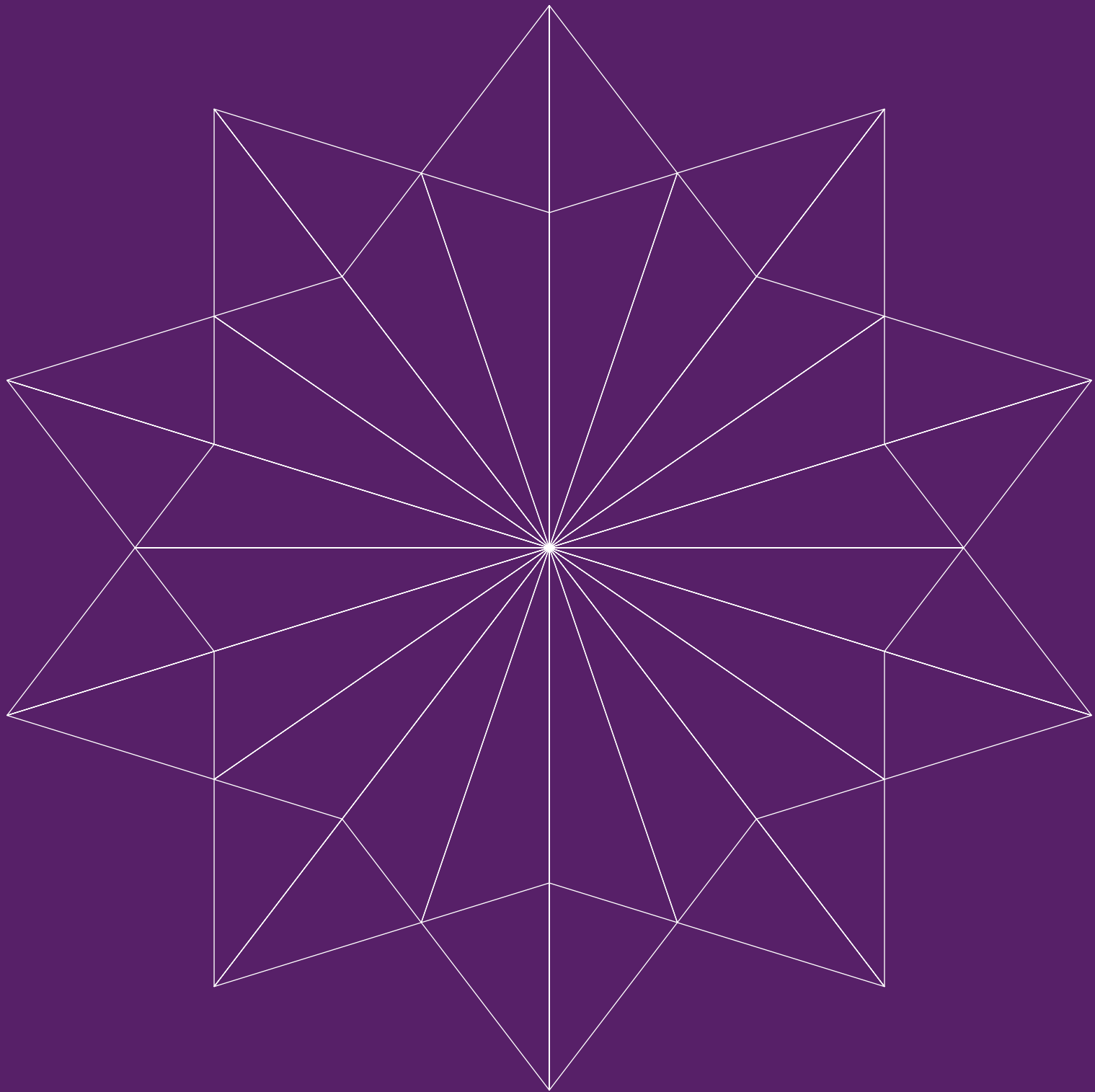


2022 \ SCHUBERG
ANNUAL REPORT \ PHILIS



RESILIENCE, \ SCHUBERG
TAILORMADE \ PHILIS

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The kaleidoscopic images throughout this book capture the dynamism of the world today. Societies, markets, and environments are in dramatic flux, and the challenges we face constantly shapeshift. But just as readily, so do people and technology. When we design and build IT in a flexible, scalable way, we find that organizations become more resilient. Together, we can then bring unexpected or unknown objects into a clear scope of view from a multitude of perspectives, just as a kaleidoscope would. And on seeing these well-defined, even beautiful patterns, we can also evolve, living and doing business in a reality that's always on the brink of a vivid new configuration.

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Directors' report





There's no digital strategy without resilience. That's what one of our customers said, and we couldn't agree more.

When Schuberg Philis was established two decades ago, our three founders knew this.

Being tasked with outsourcing mission-critical IT and taking care of a substantial share of the Netherlands' vital infrastructure, we had no choice but to anticipate future events that would require the constant ability to be able to rebound or spring back into shape – resilience. We're resilient because we've always had to be.

Looking back, we must acknowledge that 2022 was another year characterized by challenges and unexpected changes. Organizations everywhere were impacted by the war in Ukraine and its devastating humanitarian consequences. We are not immune to effects, but the direct impact on Schuberg Philis was limited. The conflict's knock-on effects emerged in global inflation, soaring energy prices, and supply chain squeezes. Plus, cyberthreats were more rampant than ever, accompanied by a greater diversification of attacks and a dramatic rise in ransomware. All this economic uncertainty, digital insecurity, and geopolitical turmoil, moreover, gained momentum in the wake of the COVID crisis, with its aftereffects still left to contend with. These jostling circumstances moved each of us as individuals too.

However, being a company with a clear strategy and a strong people-first culture let us tackle 2022 and translate its rollercoaster turns and drops into the needs of our customers. In fact, during the pandemic's first two years, we onboarded 130 new colleagues. Many couldn't step foot in our office but nevertheless bonded with their teams, learned – and excelled in – their daily roles, and became meaningfully embedded in Schuberg Philis. We attribute a lot of that to our teams, the powerhouses of resilience who pass down our company DNA. Since one of our founding principles is that teams form the cornerstones of our company, our colleagues came back to the office easily, picking up where they'd left off.

Though we'd made fine use of video conferencing and streaming tools pre-pandemic, being onsite reanimated our natural habit of building personal relationships. This happened over lively lunches at our restaurant, but also across various events held to rekindle connections within the company and its offshoot communities. Family Day, for example, drew in 311 of our colleagues and 784 of their loved ones for a Saturday program packed with activities, entertainment, food, and drinks. Over the weeks, we exchanged knowledge and showed appreciation of each other's efforts by hosting special events, such as team activities, a Share the Load meetup, and our firstever Tech Market.

A culture of connections

This culture of connections equally applies to relationships that go beyond our buildings. In 2022, we reconnected with customers via in-person meetings, roundtables, workshops, and concept sprints at Lab271 as well as for meals tailored by our chefs at the Captain's Table. And in all our time together, we listened to how seriously they take resilience. Our customers recognize the risk of cyberattacks – notably ransomware, being one of 2022's greatest cybersecurity threats – and understand that the C-suite is now accountable for digital trust too. The scarcity of IT talent is also a top-of-mind issue, with organizations seeking ways to bridge the skills gap, codify precious knowledge, and attract new generations of digitally native workers.

To take the next step on their business journeys, we're therefore enabling customers to pursue smarter, more sustainable sourcing models. For some, this has meant making strategic decisions about which activities they want to plan-build-run inhouse and which they want to partner with experts for. Relatedly, we've committed ourselves to deepening our expertise in software, data engineering, and data science – focus areas that the future relies on. As we see it, resilience

is about laying down a solid foundation that makes space for investing in new capabilities and experimenting with ways of working. We know that when companies can continue to innovate, they accelerate their business models. For example, they achieve better ROI on their current assets by transitioning to more sustainable production processes, thus boosting revenue and employee happiness.

The solutions we offer might borrow from our new Industry 4.0 proposition, which uses data- and AI-driven products and tools to yield actionable insights for business acceleration. Or they might rely on our enablement platform, a customized cloud computing

configuration that uses central coordination and thorough automation to transform digital operations. Actually, our i4 proposition led to the Connected Factory Edge IoT kit that we implemented for HEINEKEN. At AWS re:Invent 2022 in Las Vegas, we were honored to take the stage as a keynote speaker, sharing how our solution could leverage the public cloud for enterprise manufacturing. The AWS Data and Analytics Partner of the Year award we received validated all that we've so far invested in such capabilities.

For 2023 and beyond, we expect to keep moving up the stack, creating more business value for our customers. We'll do this not by reinventing any wheels, but by continuing our clear strategy and, as part of that, deploying our trinity. That's what we call our three-pronged approach to operations – it consists of an integrated multidisciplinary team; our mission-critical way of working; and the standardized building blocks that comprise our reusable digital assets. And resilience will remain at the core of how we engage all focus areas.

Our long-term strategy

In 2022, Schuberg Philis continued to deliver growth in revenue. Our revenue in 2022 was € 97.1 million, which was 7.6% higher than 2021's € 90.2 million. Our net profit was € 7.2 million, which was 1.2% lower than the prior year, while our net margin went down to 7.4%, compared to 8.0% in 2021. At the end of 2022, our future contracted revenue was € 119.8 million. Our cash position was € 13.8 million, compared to € 11.1 million in 2021. Solvency was 28.2%, compared to 44.5% in 2021.

The company considers its current capital structure to be conservative, which is a foundation for a financially sound business. We do not use any financial instruments. Our price, credit, liquidity, and cash flow risks are considered to be limited. We follow all the applicable laws and regulations (internal or otherwise), and the aforementioned risks are considered to be limited. The company, Schuberg Philis Group, and its main entity, Schuberg Philis, have a low risk appetite, while the managing directors lead risk management on a daily basis. To be able to absorb financial risks, the company has an overdraft facility, the funds of which were not withdrawn as per the end of 2022.



Pim Berger

We know that when companies can continue to innovate, they accelerate their business models.

Our financial means enable us to invest in highly qualified colleagues for the long term in anticipation of future opportunities as well as sustainable innovation for our customers. In a rapidly changing global business and IT environment, investing in talented people and innovation is key to long-term growth and profitability. To help attract new colleagues, we have a dedicated recruitment team in place.

Risk management

Each year, we conduct an annual company-wide risk analysis encompassing IT operations, security, people, compliance, sustainability, finance, and business. This analysis includes identifying potential fraud or corruption risks such as unauthorized payments, kickback fees, and pricing manipulation.

Schuberg Philis acknowledges the risk associated with the execution of unauthorized payments. To mitigate this risk, a procurement-to-pay process has been implemented, incorporating a four-eyes principle and workflow controls for payments. These procedures have resulted in reducing this risk to an acceptable level.



Risk pertaining to the receipt of kickback fees is recognized by Schuberg Philis, and operational procedures have been implemented to avoid such occurrence. The application of a four-eyes principle is extended to both procurement and sales functions during the process of finalizing agreements. Additionally, comprehensive margin analyses are executed at the customer level. These established procedures collectively contribute to the reduction of this risk, effectively bringing it down to an acceptable level.

We understand the risk involved in deliberately adjusting prices or providing discounts with the intention of achieving revenue targets. This could lead to undesired lower profitability. To address this risk, a four-eyes principle is implemented when finalizing sales agreements. Additionally, regular margin analyses are conducted to detect price variations. The measures taken result in an acceptable level of risk.

Our total contracted value in 2022 amounted to 119.8 million euros. This is due to continuously focusing on our longterm strategy. In sum, our vision is to engineer business progress by using state-of-the-art technology and mobilizing the brightest minds. Doing this effectively requires us to always make considered choices.

It's been part of our strategy to foster long-term relationships, as reflected in our contracts, which usually last at least 60 months.

Profit and loss statement (in € 1,000s)		2022
Total revenues		97,120
Net profit		7,029
Balance sheet (in € 1,000s)		31-12-2022
Tangible fixed assets		6,974
Working capital (including cash)		5,369
Cash		13,762
Debt		0
Equity		12,342
Ratios		Calculated as 31-12-2022
Net profit margin	Net profit/net revenue	7.4%
Current ratio	Current assets/current liabilities	1.17
Solvency	Total equity/total liabilities and equity	328%
Contracted revenue (in € 1,000s)		Calculated as 31-12-2022
Contracted future revenue	n/a	119,800

Gaining intimate knowledge of each other over time lets us tailor what we do to fit exactly what our customers need when they need it. What's more, we know that the organizations who choose to partner with us also want to be around well into the future.

Mastering our own destiny also meant that in 2023, we decided to divest our datacenter. This was a logical decision since colocation services no longer constitute our core business. Instead, our service provision has shifted from on-premises infrastructure to a full-spectrum of mission-critical IT, including the private and public cloud services that are integral to digital transformations today. 2022 additionally marked the launch of our revamped private cloud, sbp.cloud. Our lifecycle management plan entails providing state-of-the-art technology to our customers, including our cloud-agnostic services that offer the best in private, public, and hybrid clouds.

Although the pandemic-pushed trend was for companies to become more if not fully remote, in 2022, we opened a second office. Just as expected, having a homebase in Rotterdam brings us within easier reach to customers in the region, shortens commuting time for a fair share of colleagues, and broadens our recruiting talent pool. In 2022 alone, 70 new colleagues joined our company. By yearend, the total number of colleagues at Schuberg Philis was 344. 2023, meanwhile, is set to usher in even more new faces.

Caring for people today and tomorrow

In 2022, we strengthened our commitment to set the industry standard in corporate social responsibility. Following sound environmental, social, and governance (ESG) practices and laying out a roadmap to achieve Sustainable Development Goals (SDGs) are priority points in our expanding sustainability program. In the meantime, our culture entrusts us to carry out responsibilities based on personal volition, not obligation. Ours is a principles-based rather than rules-based organization, though our everyday work environments are safeguarded by policies. These cover transgressive behavior, responsible political involvement, open source, tech, non-disclosure, and data protection. To reduce our carbon footprint, we use 100% green energy in our offices and datacenter, rely on energy-efficient datacenters, urge electric vehicle usage, and offer a travel allowance that encourages transportation by means other than cars. To prevent excess waste and promote resource

circularity, we uphold responsible lifecycle management of our technical equipment and partner weekly with local organizations that assist those in need.

We believe that our valued teams operate better when they're more diverse. Our company's 31 nationalities are already contributing to structural diversity, but we can improve our gender balance. While women currently comprise 14% of our colleagues, as it is for the managing directors, we seek to increase that figure to 20% within the coming five years. Operating in an industry with systemic inequalities makes hiring more difficult, but we feel it's our responsibility to enable the participation of women in the fields of science, technology, engineering, and mathematics (STEM). To this end, we support the personal development of our women colleagues at Schuberg Philis and do outreach with the wider community, such as through our annual Girls Day workshops.

Ensuring people are cared for, both on the job and off, has always been our primary priority. This is why we decided to convert our long-standing 15% bonus structure into a 15% fixed salary increase. We granted this to enhance all our colleagues' resilience through the stresses of recession and support them through their varying life phases with varying expenditures.

In our last annual report, we wrote: "recharging, revamping, redesigning: there was a lot of re-ing in 2021." No doubt the prefix "re" persisted throughout 2022, another year of recovery. Most striking of all, though, was the opportunity to practice resilience – tapping the reserves within us and reckoning with all we'll need to go forward. Given where the world is today, 2023 will be daring. But we're prepared, and we'll help our customers be. That's because we've already accepted all the types of dares that the future holds. We did so back when Schuberg Philis began, established on an understanding that there's no digital strategy without resilience.

On behalf of the Board and the Managing Directors,

Pim Berger



**Business
progress,
resilient and
compliant
by design**



Organizations today know that to have business resilience, they must have digital resilience. This tenet informs the design and operations of their IT and is becoming the gold standard across industries.

What's more, it is often encouraged – and will increasingly be enforced – by growing regulatory pressures. In January 2023 alone, the Digital Operational Resilience Act (DORA) and the Network and Information Security Directive (NIS2) entered into force, with both carrying significant business implications. DORA requires European financial institutions to ensure their business technology can withstand disruptive events, thus having public cloud exit plans and measures against ransomware in place. NIS2 requires EU member states to boost the resilience of their IT infrastructure by enforcing a culture of security across IT-dependent sectors that deliver vital services to society and the economy, thus categorizing more organizations as vital and therefore subject to more regulations.

Regulations cast a long global shadow and though their provisions have become more concrete, their implications in a complex IT landscape can be confusing. In an atmosphere heavy with volatility, uncertainty, complexity, and ambiguity (VUCA), decision-makers have grown more risk-averse. Worried their ambitions will conflict with legislative requirements, they postpone tech modernization moves. Their organizations become slow to market and fall behind the competition.



But actually, business progress and compliance go hand in hand. With a multidisciplinary understanding of their legislative and technical frameworks, regulations should enhance, not slow down, business. The right knowledge safeguards against overly narrow or literal interpretations that can lead to organizational inertia. Building resilience counters that inertia, even in an ever-changing VUCA world.

Staying in control

To be in control and stay in control amidst volatility, organizations must have a realistic vision of IT. Foremost, this means acknowledging that everything everywhere has become more digitized.

So, while it might seem that tech regulations are becoming more complex, it is in fact the entire IT landscape that is becoming more complex.



Plus, with 64% of the world population now using the internet, we are nearing an age when almost everyone has a digital footprint.

So, while it might seem that tech regulations are becoming more complex, it is in fact the entire IT landscape that is

becoming more complex. Technology today is made up of systems that are highly diversified and embedded in also highly diversified organizations, ecosystems, and industries in which multiple global parties interact to deliver services. On top of that, business is demanding swift developments in tech and design to meet consumer expectations for speed and user-friendliness. That's a lot of moving parts to regulate rather than a lot of regulations per se.

Governments and regulatory bodies aim to tame the risks that arise from that complexity. Ultimately, they protect the public interest while leading organizations to uphold their duties and responsibilities no matter how widely or deeply digitized they become. Having clear insight into the technology, in all its diversity, makes it easier to see how technology falls within the scope of regulations – or, of equal importance, how it does not.

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The whole system in the room

Seeking to minimize uncertainty, organizations must be prepared to work silo-free. To really grasp regulatory impact, technological, business, compliance, and regulatory priorities must all be accounted for equally. Engaging the relevant parties simultaneously is what we call getting the whole system in the room.

Staying compliant entails far more than asking the legal department if some ruling will compel changes to daily operations or result in a fine – after all, the in-house lawyers don't have spare time or capability to take cloud certification courses. Instead, when the interests of tech, business, compliance, and regulation are represented, a 360-degree understanding can be achieved and activated. This breaks silence between disciplines, preventing assumptions and promoting understanding of one another's perspectives. Who is responsible for what becomes explicit as do which measures or mitigation mechanisms should, at a minimum, be in place. The leadership also receives support,



with the whole system reducing liability risks borne by the C-level on behalf of the institution or, in a rarer instance, personally.

If parties cannot understand each other's needs or struggle to see beyond their formal work purviews, they can learn to speak each other's languages better. In our experience, most year-long stalemates caused by regulatory confusion can be resolved in two hours, such as by holding a whole-system-in-the-room workshop. The key to efficiency is having all parties present to carry out a holistic analysis. This permits a thorough understanding of risks and potential measures to determine whether the organization can mitigate the risks or, if not, how to manage that.

A proper risk assessment

With a realistic vision of and insight into the digitized world, it becomes obvious that digitization always comes with risk. Confidentiality, integrity, and availability are not new compliance principles, but they are also the bedrock of the modern-day regulations that guide organizations through complex risks. A proper risk assessment then cuts through that complexity.



Before countering risks in the first place, it is important to recognize that regulatory oversight is based on principles rather than rules. Regulatory provisions must therefore be translated into real-life impacts on IT strategy and everyday business operations. This can be tricky since some cases, such as Schrems II – which invalidates the EU-US Data Protection Shield as an adequate safeguard for the General Data Protection Regulation (GDPR) – do not set out to define compliance. That said, there are concrete ways to lift compliance confidence, such as our own chosen

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The key to efficiency is having all parties present to carry out a holistic analysis.

methods of automating auditing; monitoring third-party suppliers; integrating key security and compliance controls monitoring; and dashboarding the security status of entire customer environments. As a company, we also rely on certifications (e.g. ISO 27001) and assurance (e.g. ISAE 3402) through which certified third-party auditors validate our internal control.

Still, organizations need to comply not on paper but in practice. Clarity to do so comes from drawing expertise from the whole system in the room. This kaleidoscopic knowledge facilitates a clear assessment of all the risks involved, including those potentially incurred via suppliers and third parties. From there, decisions can be made according to risk appetite and in the service of business continuity. Over time, organizations will be able to make educated predictions about their own futures and anticipate the expectations of regulatory bodies. Eventually, compliance becomes a more organic, instinctive process. By design, it then attends to the data protection and privacy implications of the Schrems II ruling; boosts digital resilience to follow the provisions established by DORA and NIS2; and strengthens cybersecurity standards to meet a climate characterized by rising ransomware and DDoS attacks.

Secure, compliant infrastructure provides the building blocks that form a foundation for the business.

Change in mindset

Although we remain in an era full of ambiguity, organizations can still maintain business continuity and reap the benefits of innovation and growth. Secure, compliant infrastructure provides the building blocks that form a foundation for the business. This gives rise to the resilience necessary to withstand challenges, changes, and the evolving spectrum of regulations intended to manage them.

Above all, resilience demands a change in mindset. Resilient organizations know and understand their own intents. They make pragmatic, fact-based decisions about how to handle their technology, reflecting



their unique operational context and individual risk profile. They strike a balance between due diligence and excessive risk aversion – extremes in either direction work against value creation. Resilient organizations approach compliance with an enterprising spirit. Reading regulations with curiosity rather than a sense of burden positions them to optimize their IT landscape while absorbing minimal risk.

Compliance then comes to be accepted as a continuous improvement process. It encompasses implementing checks and balances while checking off the ABCs of digital hygiene year-round, not only in the form of an assurance report released every January. Like security, compliance becomes an integral component prioritized from day one of any initiative. As we see it, for as long as a solution is secure-by-design, it should be compliant-by-default.

A common question heard in the boardroom is: how can we avoid risk? But since risk is inevitable, we suggest instead asking: how can we increase resilience? How can we build a foundation that, even if wrong choices are made or a new type of malware should intrude, we can self-correct or recover while staying within our risk appetite? In reply, we urge organizations to embrace a compliant-by-default mindset not because of but in spite of VUCA and, by doing so, to enable their business progress.



Sandeep Gangaram Pandey



**Cybersecurity:
growing from
startup to
scaleup**



Business is booming. Pandemic-accelerated digital transformations are long underway. Having embraced new ways of working, many organizations see themselves as tech companies that instinctively apply digital and data-driven solutions to support their business. SaaS solutions have become modern-day staples and, clearly, the cloud is here to stay.

Yet because of these blooming developments, cyberattacks are booming too. According to a 2022 IBM report, data breach costs have broken records, now costing an average of \$4.35 million per breach, compared to the \$3.86 million IBM reported for 2020. These damages, moreover, are exceeded by the average cost of phishing, at \$4.91 million per attack, and of ever-rising ransomware, at \$4.54 million per attack (on top of the cost of ransomware itself). For the manufacturing industry, in particular, Rabobank found that in 2022, as many as one in five companies was likely to experience a cyberattack, compared to the one in 8,000 to experience a fire or the one in 250, a burglary. As a recent Forbes article noted, to Benjamin Franklin's statement that nothing in life is certain except death and taxes, we must now add a third certainty: cyberthreats.



Hacking may once have been the relatively innocuous handiwork of bored nerds in basements, but today's criminal digital adversaries are professionals. On the dark web, transnational cybercrime syndicates have their own HR departments, advertising jobs (vacation days included) and recruiting specialists. These individuals can infiltrate, conduct reconnaissance on, and negotiate ransom with victims, while an extensive network of affiliates undertakes the infection and encryption processes and a help desk coordinates the financial transactions. State actors have come to weaponize cyberattacks, adding fuel to already flagrant geopolitics. All threats concern technical disruptions that could jeopardize business continuity, but many will inevitably erode public reputation and consumer trust.

However, just because cybercrime has officially transitioned from the ranks of startup to scaleup, doesn't mean organizations can stall their IT modernization journeys. They must not get caught in the brinkmanship between cyberthreats and security. Rather, they need fit-for-business security.

To the statement that nothing in life is certain except death and taxes, we must now add a third certainty: cyberthreats.

In other words, cybersecurity is no longer the job of a single team or toolkit. It, too, has scaled up to become a full-time issue impacting and impacted by everyone in the organization.

Cybersecurity enables digital resilience

For business to flourish even in the midst of advancing cyberthreats, organizations need digital resilience. If agility were a photograph, resilience would appear as its film negative: while agility allows organizations to spring up and seize opportunities, resilience lets them stay steadfast on course no matter the hurdles. Resilience functions to stand up against adverse effects, to stop the adversaries and quickly recover when problems occur. And cybersecurity enables that resilience. This means possessing the ability to deal with security threats, incidents, and events as they occur in real life in real time.

The digital resilience we impart on our customers standardly takes two shapes. We provide security at scale through building platforms that shelter mission-critical workloads. By establishing a secure and compliant platform with built-in automation and auditability, we enable customer teams to tackle their business challenges in a safe, seamless fashion. Our other method emphasizes enabling customers to boost

their own digital resilience. We do this by sharing our expertise via trainings and workshops, providing insight into company posture and maturity, and offering services to detect threats and protect organizations against them.

Either way, all security solutions must begin with a proper risk assessment that puts the business front and center. Because, to quote the mantra of security experts everywhere, cyberattacks are not a question of *if*, but *when*. Any implemented measures should be based on that risk assessment. While plenty of IT companies can deliver solid security services and plenty of consultancies can analyze business risk, we have always combined the two.

Informed by our 20 years of working with mission-critical IT, we handle security not as something added to, but rather built into the business.

Codifying and translating

Growing organizations means more people and more projects. Cloud computing only speeds up that growth. This can make it all the more complex to provide security solutions and troubleshoot issues. Yet, we can successfully implement security at scale because we have always been a security company. As a mission-critical outsourcer, by definition, we deal with the assets that, if unavailable or compromised, hurt an organization the most. Plus, we have codified many of the security measures that we have always taken when protecting those mission-critical workloads. This keeps knowledge clear, consistent, and accessible to everyone within the organization.

For each customer, the security measures we codify are tailored to their IT environment and must make sense for the business. This allows us to monitor and drive change for those aspects that are key to improving security posture. As such, all that we create becomes secure by design. We help make digital hygiene a habit that's practiced daily. Integrating security and its upkeep into our culture enables business to flourish. To illustrate, we build cloud enablement zones with guardrails because they give DevOps teams enough freedom to deliver functionalities while their security officers take comfort in knowing that base-level security is maintained. These measures are essential because they ensure that security doesn't get in the way of innovation.

By integrating security and risk experts on all our teams, we ensure the twin priorities of digital resilience and trust are part of each solution. Crucially, our security officers and engineers know how to speak the same language as they target the same metrics. In fact, we must understand multiple languages to fulfill each party's needs. The regulators will have their security and data protection requirements. The engineers will present their securely crafted designs. And the C-suite, one day potentially held liable when things go wrong, will have their own security expectations.



Daniele Bonomi

For business to flourish even in the midst of advancing cyberthreats, organizations need digital resilience.



Our translational work takes the form of diligent reporting, assessments with insights boards can use for fact-based decision-making, and concrete actions that make daily work more efficient.

Fortifying the business

Nowadays an enormous amount of information about security and risk is available. Security toolkits abound. Eager or overwhelmed, organizations may be tempted to just try on solutions and see what fits. But staying secure, especially through the whirl of evolving technology and digital transformations, demands a deliberate commitment to maintaining digital hygiene and supporting it with codified practices. Better business is the ultimate goal, but achieving it requires technical understanding of how an environment operates and how its technology will hold up against the real threats it will be subjected to.

Securing the tech to fortify the business is applicable across sectors and industries. But since no two organizations are alike, security can never be one-size-fits-all. As an organization grows, security should

not come at the cost of losing that which uniquely equips it to provide a signature service or product. For example, because they handle money and all the sensitive data surrounding it, financial institutions may choose to have more rigid security processes in place, even if it means sacrificing speed. Other players in a more competitive market may have less they need to protect. Retailers, for example, may decide to take an agile approach because the cost benefits of speed and user-friendly features outweigh some risks that companies in regulated markets are unwilling to take.

Still, security is never complete. It requires constant work and systematic methods that protect present-day assets and

Although the next cyberattack is certain, we help customers feel equally certain about their digital resilience. It's built into their fit-for-business security.

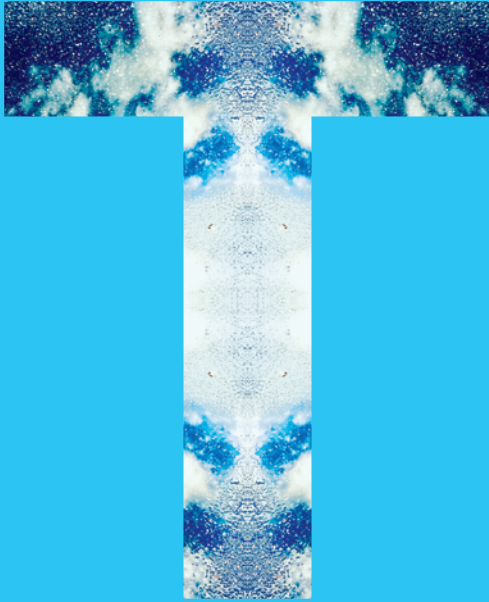
anticipate how to defend future ones. It demands full-time awareness of ongoing cyberthreats and reverence for their destructive potential in the virtual and physical worlds. And it calls for an attitude that treats security not as a state, but as a set of practices and plans that perpetually evolve.

Meanwhile, as cyberthreats become more rampant and regulations more rigorous, our customers have more and more explicit security questions. Today, Schuberg Philis – which itself began as a three-person startup – has much to draw from our experience and knowledge across mission-critical and thus society-critical environments. By deploying a multidisciplinary team of experts who each operates under knowledge of the full business context, we can answer these evolving questions. Ultimately, we've been executors of digital resilience since day one. So although the next cyberattack is certain, we help customers feel equally certain about their digital resilience. It's built into their fit-for-business security.





**Boosting
business
with the right
multi-cloud
strategy**



The cloud forms an essential part of many serious IT strategies and it has clearly matured in its first two decades. The first years were characterized by a cloud boom, when organizations rushed to migrate total IT infrastructures to the promised land of the public cloud.

Early adopters were savvy about taking advantage of the unprecedented speed and scalability, migrating many workloads and exploiting many easy-to-integrate features and functionalities. In a similar way that electricity brought on-demand power to revolutionize the Steam Age, the cloud has been a decentralizing force allowing businesses to roll out globally and enjoy unprecedented scalability capabilities.

Today, as we continue to embrace the cloud, we know it's not the be-all and end-all. Dynamic and ambitious, some organizations continue to assess which workloads will yield the most value where. Others are reevaluating ways to improve their cloud computing foundations to meet evolving security and compliance standards without compromising their capacity to innovate. Still others are finding that on-premises solutions remain highly worthy, especially for the crown-jewel applications. In its maturity, we can appreciate the cloud for what it is: an asset. And it is one that should be selected for being a business-enabling asset within a digital resilience strategy.



Contingency plans

The world has changed a lot since Amazon announced its Elastic Compute Cloud (Amazon EC2) in August 2006, commonly pinpointed in history as the cloud's public debut. While easy scalability and pay-as-you-go pricing remain pull factors, global volatility and uncertainty are leading to bill shocks, auditing worries, and security concerns. For the kinds of organizations that we partner with, notably those servicing the vital industries and operating in regulated markets, cloud decisions are largely risk-based. Heavily regulated customers are therefore pushed to consider cloud choices within their risk assessments. Risk is the determinant of their strategies, prompting carefully considered decisions about the cloud within broader contingency plans.

In its maturity, we can appreciate the cloud for what it is: an asset.



The threat of cyberattacks is not new, but the chance of being victimized has risen dramatically and attacks have become more sophisticated. Ransomware boomed during the pandemic, with remote work expanding potential attack opportunities. These trends have called cloud customers to examine the

resilience of their platforms, often leading to a centralization of security services and management. The consolidation permits a more in-depth and comprehensive analysis of basic functions, while leaving more time to attend to the mission-critical workloads that power their essential operations.

Risk arising from rocky geopolitics persists too. Organizations must consider which regions a cloud provider scopes and what impact any regional disruption would have. Relatedly, local and supranational laws are now enforcing data sovereignty and cloud exit strategies. This past August, for example, the Dutch government green-lit its own use of the public cloud with usage stipulations regarding state secrets, the Ministry of Defense, and suppliers from countries whose cyber programs conflict with Dutch interests.

Conscious business choices

It's more than risk appetite that determines choices about which application to land on which cloud platform and in the public or private cloud. Organizations each have a distinct responsibility to society. That responsibility defines how business processes are shaped and supported by their IT strategy and application landscape. This also applies to cloud computing. An organization's mission, vision, and strategy must guide how the cloud is incorporated, or to what extent it should be present, in the IT ecosystem.

To get the most out of the cloud, organizations are – or should soon be – making conscious business choices about how to leverage all the offerings that now exist. It's not about just building a landing zone anymore, but rather creating a constellation of digital assets that will enable a stellar digital resilience strategy. Within that strategy, the cloud can be tapped as the on-demand service that made its initial arrival so disruptive.

The mature cloud, moreover, will conform to what the business needs. Its shape is swayed by fundamental business questions, such as: do we operate in a regulated market? What are my enterprise's scalability requirements? How flexible can we be while staying profitable? If attacked, could we rebuild everything from scratch – and at what cost in terms of money, time, and reputation? In other words, as a business-enabling asset, the cloud can support different ecosystems, within different locations, and under different owners.

Smarter methods

Undoubtedly, the cloud can be an everyday enabler of better business. However, it's also become a springboard for an all-encompassing digital transformation. Within cloud computing, organizations can take advantage of standardized building blocks to avoid having to construct bespoke platforms and landing zones again and again. Incorporating commercial off-the-shelf (COTS) products and SaaS tooling now frees customers from having to fully manage environments themselves. Out-of-the-box functionalities abound and a wealth of insights into workload types allow for finer granularity of costs, among other metrics.

Because combining COTS and SaaS solutions requires a holistic view on the IT ecosystem, we're seeing more and more requests for platform engineering skills in the cloud. In choosing to apply this engineering method, organizations can define a cloud baseline and present all its technical possibilities in a ready-to-deploy platform. A single team centralizes and controls the cloud security, costs, and architectural principles while simultaneously developing features and driving innovation.



It's more than risk appetite that determines choices about which application to land on which cloud platform and in the public or private cloud.



The result is a self-service capability that lets DevOps teams work more efficiently and consistently. In turn, new capabilities can be scaled quickly in a controlled, structured, and standardized way. When IT talent is scarce, smarter methods like this offset the demand for more workers and skills training. They also let

organizations be more future-oriented, setting their sights on ways to improve their strategic business value over the long term.

We experienced this vividly ourselves when revamping our private cloud, sbp.cloud, launched this past May. Applying platform engineering to build and maintain our hybrid-ready cloud gives our engineers a consumable service that eases their everyday work. But it makes them happier too, affording more time to flex their creative muscles.

A mix-and-match approach

A cloud platform essentially serves as a base within the ecosystem of an enterprise. The first IT ecosystems were relatively small and

prepared to accommodate several distinct roles needed to upkeep several distinct services. Nowadays, the ecosystems have grown larger and more complex, populated by an array of DevOps and other IT teams, SaaS providers, and stakeholders all in constant interaction with the outside world of regulators and auditors. But within this complexity, a mix-and-match approach to cloud service selection actually makes for tailored resilience – hence, less risk and more simplicity.

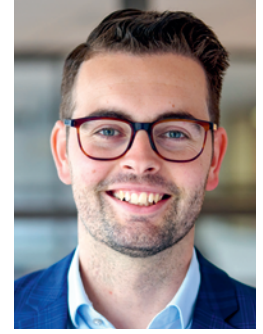
More and more organizations are seeking the right multi-cloud strategy, incorporating multiple clouds from multiple suppliers, sometimes even on




a small scale. Those that specifically choose a combination of private and public clouds in a hybrid setup are likely to experience high-level automation. This often raises productivity and cost-effectivity while having in place safeguards that bolster security and compliance. To illustrate, a hybrid cloud can accelerate the development of new applications by letting customers take advantage of services already offered by a hyperscaler. Or for improved budget management, workloads with high-cost requirements can be kept on-premises while the public cloud provides a playground for experimentation – concretely, this can take the form of hardware that is both powerful and affordable enough to run specialized techniques, such as AI. Within a ransomware remediation plan, short-term backups can be made on the public cloud and offsite backups elsewhere. Hybridity also brings benefits of the shared responsibility model that holds cloud suppliers accountable for some aspects of security.



In a way, our engineers have in fact been platform engineering since 2004, when we started deploying platforms. That term wasn't in circulation then as it is currently, but it well captures the end-to-end approach we have always followed: ensuring organizations best use their business-enabling assets while enabling them to become self-sufficient. Back then our customers had no mature cloud to consider incorporating in an IT ecosystem. Nevertheless, they were just as ready to make smart choices to boost their business. And we were as ready then as we are now, helping them to boost their resilience and be around to flourish in the cloud era and beyond.



A cloud platform essentially serves as a base within the ecosystem of an enterprise.



Reintegrating the craft of Ops



IT service delivery once entailed having physical and digital control of the whole tech environment, from the on-premises datacenter right up to the functional uptime of an application.

If there were an incident or a system went down, the engineer could visit their local datacenter, pull plugs and push buttons, undertaking manual procedures to get operations up and running. With the scope of resilience all under one roof, engineers could literally oversee the IT lifecycle and, used to getting their hands on the hardware, they knew what to look for.

But when the public cloud became a fixture in the digital ecosystem, this changed. Offering unprecedented elasticity and scalability, the cloud encouraged widespread adoption of an OpEx model for IT spending, permitting smaller upfront investments and easy purchases via the credit card on file. With hosting and management handled by another party not only off premises, but usually in a land far away, the cloud introduced many layers of abstraction and shared service models. This reduced the operational upkeep work that had gone into running stacks locally and redirected the attention of engineers from ensuring the resilience of on-premises infrastructure to supporting the velocity of development.

It's been about 15 years since the work of operations engineers (Ops) combined with the work of development engineers (Dev), coalescing into the DevOps model. While DevOps revolutionized how teams collaborate and the pace of product development and delivery, the need for speed still prevails across organizations. In an unpredictable world with fast-moving markets and exponentially complex IT landscapes, many organizations struggle with the processes that control their daily business. They feel they must choose between the resilience emphasized by Ops and the velocity driven by Dev. Yet, for Schuberg Philis and the enterprises we partner with, it's not a tradeoff. Organizations can have both by adopting a holistic view of resilience and, within it, reintegrating the role of Ops today.

Offering unprecedented elasticity and scalability, the cloud encouraged widespread adoption of an OpEx model for IT spending.



The craft of Ops

At its core, we see Ops as a craft and consider its engineers craftspeople. The concept of craftsmanship is fitting because it carries the connotation of expertise, spending hours learning a skill or a skillset and hand-tailoring its application in any given project.

Ops engineers are masters at keeping an organization in working order, and there's good reason to include them on a team from day one of any plan-build-run trajectory – rather than just call them in when there's a problem. These engineers have honed their expertise by cycling through real-life incident responses and learning on the job what an evolving organization needs to preserve their performance.

Having engineers positioned to provide advanced Ops support to an organization's respective DevOps teams is key. This dedicated group of engineers can think from the ground up, taking what the enterprise needs as the starting point rather than making operational decisions based on what available assets, such as the cloud, can offer. Thanks to their lived experience, Ops engineers often have an instinctive ability to

make these assessments. This enables them to draw clear boundaries to help protect an organization. For example, they can forecast how a change will impact an organization years later and, in response, prioritize the most critical components to take care of in the present day. They can specify the bare-minimum requirements to implement measures for disaster avoidance. These kinds of operational insights translate contemporary IT choices into long-term business consequences.

We sometimes compare Ops to playing simultaneous games of chess because it demands constant strategizing and anticipation of what might happen according to what moves where when.

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What's more, this level of concentration must be applied over multiple layers of infrastructure. Yet, by giving sufficient space to the craft of Ops – and more opportunity for its practitioners to express when a decision in the present will prove unsuitable for the future – organizations can infuse resilience in every change, from the design phase right up to the run.

Healthy friction and crucial KPIs

Close collaboration between Dev and Ops ensures that the entire team shares responsibility for choices made throughout plan-build-run. While this arrangement serves the mutual goal of moving the business forward, a DevOps culture can also lead to vertical silos. In contrast to the days when specialized engineers sat together, traditionally as a centralized department, nowadays Ops engineers may rarely have the chance to talk with fellow Ops engineers. Similarly, within their multidisciplinary silos, they tend to lack an Ops-focused manager who can establish Ops-specific KPIs. This leaves serious gaps in attention for KPIs, such as those concerning systems security, stability, and resilience.

But Ops thrives when Ops engineers can plan, build, and run the deepest level of their craft with fellow Ops engineers. Sharing best practices with one another empowers better-informed operational decision-making within their respective teams. In turn, the DevOps team as a unit can embrace the changes needed for business to progress without sacrificing their agile practices. Moreover, teams benefit from healthy friction, such as the type regularly produced through the role of an Ops manager serving as sparring partner to a Dev counterpart. By keeping Ops and Dev interests in continuous conversation – and negotiation – the team can collectively define crucial KPIs.



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plan-build-
run.

That vision, supported by technical expertise, serves as the springboard for making business-minded decisions to meet those KPIs.

Above all, Ops engineers need to be able to fulfill the duty suggested by their title: operations. This ensures that while Dev engineers continue to create new features, Ops engineers don't have to leave their resilience jobs behind. Within this homeostasis, manual interventions can be carried out effectively and followed up with structural configuration updates so that their next installment is sure to have the same parameters. This means, too, that permanent fixes and lasting improvements can be made in harmony with the plan-build-run trajectory rather than applying Band-Aid solutions due to a lack of time, budget, or story points. Ideally, this operational upkeep minimizes production incidents by incorporating greater standardization and automation.

More freedom for the business

Unlike modern-day software, resilience is not something that can be bought off the shelf. It is designed into a platform by incorporating operational predictability in every phase of plan-build-run. This ensures that the resilience of the platform never limits the pace at which the

organization wants to move or the speed at which the business can progress. Concretely, at Schuberg Philis, we insist on proving a project's resilience by conducting production acceptance testing (PAT). Before having an environment go live, we simulate various failures and supply evidence of predictability. In an already live environment, we trust the predictability prior proven in the PAT. The environment is constantly tested against a disaster avoidance scenario, leaving nothing to surprise whether in a routine yearly test or should there be an unexpected real-life situation.

Unlike modern-day software, resilience is not something that can be bought off the shelf.

Testing – and the predictably it validates – checks off an Ops engineer's priority for 100% uptime. But ultimately, the entire IT landscape comes under better control when Ops can be reintegrated into an organization. The enterprise becomes infused with a robust operational culture that doesn't have to compete with a strong Dev-driven culture. After all, resilience is not only about making sure systems stay stable and secure. It also requires having the adaptability and flexibility to accommodate growth and evolution, especially in a turbulent era when time and IT talent are limited. DevOps teams can then strike a balance between maintaining velocity and ensuring operations run smoothly in the here and now.

Within an operationally balanced enterprise, trust between the technology and the business flourishes. Trust drives business progress. A holistic view of resilience thus ushers in more freedom for the business. It enables the organization to focus on developments that will generate value and further along innovation and possible new ways of working. At the same time, even though the whole tech environment may no longer be under the same roof, it enables platforms to stay predictable and for organizations, therefore, to stay course on their path of resilience.



Thijs van Leeuwen



**The right
data climate
for value
from day one**



Like soil is to a garden, data has become a basic element within a digital landscape. For the types of mission-critical organizations we partner with, data is essential to the mission.

Yet, many enterprises still think that to fully reap data's benefits rather than simply produce or consume it, they must have completed a digital transformation. We've seen otherwise: organizations can extract value from data from day one, regardless of where they are in an IT transformation journey.



Jochem van Leeuwen

Small, highly specific business-owned use cases are steps toward delivering long-term enterprise-wide business goals. Although immediate immersion in advanced analytics is an option, simple statistics also yield insights to improve everyday processes. Today's state-of-the-art technology can, to name a few examples, help identify consumer trends to develop competitive digital business services; forecast credit risk to make sustainable investments; and analyze factories to optimize output.

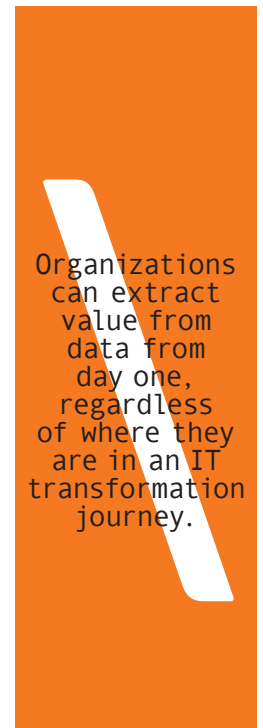
What matters most is that the data is unlocked and available – and that the data is quality data. Data quality is standardly measured along six dimensions: accuracy, completeness, consistency, timeliness, uniqueness, validity.



We believe all add up to data resilience. And importantly, resilient data provides a fertile ground to solve business-critical challenges.

Pivoting from silos, getting actionable insights

With high-quality data, organizations have not just facts but actionable insights at their disposal. But having quality data requires unlocking the data in the first place. Unlocking is crucial because it generates cross-domain data, which delivers quicker, higher-quality insights. Available right away or in real time, these insights can make all the difference in decision-making.



Organizations can extract value from data from day one, regardless of where they are in an IT transformation journey.



Unlocking data also permits the same body of data to be used across different contexts, being continuously revisited and repurposed. This integrated information produces more novel, fit-for-purpose digital business services. Together with critical thinking – human judgement continues to prevail – data

thus enables enterprises to pursue operational stability and business progress at the same time.

To unlock the data, there must be a readiness to democratize it. Making data available and accessible to everyone in an organization, regardless of their technical skill level, allows all employees to make data-driven decisions. Like most business best practices, having a democratic data culture requires pivoting away from knowledge silos and enhancing collaboration among colleagues. That often inspires a change in outlook, if not entire culture, to set such exchanges free within the enterprise. Silos can be finessed by gathering data not along the lines of particular tech functionalities or applications, but in terms of business challenges. Analyzed more holistically, the data then offers insights that translate into competitive advantages.

An orchestration team for domain knowledge sharing

Modern-day organizations that have outgrown the model of a single data team may already have multiple data teams spread across multiple business domains. Logically, decentralization brings experts close to the data they know how to interpret and embeds them among the colleagues who rely on the data projects they've designed. To ensure that these insights don't stay siloed within a single domain, however, enterprises can profit from having their own data and analytics capability. In this role, the organization

maintains a centralized hub connecting data teams and facilitating the sharing of data sources as well as all the necessary extraction and analysis tools, knowledge, and support. This orchestration team can also establish best practices for data governance, ensuring that sensitive data is protected and that data is used ethically and compliantly.

The benefits of having an orchestration team for domain knowledge sharing are numerous. By breaking down data silos and encouraging cross-domain collaboration, enterprises can gain a more comprehensive understanding of their own business operations as well as their customers' behaviors. This can lead to more accurate predictions and better-informed decision-making. Additionally, a hub for data access and analysis permits the organization to streamline its data workflows and reduce duplication of effort. That can save time and resources while increasing the overall efficiency of data projects within and across domains.

An open ecosystem for data sharing

Enterprises can scale data-sharing practices to span not just their entire organization, but the entire business ecosystem in which they operate. Although the inclination has long been to hold data close, external data sharing can be done securely. Yet, to leverage the potentially unprecedented business outcomes of a collaborative data ecosystem, there must be data governance. This means that each member of the ecosystem has in place policies, systems, and guidelines for collecting, storing, analyzing, and using data. A governance framework defines data ownership, access, security, and privacy guidelines, as well as includes a process for resolving disputes and enforcing compliance.

By breaking down data silos and encouraging cross-domain collaboration, enterprises can gain a more comprehensive understanding.

To unlock the data, there must be a readiness to democratize it.





Rules are rigorous but not so vast that they overwhelm users and hamstring actual data usage.

Well-governed data creates a hospitable environment in which all data producers and consumers can trust in what they're sharing. Trust is critical in any ecosystem

with different organizations, especially when dealing with sensitive or proprietary information. One way to build trust is to use technologies that protect the data while allowing it to be shared between organizations, such as data cleanrooms, encryption, and tokenization. Other options include hiring third parties to verify quality and security as well as drawing data-sharing agreements to establish expectations and responsibilities among organizations. Interorganizational transparency and communication about data practices and usage are also fundamental for building trust.

Applying artificial intelligence, boosting human happiness

The more that business users work with data scientists, analysts, and engineers, the more that organizations can tap data's potential.

When quality data is democratized and well governed, its users may make more timely decisions and take more effective actions. Often, this leads to improved employee happiness because contributing to the success of the enterprise feels validating. Ideally, employees are empowered to use self-service analytics, designing their own digital business services to best serve their domain-specific needs.

Meanwhile, the boom of artificial intelligence (AI) is yielding a dizzying number of ways to learn from and use data. Machine learning, in particular, can surface previously hidden correlations between the data and activate diverse data models. In outsourcing routine

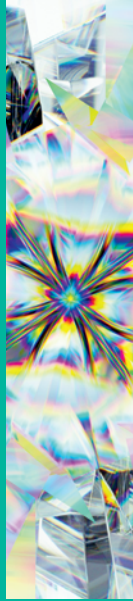
computation and correlation work to a machine, humans get more time and brainpower to think about the data, challenge analytics, and apply insights creatively – potentially leading to disruptive innovations. This is all the more urgent during an age of global crises and economic turbulence, with enterprises pressured to secure assets, achieve breakneck time to market, and attain slim margins. Data can translate these aims into insights, decisions, and actions regardless of where an organization is on its digital transformation. And like soil is to a garden, with the right care and climate control, it can provide fertile ground to keep the business thriving.

With high-quality data, organizations have not just facts but actionable insights at their disposal.



IT

**modernization
in the global
ecosystem**



IT modernization has become a matter of fact. While years ago, upgrading equipment and updating software may have been a stepwise process that enterprises could conduct at their convenience, digital transformation is now a must. Not taking technology to its next level could mean systems fail, cybersecurity weakens, compliance falters, talent quits, and, ultimately, business stagnates – or stops.

In a digital-first era, when economic, political, and social disruptions have become the norm, IT needs to be steady. Paradoxically, that steadiness is enabled by constant evolution. And by evolution, we refer not just to replacing legacy systems. IT modernization is equally about embracing new organizational structures that make work better, finding mutually enriching innovative ways to collaborate with partners, and forging more meaningful, tailored connections with customers.



Richard Hofstede, Geldmaat

As for our own customers, each is on a unique digital transformation journey. However, as organizations all contributing to the Netherlands' vital infrastructure, they share common ambitions, pain points, and strategic inflection points. To hear details, we spoke with representatives from payment solution service CCV, financial service Geldmaat, and logistics companies NewCold, Port of Rotterdam, and PostNL.



Translating the transformation

For many organizations, one of the biggest challenges of IT modernization is not the technology itself. Their in-house IT specialists have exceptional domain knowledge and, if branching out to pursue new capabilities, they can partner with comparably skilled experts. What requires tremendous effort is translating the technological changes into organizational changes in a way that makes sense to everyone. From the top floor to the shop floor, employees need to understand the value of shifting toward decentralized IT, digital strategies, and data-driven decision-making.

"The thing that we're concentrating on is not so much the digital part, but it's the reason behind the need for the transformation," said Richard Hofstede, Shared Services Manager at Geldmaat, the company whose current-day mission is making cash available nationwide via its iconic yellow ATMs. "Our primary focus had been on logistics. So first and foremost, our business was about warehouse locations, keeping stock, and managing distribution. And now, within a few years' time, we're designing customer interfaces to explain how to use our ATMs. This requires a completely different business focus compared to five years ago."



After years of providing backend physical services – storing and distributing cash – much of Geldmaat’s attention now goes to improving frontend user experience and seamless transactions. “Yes, that comes with digitization, which is a very interesting journey in itself. But next to that, we’re making sure that our

organization understands that we are now a service-focused company, focusing on end consumers – cardholders who use our systems and are contacting us for support. In the past, we didn’t have a contact center or anything like that, but now our phone number is on each individual device,” Richard Hofstede elaborated. “Meanwhile, our logistics capabilities continue to be an essential part of our services, and people who joined 20 or 30 years ago are still with us, so it takes a leap of imagination to understand what is happening to our business and our organization.”

The time and thought that goes into translating a domain transformation resonated with Frits Snijder, IT Manager at PostNL, the 220-year-old company that serves as the Netherlands’ main parcel deliverer. “We

are now calling ourselves a software tech company within logistics. So one of the challenges is to adopt new frameworks that work in a tech company. Software needs a different style of management,” he said.

Emphasizing a more holistic, less hierarchical approach to organizational decision-making, Frits Snijder relayed the kinds of questions that help put the new frameworks into sharp relief. “We’re considering: if our board takes certain decisions, what does it mean three or four layers down for those involved teams? What impact does it have? And we’re looking at always connecting the DevOps teams with the management team and the board, building from

up-down and down-up. In short, how to align business and IT?”

Although electronic payment services provider CCV hasn’t recently expanded its domain, the migration of their datacenter to AWS and IT modernization have also brought the need to reinterpret roles and responsibilities. “We changed from being an organization with a governance of different departments – such as software development and hosting services, each with a responsibility for parts of the whole chain – to now having more production service or proposition teams,” said Jochem Somers, Transaction Processing Director at CCV. “That’s a challenging journey because you need to have a discussion about the change with everyone who had been responsible for the different departments before. But we are now at a point where it helps to talk about governance and define the structure and processes for decision-making and accountability.”

Among the customers we spoke to for this article, cold storage and advanced logistics company NewCold is the youngest, at 10, with little legacy to report on. However, new projects still require getting buy-in, as described by Gunther Cleijn, Cyber Security VP at NewCold. Of a hyperconverged infrastructure solution implemented with Schuberg Philis, he recalled: “We had challenging discussions about the investment that we were about to make on IT. I knew it was important to take other perspectives into account when communicating decisions and considering how to explain things to colleagues in a way that they could relate to. As I’ve talked about with the Schuberg Philis team, in mission-critical IT, we use a common language, and investing a lot in technology is common practice. But for our company, that’s been totally new.”

Optimizing the ecosystem amidst global dynamics

As the COVID pandemic and the war in Ukraine made unmistakably clear, IT modernization is not about any single enterprise at work. The entire ecosystem in which it operates affects, and is affected by, the digital transformation. When value chain partners have overlapping technology priorities, the ecosystem can become more resilient and mutually supportive.



In a digital-first era, when economic, political, and social disruptions have become the norm, IT needs to be steady.



At the same time, the more globally interconnected and interdependent that organizations become, the more leaders can leverage the external pressures of geopolitics and international regulations to pursue smart, sustainable strategies.



Ecosystem interdependence is felt acutely by the Port of Rotterdam, the authority that manages Europe's largest port. "We are not a company acting on its own. When the ships leave the port of departure anywhere in the world, different parties and different digital platforms play an important role. The chain is as strong as the weakest link and relies on the availability of those within the chain," stated Marijn van Schoote, Head of IT Operations & Services Management and CISO at Port of Rotterdam. "We can say we are as resilient as we want, we can say we are available 24/7. However, we rely on our partners. If, for example, the pilots or the tugboats are not available due to an IT outage or a pandemic, as we saw with Corona, then parts of our process also get delayed."

While Port of Rotterdam spent the last two years engaged in its own digital optimization, these days the organization is planning how to realize ever wider ambitions. "The biggest impact that we can make is not optimizing our own processes as a company, but to see how we can contribute as a port authority to our ecosystem of approximately 5,000 companies," Marijn van Schoote elaborated. "How can we open up the data processing that we've done to support others, sharing weather, tide, and other water information relevant for logistics companies? And how can we professionalize our data governance and data quality so that transport and logistics companies can use the data to optimize their own processes?"

Finetuned awareness of its place in the ecosystem – and, within it, how crucial fellow members are – is imperative for NewCold, too. "We build our warehouses at strategic locations from which we can serve our customers. We are located around the globe – from Australia to America and across Europe – and we're expanding massively," said Gunther Cleijn. And yet, he admitted, "One element that keeps me awake is the global dynamics of the cyber domain. The landscape dynamics dictate your strategies."

We tend to automate as much as possible but, in the end, we still do need people on every continent if only to ensure we comply with local legislation."

Our customers had varied experiences with international legislation and its impact on day-to-day operations. While some find Europe's latest regulations, such as the NIS2 Directive and DORA, sometimes troublesome, others consider them a blessing in disguise. Jochem Somers, for example, described how through his responsibility for CCV's transaction processing and the whole chain of services that comes with it, compliance expectations provide a clear narrative for internal and external communication.

"We have a license from De Nederlandsche Bank (DNB) and are supervised by them to ensure that we meet the requirements. Although these requirements sometimes offer a challenge for the commercial side of the business, we also take our responsibility as one of the country's key payment providers very seriously. The DNB and CCV have constructive discussions about specific obligations and our chosen solutions," Jochem Somers said. "It's understandable that a regulator demands crystal-clear and valid reasoning about decisions we take. I enjoy having these consultations as they help our business evolve. Having the trust of our customers and partners is key to our success, and we see this cooperation as an important building block for being future-proof, reliable, and sustainable as a payment provider."

Balancing business continuity and customer intimacy

IT modernization requires organizations to look inward, reevaluating their core business and, often, reconnecting with their core values. Yet, no matter which technology, models, or processes they adopt, a consistent objective remains business continuity. At the crux of that is the capacity to simultaneously look outward: to their own customers.



IT modernization is not about any single enterprise at work. The entire ecosystem in which it operates affects the digital transformation.

This allows enterprises to keep doing what they do best while making business progress, which – particularly for our customers, delivering the world’s most essential services – is inevitably linked to the progress society can make.

“A lot of us are in logistics, so it’s really an emphasis on operational efficiency. And on the other hand, there’s the touchpoints with the customers and the consumers, and then it’s all about customer intimacy,” noted Frits Snijder. As he described it, PostNL is continuously seeking to strike a balance between being “really focused on operational efficiency in the thing you’re good at” and the “need to be more customer-intimate.”

Ensuring that operations meet consumer demands likewise incentivized CCV’s cloud migration to AWS, an undertaking for which it partnered with Schuberg Philis. “We have made promises to our customers about availability and reliability. So the motivation is there to look every day at how we can maintain business continuity,” said Jochem Somers. The decision, moreover, to collaborate with organizations to whom the company could, essentially, “outsource challenges” was another customer-centric milestone in its digital

strategy, he shared. “CCV is a privately owned business. Historically, we did everything ourselves and have our own datacenter at the office in Arnhem. Going from doing everything by yourself to doing more things with partners is a huge step.”

For Geldmaat, too, IT modernization has been motivated by the demand for resilient operations. “When it comes to public perception regarding availability of our services, that’s quite intense – specifically during peak time, when most of the ATM transactions are performed,” said Richard Hofstede. “We also need to take care of safety,” he continued, in reference to a former pattern of ATM attacks. “The continuous

development of security components focuses on maintaining a safe environment to provide our services, but also to contribute to a higher availability, of course.”

Everyday people are also the ultimate consumers of NewCold’s value chains. The company commits to its customers – food manufacturers with products sold across multinational companies and grocery stores – so they, in turn, can keep their commitments to all their customers. In a similar spirit of connectedness, Gunther Cleijn encourages his colleagues to not only understand the innovative technology powering their company, but literally embody it. “Within their first two weeks, I take new employees from our team to a warehouse to experience the cold,” he said. “That way they actually feel the environment that we operate in.”

While its direct customers aren’t the public either, the Port of Rotterdam is a key player in multiple value chains that circumnavigate the Earth, eventually reaching recipients everywhere. And yet, “The goods can only go smoothly around the world if the complete process is running,” Marijn van Schoote emphasized, highlighting the exponential impact of business continuity and customer intimacy within a global ecosystem.

A culture of resilience

So once again, we hear how despite having distinct critical missions and serving different critical masses, our customers share a purpose. Simply, it’s to make sure their services are always available and accessible. Our customers are therefore embracing IT modernization. They know the process is not primarily about the technology itself – much can be bought off the shelf or subscribed to as a service. Rather, IT modernization is about stimulating the organizational culture to grow and evolve. In supporting internal structures while nourishing and being nourished by those surrounding it, the organization becomes more resilient. And when our customers provide resilient services, their customers can go about fulfilling their own critical purposes, whether in work or life, via cash or credit, by land or sea.



Marijn van Schoote, Port of Rotterdam



IT modernization is about stimulating the organizational culture to grow and evolve.

Social Matters

Tech for Good

At the end of the day, Schuberg Philis is an IT company. But at the start of each day, we're committed to having the latest technologies and the brightest minds improve human lives. In other words, we want to contribute to tech for good. Advocating for social matters and partnering with the organizations that support them is one way we do that.



A memorable example in 2022 was our Halloween Hunting Night. What made it a social matter? For starters, we were all invited to unite over pizza and drinks, “relaxing together and letting off some steam,” as our cofounder Philip Dries said. But it was also a fantastic boost for our referral program’s partnership with NewTechKids. For every hired colleague referral, we donate € 1,000 to this Amsterdam-based academy that nurtures children’s problem-solving capabilities and innovative spirit through computer science and tech literacy.

At the same time, by encouraging one another to look into our personal networks for potential referrals, we upped the chances that new hires would be ideal company fits – maybe even friends or family members (our technology officer Leo Simons shared the unlikely story of his brother joining shortly after he did). The night resulted in over 300 referrals, a third of whom were at the right time and place in their careers for us to approach directly. Our donation to NewTechKids totaled € 19,000 in 2022. This funding went to support several initiatives: invention programs on robotics, coding, and design to prepare 32 students from low-income communities for post-high school tech studies; and a program offering 75 children from low-income families the opportunity to complete a robotics and coding bootcamp. NewTechKids, with whom we enjoyed our second year of partnership, also enriched our Family Day with workshops on AI, Ozobots, and robots for ages 12 and up.

This past year, our referral program additionally continued supporting Trees for All. In lieu of a bottle of champagne or a non-alcoholic gift package, referrers can make a donation to this Dutch non-profit organization that plants and restores forests around the world. In 2022, our referrals led to 225 new trees in the Netherlands and Indonesia.

Elvira Dijkman and Marina van de Vrande

Florakokjes

For over a decade, we have partnered with Florakokjes, a grassroots organization that nourishes four- to 18-year-olds in more ways than one. With a focus on cooking and eating together, Florakokjes began as an initiative to support children from low-income families in Amsterdam. Nowadays, besides meal preparation, the volunteer-run group hosts cultural activities, games, sports, homework help, and trips all in an effort to create a more economically and socially inclusive society.



Schuberg Philis makes weekly donations to Florakokjes. We contribute fruits and vegetables – aiming to feed up to 100 children and ensure each has at least one fruit in their lunchboxes – as well as occasional drinks and candy. Every year, our chefs hold a secondhand toy and clothing drive for Florakokjes in time for Sinterklaas celebrations. To sweeten the festivities, we send along no less than 10 kilograms of pepernoten.

Jeroen Nagelsmith

Cine Sunday

The smell of freshly popped popcorn welcomes kids into our Schiphol-Rijk office one Sunday each year. Transformed into a cinema for the day, our DNA Theater becomes a chill zone for colleagues’ children and our colleagues themselves. Films for all ages are projected onto the big screen, a rainbow of beanbag carpets the floor, and snacks and drinks are on hand. We host Cine Sunday because we believe quality work must be balanced by quality time off, especially with family and loved ones. Early in the morning, we also host a separate movie theatre for viewers under age four. A fun fact: kids help us select the films. And for anyone wanting a break from screen time, there’s a coloring contest with a variety of cool prizes.



Élaine Rupp



Family Day

“Welcome back to the future” was the theme that made it official. After two years of lockdowns and lots of WFH, in 2022 we celebrated Family Day.

Finally, we could experience togetherness the Schuberg Philis way, seeing each other’s faces and connecting in person. Besides being plain fun, Family Day is an opportunity to show loved ones around our home away from home, treating them as VIPs for the day. It’s a tradition that we consider incredibly important.

From the retro DeLorean that greeted colleagues and their guests upon entering to the theatre café-cum-casino that wound the day down – and the night up – the event was non-stop joy. The thrill-seekers among us could zip-line from our building rooftop or dash and crash around in bumper cars. The chill-seekers could tuck into our in-house cinema or contemplate their future with the fortune-teller. An arcade hall featured games from past and present. We could learn to paint like Bob Ross, create a clay bust of a colleague, compete in a Lego-building contest, and take a laughing workshop.

A band, a DJ, and a spoken word artist entertained us. Nannies did crafts and face-painting with little ones. Babies could find peace in our designated nap area.

Our restaurant burst with color and culinary creativity as the lovely restaurant team served lunch and dinner à la carte. The menu was a luxe selection of roasted, cured, smoked, and pickled delights created by our own master chefs. Plus, junior diners got their own kids’ buffet. Outside the vibe was full-on festival, with food trucks, a Belgian fries-dispensing bicycle, conveyor belt sushi, and a bar spectacularly crowned with an illuminated fountain.

Welcoming families and friends back to our Schiphol-Rijk office felt fantastic. We were reminded yet again that celebrating our loved ones is part of what makes this company special – it’s your people, actually.

Chantal Slotweg

TechTalk



Growing in quality, control, and assurance

68 Schuberg Philis is committed to proving to our customers that we are in control of our own mission-critical landscape. What's more, we remain transparent about its state. This is why, for over a decade, we have reported our ISO 27001 compliance certification and ISAE 3402 Type 2 report. The results have always been zero non-conformities and no major findings.

Now, in line with the market's movement for ever more transparency, we are increasing efforts to continuously prove our quality. In 2022, we started centralizing and strengthening our security, privacy, and cloud management systems. Our ISO 27001 certification and information management system (ISMS) are mapped against the ISO 27001 2022 standard, which will be used in the next recertification. In addition, we extended the ISMS to include ISO 27701 for privacy management and ISO 27017 and ISO 27018 for cloud service providers and personal identifiable information. Over the course of 2023-2024, these standards will be included in the certifications that we offer all our customers.

We are also seeing growth in the number of customers who request an assurance report. While in 2021 and 2022 we had, respectively, six and seven teams included in these reports, we expect 10 in 2023.

Maikel de Maertelaere

sbp.cloud



May 2, 2022 marked a sunny day in Schiphol-Rijk and the launch date of our revamped private cloud. Like MCC, the mission-critical cloud that our new offering succeeds, sbp.cloud provides a secure auditable platform for customers' most demanding workloads and is fully Dutch-owned and EU-compliant. sbp.cloud, however, newly deploys VMware Cloud Foundation (VCF). This rock-solid framework enables hybrid solutions with seamless public cloud interconnectivity and quick, predictable features development. Meanwhile, our engineers have faithfully kept to our core principles of plan-build-run, building for resilience, and disaster avoidance. And the cloud team is on call for support, come rain or shine.

Thijs van Leeuwen

Tech Market

As summer rolled in, we kicked off our first-ever Tech Market. This event gave each customer team the chance to set up a booth (or for PostNL, a parcel-lined wall), showcasing work and highlights from the past two years, when in-person in-syncing wasn't easy. Needing a moment to connect with each other again, we created this gathering so our colleagues could exchange high-level knowledge and engineers could network – multiple referrals have since been hired. Over 200 participants attended, with many enjoying the adjacent barbecue, freshly made pizza, wine tasting, and craft beer. We're already looking forward to the 2023 edition.



Thijs van Leeuwen

A hybrid cloud journey with Azure

While the public cloud has long dominated the IT world, many organizations still rely on on-premises workloads. This dependency is especially relevant for industrial applications where proximity provides desired performance levels or data volume exceeds the network's capabilities and needs local pre-processing.

For a global logistics and distribution customer with these requirements, we embarked on a hybrid cloud journey. To ensure availability and resilience of mission-critical applications and empower their central Netherlands-based IT team to support all facilities worldwide, we chose Azure Stack HCI as an edge computing offering. Azure Stack HCI builds on the battle-tested Windows Server ecosystem to deliver a hyper-converged infrastructure cluster solution that hosts virtualized workloads and their storage in a hybrid on-premises environment. Complemented by Azure monitoring, backup, security, and compliance services, it is an ideal platform for application modernization and improved productivity.

The environment we created offers mission-critical levels of performance, availability, security, and compliance. Thanks to the standardized hybrid architecture, additional units can be easily deployed across regions and controlled by the centralized team. This case marked the first time that we used a hyper-converged appliance managed by cloud-native services and deployed such a solution for a customer with global presence. Here's to hybridity!

Radek Wiankowski and Frank Zomer



Our banner year at AWS events

In 2022, our presence at AWS events surpassed all previous years. To our knowledge, Schuberg Philis was the first Dutch IT company to be on stage for a keynote at AWS re:Invent. Held annually in Las Vegas, re:Invent is one of the industry's largest events, with this past edition said to draw 50,000 customers and partners in person and over 300,000 virtual attendees worldwide. The spotlight went to our HEINEKEN Connected Brewery customer case during a keynote on AWS Partners. Connected Brewery global portfolio head Michiel Maagd and our CTO, Roeland Kuipers, shared our joint success story and talked about support from our company cultures and AWS partnership.

Back in March, we organized one of the first in-person AWS meetups since the pandemic. It was great to be with the community again, enjoying content, food, and conversations that went until midnight. October ushered in our biggest community-organized event so far. AWS Community Day drew 470 attendees, 80 speakers, 70 sessions, and a keynote by Amazon CTO Werner Vogels. Schuberg Philis served as the main sponsor, and our colleagues who serve as AWS community leaders handled the organization. Together, we shared insights and knowledge across seven breakout sessions.

Martijn van Dongen and Aron van der Sanden

Worthy and noteworthy

Cloud partnership achievements

Since becoming an AWS Partner in 2014, Schuberg Philis has achieved multiple AWS Competency and Service Delivery designations. In 2022, we proudly received confirmation of our AWS Data & Analytics Competency and our AWS Supply Chain Competency. Near yearend, at AWS re:Invent



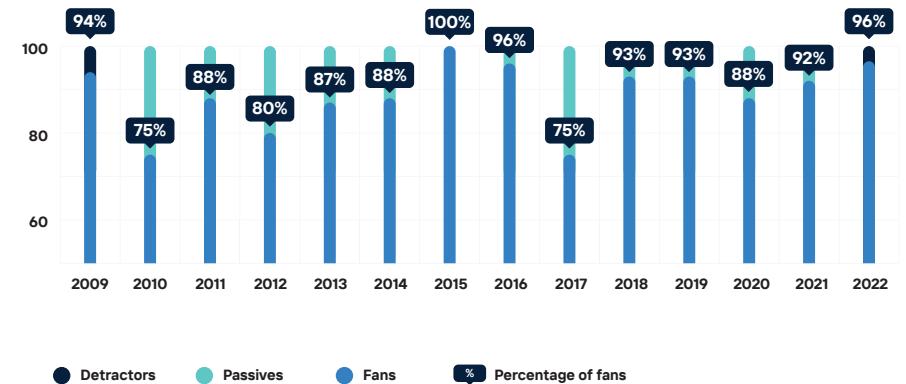
2022, we won the EMEA Data and Analytics Partner of the Year award. This was a big honor, being recognized with fellow members of the AWS Partner Network for playing “key roles in helping customers drive innovation and build solutions,” as AWS announced.” The recognition validates the decision to expand our services, getting even closer to the heart of our customers’ business.

Throughout 2022, our AWS knowledge grew in leaps and bounds. Colleagues newly committed to learning AWS technology, initiated certification processes, and joined teams to get hands-on experience. AWS expertise is something we regularly share with customers via the tailored training programs that we combine with official AWS trainings. We also share our knowledge with the broader community by contributing to open source projects, publishing blog posts, and speaking at meetups and conferences. Unsurprisingly, our most passionate AWS engineers are recognized across AWS special programs as AWS Heroes, AWS Ambassadors, AWS Community Builders, and AWS Authorized Instructors.

This past year, we were also honored to get a new Microsoft Solutions Partner designation. Being officially distinguished as a Solutions Partner for Digital & App Innovation (Azure) means that Schuberg Philis has demonstrated recognizable skills, experience, and customer success in this category. While we originally held Microsoft gold- and silver-level competencies in Cloud Platform, DevOps, Application Development, and App Integration, these categories were phased out with the simplification of the Microsoft Cloud Partner Program in 2022. We are energized by our evolving partnership and expect to continue on a path to receiving recognition across multiple solution areas in 2023.

Giarte: toward 100% impact

Our annual participation in the Giarte IT Experience Monitor yielded an even better fan score than last year. Schuberg Philis ascended four percentage points from 2021, with 96% of 2022’s surveyors classified as fans – meaning when asked if they would recommend our company, they replied “Yes” or “Absolutely!” The single detractor that we had in 2022 led to good, constructive conversations with the customer and they have since extended their contract with us. As we have always said, wherever we find room for improvement, even if at a rate of 0.01%, we see it as another step toward 100% impact.



Computable 100: first place in development

2022 brought Schuberg Philis high rankings in the Computable 100. Not only did we make top 20 in this image study of the Netherlands’ 100 most popular ICT companies. We also got the distinction of ranking #1 in the development category, being described as software developers “well-known in the market” and “focused on data issues and digital transformations.” For employee knowledge level, we ranked #3, while our overall position was #5. As an employer, we ranked #6, and as a business partner, we tied with two companies at #10. For financial stability and sustainability, we again three-way tied at #9.

Planet

Taking care of the environment and the planet's resources is a pillar of sustainability that we continuously aim to strengthen. Recognizing that the effects of climate change threaten a safe and prosperous future, we are committed to minimizing our share of global greenhouse gases (GHGs) and seek ways to mitigate their negative impacts. Initiatives to reduce our carbon footprint include using European Wind energy on our premises, running energy-efficient datacenters, and offering a travel allowance that encourages the use of public transportation, bicycles, and electric cars. Through our referral program, we make annual donations to a forest-planting organization that is the most experienced supplier of carbon offsets in the Netherlands and the only to meet the CBF Certification requirements for charities in the Netherlands.

We also maintain insights into the origin and use of our resources while seeking ways to increase their reuse through circularity and sustainable consumption. To prevent excess waste, we facilitate the lifecycle management of technical equipment from our offices and homes. For over a decade, our restaurant has been donating weekly surplus food to a local foundation that feeds families in need and hosts activities to foster an equitable society.

We organize annual secondhand clothing and toy drives, among other initiatives that give to charities our colleagues hold dear.

Prosperity

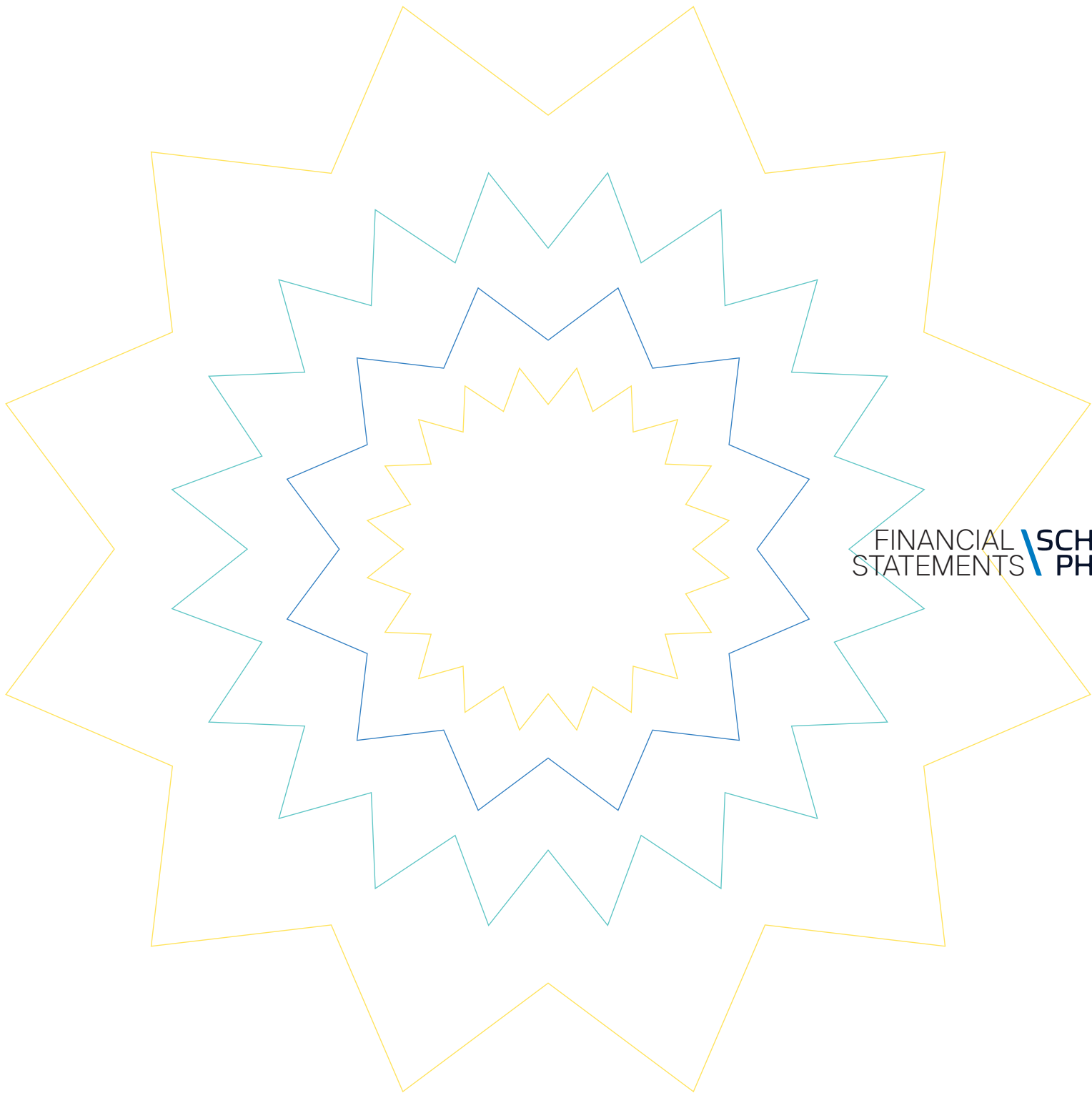
Financial wellbeing and personal prosperity are integral to satisfying, enjoyable lives. Besides offering our colleagues competitive salaries and a generous compensation and benefits package, we provide good pension, insurance, and employee ownership plans. Since acquiring skills and knowledge for the future can translate to more career opportunities and deeper job satisfaction, we facilitate learning within our organization and the communities to which we belong.

Financial wellbeing and personal prosperity are integral to satisfying, enjoyable lives.



The Schuberg Philis Academy offers immersive trainings in new tools, technologies, and technical and soft skills, as well as unlimited access to educational platforms, workshops, and lectures. To stimulate cross-fertilization with other groups and audiences, we regularly host events with industrial organizations, non-profit organizations, academic institutions, and businesses.

By contributing economic value to society, we continuously invest in the potential and productive capacity for global prosperity. To this end, we choose to engage in future-proof, purposeful partnerships with organizations that share our values and priorities. We reject unfair, corrupt business practices and continuously work to expand our economic and social contributions to our own communities as well as those of our customers. By experimenting and driving innovation for better products and services, together we explore ways to accelerate the application of new technologies, notably in the vital sectors that people and the planet depend on.



FINANCIAL STATEMENTS | SCHUBERG PHILIS

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

Before distribution of profit (in €1,000s)

Assets	Notes	31-12-2022	31-12-2021
Fixed assets			
Tangible fixed assets	1	7,112	6,628
Total fixed assets		7,112	6,628
Current assets			
Receivables and prepayments	2	23,345	14,823
Cash		13,762	11,055
Total current assets		37,107	25,878
Total assets		44,219	32,506
Equity and liabilities			
Group equity		12,481	14,161
Provisions			
Other provisions	3	-	656
Short-term liabilities			
Trade payables		6,219	4,628
Payables to group companies		-	100
Taxes and social security contributions		7,524	4,334
Other liabilities and accrued expenses	4	17,995	8,627
Total short-term liabilities		31,738	17,689
Total equity and liabilities		44,219	32,506

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2022

(in € 1,000s)	Notes	2022	2021
Total operating revenues		97,120	90,228
Services and components		24,216	22,145
Personnel costs	5	53,353	48,781
Depreciation of fixed assets		1,959	2,343
Housing costs		2,120	2,490
Other operating costs		6,553	5,433
Total operating costs		88,201	81,192
Earnings before interest and tax		8,919	9,036
Balance of interest and similar revenue and costs		-12	-51
Result before tax		8,907	8,985
Corporate income tax	6	-1,739	-1,727
Net profit		7,168	7,258
Total result		7,168	7,258

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2022

(in € 1,000s)	Notes	2022	2021
Cash flows from operations			
Earnings before interest and tax		8,919	9,036
Adjustments for			
Depreciation		2,054	2,343
Increase (decrease) in provisions		-656	54
Decrease of fiscal reserves		-86	-
		1,312	2,397
Changes in working capital			
Movements in receivables	2	-8,522	1,629
Increase (decrease) in payables		14,049	-224
Other changes in working capital		-2,367	1,638
		3,160	3,043
Cash flow from operating activities		13,391	14,476
Interest paid		15	-51
Income tax paid	6	-903	-3,365
		-888	-3,416
Cash flows from operations		12,503	11,060
Cash flow from investing activities			
Purchase of property, plant, and equipment	1	-2,538	-2,963
Cash flow from financing activities			
Dividend paid		-7,258	-7,292
Change in cash		2,707	805

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Schuberg Philis Group B.V. is Boeingavenue 271, 1119 PD in Schiphol-Rijk. Schuberg Philis Group B.V. is registered at the Chamber of Commerce under number 34181542.

General notes

The most important activities of the entity

The activities of Schuberg Philis Group B.V. consist mainly of providing IT services.

The location of the actual activities

The actual address of Schuberg Philis Group B.V. is Boeingavenue 271, 1119 PD in Schiphol-Rijk. The revenue of Schuberg Philis Group B.V. is realized in the Netherlands.

Disclosure of going concern

The financial statements have been prepared on the basis of the going concern assumption.

Disclosure of group structure

The following entities are included in the consolidated financial statements:

- Schuberg Philis B.V., Schiphol-Rijk, the Netherlands
- Schuberg Philis Asset Management International B.V., Schiphol-Rijk, the Netherlands
- Schuberg Philis Management B.V., Schiphol-Rijk, the Netherlands
- Schuberg Philis US LLC, Glendale, Colorado, United States

All entities are directly or indirectly 100%-owned by Schuberg Philis Group B.V.

Name of the ultimate parent

The head of the group is PPG Holding B.V., Schiphol-Rijk.

Change in cash	2022	2021
Cash and cash equivalents at the beginning of the period	11,055	10,250
Increase (decrease) cash and cash equivalents	2,707	805
Cash and cash equivalents at the end of the period	13,762	11,055

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Schuberg Philis Group B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Disclosure of consolidation

The consolidated financial statements comprise the financial statements of Schuberg Philis Group B.V. and Schuberg Philis B.V. In preparing the consolidated financial statements, intra-group debts, receivables, and transactions are eliminated.

The application of Article 402

Since the consolidated profit and loss account for 2022 of Schuberg Philis Group B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2 of the Dutch Civil Code.

General accounting principles

The accounting standards used to prepare the financial statements

The consolidated financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code.

Assets and liabilities are generally valued at historical cost, production cost, or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured.

A liability is included in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and when all risks relating to an asset or liability are transferred to a third party, the asset or liability is no longer recognized in the balance sheet. In addition, assets and liabilities are not recognized in the balance sheet as from the moment the conditions concerning probability of economic benefits, expectations of outflow of resources embodying economic benefits, and the ability to measure cost with sufficient reliability are not met anymore.

Certain comparative amounts have been reclassified to conform to the current year's presentation. Reclassification does not have an impact on equity or result.

Related party transactions

Transactions with related parties occur when a relationship exists between the company, its participating interests, and their directors and key management personnel. There were no transactions with related parties that were not at arm's length.

Conversion of amounts denominated in foreign currency

The financial statements are presented in euros, which is the functional and presentation currency of Schuberg Philis Group B.V.

Basis of conversion and processing of exchange rate differences relating to foreign currency transactions for the balance sheet

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the consolidated profit and loss account.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Foreign currency translation and the processing of foreign currency translation differences in foreign currency transactions

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Operating leases

The company has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the company. These lease contracts are recognized as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the consolidated profit and loss account for the duration of the contract.

Financial instruments

Within Schuberg Philis Group B.V. and its subsidiaries, financial instruments include receivables, cash and cash equivalents, and long-term liabilities and short-term liabilities. Financial instruments are recognized initially at fair value, including direct attributable transaction costs. After initial recognition, financial instruments are stated against amortized cost. If there are no premiums or discounts and directly attributable transaction costs, the amortized cost is equal to the nominal value. On receivables, a provision deemed necessary is taken for risk of bad debt.

Securities included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on-balance financial instruments are carried at cost, amortized or not.

Credit risk

Credit risk pertains to the potential financial loss of the company if borrowers or partners are unable to fulfill their repayment commitments. The company considers this risk as remote.

Liquidity risk

The company is exposed to liquidity risk, and actively manages its liquidity position by monitoring cash flow forecasts, maintaining a prudent level of cash and cash equivalents, and matching the maturity profiles of financial assets and liabilities.

Cash flow risk

Cash flow risk for the company is limited.

Interest rate risk

The company's policy is not to use derivative financial instruments to control interest rate fluctuations.

Foreign exchange risk

The foreign exchange risk is limited, as the company has limited volume of foreign currencies.

Fair value

The fair value of most of the financial instruments stated on the balance sheet, including accounts receivable, cash, and current liabilities, is close to the carrying amount.

Price risk

The company is exposed to price changes. The long-term agreements with customers contain pricing which are to a certain level flexible, with, for example, inflation correction. This limits the absolute price risk of the company.

Accounting principles

Property, plant, and equipment

Tangible fixed assets are valued at acquisition costs or production costs plus additional costs minus straight-line depreciation based on the expected life, unless stated otherwise. Impairments expected on the balance sheet date are taken into account.

Impairment of property, plant, and equipment

On each balance sheet date, the corporation assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realizable value of the asset is determined. If it is not possible to determine the realizable value of the individual asset, the realizable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realizable value; the realizable value is the higher of the realizable value and the value in use. An impairment loss is directly recognized in the consolidated profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

Land and buildings

Land and buildings (including leasehold improvements) are valued at historical cost plus additional costs or production cost minus straight-line depreciation based on the expected useful life. Impairments expected on the balance sheet date are taken into account. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to the relevant section of these notes.

For obligations to restore the asset after use (as part of dismantling costs), a provision is recognized for the expected amount at the time of capitalization. This amount is recognized as part of the carrying amount of the asset against which a provision is recognized for the full amount.

Up until 2021, a provision for major maintenance was created for the future costs of major maintenance to the buildings. The addition to the provision was determined based on the expected amount of the maintenance work and the intervals between the times when major maintenance work is carried out.

Buildings and constructions fall under a 5-20-year depreciation class.

Machinery

Machinery and equipment are valued at historical cost plus additional costs or production cost minus straight-line depreciation based on the expected useful life and impairments expected.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

Depreciation period of machinery:

Emergency power supplies: 20 years

Security and communication equipment: 10 years

Computer equipment: 35 years

Other tangible assets

Other tangible assets are valued at historical cost plus additional costs of production costs minus straight-line depreciation based on the expected useful life and impairments expected.

Other fixed assets fall under a 3-10-year depreciation class.

Receivables

Receivables are initially valued at the fair value of the consideration to be received.

Receivables are subsequently valued at the amortized cost price. If there is no premium or discount and there are no transaction costs, the amortized cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Provisions for bad debts are deducted from the carrying amount of the receivable.

Tax receivables

Tax receivables are valued at their nominal value.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

A provision for repair maintenance equipment is recognized for expected maintenance costs of buildings and equipment based on a long-term maintenance program.

Other provisions

The asset retirement obligation is included in accordance with the nominal value of the expenditure which is expected to be necessary to settle the obligations.

Accounting principles for determining the result

The result represents the difference between the value of the services rendered and the costs and other charges for the year. The results on transactions are recognized in the year they are realized; losses are taken as soon as they are foreseeable. Costs are recognized at the historical cost convention and are allocated to the reporting year to which they relate.

Revenue recognition

The company adds the revenue from sales to the total operating revenue if there is convincing evidence of a sales agreement, when delivery has taken place, the prices have been agreed or can be determined, and there is reasonable certainty that the selling price is collectable. Revenue from projects is recognized over the duration of the project. Normally, these criteria are satisfied when the product or the service is delivered and acceptance has been obtained, if required.

Net revenue

Total operating revenue represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts, and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from services are recognized in proportion to the services rendered. The cost price of these services is allocated to the same period.

Applied policy of pension costs

Schuberg Philis Group B.V. applies a defined contribution pension plan. The payables during the reporting year are recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as accruals. Contributions that are not yet paid are included as a liability in the balance sheet. The pension plan of the company is executed by BeFrank PPI N.V.

Depreciation of property, plant, and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, and other tangible fixed assets. Land is not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

Gains and losses from the occasional sale of property, plant, or equipment are included in depreciation.

Income tax expense

Tax on the result is calculated based on the result before tax in the consolidated profit and loss account, taking account of the losses available or set off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes that occur in the deferred tax assets and deferred tax liabilities with respect to changes in the applicable tax rate.

In the financial statements of group companies, a tax charge is calculated on the basis of the accounting result. The corporate income tax that is due by these group companies is charged into the current accounts with Schuberg Philis.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received, and income taxes are included in cash from operating activities. Dividends paid are recognized as cash used in financing activities. The purchase consideration paid for the acquired group corporation has been recognized as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group corporation have been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognized in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

Fixed assets

Tangible fixed assets ¹

(in € 1,000s)	Land and buildings	Machinery and equipment	Other fixed assets	Assets under construction	Total
Balance as at 1 January 2022					
Cost or manufacturing price	20,654	14,715	1,003	1,342	37,714
Accumulated depreciation	-18,449	-12,082	-555	-	-31,086
Book value as at 1 January 2022	2,205	2,633	448	1,342	6,628
Movements					
Additions	173	3,504	203	-	3,880
Depreciation	-310	-1,604	-140	-	-2,054
Disposals	-3,498	-11	-	-	-3,509
Depreciation on disposals	3,498	11	-	-	3,509
Correction in use	-	-	-	-1,342	-1,342
Balance movements	-137	1,900	63	-1,342	484
Balance as at 31 December 2022					
Cost or manufacturing price	17,329	18,208	1,206	-	36,743
Accumulated depreciation	-15,261	-13,675	-695	-	-29,631
Book value as at 31 December 2022	2,068	4,533	511	-	7,112

Current assets

Receivables and prepayments ²

(in € 1,000s)	31-12-2022	31-12-2021
Trade receivables	10,947	10,996
Receivables from group companies	3,444	-
Receivables from associated companies	35	2
Other receivables	8,843	3,665
Taxes	76	160
	23,345	14,823

Disclosure of receivables

Trade receivables and receivables from associated companies are due within one year. The other receivables are due within one year, excluding the deferred tax assets for an amount of 76.

Disclosure of trade receivables

In 2022, Schuberg Philis renewed the credit facility with ABN AMRO. The renewal was done by Schuberg Philis's ultimate parent, PPG Holding B.V. Conditions of the loan agreement include the first priority pledge of the shares of Schuberg Philis Group B.V., the first priority pledge of all present undisclosed receivables, a non-possessory right of the first priority pledge over all movable assets, and a right of the first priority pledge over all IP rights. During the year, and as per 31 December 2022, the company met its covenant requirements.

Schuberg Philis has an overdraft facility of 8.0 million euros and an additional seasonal facility of 3.0 million euros in the period of 1 April up to and including 30 September of the financial year.

Disclosure of cash and cash equivalents

The cash and cash equivalents are not freely available for an amount of € 275k. The other cash and cash equivalents are available on demand.

Provisions

Other provisions ³

(in € 1,000s)	31-12-2022	31-12-2021
Asset retirement obligation	-	524
Maintenance equipment	-	132
	-	656

Based on a long-term maintenance program, up until 2021, a provision was recognized for the expected maintenance costs of the in-house power supply. An asset retirement obligation was recognized for bringing the leased building back to its old state. In 2022, the company transferred the underlying asset to another group company.

(in € 1,000s)	2022	2021
Asset retirement obligation		
Balance as at 1 January	524	509
Additions	-	15
	524	524
Decrease taken to result	-524	-
Balance as at 31 December	-	524

(in € 1,000s)	2022	2021
Provision for maintenance equipment		
Balance as at 1 January	132	93
Addition	-	39
Release	-132	-
Balance as at 31 December	-	132

Short-term liabilities

Other liabilities and accrued expenses ⁴

(in € 1,000s)	31-12-2022	31-12-2021
Accrued personnel-related expenses	6,808	6,386
Accrued expenses	1,489	1,079
Deferred revenue	9,261	692
Other accrued expenses	437	470
	17,995	8,627

Contingent assets and liabilities

Disclosure of off-balance sheet commitments

Schuberg Philis has long-term hardware leases, building leases, and other lease contracts totaling € 12,221 (2021: € 11,920)

(in € 1,000s)	31-12-2022	31-12-2021
Minimal lease payments of operating leases for lessors with a maturity within one year	4,447	4,537
Minimal lease payments of operating leases for lessors with a maturity exceeding one year and within five years	7,774	7,337
Minimal lease payments of operating leases for lessors with a maturity exceeding five years	-	46
Total of minimal lease payments of operating leases for lessors	12,221	11,920

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2022

Total revenues

Specification total revenues	2022	2021
Recurring revenue	75,878	76,088
Non-recurring revenue	21,242	14,140
	97,120	90,228

Part of the recurring revenues and non-recurring revenues is related to usage-based revenues amounting to € 11.9 million (2021: € 4.0 million).

Personnel costs ⁵

(in € 1,000s)	2022	2021
Salaries	37,308	34,725
Social security charges and pensions cost	5,652	5,153
Other personnel costs	10,393	8,903
	53,353	48,781

Corporate income tax ⁶

(in € 1,000s)	2022	2021
Income tax expense from current financial year	-1,739	-1,727
Total of income tax expense	-1,739	-1,727
	%	%
Effective tax rate	19.52	19.22
Applicable tax rate	25.80	25.00

Disclosure of income tax expense

In 2022, Schuberg Philis successfully applied to the tax authorities for the extension of the applicability of the fiscal facility innovation box for the period 2021-2025.

The significant deviations in the applicable tax rate from previous period

The change in the applicable and effective corporate income tax (CIT) burden is due to two factors: a general increase in the applicable tax rate and a reduced benefit from the innovation box. The higher tax rate imposed by regulatory changes and the diminished advantage derived from the innovation box have contributed to the alteration in the CIT burden for the company.

Disclosure of other income tax expense

The effect due to different tax rates in foreign jurisdictions in 2022 is 0% (2021: 0%).

Disclosure of fiscal unity for income tax

The company forms a tax unity for corporation income tax purposes within the group. Each of the companies recognizes the portion of corporation income tax that the relevant company would owe as an independent taxpayer, taking into account the tax facilities applicable to the company.

PPG Holding B.V., as head of the group, acts as counterparty to the tax authorities. Taxes owed by other group companies are presented as intercompany positions with Schuberg Philis Group B.V.

Schuberg Philis Group B.V. accounts for deferred taxes position. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax assets and liabilities are generally recognized for all temporary differences.

Specification of related party transactions of importance and not taken under market conditions

During the year, transactions with Stichting Administratiekantoor Schuberg Philis Group B.V. (STAK) took place. As part of the Employment Ownership Plan (EOP), the company supports the STAK in its operation. The company bears costs for STAK and related costs for tax matters, if any. The total costs for 2022 were 0.

Transactions with related parties occur when a relationship exists between the company, its participating interests, and their directors and key management personnel. There were no transactions with related parties that were not at arm's length.

OTHER NOTES

Average number of employees

	2022	2021
Average number of employees over the period working in the Netherlands	335.00	316.00
Average number of employees over the period working outside the Netherlands	-	-
Total of average number of employees over the period	335.00	316.00

Disclosure of average number of employees during the period
The company has no employees outside the Netherlands.

Auditors fees

Fees of the external auditor and the accounting firm

(in € 1,000s)	2022	2021
Auditors fees relating to the audit of the financial statements	107	50
Total of auditors fees	107	50

Disclosure of auditors fees
No other assurance or non-assurance engagements are performed by the auditor.

Subsequent events

Disclosure of subsequent events
No subsequent events to be reported.

CORPORATE BALANCE SHEET AS AT 31 DECEMBER 2022

Before distribution of result (in € 1,000s)

Assets	Notes	31-12-2022	31-12-2021
Fixed assets			
Financial assets	7	12,509	13,191
Total fixed assets		12,509	13,191
Current assets			
Receivables and prepayments	8	3,251	1,833
Cash		242	979
Total current assets		3,493	2,812
Total assets		16,002	16,003
Equity and liabilities			
Equity	9		
Share capital		19	19
Other reserves		5,294	6,884
Undistributed profit		7,168	7,258
		12,481	14,161
Short-term liabilities	10	3,521	1,842
Total equity and liabilities		16,002	16,003

CORPORATE PROFIT AND LOSS STATEMENT FOR THE YEAR 2022

(in € 1,000s)	2022	2021
Result of participations	7,241	7,266
Company result after taxes	-73	-8
Total result	7,168	7,258

NOTES TO THE CORPORATE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Schuberg Philis Group B.V. is Boeingavenue 271, 1119 PD in Schiphol-Rijk. Schuberg Philis Group B.V. is registered at the Chamber of Commerce under number 34181542.

General notes

The most important activities of the entity

The activities of Schuberg Philis Group B.V. mainly contains holding services.

General accounting principles

The accounting standards used to prepare the financial statements

The corporate financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code.

If no accounting principles have been stated, the accounting principles are the same as the consolidated accounting principles.

Assets and liabilities are generally valued at historical cost, production cost, or fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Accounting principles

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated as nil. If and insofar as Schuberg Philis Group B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

Newly acquired participations are initially recognized on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognized in the corporate profit and loss account.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognized and charged to the corporate profit and loss account.

Receivables recognized under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortized cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Deferred tax assets are recognized for all deductible temporary differences between the value of the assets and liabilities under tax regulations, on the one hand, and the accounting policies used in these financial statements, on the other, on the understanding that deferred tax assets are only recognized insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

NOTES TO THE CORPORATE BALANCE SHEET AS AT 31 DECEMBER 2022

Fixed assets

Financial assets ⁷

(in € 1,000s)	31-12-2022	31-12-2021
Participations in group companies	12,509	13,191

Register of participations

	Share in issued capital in %
Schuberg Philis B.V., Schiphol-Rijk	100.00
Schuberg Philis Asset Management International B.V., Schiphol-Rijk	100.00

Participations in group companies

(in € 1,000s)	31-12-2022	31-12-2021
Schuberg Philis B.V.	12,092	12,157
Schuberg Philis Asset Management International B.V.	417	1,034
	12,509	13,191

Schuberg Philis B.V.

(in € 1,000s)	2022	2021
Book value as at 1 January	12,157	12,556
Profit (or loss)	6,828	6,893
Dividend received	-6,893	-7,292
Book value as at 31 December	12,092	12,157

Schuberg Philis Asset Management International B.V.

(in € 1,000s)	2022	2021
Book value as at 1 January	1,034	661
Profit(or loss)	413	373
Dividend received	-1,030	-
Book value as at 31 December	417	1,034

Current assets

Receivables and prepayments ⁸

(in € 1,000s)	31-12-2022	31-12-2021
Receivables from group companies	3,161	1,649
Other receivables	90	184
	3,251	1,833

Other receivables

(in € 1,000s)	31-12-2022	31-12-2021
Taxes		
Company income tax	-	84
Deferred tax assets	76	86
	76	170

(in € 1,000s)	31-12-2022	31-12-2021
Accruals and prepaid expenses		
Accruals and prepaid expenses	14	14

Equity ⁹

The authorized capital of Schuberg Philis Group B.V. amounts to € 90,000, divided into 7,200,000 ordinary shares of € 0.01 each and 180,000 preferred shares of € 0.10 each. The schedule below explains the movements in equity for the year. 1,940,000 ordinary shares are issued and paid up. There are no preferred shares issued.

Movements in equity were as follows::

(in € 1,000s)	Share capital	Other reserves	Undistributed profit	Total
Balance as at 1 January 2022	19	6,884	7,258	14,161
Appropriation of result	-	7,258	-7,258	-
Result for the year	-	-	7,168	7,168
Dividend payment	-	-8,848	-	-8,848
Balance as at 31 December 2022	19	5,294	7,168	12,481

Proposal appropriation of the result

The management of the company proposes to appropriate the result as follows:

The appropriation of profit for the period 2022 in the amount of € 7,168k will be added to the other reserves.

This proposal needs to be determined by the General Meeting and has therefore not yet been processed in the annual accounts 2022 for the company.

Short-term liabilities ¹⁰

(in € 1,000s)	31-12-2022	31-12-2021
Payables to group companies	2,905	1,817
Company tax	593	-
Accruals and deferred income	23	25
	3,521	1,842

NOTES TO THE COMPANY-ONLY PROFIT AND LOSS ACCOUNT FOR THE YEAR 2022

Share in result of participations

(in € 1,000s)	2022	2021
Result from Schuberg Philis B.V.	6,828	6,893
Result from Schuberg Philis Asset Management International B.V.	413	373
	7,241	7,266

Average number of employees

Disclosure of average number of employees during the period
During the period Schuberg Philis Group B.V. had no employees

Schiphol-Rijk, 4 September 2023

On behalf of the Board and the Managing Directors,

Pim Berger

Director

OTHER INFORMATION

According to Article 28 of the Articles of Association, the profits shall be at the disposal of the General Meeting. The company may only make distributions of profit to the shareholders and other persons entitled to the dividends to the extent that its shareholders' equity exceeds the paid and called-up portion of the capital, together with the reserves that must be maintained pursuant to law.

Dividends shall only be distributed following adoption of the annual accounts that show that the distribution is permitted. The company may make interim dividends insofar as the preceding provisions have complied with. The General Meeting may decide to make interim dividends that consist wholly or partly of dividends in kind. The company shall not receive a dividend on shares for its own account. A demand for payment of a dividend will lapse after five years.

Reference to the auditor's opinion

The independent auditor's report by Mazars Accountants N.V. has been attached to this report.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders of Schuberg Philis Group B.V.

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

Our opinion

We have audited the financial statements 2022 of Schuberg Philis Group B.V., based in Amsterdam, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Schuberg Philis Group B.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2022;
2. the profit and loss account for 2022; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Schuberg Philis Group 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 any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit response to the risks of fraud and compliance with laws and regulations

Fraud risks

We refer to section 'Risk management' in the directors' report for management's fraud risk assessment.

We identified fraud risk factors with respect to revenue recognition and management override. We evaluated if those factors may indicate a risk of material misstatement in the financial statements due to fraud. We have identified the following fraud risks:

Identified fraud risk	Our audit work and observations
<p>Revenue recognition</p> <p>The accounting principles for revenue recognition are included in "Accounting Principles" (note "Revenue recognition") in the financial statements.</p> <p>Revenue is recognized when a performance obligation is satisfied by transferring control over a promised good or service. A contract with a customer generally has several performance obligations, which are satisfied over time.</p> <p>The company applies price agreements per customer and various terms and conditions for delivery of its services to customers. Given the variety in terms and conditions for delivery, determining the timing of the completion of a milestone in the contract is inherently complex. Furthermore and due to the magnitude, the number of transactions and the client specific price agreements, this could potentially lead to materially misstated revenue.</p> <p>Part of the service orders are not fully completed per year end therefore management estimates the progress of these service orders. As a result management records accrued income or deferred revenue (included in note 2 and 7 of the financial statements).</p>	<p>Amongst others we have performed the following audit procedures:</p> <ul style="list-style-type: none"> • an update of our understanding of the revenue recognition policies relevant to our audit; • an assessment of the design and existence of the internal control environment related to the sales process. This includes generating and processing journal entries with respect to the revenue as well as the related accrued income and deferred revenue. <p>We performed cut-off testing on NRR and usage based revenues in the period immediately before and after year end. We have reconciled the revenue of delivered services with the applicable contractual terms and conditions, invoices, service orders and progress documentation. Besides this, we inquired with customer directors and management of Schuberg as to their knowledge of onerous contract risks.</p> <p>Furthermore, we performed credit note testing for the financial year before and after year end. This involved reconciling original invoices, purchase orders, service orders and communication with clients.</p>

<p>Taking into account the above considerations, the risk of fraud in revenue recognition is related to the cut-off of non-recurring revenues (hereafter: NRR) and usage based revenues. In addition, this risk is related to the recognition of the related accrued income and deferred revenue.</p>	<p>We performed substantive analytical reviews on a specific revenue stream usage. We tested the mathematical accuracy and the reliability of the underlying data by reconciling the analysis to the general ledger and tested for accuracy using the supporting documentation from suppliers and underlying agreements and conditions.</p>
<p>Management override of controls Management is ordinarily in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>In this context, we paid attention to:</p> <ul style="list-style-type: none"> • The appropriateness of journal entries and other adjustments made in the preparation of the financial statements. • Potential biases in estimates. • Significant transactions, if any, outside the normal course of business. 	<p>Amongst others we have performed the following audit procedures:</p> <p>We have evaluated management financial closing process and the design of the internal control measures mitigating the risk of management override of controls and assessed the internal controls in the processes of generating journal entries, making significant estimates and booking of revenue, including accrued income and deferred revenues. We assessed whether deficiencies in controls may create opportunities for fraud.</p> <p>We evaluated key estimates and judgements for bias by management, including retrospective reviews of prior year's estimates with respect to the accrued income and deferred revenue.</p> <p>We tested material journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</p>

In addition we also performed the following more general procedures:

- We held enquiries with management regarding indications of possible fraud and non-compliance;
- An evaluation whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting;
- Incorporation of elements of unpredictability in our audit, including using different sampling methods for cut-off testing of revenue and performing substantive analytical reviews usage based revenues.

Non-compliance with laws and regulations

We have obtained an understanding of the relevant laws and regulations. We have identified the following laws and regulations that have an indirect effect on the financial statements: Money laundering and terrorist financing prevention act ('Wwft') and the General Data Protection Regulation (GDPR).

We held enquiries with management if the entity is compliant with laws and regulations which directly or indirectly have a material impact on the financial statements. During the audit, we remained alert to indications of non-compliance or suspected non-compliance with laws and regulations. We also inspected lawyer's letters, and obtained a written representation from management that all known instances of non-compliance or suspected non-compliance with laws and regulations were disclosed to us.

Our observation

The aforementioned audit procedures have been performed in the context of the audit of the financial statements. Consequently they are not planned and performed as a specific investigation regarding fraud and non-compliance with laws and regulations. Our audit procedures have not led to any findings.

Audit approach on going concern

Management prepared the financial statements on a going concern assumption concluding the entity will be able to continue its operations for the foreseeable future. Our procedures to evaluate management's going concern assessment include, amongst others:

- considering whether management's going concern assessment includes all relevant information of which we are aware as a result of our audit and considering whether management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks);
- evaluating the company's existing on-balance and off-balance obligations;
- evaluating management's current budget including cash flows in comparison with last year; and
- performing inquiries of management as to their knowledge of going concern risks beyond the period of management's assessment.

Our observation

Our procedures did not result in outcomes contrary to management's assumptions and judgments used in the application of the going concern assumption.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon. Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

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

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern.

Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amsterdam, 4 September 2023

MAZARS ACCOUNTANTS N.V.

Original was signed by: drs. V.J.M. Stappers RA

ANNUAL REPORT 2022

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Special thanks Jim Stolze

You can download our Annual Report 2022 from
our website: schubergphilis.com

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WE WOULD LIKE TO THANK ALL COLLEAGUES, CUSTOMERS,
PARTNERS, AND FRIENDS WHO HAVE MADE THIS YEAR A SUCCESS.
UNTIL NEXT YEAR.

