

2023 Annual Report

Centric Holding B.V.

Gouda, Netherlands
Consolidated

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Management report

MANAGEMENT REPORT

Introduction

The year 2023 was all about restoring calm across the Centric organization and bringing back stability for our workers, customers, and suppliers. This not only saw us make policy for the short term but also explore ways to guarantee the continuity of our services.

The balance between short-term policy and long-term policy was affected somewhat by statements that Mr. Sanderink made in the press, announcing his plans to sell his companies. It forced us to safeguard Centric's continuity for the sake of our stakeholders.

The Enterprise Chamber, too, renders its rulings with Centric's continuity in mind. In January 2023, for example, this judicial body appointed Yvette Borrius to conduct an inquiry into Centric's affairs over the period prior to November 3, 2022 (at the time of writing this report, the inquiry report had not yet been filed).

In light of Centric's important role in society and to guarantee the continuity of our services, we have formulated a number of criteria that a potential new owner of Centric will have to meet. These criteria are primarily aimed at guaranteeing Centric's service offering as a unified whole, independently of the former shareholder. After reviewing these criteria in December 2023, the Enterprise Chamber ratified them in its ruling of January 18, 2024.

The company's leadership has remained unchanged since our previous annual report, i.e., the 2022 report, and still includes the directors appointed by the Enterprise Chamber. These are 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 in Centric Holding, and Peter Wakkie as executive director with independent power of representation. Given that Gerard Sanderink's suspension as a non-executive director is still in force.

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. Centric Holding B.V.'s articles of association were amended in 2023 to, among other things, 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 (MOA)'.

Since the officers appointed by the Enterprise Chamber were appointed for the duration of the proceedings and we are unable to predict at this point how long the Enterprise Chamber proceedings will take, it is impossible to say how long the Enterprise Chamber-appointed officers will be in office for. The terms of office of non-executive directors Schoehuijs and Heerschop are not dependent on the continuation of the proceedings before the Enterprise Chamber; they were appointed for 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.'s three direct subsidiaries are Centric Netherlands Holding B.V., Centric International Holding B.V. and Centric Offices Holding B.V. The operating activities are concentrated in these companies and the subsidiaries.

Financial paragraph

The post-tax profit for the 2023 financial year came in at €3.4 million, compared with a loss of €3.4 million in 2022. This is in line with negative EBITDA of €1.0 million in 2022 and positive EBITDA of €2.9 million in 2023, despite operating income remaining virtually the same. The causes of this were as follows:

Profit and loss

In 2023, Centric sold the HR & Payroll Solutions division, comprising employees, services and software solutions (including Motion) to BCS HR Software. The effective date for this transfer was June 1, 2023, meaning that we have gone without sales from this activity from that date onwards. Given that this concerned a transfer of assets and liabilities, the proceeds have been recognized and classified under the "Other operating income" item. Needless to say, the profit margin on the sale of the business unit was not in line with the profit margin on the sales missed out on.

Consolidated revenue from services and software was down approximately €11 million on the previous year. On the cost side, this impacted mainly the "Wages and salaries" item and the "Outsourced work" item (approx. €6 million).

It is important to note here that, like in 2022, profits were affected by costs incurred to relocate the Eindhoven and Gouda data centers to two Equinix sites in Amsterdam. These relocation costs averaged approximately €5 million per year over the two years it took to relocate the data centers. We successfully completed this relocation project in the fourth quarter

of 2023, laying the foundation for better hybrid cloud services, i.e., combining a public cloud and a private cloud.

Finally, the sizable "Financial income and expenses" item at the end of our income statement stood at €0.2 million in 2022 and €4.1 million in 2023. Due to rising interest rates, Centric returned to receiving interest on credit balances with banks (€0.9 million). However, the largest item is the credited (statutory) interest on the (originally) €80 million receivable from the shareholder, Sanderink Investments.

On April 24, 2024, the Court of Amsterdam not only awarded Centric the amount claimed but also interest on that amount from April 1, 2023 up to the date of final payment. Totaling €3.2 million for 2023, i.e., the period from April 1, 2023 to December 31, 2023, the additional interest has been added to the receivable.

Balance sheet

As shown by the balance sheet, the solvency ratio stood at 62% at the end of the financial year, remaining unchanged compared to the previous year. Cash was up by around €10 million, on the back of not only the sale of HR & Payroll Solutions but also the repayment of an outstanding loan by affiliated company Strukton. In addition, the focus on liquidity and the associated cash flows was stepped up in the financial year.

Given the loss posted in 2022 and the weak profit posted for 2023, Centric decided not to pay a dividend for the 2023 financial year. However, approximately €27 million was paid to the bank in repayment of the cash pool that included Centric's shareholder, Sanderink Investments, up to October 3, 2023. Seeing as Centric could not freely dispose of these funds, this amount had in the past been recognized under "Financial fixed assets" and not under "Cash". This is why this €27 million repayment did not affect freely available cash. On balance, this amount is now, i.e., after repayment of the cash pool, a receivable from Sanderink Investments, because Centric has repaid its shareholder's debt to the bank. Given that this receivable is not based on a loan/financing agreement, interest has not been recognized.

It is important to note that Centric does not rely on any external financing, except for a very modest supplier credit line, and does not even have any credit facilities with its bank. On average, Centric had approximately €55 million in the bank over the year, but with part of the annual sales invoiced in January and February, a seasonal pattern has now emerged.

Future

We expect to post a pre-tax profit of approximately €2 million for 2024. This figure includes the expected interest to be received on the receivable from Sanderink Investments, which has provisionally been recognized up to the end of the third quarter of 2024. If we compare the projected operating profit for 2024 to the profit posted for 2023, corrected for the sale of HR & Payroll Solutions, we see an upward trend emerge.

Centric has launched a sale process in 2024 to definitively sever ties with Sanderink Investments. Additionally, the Centric board has set criteria that a new owner will have to meet, which the Enterprise Chamber has meanwhile found to be adequate in the aforementioned ruling of January 18, 2024.

In the second half of 2023, a group of Centric employees, assisted by two professors from Rotterdam School of Management, designed a possible strategy for the 2025 – 2030 period. Reinforcing Centric's strengths and presenting a more united front, the new strategy has meanwhile been provisionally approved by the board and will be part of the information provided to potential buyers ahead of the sale process. The party that will ultimately buy Centric will obviously also have the final say on whether to go ahead with this provisionally approved strategy.

Workforce

Over the 2023 financial year, Centric's workforce averaged 3,120 FTEs, of which 73.1% is male and 26.9% female. In terms of the domestic vs. international spread of FTEs, 1,926 FTEs are based in the Netherlands and 1,194 FTEs in other countries. The executive board is made up of one single FTE position, which is currently held by a man. The non-executive board is made up of three members, who are all men. Since we prefer to see

a woman appointed as the fourth member, who will be nominated by the Works Council in 2024, we have launched a specific search for a suitable female candidate.

Governance

Alongside the aforementioned directors appointed under the articles of association, there are several officers with titular positions. These are Peter van Dongen (Chief Financial Officer), Peter Mous (Chief Operating Officer), Debby de Gelder (Chief People Officer), Freddie Veltmaat (Chief Technology Officer), and Tim Klinkert (Chief Legal Officer).

The executive board and the non-executive board have mutually agreed on rules of procedure to further delimit their respective competencies. A Manual of Authorities (MOA) is shared within the organization. The MOA further distributes authorities between the managing directors of the Centric divisions and serves as an instrument within the organization's internal control structure.

Several board positions are currently filled on an interim basis. This set-up awards Centric a certain level of flexibility for the near future of the company. 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. As and when vacancies open up on the board, Centric endeavors to find the most qualified candidate while also seeking to comply with the diversity principle.

Security

Security plays an increasingly important role across our organization. It is paramount not only for own internal information flows but also for the applications and data we host for our customers. In 2022, we centralized security experts from various parts of our organization into one single department that comes directly under the CTO. We also conduct regular internal audits and engage third parties for public testing.

Needless to say, all our workers are fully committed to security in everything they do, working unwaveringly to ensure that maximum security standards are upheld. A great deal of attention is paid in this regard to internal training to maintain everyone's knowledge and skills.

The relocation of our data centers from Eindhoven and Gouda to Equinix in Amsterdam has also helped improve application and data security. Whereas we used to opt for customer-specific security solutions, we can now replace these custom solutions with centrally implemented security structures that are more visible and thus more transparent for our customers. We know, for example, that our new data center partner Equinix always implements the latest security requirements and makes them available to the customers who have hired us to host their data and applications on this platform.

R&D and innovation, and its accounting treatment

For a software business that develops customer-specific applications, it is important to keep developing new solutions and updating, maintaining and modernizing existing software on a continuous basis. The relevant spending is expensed and not capitalized 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. This concerns mainly personnel costs (both in-house personnel and contractors) and the costs of third-party software needed for the purposes of new software development.

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 that is supporting us with the implementation, and license fees for use of the required modules in the Cloud. The latter two items are recognized as assets on the balance sheet and will be amortized over their expected useful life once the system enters into use. The in-house personnel costs are not capitalized.

Fraud

In these turbulent times with increasingly far-reaching automated data processing capabilities, the prevention of fraud, in the broadest sense of the word, has our special focus.

The fraud risk areas we have identified, which exist primarily in the operational domain (payment transactions, procurement process & inventory management and generic IT processes) are mostly mitigated by the implementation of the Centric Risk and Control Framework we launched in 2023.

Additionally, we ran the first fraud risk assessment at our Finance & Control department in 2023. We drew on the results of this assessment to answer our auditor's survey on fraud and fraud risk factors. By forming a single centralized security department that reports directly to the CTO, we are even better positioned to ensure that no security risks occur that potential fraudsters could exploit.

Obviously, all these additional internal controls and measures come on top of the existing system of task segregation and internal controls. No shortcomings were found in the 2023 financial year.

How we manage risks

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

Risk management organization

Centric's board is responsible for effective management of any risks to which Centric is or may be exposed. Risk management responsibilities are delegated based on the Institute of Internal Auditors' (IIA) Three Lines Model. In this model, the first-line business roles are supported by the corporate second-line roles, and the internal audit organization 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 Centric's board in obtaining assurance on risk management and internal controls.

Risk management framework

Centric has adopted a structured framework for risk management to identify and mitigate strategic, operational, financial, and compliance risks across all business units, based on our risk appetite. This helps boost risk awareness across the organization.

Risk appetite

The board of Centric has established Centric's risk appetite. This is the degree of risk we as an organization 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 organization.

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. We aim to be a high-performance, self-learning organization, which is why we accept that employees make mistakes, as long as this ultimately 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 are 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 best harness our knowledge of these markets and provide even better service to customers, Centric's organizational structure reflects the four main market segments.

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.

Labor market

Our people are of strategic importance to Centric. Centric appointed a Chief People Officer as on January 01, 2022 with the key task of increasing our attractiveness as an employer. Centric runs a number of programs that aim to increase employee satisfaction and create a culture where learning and self-development are part of the job.

Operations

In 2021, we launched the Harmony program. This program focuses on optimizing the internal business processes, providing information, and implementing a new Centric-wide management information system (ERP system).

Centric In Control Programme

Parallel to implementing a new ERP system, Centric launched a program for an optimal risk management process and a uniform internal control framework for Centric in its entirety.

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 optimizing its privacy program to identify and protect the personal data of 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. 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 organization.

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 social responsibility

The topic of corporate social responsibility (CSR) is more important than ever. As a globally operating service provider, Centric believes in the power of innovation as a driver of sustainable and responsible growth. In 2023, we continued to work to make our products and services sustainable and develop ways to make a positive impact on people, the environment and society with our products and services.

In 2023, Centric gave 17 computer courses on basic computer skills, basic Word skills, and basic Excel skills in several municipalities across the Netherlands. These courses are intended for people with poor job prospects whose poor prospects are further compounded by a lack of computer skills. In 2023, we also worked to improve the accessibility of our applications for people with disabilities (Web Content Accessibility Guidelines (WCAG)), in collaboration with our social partners Swink and 2TestIT.

In our operations domain, we further extended the waste separation process in 2023, including by setting up waste separation stations at our head office. This way, it will be easier to recycle materials or process them in a more sustainable manner. In total, 88% of our waste was given a new lease of life in 2023, which means that we avoided 91 metric tons of carbon emissions in the process. After years of decline, carbon emissions produced by our fleet of vehicles were up five percent in 2023. That said, there was a clear shift in consumption patterns over 2022 and 2023, with a particularly sharp 144% increase in electricity consumption due to the increase in the number of electric vehicles in Centric's fleet.

As we prepare for the European Union's Corporate Sustainability Reporting Directive (CSRD) that we are going to have to abide by from 2025, we launched the strategic ESG program (Environmental, Social and Governance). Within these three pillars, several topics have been classed as material topics for Centric. ESG members from each business unit were involved in setting up the ESG program. In 2024, we will be further fleshing out and implementing the program.

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, i.e., on their impact on people and the environment. The CSRD adds to 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 part of this group of 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 the financial risks arising from sustainability matters and the impact they have on people and the environment.

To simplify and harmonize 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 ESRS 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 as on the 2025 financial year. We have already started gathering and analyzing the relevant data and are closely examining the new standards and guidelines accompanying the Directive. Other than that, we are already taking several measures, especially in the area of our offices, transport (company-leased vehicles), and calculating the associated carbon emissions. The relocation of the data centers referred to earlier in this report is also a key step in reducing 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, June 28, 2024

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 ON DECEMBER 31, 2023

After the proposed profit appropriation

In thousands of euros

	Notes		2023		2022
ASSETS					
Fixed assets					
Intangible fixed assets	1.1	4,064		2,720	
Tangible fixed assets	1.2	6,590		8,034	
Financial fixed assets	1.3	<u>1,638</u>		<u>1,373</u>	
			12,292		12,127
Current assets					
Inventories	2.1	3,242		8,713	
Projects in progress	2.2	7,797		3,905	
Receivables	2.3	197,860		202,697	
Cash	2.4	<u>45,817</u>		<u>35,501</u>	
			254,716		250,816
TOTAL ASSETS			267,008		262,943
EQUITY AND LIABILITIES					
Group equity	3		165,137		162,027
Provisions	4		4,819		5,230
Current liabilities	5		97,052		95,686
TOTAL EQUITY AND LIABILITIES			267,008		262,943

CONSOLIDATED INCOME STATEMENT FOR 2023

In thousands of euros

	Notes		2023		2022
Net sales	6.1	413,311		424,581	
Other operating income	6.2	12,072		563	
Total operating income			425,383		425,144
Purchase price of goods for resale		42,827		43,392	
Outsourced work		101,691		102,185	
Wages and salaries	7.1	217,656		220,317	
Depreciation and impairments	7.2	2,862		3,640	
Other operating costs	7.3	60,351		60,238	
Total operating costs			425,387		429,772
Operating profit/loss			-4		-4,628
Net finance income	8		4,089		215
Profit/loss before tax			4,085		-4,413
Taxation	9		-729		1,009
Income/loss from financial participations			-		1
Profit/loss after tax			3,356		-3,403

CONSOLIDATED CASH FLOW STATEMENT FOR 2023

In thousands of euros

	Notes		2023	2022
Cash flow from operational activities				
Profit/loss after tax			3,356	-3,403
Adjustments for:				
Depreciation and impairments	7.2	2,862	3,640	
Change in deferred tax asset	1.3	-429	17	
Write-down on loans receivable	1.3	160	-	
Change in provisions	4	-411	-2,483	
Interest received on loans	8	-3,434	-879	
Divestments in tangible fixed assets	1.2	11	-306	
			-1,241	-11
Movements in working capital:				
Inventories	2.1	5,471	1,372	
Projects in progress	2.2	-3,892	-1,201	
Receivables	2.3	7,183	-6,952	
Current liabilities	5	2,741	-1,666	
			11,503	-8,447
Cash flow from business activities				
			13,618	-11,861
Interest received		1,088	194	
Corporate income tax paid		-1,364	-3,099	
Interest paid		-12	-363	
			-288	-3,268
Cash flow from operational activities				
			13,330	-15,129
Cash flows from investment activities				
Investments in intangible fixed assets	1.1	-1,354	-2,690	
Investments in tangible fixed assets	1.2	-1,556	-1,372	
Cash flows from investment activities				
			-2,910	-4,062
Cash flows from financing activities				
Dividends paid	12	-	-10,000	
Change in cash pool	1.3	-	10,555	
Cash flows from financing activities				
			-	555
Net cash flow				
			10,420	-18,636
Foreign exchange differences on cash			-104	-496
Increase/(decrease) in cash				
	2.4		10,316	-19,132
Balance as on January 1			35,501	54,633
Change in period			10,316	-19,132
Balance as on December 31				
			45,817	35,501

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2023

In thousands of euros

		2023		2022
Profit/loss after tax	3,356		-3,403	
Translation differences for operations abroad	-246		-193	
Total of changes recorded directly in equity		-246		-193
Total income		3,110		-3,596

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 organization 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 judgments 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 judgments 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 realized via transactions with third parties outside the Group. Unrealized 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 (legal merger with Centric Netherlands B.V. as on 8/31/2023)
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 SARM, Luxembourg
Centric IT Solutions Luxembourg SA, Luxembourg
Summit Retail B.V.B.A. (99,9%), Oostkamp (liquidated as on 9/29/2023)
Centric Germany GmbH, Essen
Centric IT Solutions GmbH, Essen
Centric Cloud Solutions, Hamburg
Centric IT Solutions Holding AG, Eggenwil
Centric France SAS, Olivet (dissolved as on 12/27/2022)
Centric IT Solutions Romania SRL, Iași
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 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 recognized 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 recognized as a deferred credit item.

Companies included in the scope of consolidation continue to be consolidated until they are sold; deconsolidation takes place as on 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 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.

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 recognized 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 recognized 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 recognized in the balance sheet are measured at their (amortized) 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 amortization. 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 capitalized 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 capitalized development costs. Capitalized development costs are amortized over the expected useful life of the asset, starting from the time at which commercial production begins.

Research expenditure is recognized 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 capitalized and amortized 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. A provision is made for this 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.

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 recognized in profit or loss.

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

Deferred tax asset

Deferred tax assets are recognized in the case of utilizable tax losses or deductible temporary differences between the value of the assets and liabilities as per the tax regulations on the one hand and the measurement basis applied in these financial statements on the other, with the proviso that deferred tax assets are only recognized 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 utilized.

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 be held until maturity. These loans are initially measured at fair value and subsequently measured at amortized 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 realizable 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 realizable value is the estimated sales price minus directly attributable selling costs. Obsolescence of inventories is taken into account when determining the net realizable 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, previously recognized losses and declared installments. 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 recognized at the fair value, including transaction costs, of the consideration. After initial recognition, receivables are measured at amortized 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 recognized 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 bank accounts of the company are included in the interest and balance compensation of Centric Holding B.V., for which joint and several liability has been agreed.

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 recognized 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 on 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 recognized in the balance sheet if 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

Judgments 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.

Deferred tax liabilities

Deferred tax liabilities are recognized 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 recognized at fair value. Current liabilities are subsequently measured at amortized 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 realizable value of the goods or services supplied and the costs and other expenses over the period. Revenue on transactions is recognized in the period in which they are realized.

Net sales

Revenue from sales of goods

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

Revenue from services rendered is recognized in the income statement when the revenue amount can be determined reliably, collection of the associated compensation is likely, the extent to which the services have been performed as on the balance sheet date can be determined reliably and the costs incurred or any costs still to be incurred in order to complete the service can be established reliably.

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

Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction as on the balance sheet date. The stage of completion is determined by assessing the activities or services performed up to that date as a percentage of all the services to be performed, or the costs incurred up to that point in proportion to the total estimated costs of the services to be performed.

Licence fees

License fees are received for the use of assets, namely software for which Centric holds the intellectual property rights. Revenue is recognized 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 license.

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 recognized 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 recognized in profit or loss in accordance with the employment terms.

Dutch pension plans

Centric Holding B.V. recognizes 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 recognized as personnel expenses as soon as they fall due. Contributions paid in advance are recognized 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 recognized 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 recognized 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 on the balance sheet date.

Amortization and depreciation of fixed assets

Intangible fixed assets, including goodwill, are amortized 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 recognized on a straight-line basis, taking into account the effective interest rate of the corresponding assets and liabilities. When recognizing interest charges, the recognized transaction costs for the loans received are taken into account.

Foreign exchange differences

Exchange differences that occur when settling or translating monetary items are recognized 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 recognized 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 eurozone. The subsidiaries outside the eurozone generally trade in their own national currencies. The transaction risk for shareholders' equity and the loans extended to subsidiaries outside of the eurozone are 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 Centric Holding B.V.'s creditworthiness check and based on credit periods 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.

1.1 Intangible fixed assets

In thousands of euros

	Software in development	Goodwill	Advance payments	Total
Balance as on January 1, 2023				
Cost	1,961	4,050	729	6,740
Accumulated amortization	-	-4,020	-	-4,020
Carrying amount	1,961	30	729	2,720
Changes				
Investments	1,354	-	-	1,354
Amortization	-	-10	-	-10
Transfers	-71	-	71	-
Net	1,283	-10	71	1,344
Balance as on December 31, 2023				
Cost	3,244	4,050	800	8,094
Accumulated amortization	-	-4,030	-	-4,030
Carrying amount	3,244	20	800	4,064
Amortization rates	20%	20%	20%	

In 2022, Centric Netherlands B.V. began implementing a new ERP system.

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

1.2 Tangible fixed assets

In thousands of euros

	Buildings and renovations	Machines and plant	Other fixed operating assets	Total
Balance as on January 1, 2023				
Cost	11,957	15,116	12,479	39,552
Accumulated depreciation	-10,670	-11,741	-9,107	-31,518
Carrying amount	1,287	3,375	3,372	8,034
Changes				
Investments	328	1,000	228	1,556
Divestments	-634	-1,221	-263	-2,118
Depreciation	-307	-1,671	-874	-2,852
Depreciation on divestments	633	1,205	273	2,111
Foreign exchange differences	-	5	-146	-141
Net	20	-682	-782	-1,444
Balance as on December 31, 2023				
Cost	11,651	14,895	12,444	38,990
Accumulated depreciation	-10,344	-12,202	-9,854	-32,400
Carrying amount	1,307	2,693	2,590	6,590
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:

	Deferred tax asset	Loans receivable	Financial participations	Total
Balance as on January 1, 2023				
Additions	508	-	-	508
Write-down	-79	-160	-	-239
Foreign exchange differences	-3	-	-	-3
Result	-	-	-1	-1
Balance as on December 31, 2023				
	1,038	552	48	1,638

Deferred tax asset

In light of the ruling of the Enterprise Chamber on November 3, 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 January 1 to November 3 and the period from November 4 to December 31.

The tax receivable of €2.0 million in relation to the first period falls within the tax group with Sanderink Investments B.V. As that company is also the taxpayer for the tax group, the receivable of €2.0 million is deemed to be a receivable from Sanderink and recognized under current receivables.

For the second period, Centric Holding B.V. is separately liable for tax. In the period starting November 4, 2022, and ending December 31, 2023, a tax loss was incurred that can be offset against future profits. The deferred tax asset associated with the total loss over the period from November 4, 2022, to December 31, 2023, totaled €0.8 million.

The loss carryforwards in Belgium amounted to €0.9 million in 2023 (2022: €1.6 million). The deferred tax asset measured at 25% has declined as a result.

In addition, there were compensable losses totaling €16.4 million that have not been measured, of which €9.0 million in Germany, €4.7 million in Norway, and €2.7 in Sweden.

2024 Global Minimum Tax Act ("Pillar II")

On December 19, 2023, the 2024 Global Minimum Tax Act ("Pillar II") was enacted in the Netherlands. Centric falls within the scope of application of this legislation, which entered into force as on December 31, 2023, and applies to financial years starting on or after December 31, 2023. Centric has applied the compulsory temporary exemption with respect to recognition of and notes to deferred tax positions for Pillar II, as provided for in Guideline RJ 272.102a. Under this legislation, Centric will be liable to pay additional tax on the difference between the effective tax rate in the various tax jurisdictions in which Centric operates, as calculated based on Pillar II, and the minimum rate of 15%.

Centric operates in the Netherlands, Belgium, Germany, Norway, Sweden, Romania and Lithuania. The statutory tax rate in these countries is 15% or higher, without applying any tax breaks and/or exemptions that can reduce the effective tax rate to below 15%. On top of that, since Centric has a real economic presence in all those jurisdictions, Centric is therefore not (objectively) expected to be affected by this legislation.

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 a loan to another affiliated company in 2020 at an interest rate of 4% per annum.

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 recognized its share of the losses. A provision of €108,000 has been established for CAG Ventures C.V.

2.1 Inventories

In thousands of euros

	2023	2022
Goods for resale	3,242	8,713
	3,242	8,713

2.2 Projects in progress

In thousands of euros

	2023	2022
Projects in progress	7,797	3,905
	7,797	3,905

Projects in progress with a credit balance are presented as liabilities under "Current liabilities".

2.3 Receivables

In thousands of euros

	2023	2022
Trade accounts receivable	59,817	56,471
Provision for uncollectible debt	-1,262	-1,139
Receivables from other affiliated companies	116,682	120,014
Taxes and social security contributions	882	697
Prepaid pension contributions	763	820
Sales not yet invoiced	4,438	8,296
Prepaid costs	15,618	15,841
Other receivables	922	1,697
	197,860	202,697

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:

	2023	2022
Balance as on January 1	1,139	902
Additions	383	310
Withdrawals	-56	-10
Releases	-202	-61
Foreign exchange differences	-2	-2
	1,262	1,139

Receivables from other affiliated companies

In thousands of euros

	2023	2022
Sanderink Investments B.V. (loan receivable)	84,041	80,607
Sanderink Investments B.V. (cash pool)	27,674	27,339
Sanderink Investments B.V. (income tax)	2,037	2,182
Strukton group	850	8,110
Antea group	1,856	1,557
Receivables from other affiliated companies	224	219
	116,682	120,014

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 a contractual rate of 1%. The loan agreement specified that the loan had to be repaid together with the interest on April 1, 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.

Furthermore, on April 24, 2024, the Court of Amsterdam also ordered Sanderink Investments B.V. to pay the statutory interest at the rate stated in Article 6:119 of the Dutch Civil Code on the amount of €80 million, on top of the contractual interest payable, as on April 2, 2023. Amounting to €3.2 million for the period starting April 2, 2023, and ending December 31, 2023, this statutory interest has been recognized under the receivable from Sanderink Investments B.V. as part of the loan receivable, as well as under interest income from other affiliated companies.

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 after the accounts of all entities have been set off against one another 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 recognized 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 May 1, 2022, and was further reduced to €15 million on May 1, 2023. The permitted debit balance was due to be reduced by a further €15 million to zero by no later than May 1, 2024.

The board decided to have Centric Holding B.V. repay the final two installments on May 1, 2023, and October 3, 2023, meaning that Sanderink Investments B.V. ceased to be part of the cash pool as on October 3, 2023. For this reason, the amount of €27.6 million that was outstanding on December 31, 2023, is disclosed as a short-term receivable. Given that this receivable is not based on a loan/financing agreement, interest has not been recognized.

Sanderink Investments B.V. (income tax)

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

Taxes and social security contributions

In thousands of euros

VAT
Payroll taxes
Social security contributions
Corporate income tax

	2023	2022
VAT	25	87
Payroll taxes	162	153
Social security contributions	112	94
Corporate income tax	583	363
	882	697

Sales not yet invoiced

The "Sales not yet invoiced" item does not include any amount (2022: €0.3 million) with a term of more than 1 year.

Prepaid costs

Prepaid cost include €1.0 million (2022: €1.9 million) with a term of more than 1 year.

2.4 Cash

The amount recognized as cash in the balance sheet is at the free disposal of the company and its subsidiaries, except for an amount of €92,000 (2022: €24,000) held in a G account.

3 Group equity

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

4 Provisions

In thousands of euros

	2023	2022
Provision for anniversary allowances	3,085	3,063
Provision for claims	818	1,188
Pensions provision	601	602
Provision for deferred taxes	153	153
Provision for financial participation	108	108
Other	54	116
	4,819	5,230

The provisions developed as follows:

In thousands of euros

	Claims	Pension	Anniversary allowances	Deferred taxes
Balance as on January 1, 2023	1,188	602	3,063	153
Additions	775	22	777	-
Releases	-366	-22	-	-
Withdrawals	-779	-	-754	-
Foreign exchange differences	-	-	-1	-
Balance as on December 31, 2023	818	602	3,085	153
Of which:				
Term of 1 year or less	818	-	-	-
Term of more than 1 year	-	602	3,085	153

In thousands of euros

Balance as on January 1, 2023

Additions

Releases

Withdrawals

Foreign exchange differences

Balance as on December 31, 2023

of which:

Term of 1 year or less

Term of more than 1 year

	Financial participation	Other	Total
Balance as on January 1, 2023	108	116	5,230
Additions	-	14	1,588
Releases	-	-	-388
Withdrawals	-	-76	1,609
Foreign exchange differences	-	-1	-2
Balance as on December 31, 2023	108	53	4,819
of which:			
Term of 1 year or less	-	53	871
Term of more than 1 year	108	-	3,949

Pensions provision

Centric Germany GmbH has recognized 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 = 1.83%
- Expected remaining years of service for employees = 15 years
- Salary increase = 1.5% per annum
- Mortality table = Heubeck-Richttafeln 2018 G

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

Provision for deferred taxes

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

5 Current liabilities

In thousands of euros

	2023	2022
Trade accounts payable	29,753	33,117
Pension liabilities	268	247
Taxes and social security contributions	11,864	13,459
Personnel expenses payable	20,391	20,049
Accrued expenses & deferred income	11,744	12,288
Sales invoiced in advance	15,433	14,251
Projects in progress	4,596	340
Other liabilities	3,003	1,935
	97,052	95,686

General

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

Taxes and social security contributions

In thousands of euros

	2023	2022
VAT	2,660	3,630
Payroll taxes	4,743	5,134
Social security contributions	4,373	4,695
Corporate income tax	88	-
	11,864	13,459

Accrued expenses & deferred income

The "Accrued expenses and deferred income" item does not include any amounts (2022: €0.3 million) with a term of more than 1 year.

Sales invoiced in advance

The "Sales invoiced in advance" item includes a sum of €1.8 million (2022: €1.3 million) with a term of more than 1 year.

Other liabilities

The "Other liabilities" item does not include any amounts (2022: €0 million) with a term of more than 1 year.

Off-consolidated balance sheet assets, commitments and liabilities

Contingent assets

As a result of the lien on the shares held in Centric Holding B.V. by Sanderink Investments B.V., the company has additional collateral for the repayment of the loan, including interest, of €84.0 million (balance on December 31, 2023) granted to Sanderink Investments B.V.

Contingent liabilities

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

(Multi-year) financial liabilities

Purchasing obligations totaling €3.5 million are not recognized in the balance sheet (2022: €2.8 million). These obligations expire as December 31, 2025.

Centric Holding B.V. and its financial participations have issued bank guarantees totaling €2.3 million (2022: €3.5 million).

Centric Nordic Holding AS and its financial participations have a credit facility totaling 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

	2023	2022
Within 1 year	12,773	12,792
After 1 year but within five years	31,231	29,242
After five years	11,469	2,485
	55,473	44,519

Liability under a tax group arrangement

Until November 3, 2023, 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 November 3, 2022, the Dutch Tax Authority took the decision to terminate the tax group as on that date. Up to November 3, 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 November 4, 2022, with Centric Holding B.V. as the parent company. The Tax Authority granted this application. As from November 4, 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.

6.1 Net sales

In thousands of euros

	2023	2022
Sales in the Netherlands	292,838	307,301
Sales in other EU countries	90,595	87,188
Sales in other European countries	28,292	29,110
Other	1,586	982
	413,311	424,581

Net sales is divided into key categories as follows:

In thousands of euros

	2023	2022
Trade	48,175	48,002
Licences	6,796	7,359
Maintenance and management	198,143	194,197
Services	157,780	172,332
Other	2,417	2,691
	413,311	424,581

6.2 Other operating income

As on June 1, 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 organizations 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. It is divided over the "Net sales," "Operating income," "Outsourced work," and "Other operating costs" items.

7.1 Wages and salaries

In thousands of euros

	2023	2022
Salaries	179,140	180,767
Social security contributions	29,429	30,006
Pension costs	9,087	9,544
	217,656	220,317

Average number of employees

During 2023, 3,120 employees were employed on a full-time basis (2022: 3,327).
Of these employees, 1,194 worked outside the Netherlands (2022: 1,214).

In FTE

	2023	2022
Senior management	38	41
Sales and marketing	145	168
General administration	330	376
Production	2,607	2,742
	3,120	3,327

7.2 Amortization, depreciation and impairments

In thousands of euros

	2023	2022
Amortization of intangible fixed assets	10	88
Depreciation of tangible fixed assets	2,852	3,552
	2,862	3,640

7.3 Other operating costs

In thousands of euros

	2023	2022
Other personnel expenses	25,457	26,552
Office expenses	15,197	15,277
Communication expenses	1,364	1,342
Accommodation	10,747	11,796
Selling costs	3,525	3,838
Temporary agency staff/other temporary staff	3,611	1,303
Change in provisions	-920	-1,190
Miscellaneous costs	1,370	1,320
	60,351	60,238

In the reporting year, €6.2 million was recognized in relation to data center relocation costs. This amount is divided between the "Purchase price of goods for resale," "Outsourced work," and "Wages and salaries" items (2022: €4.0 million in total).

Audit firm's fees:

In thousands of euros

	RSM NL	RSM Network	Other issues	2023	2022
Audit of the financial statements	397	244	18	659	731
Other audit engagements	-	2	550	552	675
Tax consultancy	-	-	117	117	170
Other non-audit services	29	-	20	49	227
	427	246	705	1,377	1,803

8 Financial income and expenses

In thousands of euros

	2023	2022
Interest income	4,063	194
Interest income from other affiliated companies	3,740	879
Interest expenses	-3,280	-363
Interest expenses to other affiliated companies	-12	-
Foreign exchange differences	-422	-495
	4,089	215

Interest income and expenses were received and paid in the course of the year. Interest income from other affiliated companies in 2023 was largely added to the outstanding amount of the loans.

9 Taxation

In thousands of euros

	2023	2022
Profit/loss before tax	4,085	-4,413
Deferred corporate income tax	447	90
Current corporate income tax (current period)	-1,397	1,068
Corporate income tax in relation to previous periods	221	-149
	-729	1,009

The effective tax rate differs from last year's rate due to the corporate income tax paid outside the Netherlands, utilizable losses at Centric Germany that have not been recognized, and corrections to prior years at Centric Nordics.

Subsequent events

Enterprise Chamber inquiry

On January 27, 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. At the time of preparation of these financial statements, a draft version of the inquiry report had been shared with everyone heard during the inquiry. Seeing as this draft report was not made public, Centric is not yet able to evaluate the substance of the report and is, therefore, unable to assess the potential consequences. It will be at the Enterprise Chamber's discretion whether or not this report will be made public. The report will in any case be a factor in the Enterprise Chamber's decision on converting the preliminary ruling rendered on November 3, 2022, into a final ruling.

The intended sale of Centric

At the time of preparation of these financial statements for the 2023 financial year, Centric is in talks with various parties that have shown an interest in buying the company. The sale is in keeping with Centric's commitment to guaranteeing the continuity of its services to key companies and organizations for the long term, while also being in line with the Enterprise Chamber's rulings.

The sale of the company will be effected by selling the shares held by Centric Holding B.V. in financial participations that jointly make up the company. After this sale, Centric Holding B.V. will no longer hold any financial participations in other companies. Certain contracts and liabilities relating to Centric but entered into by Centric Holding B.V. will, along with any associated or related liabilities, also be transferred to the new owner of Centric Holding B.V.'s financial participations. This includes not only liabilities under rental contracts and leases but also items such as insurance policies and contractual arrangements with parties such as external consultants.

Company-only financial statements

BALANCE SHEET AS ON DECEMBER 31, 2023

After the proposed profit appropriation

In thousands of euros

ASSETS	Notes		2023		2022
Fixed assets					
Financial fixed assets	10	<u>140,100</u>	140,100	<u>138,070</u>	138,070
Current assets					
Receivables	11	<u>114,801</u>	114,801	<u>87,816</u>	87,816
TOTAL ASSETS			254,901		225,886
 EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	12	18		18	
Share premium		80,000		80,000	
Legal reserves		3,215		2,045	
Other reserves		<u>81,904</u>	165,137	<u>79,964</u>	162,027
Current liabilities	13		<u>89,764</u>		<u>63,859</u>
TOTAL EQUITY AND LIABILITIES			254,901		225,886

INCOME STATEMENT FOR 2023

In thousands of euros

	2023	2022
Income/loss from financial participations	1,498	-3,282
Other income and expenditure after tax	1,858	-121
Profit/loss after taxes	3,356	-3,403

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

General

The company-only 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-only 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	Deferred tax asset	Loan receivable	Financial participations	Total
Balance as on January 1, 2023	-	501	137,569	138,070
Transfer from Centric Netherlands B.V.	267	-	-	267
Additions	511	-	-	511
Income/loss from financial participations	-	-	1,498	1,498
Foreign exchange differences	-	-	-246	-246
Balance as on December 31, 2023	778	501	138,821	140,100

Deferred tax asset

In light of the ruling of the Enterprise Chamber on November 3, 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 January 1 to November 3 and the period from November 4 to December 31.

The tax receivable of €2.0 million in relation to the first period falls within the tax group with Sanderink Investments B.V. As that company is also the taxpayer for the tax group, the receivable of €2.0 million is deemed to be receivable from Sanderink and recognized under current receivables.

For the second period, Centric Holding B.V. is separately liable for tax. In the period starting November 4, 2022, and ending December 31, 2023, a tax loss was incurred that can be offset against future profits. The deferred tax asset associated with the total loss over the period from November 4, 2022, to December 31, 2023, totaled €0.8 million.

Loan receivable

In 2020, Centric Holding B.V. made a loan totaling €0.5 million to another affiliated company, bearing interest at 4% per annum.

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

	2023	2022
Trade accounts receivable	-	8
Receivables from group companies	634	-
Receivables from other affiliated companies	113,772	87,670
Taxes and social security contributions	183	138
Prepaid costs	212	-
	114,801	87,816

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

	2023	2022
Sanderink Investments B.V. (loan receivable)	84,041	80,607
Sanderink Investments B.V. (cash pool)	27,674	-
Sanderink Investments B.V. (income tax)	2,037	-
Strukton group	-	7,063
Group companies	20	-
	113,772	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 a contractual rate of 1%. The loan agreement specified that the loan had to be repaid together with the interest on April 1, 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.

Furthermore, on April 24, 2024, the Court of Amsterdam also ordered Sanderink Investments B.V. to pay the statutory interest at the rate stated in Article 6:119 of the Dutch Civil Code on the amount of €80 million, on top of the contractual interest payable, as on April 2, 2023. Amounting to €3.2 million for the period starting April 2, 2023, and ending December 31, 2023, this statutory interest has been recognized under the receivable from Sanderink Investments B.V. as part of the loan receivable, as well as under interest income from other affiliated companies.

Taxes and social security contributions

In thousands of euros

	2023	2022
VAT	183	96
Corporate income tax	-	42
	183	138

The corporate income tax receivable in relation to the period until November 3, 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
Balance as on December 31, 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	-
Balance as on December 31, 2022	18	80,000	2,045	79,964	162,027
Profit/loss for financial year	-	-	-	3,356	3,356
Translation differences reserve	-	-	-246	-	-246
Financial participation reserve	-	-	1,416	-1,416	-
Balance as on December 31, 2023	18	80,000	3,215	81,904	165,137

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.
- Financial participation reserve for profits from financial participations that are not available for distribution.

This concerns capitalized development costs in the Netherlands (€4.0 million; 2022: €2.6) and legal reserves in Belgium (€0.4 million; 2022: €0.4 million) and Romania (€0.4 million; 2022: €0.4 million).

In thousands of euros

	Exchange rate differences	Financial participation reserve	Total
Balance as on January 1, 2023	-1,380	3,425	2,045
Additions	-	1,416	1,416
Withdrawals	-246	-	-246
Balance as on December 31, 2023	-1,626	4,841	3,215

2023 profit appropriation

At the Annual General Meeting of Shareholders, at which the 2023 financial statements will be adopted and approved, the board will propose that the profit of €3.4 million be added to the "Other reserves". This proposal has been incorporated into the balance sheet as on December 31, 2023.

13 Current liabilities

In thousands of euros

Debts to credit institutions
Trade accounts payable
Invoices payable
Group companies

	2023	2022
Debts to credit institutions	87,218	63,541
Trade accounts payable	542	60
Invoices payable	213	207
Group companies	1,791	51
	89,764	63,859

Off-balance sheet assets, commitments and contingencies

Contingent assets and liabilities

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

(Multi-year) financial liabilities

Centric Holding B.V. has issued bank guarantees totaling €0.2 million (2022: 0).

Liability under a tax group arrangement

Until November 3, 2023, 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 November 3, 2022, the Dutch Tax Authority took the decision to terminate the tax group as on that date. Up to November 3, 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 November 4, 2022, with Centric Holding B.V. as the parent company. The Tax Authority granted this application. As from November 4, 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.

Directors' remuneration

In thousands of euros

	2023	2022
Executive directors	1,353	1,095
Non-executive directors	200	388
	1,553	1,483

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, June 28, 2024

Executive Director:

P.N. Wakkie

Non-executive directors:

W.L. Meijer (chairman)

D.G.T.M. Heerschop

P. Schoehuijs

OTHER INFORMATION

RULES ON APPROPRIATION OF PROFIT LAID DOWN IN 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 2023 financial statements included in the annual report

Our opinion

We have audited the 2023 financial statements of Centric Holding B.V., based in Gouda.

In our opinion, the financial statements contained in this annual report provide a true and fair view of the financial position of Centric Holding B.V. on December 31, 2023, and of the profit for 2023, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company-only balance sheets as on December 31, 2023
2. the consolidated and company-only income statement for 2023; and
3. the notes, comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards of Auditing. Our responsibilities under those standards are 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 and our findings must be viewed in that context and not as separate opinions or conclusions.

Fraud risks audit approach

We identified and assessed the risk of material misstatement to the financial statements due to fraud. During our audit, we gained insight into the entity and its environment, the components of the internal control system, including the risk assessment process, and the way in which management responds to fraud risks and monitors the internal control system. We evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. As laid down in the Dutch auditing standards, we presumed that fraud risks exist in revenue recognition and possible management override of internal controls. Management is in a unique position to perpetrate fraud because of its 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 the fraud risk analysis conducted by the board as stated in the management report. We have identified the following fraud risks:

- the risk of management override of controls;
- risks in revenue recognition with regard to the accuracy of sales due to recognition of manual corrections.

Risk of management override of controls

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

We addressed this fraud risk through 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 focused specifically on access security in the IT system and whether the segregation of duties might be overridden in access to the IT system;
- we carried out an analysis of the journal entries in the current and subsequent financial year. We discussed the outcome of our analysis with the finance department and, as necessary, to gain a good understanding of these journal entries, backed this up with supporting information;
- we performed audit procedures with regard to key estimates and judgments made by the board, including those relating to claims, ongoing legal proceedings, and measurement of receivables from affiliated parties. We analyzed estimates both retrospectively and prospectively in order to form an opinion on the quality of estimates made by the board.

Risks in revenue recognition with regard to the accuracy of sales

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

We addressed this fraud risk through the following audit procedures:

- we evaluated the design and the existence of internal controls in the revenue recognition processes, including time registration, project administration and goods movements;
- we focused specifically on access security in the IT system and whether the segregation of duties might be overridden in access to the IT system;
- assessing journal entries and other non-routine adjustments to 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 verify that the revenue was recognized in the correct period;
- we investigated whether any credit notes were recorded in the next financial year that could be an indication of incorrectly recognized revenue in the current financial year;
- we investigated the periodicity of sales and discussed it with the finance department and, as necessary, backed it up with supporting documentation.

Going concern audit approach

The board prepared the financial statements based on a going concern assumption. The board 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 other things:

- considering whether the management's going concern assessment contains all relevant information that we became aware of in our audit and discussing the most important assumptions and principles in the going concern assessment with the board;
- checking whether the board has identified events or circumstances that may cause reasonable doubt as to the entity's ability to continue as a going concern;
- evaluating the estimated operating profit and associated cash flows for the next financial year, taking into account developments in the industry, staffing, management continuity and our knowledge acquired during the audit;
- assessing the most recent interim figures;
- obtaining information from the board about any going concern risks after the period of the going concern assessment carried out by the board.

Emphasis on the note to receivables from other affiliated companies

We want to draw attention to the note to the "Receivables from other affiliated companies" item. These receivables include receivables from an affiliated company for a loan, cash pool liability, and corporate income tax. The note to point 2.3 on pages 30 and 31, as well as to point 11 on page 44 describes the existence and measurement of the receivables from this affiliated company. The receivables consist of a loan of €84.0 million (including interest totaling €4 million that has accrued on the loan and been awarded to Centric in the legal proceedings), a cash pool receivable of €27.7 million, and a receivable on account of corporate income tax of €2 million.

Our opinion has not been 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 activities stated below, we are of the opinion that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information that a management report and other information must contain under Part 9 of Book 2 of the Dutch Civil Code.

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

By performing these activities, we have complied with the requirements as stated in Part 9 of Book 2 of the Dutch Civil Code and in 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.

The board is responsible for preparing the management report and the other information required pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the board in relation to the financial statements

The board is responsible for preparing and accurately presenting the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code.

In this respect, the board is also responsible for exercising internal controls to the extent considered necessary by the board in order to prepare the financial statements in a form free of material misstatements, whether due to fraud or error.

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

Our responsibilities in respect of the audit of the financial statements

It is our responsibility to plan and carry out an audit in a way that allows us to obtain sufficient and appropriate audit evidence for the opinion we have been asked to provide.

We performed our audit to a high, rather than absolute, degree of assurance, meaning that our audit may not detect all material errors and fraud that may arise.

These are considered to be material if it is reasonable to expect that these errors and fraud either individually or collectively, may affect the economic decisions made by users 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 skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included the following activities:

- identifying and assessing the risks of the financial statements containing material misstatements as a consequence of errors or fraud and, in response to these risks, designing and performing audit procedures and obtaining audit evidence that is adequate for supporting our opinion. In the event of fraud, the risk of a material misstatement not being identified is greater than in the event of errors. In the case of fraud there may be conspiracy, forgery, deliberate failure to record transactions, deliberate false representation of material fact, or breach of internal controls;
- gaining insight into the internal controls relevant to the audit with the objective of selecting audit procedures that are appropriate in the circumstances. These procedures are not intended to result in us expressing an opinion on the effectiveness of the entity's internal control measures;
- evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the board, as well as evaluating the notes to these in the financial statements;
- determining whether the board's going concern assumption is appropriate. Furthermore, determining, on the basis of the audit evidence, whether there are conditions or events that cast substantial doubt on the entity's ability to continue as a going concern. If we conclude that there is substantial doubt about the entity's ability to continue as a going concern, we are obligated to highlight the related notes to the financial statements and, if we conclude that the notes are inadequate, adapt our report. Our conclusions are based on the information made available to us up to the date of our audit report. Future conditions or events could, however, result in an entity no longer being able to continue as a going concern;
- evaluating the presentation, structure and content of

- the financial statements and the notes to these; and
- evaluating whether the financial statements present a true and fair view of the summarized transactions and events.

Given that we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and scope of the audit procedures to be carried out for the group entities. Our prime considerations in this were the size and/or risk profile of the group entities or operations. With these considerations in mind, we selected group entities for which an audit or review needed to be carried out on the complete set of financial information or specific items.

We liaised with the board on, among other matters, the planned scope and timing of the audit and on material findings that emerged during our audit, including any material shortcomings in internal controls.

Rotterdam, June 28, 2024

RSM Netherlands Accountants N.V.

M. Baks RA

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