

2022 Annual Report

Centric Holding B.V.

Gouda, Netherlands
Consolidated

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Management report

MANAGEMENT REPORT

Introduction

2022 was a tumultuous year in many respects, both for Centric and for our employees and customers. In the last year, there appeared to be no consensus between the executives and non-executives on our one-tier board on what policy should be followed. Developments at Centric received a great deal of attention from the national press. This was partly because of various changes within the board, especially the departure of executive directors Johan Taams and Patrick Rosengarten and the non-executives Aike Schoots and Louis Luijten.

Indirect shareholder Gerard Sanderink appeared at Centric in a number of different roles. His return as a non-executive director on 19 October 2022 led the Public Prosecution Service, which had performed an initial investigation during the summer, to request the Enterprise Chamber to order an inquiry and take immediate measures. The session for the taking of immediate measures was held on 3 November 2022, with the result that three officers were appointed by the Enterprise Chamber: Willem Meijer as non-executive director and chairman of the board with a casting vote, Marcel Evers as administrator of the shares held by Sanderink Investments B.V. in Centric Holding B.V. and Peter Wakkie as executive director with independent power of representation. Gerard Sanderink was suspended as non-executive director. The suspension of Peter Mous as non-executive director was lifted. Peter van Dongen had already been recruited as interim CFO.

The main focus of the officers appointed by the Enterprise Chamber is to re-establish stability within the business and to consider definitive solutions in order to ensure the long-term continuity of Centric's business and the provision of services to its customers.

Given that the various changes in the board in 2022 fall within the scope of the inquiry ordered by the Enterprise Chamber, no further details will be provided here beyond the foregoing summary. The relevant details are expected to be discussed in the report of the inquiry.

The session at which the inquiry was ordered was held on 19 January 2023, following which the Enterprise Chamber issued its decision on 27 January 2023 and appointed Yvette Borrius to lead the inquiry. In addition to the Public Prosecution Service, Centric itself had requested this inquiry.

Centric has cooperated with the inquiry ordered by the Enterprise Chamber in all respects. The report of the inquiry is expected to be filed in the near future, after which the Enterprise Chamber will determine whether the report, or parts thereof, should be made public.

The board of Centric Holding B.V. is made up of Peter Wakkie as executive director and Willem Meijer, Pieter Schoehuijs and Dick Heerschop as non-executive directors. The articles of association of Centric Holding B.V. were recently amended in order to accord with the limited two-tier regime, under which the company falls. The governance of the board is supplemented by the management regulations and the 'manual of authorities'. The latter was updated in 2023 and brought into line with the management regulations and the company's articles of association.

The officers appointed by the Enterprise Chamber are appointed for the duration of the legal proceedings. At this stage it cannot be predicted how long the proceedings in the Enterprise Chamber will last, or for how long the appointed officers will therefore remain in post. The terms of office of the non-executive directors Schoehuijs and Heerschop are not dependent on the continuation of the proceedings before the Enterprise Chamber; they were appointed for a period of four years by the annual meeting of shareholders.

Legal structure

The legal structure of Centric is as follows: Sanderink Investments B.V. is the owner of all issued shares in the capital of Centric Holding B.V., but is not able to exercise the rights of control associated with those shares. These rights are exercised by Marcel Evers as administrator of the shares. Centric Holding B.V. holds the direct subsidiaries Centric Netherlands Holding B.V., Centric International Holding B.V. and Centric Offices Holding B.V., in which the operating activities are concentrated.

Financial paragraph

Although revenue for 2022 is comparable to, and indeed slightly higher than, the prior year, the company generated an annual operating loss of €4.6 million, compared with a profit of €17.0 million in 2021. In line with this, EBITDA was €20.4 million in 2021 and minus €1.0 million in 2022. The causes of this were as follows.

Revenue and margin

First of all, the composition of revenue in 2022 differed from that of revenue in 2021. Growth was primarily in low-margin revenue (specifically, goods for resale, which rose from 10.0% of total revenue in 2021 to 11.6% in 2022). This is also visible in the rise in the purchase cost of goods for resale.

New accounting standards (Dutch Guidelines for Annual Reporting) also obliged us to apportion the fees from licence sales over the lifetime of the licences. These had previously been included in revenue at their full value. The change has a net effect of €1.7 million on operating profit.

Partly as a result of the shortages in the labour market, it also proved difficult to retain and attract sufficiently qualified people, as a result of which we had to earn a larger portion of our revenue using costlier contract staff.

Costs

Like many other firms, Centric is affected by the higher energy prices. Although we have closed a number of our sites in the Netherlands in line with our planning, premises costs have risen considerably as a result.

Centric also incurred additional legal costs as a result of the events occurring at the governance level, as set out in the Management Report.

Another major expense was attributable to the relocation of our data centres in Eindhoven and Gouda to state-of-the-art hosting solutions at Equinix in Amsterdam. Around €3.6 million in costs were incurred in the reporting year. This was due specifically to the landing preparations for the new hosting environment in Amsterdam. This item is made up of personnel costs (in-house staff and contractors) and other operating expenses. The relocation itself took place in 2023 and was completed in September of that year. The cost incurred in 2023 was €5.5 million (€1.5 million having been spent in 2021).

Balance sheet

Centric continues to have a sound balance sheet. Other than the customary current liabilities (i.e. creditors), the amount of which is only about half that of current assets, Centric has no external financing of any kind. Solvency is high, at over 62%. There has been a notable reduction in financial fixed assets from (approximately) €46 million to €1 million. This is related to the winding-down of the cash pool with our shareholder Sanderink Investments B.V. Approximately €10 million was repaid in this regard in the reporting year, while the remainder is classified under current receivables as at the balance sheet date, as the item was fully repaid in 2023 in two tranches on the basis of an agreement between Centric, Rabobank and the shareholder Sanderink Investments B.V. Through this repayment in 2023, a receivable for the same amount arises from Sanderink Investments B.V., since Centric in fact paid off the overdraft of Sanderink Investments B.V. with Rabobank.

In addition to this receivable, current receivables also include an item of €80.6 million in relation to a loan provided to Sanderink Investments B.V. (including accrued interest to 31 December 2022) which was due for repayment on 1 April 2023. As of the time of preparation of these financial statements (October 2023) this receivable had not yet been settled.

In order to be certain that this receivable can be collected, Centric has had an attachment imposed on the shares held in Centric Holding B.V. by Sanderink Investments B.V. In addition to being placed under administration, as ordered by the Enterprise Chamber and carried out by Marcel Evers, these shares are thus now subject to an attachment.

Dividend

A dividend of €10 million was paid out in spring 2022. This was used to reduce to cash pool by the same amount, as referred to above. Since this payment, no further dividends have been paid and there is currently no intention to do so.

Future

EBITDA of around €5 million is expected for 2023, with operating profit of around €1.5 million. This profit figure is after the aforementioned €5.5 million expense for the relocation of the data centres. This forecast has been positively influenced by the sale on 1 June 2023 of the HR & Payroll Solutions business unit, a minor division of the business in which we developed the "Motion" HRM application in previous years. The sale will cause our revenues to drop by around €10 million per year. In 2023, this loss of revenue will be offset by a one-off income item.

The new board is working on a sustainable solution that will guarantee Centric's long-term continuity for both staff and customers. The year 2023 will also see a further decoupling from our shareholder Sanderink Investments B.V. In addition, attention will be paid over the next few years to further aligning our costs and revenues, since we are finding that cost rises cannot always be passed on in full to customers and this problem needs to be solved through further efficiencies and potential cost reductions. We anticipate a further improvement in profits in 2024. After various adjustments in governance and with the migration of our data centres behind us, we are looking forward confidently to the future.

Governance

In 2022, a number of changes took place within the board in both executive and non-executive directorships. These are discussed in the introduction to this management report. In addition to the appointed directors, the board is made up of a small number of officers with titular positions, who together with CEO Peter Wakkie form the management team. Following the departure of Patrick Rosengarten, Peter van Dongen took up the position of interim Chief Financial Officer (August 2022) and Peter Mous took over as Chief Operating Officer from Bart Fehmers, who also left during the reporting year. In early 2022, Debby de Gelder joined the management team as Chief People Officer, with responsibility for HR matters and employee development. Freddie Veltmaat, Chief Technology Officer, and Tim Klinkert, Chief Legal Officer – a new position on the board – complete the current management team.

A set of management regulations has been agreed with the management team. A manual of authorities (MOA) is also shared within the organisation. The MOA further distributes authorities between the managing directors of the various Centric divisions and serves as an instrument within the internal control structure of our organisation.

Several positions in the senior management team, as well as at managing director level immediately below, have been filled on an interim basis. Most of these positions are certain to remain filled until at least the end of 2024. Discontinuity in management is not anticipated.

Centric thus possesses a sound and well-functioning governance structure. When vacancies open up on the board, Centric endeavours to find the most qualified candidate while also seeking to comply with the diversity principle.

Security

In an ever more interconnected world, the important of digital protection is also growing. The increase in cyber threats and incidents means it is more important than ever to protect both our own systems and those of our customers against potential attacks and data leaks. By making security a priority, Centric ensures that the integrity and confidentiality of the often sensitive information we process is preserved. In so doing, we also strengthen the confidence that our customers and partners have in our services. With technology developing at lightning speed, robust data protection is not only a necessity, but also a differentiating factor that Centric can use to position itself as a reliable IT partner.

In the year under review, in order to further strengthen our data protection processes, we began centralising our dedicated security specialists in a single department that reports directly to our Chief Technology Officer. Of course, Centric is committed to ensuring that safety is a high priority for employees at every level of the organisation. In addition to the frequent internal controls and public testing by third parties, our employees also work continuously to ensure that maximum safety standards are upheld. A great deal of attention is paid in this regard to internal training and education, in order to keep everyone's knowledge and skills at the required level.

The relocation of our data centres from Eindhoven and Gouda to Equinix in Amsterdam also makes a contribution to the security of applications and data. Whereas we used to opt for customer-specific security solutions, we can now replace these custom solutions with centrally implemented security structures, which are also more visible and thus more transparent for our customers. This way, we know that our new data centre partner Equinix will always implement the latest security requirements and thus make them available to the customers who have asked us to host their data and applications on this platform.

R&D and innovation, and its accounting treatment

Centric's goal is to be a leading player in digital transformation in every sector where it operates. Our customers range from municipalities who rely on us for their operations to retail chains who run their payments through Centric systems and distribution centres who organise their logistics with Centric solutions. Centric therefore works on a strategic course with a strong focus on innovation, strengthening its current core and creating a solid foundation for long-term growth.

For a software business that develops customer-specific applications, it is of course important to keep developing new solutions and updating, maintaining and modernising existing software on a continuous basis. The relevant spending is expensed and is not capitalised on the balance sheet. The costs of developing and adapting new and existing software thus flow through the income statement and form part of Centric's profit or loss. Such costs are mainly personnel costs (both in-house personnel and contractors) and the costs of third-party software needed for the purposes of new software development.

Internally, Centric is also engaged with the implementation of an ERP system for its own use. This will enable information flows to be better aligned and create additional controls and insights that will strengthen the management of our processes. Expenditure incurred in this regard consists of in-house personnel costs, the fees of a partner which is supporting us with the implementation, and licence fees for use of the required modules in the Cloud. The latter two items are recognised as assets on the balance sheet and will be amortised over their expected useful life once the system enters into use. The in-house personnel costs are not capitalised.

How we manage risks

The world we and our customers operate in is changing apace, and so are the potential risks. To manage the risks that may affect our organisation, we use the Centric Risk and Control Framework. Below is a summary of the most significant risks and what we do to manage them.

Risk management organisation

Centric's board is responsible for the effective management of Centric's risks, with responsibilities for risk management delegated according to 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.

Audit & Risk Committee

In 2021, Centric took risk management a step further by establishing the Centric Audit & Risk Committee, chaired by the CEO. This committee supports the Centric board in obtaining assurance on risk management and internal controls.

Risk management framework

Centric uses a structured risk management framework to ensure that strategic, operational, financial and compliance risks are identified and appropriately mitigated across all business units, with due regard for risk appetite. This contributes to enhanced risk awareness throughout the organisation.

Risk appetite

The Centric board has established Centric's risk appetite. This is the degree of risk we as an organisation are prepared to take to pursue our goals.

Strategic risks

Centric's ambition is to be a guiding partner to its customers. To achieve this, Centric is willing to take risks, as long as they are in reasonable proportion to the results to be achieved and the possible impact on the organisation.

Operational, financial reporting and compliance risks

Centric has a low level of risk acceptance in financial reporting and sets out to fully comply with laws and regulations. Centric aims to be a high-performance, self-learning organisation, which is why we accept that employees make mistakes, as long as this improves the quality of our services.

Financial instruments

Centric uses financial instruments that expose us to market and credit risks in the ordinary course of business. These financial instruments concern items included in the balance sheet, such as receivables and debts. We do not trade in these financial instruments or apply derivatives. Centric has procedures and codes of conduct in place to limit the extent of credit risk with counterparties.

Risks

Centric operates in a dynamic environment full of opportunities, risks and uncertainties. Centric sets out to control these risks to successfully implement its chosen strategy.

These are the key risks Centric faces:

Market developments

Our customers' expectations are constantly changing. Centric operates in various market segments, each with its own specific properties and requirements. To make the best possible use of our knowledge of these markets and provide even better service to customers, Centric initiated an organisational change in 2021. We structure the organisation according to our four main market segments, namely Public Sector, Retail & Logistics, Finance & Insurance and Industry.

Rapidly changing technology

Technology changes potentially impact our competitive edge. Centric combines its existing knowledge of technologies to remain a leading IT player and support our customers in their digital transformation. We also exploit both the possibilities of new technologies and the knowledge of leading partners in the IT world.

Labour market

Our people are of strategic importance to Centric. Centric appointed a Chief People Officer as of January 2022 with the key task of increasing our attractiveness as an employer. Centric has a number of programmes that aim to increase employee satisfaction and create a culture where learning and self-development are part of the job.

Operations

In 2021, the Harmony programme was launched. This programme focuses on optimising the internal business processes, providing information, and implementing a new Centric-wide ERP system.

Centric In Control Programme

Parallel to implementing a new ERP system, Centric launched a programme leading to an optimal risk management process and a uniform internal control framework for the entire Centric organisation.

Data privacy

As technological innovation progresses, the use of data grows, making data privacy more and more complex. In the area of compliance, specific attention needs to be paid to regulations relating to privacy (like the GDPR). Centric constantly works on optimising its privacy programme to identify and protect the personal data of both customers and employees.

Information security and cybersecurity

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. For this purpose, Centric has implemented an Information Security Baseline across the entire organisation.

Business continuity

Safeguarding the continuity of business operations, information provision and services to customers is essential to Centric. Periodic risk and business impact assessments are carried out to validate the control measures in line with contractual agreements and relevant legislation and regulations.

Corporate Sustainability Reporting Directive

The Corporate Sustainability Reporting Directive (CSRD) is a new European Directive that entered into force in January 2023. The Directive requires a greater number of companies to report on their sustainability impact, or in other words their impact on people and the environment. The CSRD is an expansion of the existing Non-Financial Reporting Directive (NFRD), which has been applicable since 2018 to public-interest entities (PIEs) such as listed companies, banks and insurers.

The objective of the CSRD is to promote greater transparency and quality in the field of sustainability information. This is intended to contribute to the European Green Deal, the goal of which is to achieve a climate-neutral, sustainable economy by 2050. The CSRD is also intended to help investors and other stakeholders make better decisions, based on the contributions that businesses make to sustainability.

The CSRD applies to all large undertakings in the European Union, irrespective of whether they are listed. Centric is one of these large undertakings.

The CSRD requires businesses to report on their impact on a broad range of sustainability topics, such as climate change, biodiversity, human rights, social issues and governance. These topics are based on the double materiality principle, whereby businesses must take into account not only the financial risks arising from sustainability matters but also the impact that they themselves have on people and the environment.

To simplify and harmonise reporting, the European Commission intends to draw up European Sustainability Reporting Standards (ESRS), which will be mandatory for all companies subject to the CSRD. These standards will be based on existing international frameworks such as the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD) and the International Integrated Reporting Council (IIRC).

The CSRD also requires businesses to have their sustainability reporting reviewed by an external auditor, which must issue a 'limited assurance' opinion on the reliability and consistency of the information.

The purpose of this is to increase trust in sustainability reports and counteract potential greenwashing.

The CSRD will apply to Centric with effect from the 2025 financial year. We have therefore already started work on gathering and analysing the relevant data and are closely examining the new standards and guidelines accompanying the Directive. At the same time, we are already taking the necessary measures, specifically in relation to premises and transport (leased cars) and the inventorisation of the associated CO₂ emissions. The relocation of the data centres referred to earlier in this report also makes a positive contribution to our 'footprint'.

The CSRD is an important step forward in stimulating sustainable business in Europe. Reporting on their impact on people and the environment enables businesses not only to comply with the law but also to demonstrate their social responsibility, enhance their reputation, improve their competitive position and contribute to a greener and fairer future.

Gouda, 31 October 2023

Executive director:

P.N. Wakkie

Non-executive directors:

W.L. Meijer (chairman)

D.G.T.M. Heerschop

P. Schoehuijs

Consolidated financial statements

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

After the proposed profit appropriation

In thousands of euros

	Notes		2022		2021
ASSETS					
Fixed assets					
Intangible fixed assets	1.1	2,720		119	
Tangible fixed assets	1.2	8,034		10,617	
Financial fixed assets	1.3	<u>1,373</u>		<u>46,065</u>	
			12,127		56,801
Current assets					
Inventories	2.1	8,713		10,373	
Projects in progress	2.2	3,905		2,704	
Receivables	2.3	202,697		86,043	
Cash	2.4	<u>35,501</u>		<u>54,633</u>	
			250,816		153,753
TOTAL ASSETS			262,943		210,554
EQUITY AND LIABILITIES					
Group equity	3		162,027		95,623
Provisions	4		5,230		7,713
Current liabilities	5		<u>95,686</u>		<u>107,218</u>
TOTAL EQUITY AND LIABILITIES			262,943		210,554

CONSOLIDATED INCOME STATEMENT FOR 2022

In thousands of euros

	Notes		2022		2021
Net sales	6	424,581		422,149	
Other operating income		563		630	
Total operating income			425,144		422,779
Purchase price of goods for resale		43,392		39,129	
Outsourced work		102,185		90,615	
Wages and salaries	7.1	220,317		220,609	
Depreciation and impairments	7.2	3,640		3,454	
Other operating costs	7.3	60,238		51,991	
Total operating costs			429,772		405,798
Operating profit/loss			-4,628		16,981
Net finance income	8		215		64
Profit/loss before tax			-4,413		17,045
Taxation	9		1,009		-4,550
Income/loss from financial participations			1		-2
Profit/loss after tax			-3,403		12,493

CONSOLIDATED CASH FLOW STATEMENT FOR 2022

In thousands of euros

	Notes		2022	2021
Cash flow from operational activities				
Profit/loss after tax			-3,403	12,493
Adjustments for:				
Depreciation and other impairments	7.2	3,640	3,454	
Change in provisions	4	-2,483	-6,466	
Interest received on loans	8	879	282	
Divestments in tangible fixed assets	1.2	<u>-306</u>	<u>157</u>	
			1,730	-2,573
Movements in working capital:				
Inventories	2.1	1,372	-6,206	
Projects in progress	2.2	-1,201	-	
Receivables	2.3	-8,710	-126	
Current liabilities	5	<u>-1,649</u>	<u>12,843</u>	
			-10,188	6,511
Cash flow from business activities				
			-11,861	16,431
Interest received		194	26	
Corporate income tax paid		-3,099	-1,683	
Interest paid		<u>-363</u>	<u>-191</u>	
			-3,268	-1,848
Cash flow from operational activities				
			-15,129	14,583
Cash flows from investment activities				
Investments in intangible fixed assets	1.1	-2,690	-50	
Investments in tangible fixed assets	1.2	<u>-1,372</u>	<u>-2,425</u>	
Cash flows from investment activities				
			-4,062	-2,475
Cash flows from financing activities				
Dividends paid	12	-10,000	-	
Change in cash pool	1.3	<u>10,555</u>	<u>248</u>	
Cash flows from financing activities				
			555	248
Net cash flow				
			-18,636	12,356
Foreign exchange differences on cash			-496	-53
Increase/(decrease) in cash				
	2.4		-19,132	12,303
Balance at 01 January				
			54,633	42,331
Change in period				
			-19,132	12,303
Balance at 31 December				
			35,501	54,634

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2022

In thousands of euros

		2022		2021
Profit/loss after tax	-3,403		12,493	
Translation differences for operations abroad	<u>-193</u>		<u>-66</u>	
Total of changes recorded directly in equity		<u>-193</u>		<u>-66</u>
Total result		-3,596		12,427

NOTES TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

GENERAL

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. To maintain our focus on our strategic market segments, the organisation has been divided into four commercial pillars: Public Sector, Retail & Logistics, Finance & Insurance, and Industry.

Going concern

The accounting policies are based on the going concern assumption.

Head office, legal form and registration number

Centric Holding B.V. has its head office at Antwerpseweg 8, 2803 PB, Gouda, Netherlands and is registered in the commercial register under number 38023630.

Group relationships

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

Estimates

In applying the policies and rules for the preparation of the financial statements, the management of Centric Holding B.V. makes various judgements and estimates that can be fundamental to the amounts disclosed in the financial statements. Where necessary in order to provide the insight required under article 2:362 paragraph 1 of the Dutch Civil Code, the nature of these judgements and estimates, together with the underlying assumptions, is disclosed in the notes to the relevant items in the financial statements.

Consolidation

The consolidation includes the financial data of Centric Holding B.V. plus its group companies and other legal entities over which it exercises dominant control or over which it has central management. Group companies are legal entities in which Centric Holding B.V. can exercise dominant control directly or indirectly because it has the majority of the voting rights or where it can control the financial and operational activities in any other way. In this regard, consideration is also given to potential voting rights than can be directly exercised on the balance sheet date.

The group companies and other legal entities within which it can exercise dominant control or over which it has central management are included in full in the consolidation. The shares of third parties in group equity and in the group profit are stated separately. Financial participations over which dominant control cannot be exercised (associates) are not included in the consolidation.

Intercompany transactions, intercompany profits and receivables and payables between group companies and other consolidated legal entities are eliminated, insofar as the gains or losses have not been realised via transactions with third parties outside the Group. Unrealised losses on intercompany transactions are also eliminated, unless there is an impairment loss. The accounting policies of group companies and other legal entities included in the consolidation have been amended as necessary to align them with the applicable accounting policies for the group.

The companies included in the consolidation are:

Centric Netherlands Holding B.V., Gouda

Centric Netherlands B.V., Gouda
Centric Training B.V., Gouda
Centric IT Workforce B.V., IJsselstein
Q-Magic Uitzendbureau B.V., Gouda
Bakerware B.V., Emmen
Bitlibre B.V., Badhoevedorp

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
Sellcore Consulting AB, Sundbyberg
Centric Care AB, Göteborg
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, Luxemburg
Centric IT Solutions Luxembourg SA, Luxemburg
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 (dissolved 27/12/2022)
Centric IT Solutions Romania SRL, Lași
Centric Lithuania Holding UAB, Skuodo r.
Centric ITS Lithuania UAB, Kaunas
Centric Care UAB, Vilnius

Centric Offices Holding B.V., Gouda

Centric Financial Solutions & Services B.V., Gouda
Trigger IT Services B.V., Deventer
Centric Ventures B.V., Gouda
Centric Pension and Insurance Solutions B.V., Gouda

All financial participations are wholly owned subsidiaries unless stated otherwise.

In addition to associates, a small number of participations are excluded from the consolidation. These participations are not material either individually or in aggregate.

Application of article 2:402, Dutch Civil Code

Since the income statement of Centric Holding B.V. is included in the consolidated financial statements, only a summary income statement account is disclosed in the financial statements of the parent company, in accordance with article 2:402 of the Dutch Civil Code.

Acquisitions and disposals of group companies

The profit or loss and the identifiable assets and liabilities of acquired companies are included in the consolidated financial statements as from the acquisition date. The acquisition date is the date on which dominant control can be exercised over the company concerned.

The purchase price comprises the monetary amount or equivalent thereof that is agreed for the purchase of the acquired enterprise plus any directly attributable costs. If the purchase price is higher than the net fair value of the identifiable assets and liabilities, the surplus is recognised in intangible fixed assets as goodwill. If the purchase price is lower than the net fair value of the identifiable assets and liabilities, the difference (negative goodwill) is recognised as a deferred credit item.

Companies included in the scope of consolidation continue to be consolidated until they are sold; deconsolidation takes place as of the date on which decisive control is transferred.

Notes to the cash flow statement

The cash flow statement is prepared using the indirect method. Cash as stated in the cash flow statement comprises all liquid assets except deposits with a term in excess of three months. Cash flows in foreign currencies are translated using an estimated average exchange rate. Foreign exchange differences on cash are disclosed separately in the cash flow statement. Receipts and payments in relation to interest, dividends received and income taxes are disclosed in cash flow from operating activities. Dividends paid are disclosed in cash flows from financing activities.

GENERAL PRINCIPLES

General

The consolidated financial statements are prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the authoritative statements of the Guidelines for Annual Reporting issued by the Dutch Accounting Standards Board.

Assets and liabilities are generally measured at the cost of acquisition or production or at their current value. Where no specific measurement policy is stated, the items in question are measured at cost. The balance sheet, income statement account and cash flow statements include cross-references to the Notes to the financial statements.

Comparison with prior year

The accounting policies applied for the balance sheet and profit or loss were unchanged relative to the prior year, except for the changes in standards and estimates referred to in the relevant paragraphs.

Foreign currency

Functional currency

Items in the financial statements of group companies are measured with reference to the currency of the economic environment in which the company concerned primarily conducts its operations (the functional currency). The consolidated financial statements are prepared in euro. The euro is both the functional and the presentation currency of Centric Holding B.V.

Transactions, receivables and payables

Transactions in foreign currency during the reporting period are accounted for in the financial statements at the exchange rate on the transaction date.

Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date. Foreign exchange differences arising from settlement and translation are credited or charged to profit or loss, unless hedge accounting is applied.

Non-monetary assets that are measured at cost in a foreign currency are translated at the exchange rate on the transaction date.

Non-monetary assets that are valued at their current value in a foreign currency are translated at the exchange rate ruling at the time the current value was determined.

Translation differences on long-term intra-group loans that constitute an extension or contraction of the net investment in foreign subsidiaries are taken directly to equity in the legal reserve for translation differences.

If foreign currency loans are taken out in order to finance or hedge the net investment in a foreign financial participation, the exchange rate differences arising on the loan are recognised in the legal reserve for translation differences, insofar as the loan is an effective hedge against the exchange rate differences on the net investment in the foreign financial participation.

Group companies

The assets and liabilities of consolidated subsidiaries whose functional currency is different from the presentation currency are translated at the closing rate on the balance sheet date; income and expenses are translated at the average rates for the financial year. Goodwill and fair value adjustments on identifiable assets and liabilities are considered to form part of the subsidiaries in question and are thus also translated at the exchange rate on the balance sheet date. The resulting translation differences are credited or debited directly to equity, within the legal reserve for translation differences.

Operational leasing

The company may have lease contracts under which a large part of the risks and rewards of ownership are not transferred to the company. Such lease contracts are accounted for as operating leases. Lease payments are recognised on a linear basis in the income statement over the term of the agreement, taking into account any remuneration received from the lessor.

Financial instruments

Financial instruments included in financial fixed assets or current assets are measured at fair value if they are held for trading or if they are equity instruments. All other financial instruments recognised in the balance sheet are measured at their (amortised) cost.

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

PRINCIPLES OF ACCOUNTING FOR THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are measured at the cost of acquisition or production less amortisation.

Account is taken of impairment losses. An impairment loss occurs when the carrying amount of the asset (or the cash generating unit to which the asset belongs) is higher than its recoverable amount.

Software (own use)

Expenditure on development projects is capitalised as part of the cost of production if it is probable that the project will be a commercial and technical success (i.e., if it is probable that economic benefits will be obtained) and the costs can be reliably determined. A legal reserve is established in equity for an amount equal to the amount of the capitalised development costs. Capitalised development costs are amortised over the expected useful life of the asset, starting from the time at which commercial production begins.

Research expenditure is recognised in profit or loss.

Goodwill

Positive goodwill arising on acquisitions, as calculated in accordance with the paragraph on "Acquisitions and disposals of group companies", is capitalised and amortised on a straight-line basis over its estimated useful economic life.

Tangible fixed assets

Tangible fixed assets are measured at the cost of acquisition or production, including directly attributable expenses, less depreciation charged on a straight-line basis over their expected useful life and any impairment losses.

Financial fixed assets

Financial participations

Financial participations over which significant influence can be exercised are measured in accordance with the equity method (net capital value). Significant influence is deemed to exist if 20% or more the voting rights can be exercised.

The net capital value is calculated in accordance with the policies used for these financial statements. Where insufficient information is available about an investee to apply these policies, the investee's own measurement policies are used.

If the valuation produced by the net capital value method is negative, the financial participation is valued at nil. In such a situation, if and insofar as Centric Holding B.V. is liable for the debts of the investee, or has the firm intention of enabling the investee to pay its debts, a provision is made accordingly.

When a financial participation is acquired, its initial recognition is based on the fair value of the identifiable assets and liabilities at the time of acquisition. In subsequent periods, the policies applied are those applicable to these financial statements, proceeding from the measurement on initial recognition.

The amount by which the carrying amount has changed since the previous year end, as a result of the profit or loss generated by the investee, is recognised in profit or loss.

Where the group does not exercise significant influence over an investee, the financial participations is measured at the acquisition price and dividends declared by the investee are recognised in profit or loss. Dividends that are not paid in cash are measured at their fair value.

Deferred tax asset

Deferred tax assets are recognised in the case of utilisable tax losses or deductible temporary differences between the value of the assets and liabilities as per the tax regulations and the measurement basis applied in these financial statements, with the proviso that deferred tax assets are only recognised insofar as there are likely to be future taxable profits from which the temporary differences can be deducted and against which loss carryforwards or unused potential tax deductions can be utilised.

Deferred tax assets are calculated at the tax rates applicable at the end of the year under review (or at the rates applicable in future years, insofar as those rates have already been established in law).

Deferred tax assets are carried at their nominal value.

Other receivables

Other receivables included in financial fixed assets comprise loans that have been granted and other receivables, as well as purchased loans that will be held until maturity. These loans are initially measured at fair value and subsequently measured at amortised cost. If a loan is granted at a premium or discount, the premium or discount is credited or charged to profit or loss over the term of the loan as part of the effective interest. Transaction costs are also included in the initial measurement and taken to the income statement as part of the effective interest. Impairments are deducted from the income statement.

Inventories

Inventories of raw materials and consumables are measured at cost using the FIFO method (first in, first out) or at the net realisable value if lower.

The cost of acquisition or production comprises all costs relating to the acquisition or production plus costs incurred for getting stocks to their present location in their current condition. Production costs include direct wage costs and surcharges for indirect fixed and variable costs related to production, including the costs of the operational office, the maintenance department and internal logistics.

The net realisable value is the estimated sales price minus directly attributable selling costs. Obsolescence of inventories is taken into account when determining the net realisable value.

Projects in progress

The 'projects in progress for third parties' item represents the net balance of project costs incurred, attributable profit and, where applicable, recognised losses and declared instalments. Services provided in the performance of projects are measured in accordance with the percentage-of-completion method. Projects in progress are presented separately in the balance sheet under current assets. If a project shows a credit balance, it is presented under current liabilities.

Receivables

Receivables are initially recognised at the fair value, including transaction costs, of the consideration. They are subsequently measured at amortised cost. If receipt of the receivable is delayed due to an agreed extension of the payment deadline, the fair value is determined based on the present value of the expected receipts and interest income is recognised in profit or loss on the basis of the effective interest rate. The carrying amount of receivables is reduced by provisions for uncollectible items.

Cash

Cash comprises cash in hand and cash at bank with a term of twelve months or less. Bank overdrafts are disclosed as current liabilities under 'liabilities to banks'. Cash is measured at its nominal value.

The company's bank accounts are included in the Sanderink Investments B.V. cash pool, for which a joint and several liability agreements are in place.

Shareholders' equity

Financial instruments that are classified as equity instruments on the basis of the economic reality are presented in equity. Disbursements to holders of these instruments are deducted from equity after deduction of any related benefits pursuant to the tax on profits. Financial instruments that are classified as financial liabilities based on the economic reality of the instruments are presented under liabilities. Interest, dividends, income and expenses associated with these financial instruments are recognised in the income statement as costs or income.

Provisions

General

Provisions are established for legal or constructive obligations existing at the balance sheet date where it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are measured according to the best estimate of the amounts required to settle the obligations as at the balance sheet date. Pension provisions are measured on the basis of actuarial principles. The other provisions are measured at the nominal value of the expenditure that is expected to be required in order to settle the obligations, unless otherwise stated.

Provision for anniversary allowances

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

Provision for onerous contracts

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.

Provision for claims

Judgements and estimates regarding the reserve for ongoing procedures are based on documentation and discussions with the opposing party, consultations with solicitors and based on estimates by management.

Provision for non-occupancy

The provision for non-occupancy is established for unoccupied office and/or retail premises for the remainder of the lease terms.

Deferred tax liabilities

Deferred tax liabilities are recognised for temporary differences between the values of assets and liabilities under tax regulations and the carrying amounts of those assets and liabilities in these financial statements. Deferred tax liabilities are calculated at the tax rates applicable at the end of the year under review (or at the rates applicable in future years, insofar as those have already been established in law).

Current liabilities

Current liabilities are liabilities that are payable within 12 months of the balance sheet date. They are initially recognised at fair value. Current liabilities are subsequently measured at amortised cost, i.e. the amount payable, plus or minus the discount or premium and inclusive of any transaction costs. This is usually the nominal value.

PRINCIPLES FOR DETERMINING PROFIT OR LOSS

General

Profit or loss is defined as the difference between the realisable value of the goods or services supplied and the costs and other expenses over the period. Revenue on transactions is recognised in the period in which they are realised.

Net sales

Revenue from sales of goods

Revenue from sales of goods is recognised in net sales at the fair value of the consideration received or receivable, less revenues or compensation payable and trade or quantity discounts. Revenue from sales of goods is recognised in profit or loss when the principal risks and rewards of ownership have been transferred to the buyer, the amount of the revenue can be reliably estimated, it is probable that the consideration will be received, the associated costs and potential returns of goods can be reliably estimated and there is no ongoing involvement with the goods.

The transfer of risks and rewards depends on the terms and conditions in the associated sales contract. In the case of sales of products, the product is transferred when it is received in the customer's warehouse.

Revenue from services rendered

Revenue from services rendered is recognised in net sales at the fair value of the consideration received or receivable, less provisions and discounts.

Revenue from services rendered is recognised in profit or loss when the principal risks and rewards of ownership have been transferred to the buyer, the amount of the revenue can be reliably estimated, it is probable that the consideration receivable will be collected, the extent to which the services have been performed as at the balance sheet date can be reliably determined and the costs incurred and (potentially) arising in the future to complete the provision of the service can be reliably determined.

If the profit or loss on a particular service contract cannot be reliably determined, the revenue is recognised up to the amount of the service costs that are covered by the revenue.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction as at the balance sheet date. The stage of completion is assessed on the basis of assessments of the work/services performed up to that point as a percentage of the total services to be performed/the costs incurred up to that point in relation to the total estimated cost of performing the services.

Licence fees

Licence fees are received for the use of assets, namely software for which Centric holds the intellectual property rights. Revenue is recognised when the amount of the consideration receivable can be reliably determined and when collection is probable. In line with the revised Guideline RJ 270, as from the start of 2022 revenue has been apportioned over the overall term of the licence. This had a negative impact of €1.7 million on revenue and operating profit. Given the low amount of the impact, the decision was taken not to restate the comparative figures.

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 recognised 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.

Employee benefits

Wages, salaries and social security contributions are recognised in profit or loss in accordance with the employment terms.

Dutch pension plans

Centric Holding B.V. recognises the Dutch pension plan in accordance with the liability method. The main pension plan for the Dutch entities is a defined contribution plan that is insured with BeFrank PPI N.V.

This pension plan is subject to the stipulations of the Dutch Pensions Act, and Centric Holding B.V. pays mandatory, contractual or voluntary contributions to the fund. The contributions are recognised as personnel expenses as soon as they fall due. Contributions paid in advance are recognised in assets as prepaid costs if they will give rise to a refund or a reduction in future payments. Contributions that have not yet been paid are recognised as a liability in the balance sheet.

Foreign pension plans

Where foreign pension plans are similar to the Dutch pension system in their set-up and operation, liabilities are recognised and measured in accordance with the measurement of the Dutch pension plan.

For foreign pension plans that are not similar to the Dutch pension system in their set-up and operation, a best estimate has been made of the liabilities as at the balance sheet date.

Amortisation and depreciation of fixed assets

Intangible fixed assets, including goodwill, are amortised over the expected useful life of the asset from the time at which they are ready to enter into use. Tangible fixed assets are depreciated in the same way.

Financial income and expenses

Interest income and expenses

Interest income and expenses are recognised on a straight-line basis, taking into account the effective interest rate of the corresponding assets and liabilities. When recognising interest charges, the recognised transaction costs for the loans received are taken into account.

Foreign exchange differences

Exchange differences that occur when settling or translating monetary items are recognised in the income statement in the period in which they occur, unless hedge accounting is applied.

Taxation

The income tax charge is calculated on the profit before tax as stated in the income statement, taking into account any deductible losses available from previous financial years (insofar as they are not recognised as deferred tax assets) and any tax-exempt profits, and after adding back any non-deductible expenses. Account is also taken of any movements in deferred tax assets and deferred tax liabilities resulting from changes in the applicable tax rate.

Income/loss from financial participations

The income or loss is the amount by which the carrying amount of the participation has changed since the previous year-end as a result of the proportion of the investee's profit or loss that is attributable to Centric Holding B.V.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

Currency risk

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

Interest and cash flow risk

Receivables and borrowings bearing interest at floating rates expose Centric Holding B.V. to risk in relation to future cash flows. For fixed-interest receivables and borrowings, Centric Holding B.V. is exposed to risks in relation to the fair value of the receivables and borrowings as a result of changes in the market interest rate.

Credit risk

Centric Holding B.V. has no significant concentrations of credit risk. Sales are made to buyers who satisfy the creditworthiness check of Centric Holding B.V. Sales are made on credit terms of between 8 and 60 days. A different credit period may be appropriate for larger supplies. Where that is the case, additional security is requested, including guarantees.

Cash is held at banks that have a rating of A or above.

Centric Holding B.V. has granted loans to shareholders and companies in which it holds participating interests. Loans are also granted to related companies outside the group. There is no history of payment default in relation to these parties.

Liquidity risk

Centric Holding B.V. makes use of a cash pool arrangement. Where necessary, additional collateral is granted to the bank for available credit facilities.

1.1 Intangible fixed assets

In thousands of euros

	Software in development	Goodwill	Advance payments	Total
Book value at 01 January 2022				
Cost	-	4,050	-	4,050
Accumulated amortisation	-	-3,931	-	-3,931
Carrying amount	-	119	-	119
Changes				
Investments	1,961	-	729	2,690
Amortisation	-	-88	-	-88
Foreign exchange differences	-	-1	-	-1
Net	1,961	-89	729	2,601
Book value at 31 December 2022				
Cost	1,961	4,050	729	6,740
Accumulated amortisation	-	-4,020	-	-4,020
Carrying amount	1,961	30	729	2,720
Amortisation rates	20%	20%	20%	

In 2022, Centric Netherlands B.V. began the implementation of a new ERP-system.

The project costs and the costs in relation to the external software supplier have been capitalised.

1.2 Tangible fixed assets

In thousands of euros

	Buildings and renovations	Machines and plant	Other fixed operating assets	Total
Book value at 01 January 2022				
Cost	13,287	14,879	14,456	42,622
Accumulated depreciation	-11,390	-10,662	-9,953	-32,005
Carrying amount	1,897	4,217	4,503	10,617
Changes				
Investments	92	957	323	1,372
Divestments	-1,422	-720	-2,300	-4,442
Depreciation	-467	-1,799	-1,286	-3,552
Depreciation on divestments	1,187	718	2,231	4,136
Foreign exchange differences	-	2	-99	-97
Net	-610	-842	-1,131	-2,583
Book value at 31 December 2022				
Purchase price	-10,670	-11,741	-9,107	-31,518
Accumulated depreciation	1,287	3,375	3,372	8,034
Depreciation rates	10% - 20%	20% - 33,3%	20% - 33,3%	

1.3 Financial fixed assets

In thousands of euros

Movements in financial fixed assets were as follows:

	Cash pool receivables	Deferred tax asset	Loans receivable	Financial participations	Total
Book value at 01 January 2022					
Additions	-	268	-	-	268
Repayments	-10,555	-285	-	-	-10,840
Interest	-	-	272	-	272
Transfer to current assets	-27,339	-	-7,053	-	-34,392
Book value at 31 December 2022	-	612	712	49	1,373

Cash pool receivable

Please refer to the explanation of the 'current receivable from Sanderink Investments B.V. (cash pool)', which forms part of 'receivables from other affiliated companies'.

Deferred tax asset

In light of the ruling of the Enterprise Chamber on 3 November 2022, the Dutch Tax Authority took the decision to terminate the corporate income tax group formed by Centric Holding B.V. and its shareholder Sanderink Investments B.V. that had existed on that date. As a result, the taxable profit for the year 2022 must be divided into two parts relating respectively to the period from 1 January to 3 November and the period from 4 November to 31 December. The tax receivable of €2.2 million in relation to the first period falls within the tax group with Sanderink Investments B.V. As that company is the taxpayer for the tax group, the receivable of €2.2 million is therefore deemed to be receivable from Sanderink and is recognised under current receivables. For the second period, Centric Holding B.V. is separately liable for tax. In that period, a tax loss was incurred which can be offset against the expected profit for 2023.

The associated deferred tax asset of €0.3 million is recognised in the 'additions' line in financial fixed assets.

The loss carryforwards in Belgium amount to €1.6 million in 2022 (2021: €2.9 million). The deferred tax asset measured at 25% has declined as a result.

In addition, there are loss carryforwards totalling €13.2 million that have not been recognised in the financial statements, including €9.9 million in Germany and €3.3 million in Norway.

Loans receivable

The 'Loans receivable' item concerns a €0.2 million loan provided by Centric Ventures B.V. to CAG Ventures C.V. Centric Holding B.V. also made loans in 2020 to two other affiliated companies at an interest rate of 4% per annum. The loans to one of these two other affiliated companies, namely Strukton Group, will be repaid in 2023 and have therefore been reclassified to 'receivables from other affiliated companies'.

Financial participations

Capital interests held by Centric Holding B.V. are as follows:

Name, place of business	Share in the issued capital in %
Other participations measured in accordance with the equity method	
Antea Ventures Beheer B.V., Oosterhout (held by Centric Offices Holding B.V.)	50
CAG Ventures C.V., Heerenveen (held by Centric Ventures B.V.)	50
Other participations measured at cost	
Vyzyr B.V., Kerkrade (held by Centric Netherlands B.V.)	20

The associates Antea Ventures Beheer B.V. and CAG Ventures C.V. have a negative value under the equity method. Centric Holding B.V. is not liable for the debts of these companies, but has recognised its share of the losses. A provision of €108k has been established for CAG Ventures C.V.

2.1 Inventories

In thousands of euros

	2022	2021
Goods for resale	8,713	10,373
	8,713	10,373

2.2 Projects in progress

Last year, projects in progress with a debit balance were presented under receivables in the 'sales not yet invoiced' item. For the sake of clarity, it has been decided to present this item separately as a current asset as from this year and to adjust the comparative figures accordingly. Projects in progress with a credit balance are presented as liabilities under 'current liabilities'.

In thousands of euros

	2022	2021
Projects in progress	3,905	2,704
	3,905	2,704

2.3 Receivables

In thousands of euros

	2022	2021
Trade accounts receivable	56,471	55,685
Provision for uncollectible debt	-1,139	-902
Receivables from other affiliated companies	120,014	4,005
Taxes and social security contributions	697	865
Prepaid pension contributions	820	894
Sales not yet invoiced	8,296	10,121
Prepaid costs	15,841	13,814
Other receivables	1,697	1,561
	202,697	86,043

General

The fair value of receivables approximates to the book value, given the short-term nature of the receivables and the fact that provisions for uncollectible debt are established where necessary.

Provision for uncollectible debt

In thousands of euros

Movements in this provision are as follows:

	2022	2021
Balance at 01 January	902	1,438
Additions	310	80
Withdrawals	-10	-284
Releases	-61	-334
Foreign exchange differences	-2	2
Balance at 31 December	1,139	902

Receivables from other affiliated companies

In thousands of euros

	2022	2021
Sanderink Investments B.V. (loan receivable)	80,607	-
Sanderink Investments B.V. (cash pool)	27,339	-
Sanderink Investments B.V. (income tax)	2,182	-
Strukton group	8,110	1,874
Antea group	1,557	1,912
Receivables from other affiliated companies	219	219
	120,014	4,005

Sanderink Investments B.V. (loan receivable)

In 2022, an additional share premium payment was made for a sum of €80 million. This payment took the form of a loan for the same amount. The loan bears interest at an agreed rate of 1%. The loan agreement specified that the loan had to be repaid together with the interest on 1 April 2023. However, this repayment has not taken place. To secure repayment, an interim attachment has been placed on the shares held by Sanderink Investments B.V. in Centric Holding B.V.

Sanderink Investments B.V. (cash pool)

The cash pool receivable concerns cash held by Centric Holding B.V. in 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 netted, is freely available. This means that, because other entities in the cash pool have a negative balance, not all of the cash is freely available. The amount that is not freely available is therefore recognised as a receivable from Sanderink Investments B.V. in relation to the cash pool.

This receivable forms part of a credit facility with a balance & interest netting arrangement. In this arrangement, the conditions include a six-monthly review of the solvency ratio (must be at least 30%) and an EBITDA coverage ratio test (must be at least 75%). The maximum debit balance (meaning the total overdraft available to the entities in the cash pool) was reduced by €10 million to €30 million on 1 May 2022, and was further reduced to €15 million on 1 May 2023. The permitted debit balance was due to be reduced by a further €15 million to zero by no later than 1 May 2024, whereupon the cash pool was to be closed.

Management decided to repay the final two tranches on 1 May 2023 and 3 October 2023, such that the cash pool was closed as of 3 October 2023. For this reason, the amount of €27.3 million that was outstanding at 31 December 2022 is disclosed as a short-term receivable.

Sanderink Investments B.V. (income tax)

Please refer to the notes to deferred tax assets under financial fixed assets.

Taxes and social security contributions

In thousands of euros

	2022	2021
VAT	87	34
Payroll taxes	153	65
Social security contributions	94	347
Corporate income tax	363	419
	697	865

Sales not yet invoiced

The 'Sales not yet invoiced' item includes an amount of €0.3 million (2021: €1.3 million) with a term of more than 1 year.

Prepaid costs

Prepaid cost include €1.9 million (2021: €1.5 million) with a term of more than 1 year.

2.4 Cash

The amount recognised as cash in the balance sheet is freely available to the company and its subsidiaries. For this reason, an amount of €27.3 million (2021: €37.9 million) in cash that is not freely available to the company is disclosed in current receivables (2021: in financial fixed assets). In addition, a balance of €24k is held in blocked accounts (2021: €98k).

3 Group equity

Details of shareholders' equity are provided in the notes to the parent company balance sheet.

4 Provisions

In thousands of euros

	2022	2021
Provision for anniversary allowances	3,063	2,916
Provision for onerous contracts	-	3,226
Provision for claims	1,188	358
Provision for non-occupancy	-	64
Pensions provision	602	618
Provision for deferred taxes	153	175
Provision for financial participation	108	109
Other	116	247
	5,230	7,713

The provisions developed as follows:

In thousands of euros

	Anniversary allowances	Onerous contracts	Claims	Non-occupancy
Book value at 01 January 2022	2,916	3,226	358	64
Additions	901	-	1,080	-
Releases	-44	-298	-50	-47
Withdrawals	-710	-2,928	-200	-17
Foreign exchange differences	-	-	-	-
Book value at 31 December 2022	3,063	-	1,188	-
Of which:				
Term of 1 year or less	-	-	1,188	-
Term of more than 1 year	3,063	-	-	-

In thousands of euros

	Pension	Deferred taxes	Financial participation	Other	Total
Book value at 01 January 2022	618	175	109	247	7,713
Additions	6	-	-	94	2,081
Releases	-	-8	-1	-222	-670
Withdrawals	-22	-	-	-	-3,877
Foreign exchange differences	-	-14	-	-3	-17
Book value at 31 December 2022	602	153	108	116	5,230
Of which:					
Term of 1 year or less	6	-10	-	116	1,300
Term of more than 1 year	596	163	108	-	3,930

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. These are contracts that will generate a loss over the remaining contract term. This loss, i.e. the unavoidable costs less the contracted revenues, is recognised in the provision for onerous contracts.

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 liabilities 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 = 1.79%
- Expected remaining years of service for employees = 15 years
- Salary increase = 1.5% per annum
- Mortality table = Heubeck-Richttafel 2018 G

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

Provision for deferred taxes

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

5 Current liabilities

In thousands of euros

	2022	2021
Trade accounts payable	33,117	27,733
Pension liabilities	247	305
Liabilities to other affiliated companies	-	2,754
Taxes and social security contributions	13,459	13,100
Personnel expenses payable	20,049	23,106
Accrued expenses & deferred income	12,288	9,892
Sales invoiced in advance	14,251	20,785
Projects in progress	340	7,114
Other liabilities	1,935	2,429
	95,686	107,218

General

The fair value of current liabilities approximates to the book value, on account of their short-term nature.

Liabilities to other affiliated companies

In thousands of euros

	2022	2021
Sanderink Investments B.V. (income tax)	-	2,754
	-	2,754

An amount of €2.8 million was paid to Sanderink Investments B.V. under the tax group arrangement in relation to Dutch corporate income tax payable in relation to 2021.

Taxes and social security contributions

In thousands of euros

	2022	2021
VAT	3,630	4,484
Payroll taxes	5,134	5,092
Social security contributions	4,695	3,524
	13,459	13,100

Accrued expenses & deferred income

Accrued expenses & deferred income include €0.3 million (2021: €2.3 million) with a term of more than 1 year.

Sales invoiced in advance

The 'Sales invoiced in advance' item includes a sum of €1.3 million (2021: €2.3 million) with a term of more than 1 year.

Projects in progress

Last year, projects in progress with a credit balance were presented in the 'sales invoiced in advance' item. For clarity, the decision has been taken to present this item separately in the notes and to adjust the comparative figures accordingly.

Other liabilities

Other liabilities do not include any amounts (2021: €0.8 million) with a term of more than 1 year.

Off balance sheet assets, commitments and contingencies

Contingent assets

As a result of the interim attachment imposed on the shares held in Centric Holding B.V. by Sanderink Investments B.V., the company has additional collateral for Sanderink Investments B.V.'s repayment of the €80.6 million loan granted.

Contingent liabilities

The group companies in the cash pool are jointly and severally liable to the bank.

(Multi-year) financial liabilities

Purchasing obligations totalling €2.8 million are not recognised in the balance sheet. These obligations expire as of 31 December 2025.

Centric Holding B.V. and its financial participations have issued bank guarantees totalling €3.5 million (2021: €3.6 million).

Centric Nordic Holding AS and its financial participations have a credit facility totalling NOK 20 million.

Operational leases and rental obligations

In the reporting year, obligations in relation to operational leases and rent obligations were as follows:

In thousands of euros

	2022	2021
Within 1 year	12,792	13,924
After one year but within five years	29,242	17,618
After five years	2,485	532
	44,519	32,074

Liability under a tax group arrangement

Until 3 November 2022, Centric Holding B.V. and its Dutch subsidiaries formed part of a tax group for corporate income tax purposes, of which Sanderink Investments B.V. was the parent company. In light of the ruling of the Enterprise Chamber on 3 November 2022, the Dutch Tax Authority took the decision to terminate the tax group as of that date. Up to 3 November 2022, all Dutch companies in the Centric Holding B.V. group were jointly and severally liable for the tax owed by the Sanderink Investments B.V. tax group as a whole.

Centric applied to form a new tax group as from 4 November 2022 with Centric Holding B.V. as the parent company. The Tax Authority granted this application. As from 4 November 2022, all Dutch companies in the Centric Holding B.V. group are jointly and severally liable for the tax owed by the Centric Holding B.V. tax group as a whole.

The Dutch corporate income tax liability for the financial year as a whole is recharged via the intra-group current account.

All Dutch companies in the Centric Holding B.V. group form a tax group for VAT purposes with Centric Holding B.V. as the group parent company and they are all jointly and severally liable for the VAT liability of the tax group as a whole.

6 Net sales

In thousands of euros

	2022	2021
Sales in the Netherlands	307,301	320,609
Sales in other EU countries	87,188	75,073
Sales in other European countries	29,110	26,199
Other	982	268
	424,581	422,149

Net sales is divided into key categories as follows:

In thousands of euros

	2022	2021
Trade	48,002	42,529
Licences	7,359	9,104
Maintenance and Management	194,197	199,514
Services	172,332	168,291
Other	2,691	2,711
	424,581	422,149

7.1 Wages and salaries

In thousands of euros

	2022	2021
Salaries	180,767	181,823
Social security contributions	30,006	29,206
Pension costs	9,544	9,580
	220,317	220,609

Average number of employees

During 2022, 3,327 employees were employed on a full-time basis (2021: 3,506). Of these employees, 1,214 worked outside the Netherlands (2021: 1,193).

Average number of employees

In FTE

	2022	2021
Senior management	41	40
Sales and marketing	168	169
General administration	376	401
Production	2,742	2,896
	3,327	3,506

7.2 Amortisation, depreciation and impairments

In thousands of euros

	2022	2021
Amortisation of intangible fixed assets	88	305
Depreciation of tangible fixed assets	3,552	3,149
	3,640	3,454

7.3 Other operating costs

In thousands of euros

	2022	2021
Other personnel expenses	26,553	24,089
Office expenses	15,277	12,996
Communication expenses	1,342	1,550
Accommodation	11,796	10,879
Selling costs	3,838	3,293
Temporary agency staff/other temporary staff	1,303	799
Change in provisions	-1,190	-2,039
Miscellaneous costs	1,319	424
	60,237	51,991

In the reporting year, €3.6 million was recognised in relation to data centre relocation costs. This amount is divided between the items 'purchase price of goods for resale', 'outsourced work' and 'wages and salaries' (2021: total €1.9 million). A further €5.5 million will be incurred in 2023 to complete the work.

Audit firm's fees:

In thousands of euros	RSM NL	RSM Network	Other issues	2022	2021
Audit of the financial statements	452	260	19	731	487
Other audit engagements	-	-	675	675	920
Tax consultancy	-	-	170	170	37
Other non-audit services	187	-	40	227	-
	639	260	904	1,803	1,444

8 Financial income and expenses

In thousands of euros

	2022	2021
Interest income	194	26
Interest income from other affiliated companies	879	282
Interest expenses	-363	-66
Interest expenses to other affiliated companies	-	-125
Foreign exchange differences	-495	-53
	215	64

Interest income and expenses were received and paid in the course of the year. The interest income from other affiliated companies in 2022 was added to the outstanding amount of the loans.

9 Taxation

In thousands of euros

	2022	2021
Profit/loss before tax	-4,413	17,045
Deferred corporate income tax	90	-974
Current corporate income tax (current period)	1,068	-3,576
Corporate income tax in relation to previous periods	-149	-
	1,009	-4,550

The effective tax rate differs from the prior year due to the measurement of loss carryforwards in Belgium, the foreign corporate income tax charge and corrections to previous years in relation to the innovation box scheme.

Subsequent events

Sale of HR & Payroll Solutions division

As of 1 June 2023, Centric sold the HR & Payroll Solutions division, comprising employees, services and software solutions including the Motion application, to BCS HR Software. The customers of the former division will continue to be served by BCS, which will also continue product development. The disposal follows Centric's decision to focus solely on markets and sectors in which it plays a leading role in assisting organisations with their digital transition. The sale will reduce revenues by approximately €10 million per year. This amount will be offset by a one-off income item in 2023.

Enterprise Chamber inquiry

On 27 January 2023, the Enterprise Chamber ordered an inquiry to be carried out and appointed Yvette Borrius to lead it. In addition to the Public Prosecution Service, Centric itself had requested this inquiry. The inquiry had not been completed at the time of preparation of these financial statements.

Company financial statements

BALANCE SHEET AS AT 31 DECEMBER 2022

After the proposed profit appropriation

In thousands of euros

ASSETS	Notes		2022		2021
Fixed assets					
Financial fixed assets	10	<u>138,070</u>	138,070	<u>99,326</u>	99,326
Current assets					
Receivables	11	<u>87,816</u>	87,816	<u>150</u>	150
TOTAL ASSETS			225,886		99,476
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	12	18		18	
Share premium		80,000		-	
Legal reserves		2,045		-1,187	
Other reserves		<u>79,964</u>	162,027	<u>96,792</u>	95,623
Current liabilities	13		63,859		3,853
TOTAL EQUITY AND LIABILITIES			225,886		99,476

INCOME STATEMENT FOR 2022

In thousands of euros

	2022	2021
Income/loss from financial participations	-3,281	12,937
Other income and expenditure after tax	-122	-444
Profit/loss after tax	-3,403	12,493

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

General

The company financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Guidelines for Financial Reporting issued by the Dutch Accounting Standards Board.

The accounting policies used in the company financial statements are the same as those used in the consolidated financial statements. Financial participations in group companies are measured according to their net capital value in accordance with the paragraph in the consolidated financial statements.

For the accounting policies, please refer to the relevant notes to the consolidated balance sheet and income statement.

10 Financial fixed assets

The financial fixed assets item has developed as follows:

In thousands of euros

	Loan receivable	Financial participations	Total
Book value at 01 January 2022	7,281	92,045	99,326
Interest	272	-	272
Share premium payment	-	49,000	49,000
Income/loss from financial participations	-	-3,281	-3,281
Foreign exchange differences	-	-195	-195
Transfer to other receivables	-7,052	-	-7,052
Book value at 31 December 2022	501	137,569	138,070

Loans receivable

In 2020, Centric Holding B.V. made loans totalling €7 million to two other affiliated companies, bearing interest at 4% per annum. The loans to one of these two other affiliated companies, namely Strukton Group, will be repaid in 2023 and have therefore been reclassified to 'receivables from other affiliated companies'.

Financial participations

The financial participations held directly by Centric Holding B.V. are:

Name, place of business	Share in the issued capital in %
Centric Netherlands Holding B.V., Gouda	100
Centric Offices Holding B.V., Gouda	100
Centric International Holding B.V., Gouda	100

11 Receivables

In thousands of euros

	2022	2021
Trade accounts receivable	8	-
Receivables from other affiliated companies	87,670	-
Taxes and social security contributions	138	126
Prepaid costs	-	24
	87,816	150

General

The fair value of receivables approximates to the book value, given the short-term nature of the receivables and the fact that provisions for uncollectible debt are established where necessary.

Receivables from other affiliated companies

In thousands of euros

	2022	2021
Sanderink Investments B.V. (loan receivable)	80,607	-
Strukton group	7,063	-
	87,670	-

Sanderink Investments B.V. (loan receivable)

In 2022, an additional share premium payment was made for a sum of €80 million. This payment took the form of a loan for the same amount. The loan bears interest at an agreed rate of 1%. The loan agreement specified that the loan had to be repaid together with the interest on 1 April 2023. However, this repayment has not taken place. To secure repayment, an interim attachment has been placed on the shares held by Sanderink Investments B.V. in Centric Holding B.V.

Taxes and social security contributions

In thousands of euros

	2022	2021
VAT	97	90
Corporate income tax	42	36
	139	126

The corporate income tax receivable in relation to the period until 3 November 2022 was recharged to Sanderink Investments B.V. as parent company of the Sanderink Investments B.V. tax group.

12 Shareholders' equity

In thousands of euros

	Share capital	Share premium reserve	Legal reserves	Other reserves	Total
Book value at 31 December 2020	18	-	-1,121	84,299	83,196
Profit/loss for financial year	-	-	-	12,493	12,493
Translation differences reserve	-	-	-66	-	-66
Book value at 31 December 2021	18	-	-1,187	96,792	95,623
Share premium payment	-	80,000	-	-	80,000
Profit/loss for financial year	-	-	-	-3,403	-3,403
Dividend	-	-	-	-10,000	-10,000
Translation differences reserve	-	-	-193	-	-193
Financial participation reserve	-	-	3,425	-3,425	-
Book value at 31 December 2022	18	80,000	2,045	79,964	162,027

Issued share capital comprises 17,500 shares of €1 each, all of which are fully paid up.

Legal reserves

Legal reserves are maintained for:

- Translation differences in relation to financial participations in foreign currency.
- Capitalised development costs in the Netherlands (€2.6 million; 2021: €0).

In thousands of euros

	Exchange rate differences	Financial participation reserve	Total
Book value at 01 January 2022	-1,187	-	-1,187
Additions	713	2,690	3,425
Withdrawals	-171	-	-171
Book value at 31 December 2022	-645	2,690	2,045

2022 profit appropriation

At the Annual General Meeting of Shareholders at which the 2022 financial statements will be adopted and approved, the board will propose that the loss of €3.4 million be debited to other reserves. This proposal has been incorporated into the balance sheet as at 31 December 2022.

13 Current liabilities

In thousands of euros

	2022	2021
Debts to credit institutions	63,541	3,569
Trade accounts payable	60	279
Invoices payable	207	5
Group companies	51	-
	63,859	3,853

Off balance sheet assets, commitments and contingencies

Contingent assets and liabilities

Group companies in the cash pool are jointly and severally liable for all monies owed by the cash pool to the bank.

Liability under a tax group arrangement

Until 3 November 2022, Centric Holding B.V. and its Dutch subsidiaries formed part of a tax group for corporate income tax purposes, of which Sanderink Investments B.V. was the parent company. In light of the ruling of the Enterprise Chamber on 3 November 2022, the Dutch Tax Authority took the decision to terminate the tax group as of that date. Up to 3 November 2022, all Dutch companies in the Centric Holding B.V. group were jointly and severally liable for the tax owed by the Sanderink Investments B.V. tax group as a whole.

Centric applied to form a new tax group as from 4 November 2022 with Centric Holding B.V. as the parent company. The Tax Authority granted this application. As from 4 November 2022, all Dutch companies in the Centric Holding B.V. group were jointly and severally liable for the tax owed by the Sanderink Investments B.V. tax group as a whole.

The Dutch corporate income tax liability for the financial year as a whole is recharged via the intra-group current account.

All Dutch companies in the Centric Holding B.V. group form a tax group for VAT purposes with Centric Holding B.V. as the group parent company and they are all jointly and severally liable for the VAT liability of the tax group as a whole.

Managers' remuneration

In thousands of euros

	2022	2021
Executive directors	1,095	894
Non-executive directors	388	253
	1,483	1,147

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

Subsequent events

For information on subsequent events, please refer to the note on 'Subsequent events' in the consolidated financial statements.

Gouda, 31 October 2023

Executive Director:

P.N. Wakkie

Non-executive directors:

W.L. Meijer (chairman)

D.G.T.M. Heerschop

P. Schoehuijs

OTHER INFORMATION

PROFIT APPROPRIATION ACCORDING TO THE ARTICLES OF ASSOCIATION

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.

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Centric Holding B.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 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 2022 and of its result for 2022 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 2022;
2. the consolidated and company profit and loss account for 2022; 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 on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

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

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risk of material misstatement to the financial statements due to fraud. During our audit, we obtained insights into the entity and its environment, the components of the internal controls system, including the risk assessment process, and the way in which management responds to fraud risks and monitors internal control system. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present. Management override of controls and risk of fraud in revenue recognition are presumed risks of fraud in our audit. Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

In our work we took into account the results of fraud risk analysis by the board as stated in the board report. We have identified the following fraud risks:

1. Management override of controls
2. Inappropriate revenue recognition

Management override of controls

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We addressed the fraud risk of management override of controls with the following audit procedures:

- we evaluated the design and the implementation of internal controls in the processes for generation and processing journal entries and making estimates;
- we paid specific attention to access security in the IT system and the possibility that the segregation of duties can be broken;
- we carried out an analysis of the journal entries in the current and subsequent financial year. We have discussed the outcome of our analysis with the financial department and, if necessary, for a good understanding of these journal entries, according to source information;
- we performed audit procedures with regard to key estimates and judgements made by the board, including those relating to claims and ongoing proceedings, provisions and valuation of claims on related parties. We analyzed estimates both retrospectively and prospectively in order to form an opinion on the quality of management estimates.

Inappropriate revenue recognition

With regard to the fraud risk regarding revenue recognition, we determine that the risk concerns the accuracy of revenue recognition, based on our risk analysis. This fraud risk specifically concerns non-routine adjustments in revenue recognition.

We have carried out the following activities with regard to this fraud risk:

- we evaluated the design and existence of the internal control measures in the process of revenue recognition, including time registration, project administration and goods movements;
- we paid specific attention to access security in the IT system and the possibility that the segregation of duties can be broken;
- assessing journal entries and other non-routine adjustments in revenue recognition and related items in the current and subsequent financial year;
- we performed audit procedures with regard to important estimates made by the board, including those regarding accrued revenue, projects in progress, deferred income and the provision for onerous contracts;
- we carried out cut-off procedures on the material revenue processes to determine that the revenue has been recognized in the correct period;
- we investigated whether credit notes have been recorded in the next financial year that could provide an indication of incorrectly revenue in the current financial year;
- we investigated the periodicity of revenue and discussed it with the financial department and, if necessary, testing back to source information.

Audit approach going concern

As disclosed in the notes to the financial statements, management performed their assessment of the company's ability to continue as a going concern for the foreseeable future and has not identified events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Our procedures to evaluate management's going concern assessment included, among others:

- consider whether the management's continuity assessment contains all relevant information that we became aware of as a result of our audit and discussed with management about the most important assumptions and principles in the continuity assessment;
- determine whether management has identified events or circumstances that may cause reasonable doubt on the entity's ability to continue as a going concern;
- evaluating the budgeted operating results and related cash flows for the period 2023 and 2024, taking into account developments in the industry, staffing, continuity of management, conditions in the cash pool agreement and our knowledge from the audit;
- assessing the most recent interim figures;
- obtaining information from the board about their knowledge of continuity risks after the period of the continuity assessment carried out by the board.

Emphasis on effects of receivables on other affiliated companies

We draw attention to the paragraph receivables (receivables on other affiliated companies, regarding loans receivable, cash pool receivable and corporate income tax receivable) in the notes to point 2.3 on page 29 and 30 of Centric Holding B.V. which describes the effect of existence and valuation of the receivable on other affiliated companies. The receivables consist of a loan of € 80.6 million, cash pool receivable of € 27.3 million and corporate income tax receivable of € 2.2 million. Our opinion is not modified in respect of this matter.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

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 all the information regarding the management report and the other 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 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.

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.

Rotterdam, October 31, 2023

RSM Netherlands Accountants N.V.

M. Baks RA

Acknowledgements

Edited by Centric

Design Creatieve Vogels / Offermans Design

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