities in respect of the audit of the financial statements

It is our responsibility to plan and carry out an audit in a way that allows us to obtain sufficient and appropriate audit information for the opinion we have been asked to provide. We performed our audit to a high, rather than absolute, degree of assurance, meaning that during our audit we may not detect all material misstatements that may arise due to fraud or error. These are considered to be material if it is reasonable to expect that these

misstatements, either individually or collectively, may affect the economic decisions made by users of these financial statements. The materiality influences the nature, timing and extent of our auditing work and the evaluation of the effect of identified misstatements on our opinion.

We have conducted this audit professionally and critically and where relevant have applied professional judgement in accordance with Dutch audit standards, ethical regulations and the independence requirements.

Our audit included the following activities:

- identifying and assessing the risks of the financial statements containing material misstatements as a consequence of errors or fraud and, in response to these risks, determining and carrying out audit activities and obtaining audit information that is adequate for supporting our opinion. In the event of fraud, the risk of a material misstatement not being identified is greater than in the event of errors. In the case of fraud there may be conspiracy, forgery, deliberate failure to record transactions, deliberate false representation of material fact, or breach of internal control;
- gaining insight into the internal control relevant to the audit with the objective of selecting audit activities that are appropriate in the circumstances. These activities are not intended to result in us expressing an opinion on the effectiveness of the entity's internal control measures;
- evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the notes to these in the financial statements;
- determining whether the management's going-concern assumption is appropriate. Furthermore, determining, on the basis of the audit information, whether there are conditions or events that cast substantial doubt on the entity's ability to continue as a going concern. If we conclude that there is substantial doubt about the entity's ability to continue as a going concern, we are obligated during our audit to consider the adequacy of the related disclosure in the financial statements and, if we conclude that the disclosure is inadequate,

include an explanatory paragraph to reflect our conclusion. Our conclusions are based on the information made available to us up to the date of our audit report. Future conditions or events could, however, result in an entity no longer being able to continue as a going concern;

- evaluating the presentation, structure and content of the financial statements and the notes to these;
- evaluating whether the financial statements present a true and fair view of the summarised transactions and events.

Given that 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 scope of the audit activities to be carried out for the group entities. Our prime considerations in this were the size and/or risk profile of the group entities or operations. With these considerations in mind, we selected group entities for which an audit or review needed to be carried out on the complete set of financial information or specific items.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and material findings that emerge during our audit, including any material weakness in internal control.

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

Rotterdam, 30 July 2020

Ernst & Young Accountants LLP

w.g. drs. J. W. van der Steen RA

Acknowledgements

| | |
|-----------------|---|
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