Annual Report 2022

ORTEC

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Message from the CEO

Our efforts to improve the world using our passion for mathematics have resulted in a significant growth of our positive impact in 2022. We delivered the following results:

- We prevented the emission of 940,000 metric tonnes of CO2
- We contributed to the employee satisfaction of 817,000 people
- We improved our customers' financial performance by €1,300 million
- We provided skill training courses to over 1,600 people

I would like to highlight that in 2022 we prevented 30% more carbon emissions than the year before. Beyond any doubt an impact to be proud of!

The year 2022 has been a productive year with many deliverables, of which I would like to share a couple. As part of our SaaS transition, we have launched several new cloud-native software solutions, such as our e-Grocery package, Load Building module, Employee Self-Service app, Team Scheduler and DnA platform.

To make sure our customers can experience the benefits of our solutions as quickly as possible, we have worked hard to reduce implementation efforts by using templates and creating industry packages. Our "Data Driven Continuous Improvement" offering further matured during the year, increasing adoption across our existing customer base. We have also optimized the use of computation power and infrastructure of our software, both in managed services as well as in our cloud-native platform.

Furthermore, we embarked on our DE&I journey with a company-wide unconscious bias training, we committed to be a carbon-neutral company from now on and also successfully passed several audits (financial, ISO as well as environmental).

Despite selling our sports statistics division and our waste routing business, total revenue has increased to €144M (+15%), with recurring revenues of €71M (+25%) and profitability climbing to 7%.

In the end, it comes down to providing excellent solutions with real and measurable impact for our customers. I am very proud of the long and impressive list of new customers that was recently shared during our annual business kick-off – a token of appreciation for everything we do!

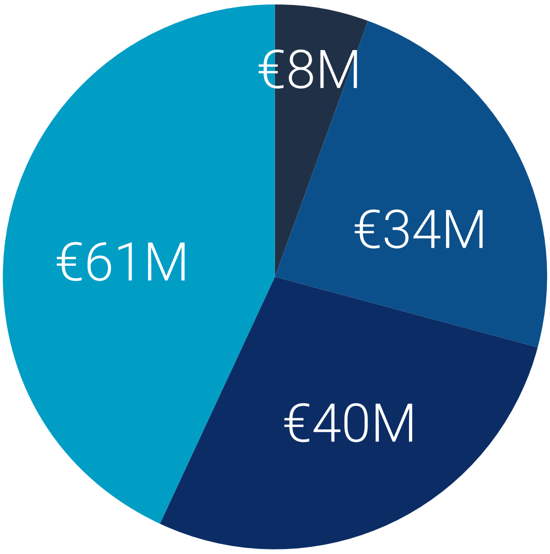
Best regards,

michael

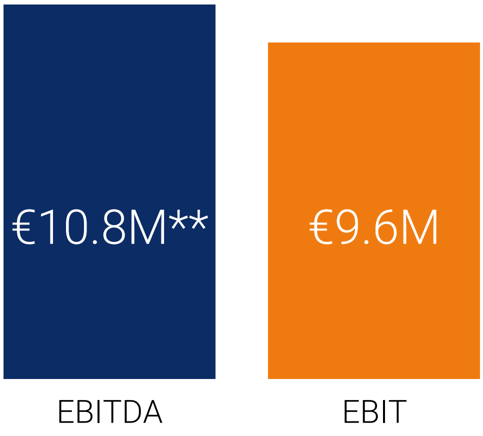

ORTEC

2022 Facts & Figures

Revenues
€144M



- Netherlands
- North America
- Rest of Europe
- Rest of the world



Employees
1,022 FTE
33% Female
67% Male

Nationalities
41

Contributed to the employee satisfaction of **817,000 people**

Improved our customers' financial performance by **€ 1,300 million**

Prevented the emission of **940,000 metric tonnes of CO2**

Provided skill training courses to over **1,600 people**

* The impact KPI calculation is based on a combination of customer monitoring, product measurements plus externally validated estimations.

** ORTEC stopped with the capitalization and amortization of her software developments per 2022. The last year reported EBITDA of 16.3M would have been 6.2M with this change. The effect on the EBIT is insignificant (because the annual capitalization and amortization were in balance). The change of accounting policies is explained in the Financial Statements of this Annual Report.

Outlook 2023

"In the year 2023 we will prepare for accelerated growth, from a go-to-market, SaaS transition and people perspective."

Michael van Duijn

2023 is our final year of our strategy delivery program to become 'fit' as a company and get ready for further growth. From 2024 onwards, we will enter the second stage of our multi-year strategy called 'Accelerate Impact'. During this stage, we will gradually move from being a solution vendor towards a software partner with focus on impact growth for our customers. In the year 2023 we will prepare for accelerated growth, from a go-to-market, SaaS transition and people perspective.

We will investigate organic and non-organic growth options, while making sure our customers can benefit from our SaaS offering. We will innovate our portfolio and train our people to drive continuous improvement at our customers.

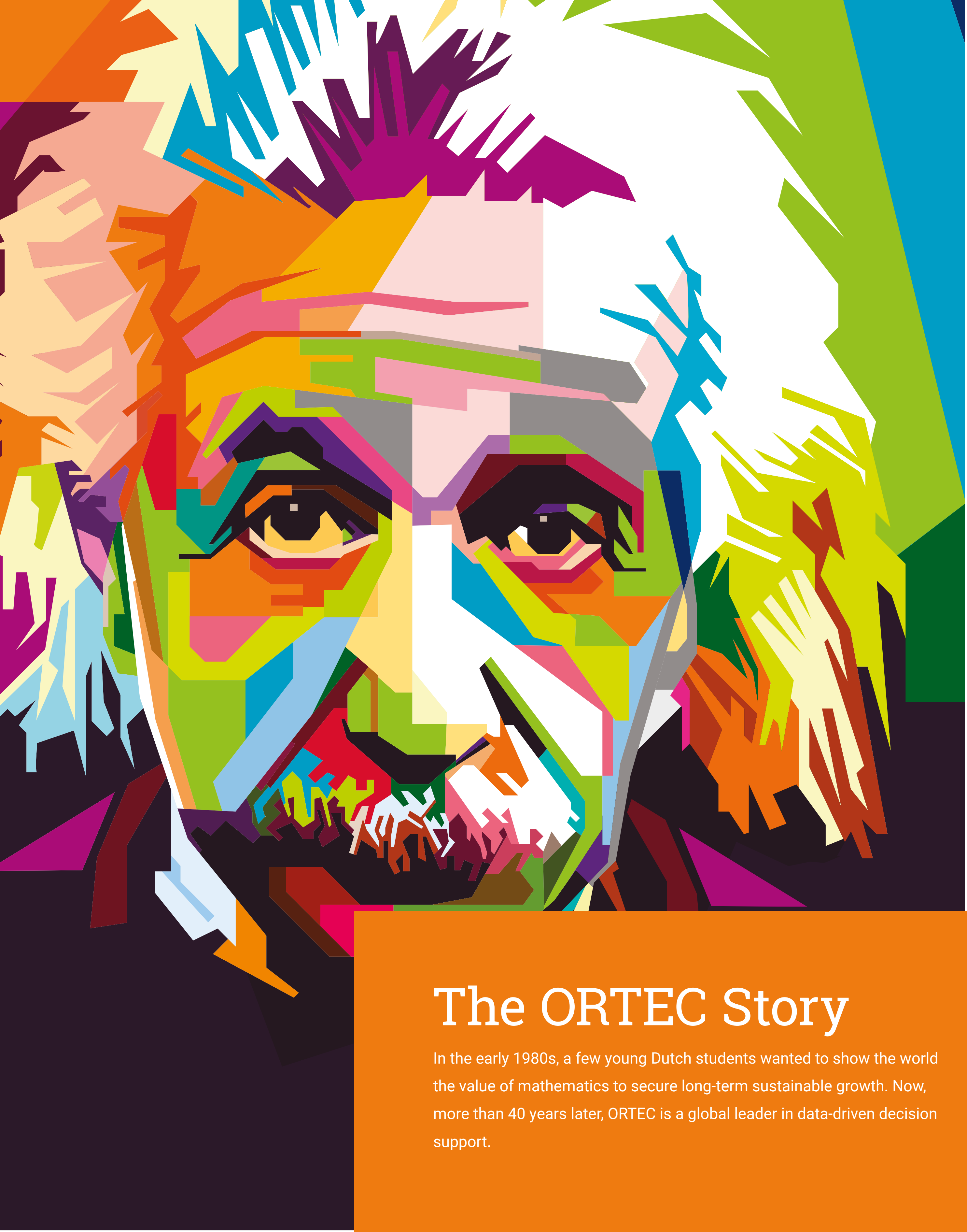
Our employees are key; we will continue to invest in learning and development, while promoting a diverse and inclusive culture that fosters different perspectives and stimulates impactful behavior. We will extend our talent management program and carefully monitor employee engagement.

Financially, ORTEC is in good shape. I expect to grow recurring revenues by about 20% while further improving profitability in 2023. A solid basis to accelerate our growth in 2024.

Aart van Beuzekom
Chairman of the Board

Message from the Chairman of the Board

As Chairman of the Board and founder, I am proud of the company we are today. Next to being a commercial organization, we always have been intrinsically motivated to do good for the world. Since a couple of years, we measure and report the impact we create together with our broad base of customers. It is great to see that our impact grows every year, again in 2022. And growing our impact together with our customers will be at the center of our strategic journey for the coming years. Next to that, we continue to reduce our own footprint and raise the bar. In 2022, we have been recognized for our efforts with a carbon neutral certification for our global business. Building a financially sound organization is great but, in the end, the true reward is in the positive impact we are able to create for our society and planet.



The ORTEC Story

In the early 1980s, a few young Dutch students wanted to show the world the value of mathematics to secure long-term sustainable growth. Now, more than 40 years later, ORTEC is a global leader in data-driven decision support.

Leveraging data and mathematics for a better world

We help many of the best-run organizations around the globe to make better data-driven decisions. Our decision support software and data science capabilities enable organizations to improve their business results and make a positive impact on the world.
This impact is generated by 1,000+ employees from offices in 13 countries around the globe.

Together with our customers we are positively contributing to the world. With our proven technology, pioneers in data science and extensive business knowledge, we leverage data and mathematics for a better world.

40+ years	1,200+	1,000+	13	98%
of experience in optimization & AI	blue-chip customers	high quality experts	countries with ORTEC offices	gross retention

Data-driven decision support explained

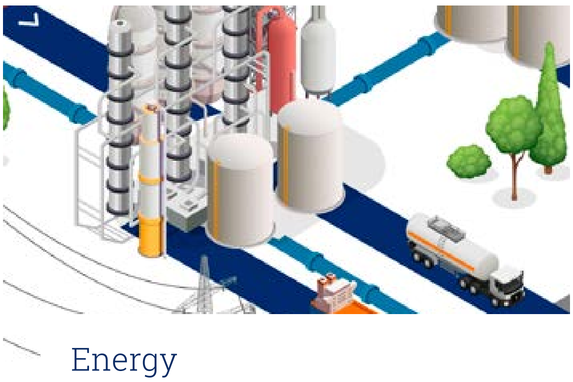
The process of data-driven decision support starts with a thorough understanding of the business challenge at hand. Once the challenge is clear, we collect all relevant data. The next step is to create a mathematical model and use appropriate mathematical techniques and technology to "calculate" the best option to solve the challenge.

Focus on 6 industries

On our journey to increase our impact on the world, we focus on six industries while serving several others. Our smart decision-support solutions address specific challenges and opportunities in the routing, transportation, and workforce domain to support our customers in making their business more efficient, predictable, effective, and sustainable.

Retail & Wholesale

Manufacturing



Energy

Transportation & Storage

Professional & Technical Services

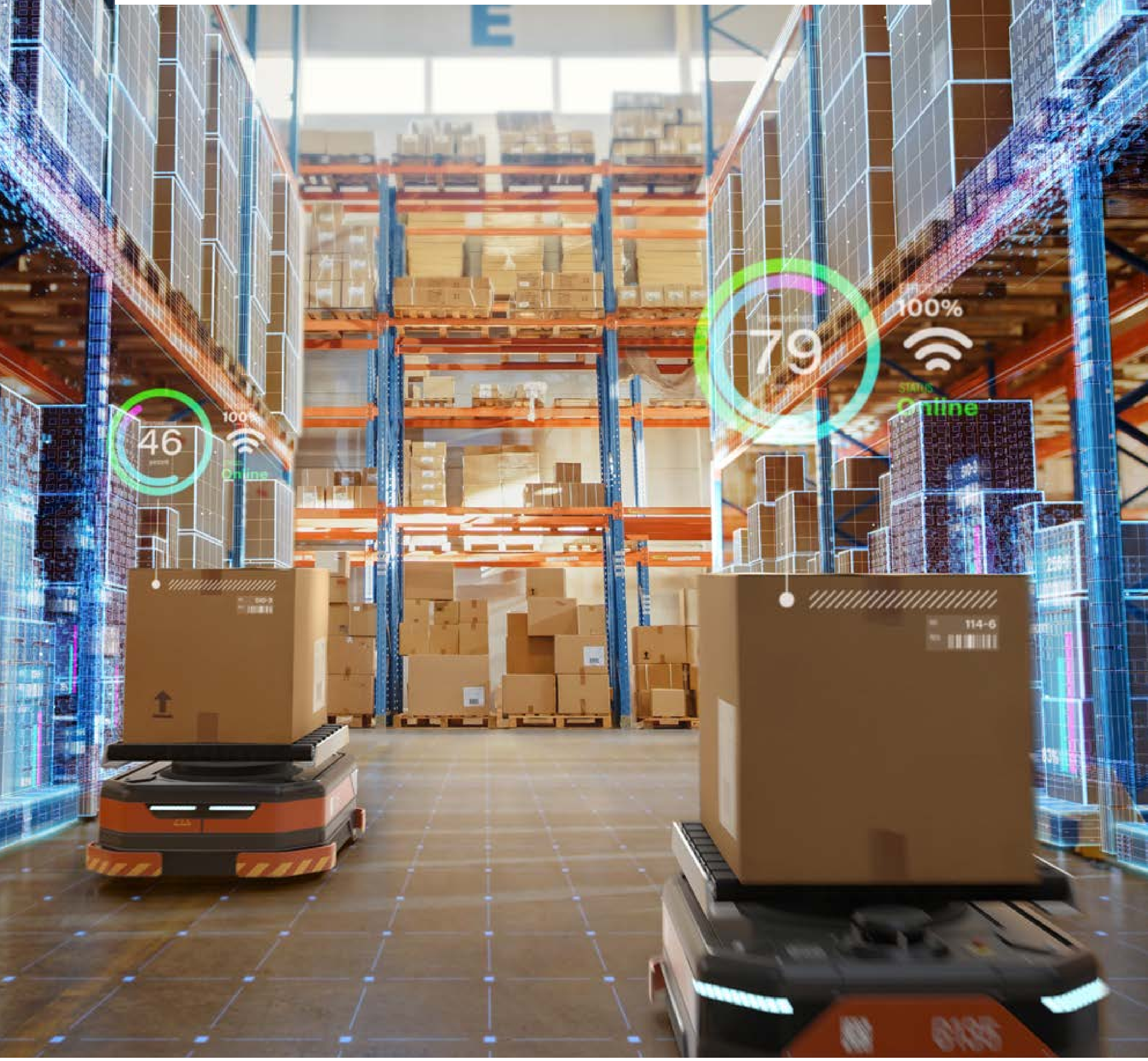
Health

Supporting many of the best-run organizations

We proudly support many market-leading blue-chip organizations, creating impact at strategic, tactical, and operational level. A few of the customers we started new collaborations with in 2022:

Pioneers in artificial intelligence

Artificial Intelligence is part of ORTEC's DNA. We use a powerful combination of machine learning and intelligent optimization, to maximally leverage available data and mathematics. All while guaranteeing performance and respecting strict business constraints. ORTEC's close ties with the academic world ensure that we operate on the cutting edge of new technologies and developments.



Our Journey to Accelerated Impact

Our vision
We consider it our responsibility to make applied mathematics available in a transparent, safe and sustainable way, so organizations can improve their impact on the world.

Our purpose
We want to improve the world using our passion for mathematics

1. Strategic direction

We want to continuously increase our impact on the world with our data driven decision support. Focusing on three strategic pillars:

- Broaden our impact at customers
- Drive high employee quality and engagement
- Create a future-proof portfolio

2. Underpinned by our values

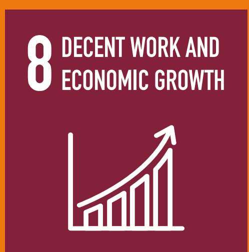
- Expertise
- Explorative minds
- Extra mile
- Connected to each other

(k!)^4

3. For the benefit of our stakeholders

4. Leading to impact in 2022 on:

We prevented the emission of 940 kilotons of CO_2



We contributed to the employee satisfaction of 817,000 people

We improved our customers' financial performance by€ 1,300 million

We provided skill training courses to over 1,600 people

Future-Proof Portfolio

To maximize our growth and impact, ORTEC adopts an industry-focused approach. Developing and maintaining our industry value propositions around the business challenges we can solve for our customers. This chapter illustrates our 2022 highlights of the key industries we focus on.

Building a future-proof portfolio

In 2020, we conducted extensive market research and redefined our focus from a portfolio perspective. This was done with the aim to maximize our impact on the world.

To identify where to focus, we investigated our portfolio, the industries we are active in, market trends in those industries and what value we (as ORTEC) can add. This resulted in the selection of our focus industries, the (sub)processes we want to support with our solutions in those industries and the specific challenges we want to solve, captured in our (ORTEC's) assignments: our "jobs to be done". These jobs to be done have been translated into product roadmaps for the coming years.

Transitioning from on-premises to Managed Services and Cloud Solutions

Simultaneously, we are transitioning our (Routing and Workforce) solutions from on-premises to Managed Services and Cloud solutions. Our strategy for this transition is "slicing": we slice off industry specific solutions from our flagship products (ORTEC Routing and Dispatch and ORTEC Workforce Scheduling) and (re-)develop them from the ground up, re-using our learnings of the past decades while optimizing component re-use across the different solutions.

Portfolio developments in 2022

In 2022, we continued our path by launching ORTEC for Home Delivery, the software that drives our e-grocery delivery package. Not only did we manage to deliver this to the market, we were also able to craft a full go-to-market strategy around the solution and to create traction. In 2022, three customers went live successfully with our e-grocery solution (based on ORTEC for Home Delivery).

Furthermore, we positioned ORTEC Load Optimization as the successor of ORTEC Load Building and we started drafting plans to create an ORTEC Inventory Routing (cloud native) successor.

Next to that, a first version of ORTEC for Finished Goods Logistics (recently relabeled to ORTEC for Business-to-Business Distribution) was created as one of our final steps in transitioning our existing routing solutions towards cloud native successors.

In the workforce domain, we "sliced off" our new solution, ORTEC Workforce for Warehouse, and launched Team Scheduler for ORTEC for Workforce Scheduling. We transitioned several customers to the new Employee Self Service (ESS) app. All steps on our journey of transitioning ORTEC Workforce Scheduling to industry-focused solutions and cloud native successors.

Last, but not least, we have made great progress on ORTEC Data and Analytics, the essential (data) foundation for our solutions that will allow us to unlock our solutions potential in full for all our customers.

Accelerating software life cycle transitions

The most important goal for 2022 was to accelerate the software life cycle transitions, both in accelerating the developments, as well as in increasing our speed of transitioning customers from our on-premises solutions to the next generation cloud native successors. I am proud that we made great steps forward on this journey in 2022.

Marijn Deurloo
Chief Product Officer

Retail & Wholesale

ORTEC's industry sales package: e-Grocery Delivery

Our 'job-to-be-done' in e-Grocery Delivery: "Make loss-making e-commerce activities at industry-leading food retailers significantly more efficient and increase customer satisfaction (and loyalty) by offering a dynamic Home Delivery supply chain solution with real-time feedback and yield management using state-of-the-art mathematics and machine learning." The new ORTEC package was launched at the Home Delivery World Europe event in Amsterdam last June.

Complete proposition

ORTEC created a complete proposition utilizing our cloud applications and combining them with our data analytics tools, as well as (where needed) with third-party solutions. The new proposition is offering an integrated timeslot booking, route planning and execution solution for branded delivery that completely covers the operational needs of e-grocery companies. Our proposition includes a vision that extends further than the daily operational needs and addresses challenges related to modeling and analytics.

The challenges we address are:

- Loss-making and complex operations with a high service level expectation.
- Need for responsiveness & omnichannel capabilities.
- Lack of analytical insight into operational costs.

We create value:

- By utilizing advanced cloud-based routing strategies.
- By smart combinations of time-slots & operational routing.
- By introducing advanced analytics models in the operation.

And the concrete benefits our customers will experience are:

How optimization contributes to profitable e-Grocery Delivery

Creating a winning proposition against low costs and becoming profitable in the e-grocery delivery market is tough. Shoppers select over 70 items, on average, out of over 10,000 items. To complicate matters, these items can have different temperatures (like frozen, chilled, and ambient) and they can be perishable. Customers need to be at home for the delivery. As a result, almost all e-grocery companies are loss-making.

The Last Mile might hold the key to profitability

Overall, the interest in optimizing the last mile in e-grocery can be much stronger, while last-mile fulfillment typically accounts for 25% – 40% of the logistics costs. Every minute costs at least €0.50 in total. Saving a few minutes per order might already make the difference between making a loss and becoming profitable.

Smart e-Grocery Delivery with optimized time slot booking

Ideally, one van fulfills as many deliveries as possible within a street or area, without visiting it multiple times per day. To achieve this, a company can offer only a few time slots per day. Another option is to promote the right time slots by offering them at a lower price or as a greener option. Steering consumers to the right time slots improves routing efficiency by 10%-15%. To assign the right time windows to the right delivery areas and nudge customers in the right direction, optimization tooling is needed. This will help plan routes that are operationally efficient.

Optimized operations with efficient Last-Mile routes

Operationally, routes must be created as efficiently as possible. This starts by proposing the right time slots for each request and steering customers to the right time slot to obtain efficient clustering and routes. When routes are created based on actual and forecasted bookings, high efficiency can be gained. Route calculations require strong mathematical power, given the huge number of bookings and restrictions, like time windows, traffic congestion, allowed vehicle types, possible cross-dock hubs, and capacity constraints. Using our sophisticated optimization solution for this purpose, a saving between 5 and 10% in driving time and costs can be achieved by applying parallel multi-process optimization.

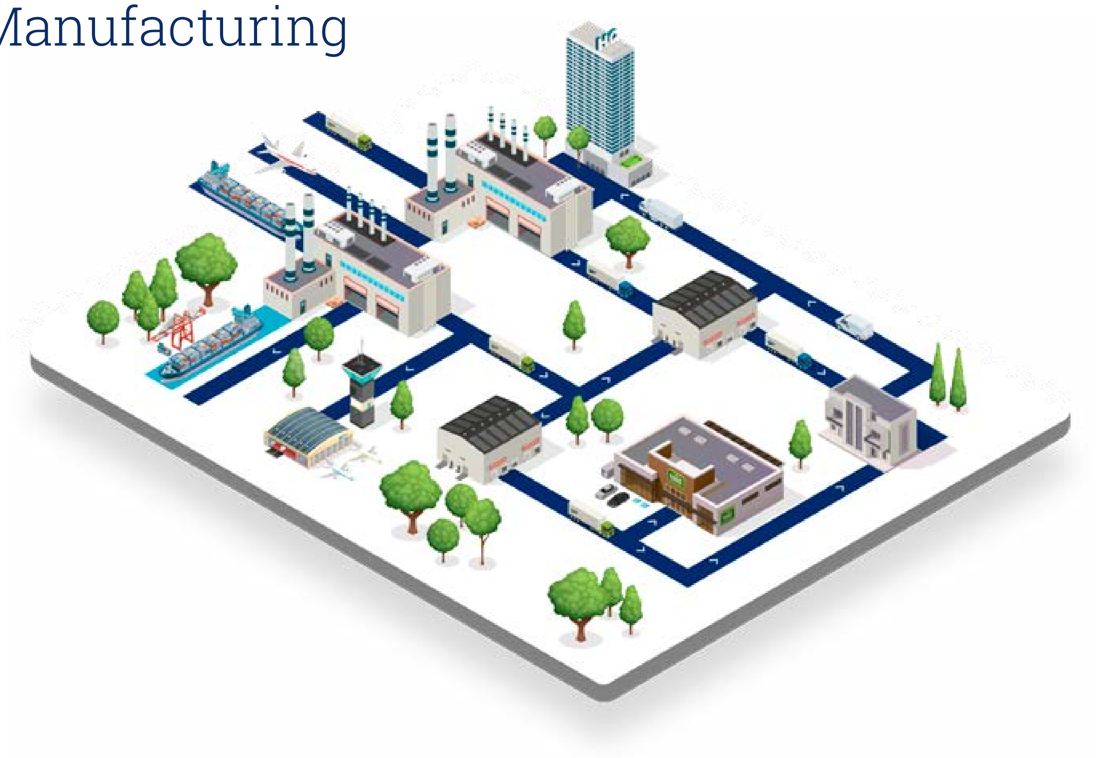
Accurate and excellent Last-Mile delivery service

Optimization and AI algorithms are getting much more sophisticated over time. For example, you can learn from historical driving times to provide more accurate estimated times of arrival. Similarly, you can take ***actual*** traffic information and weather conditions into account to provide timely updates. Communicating accurate times to the receiver improves service. It also benefits the retailer: stop times are shorter when the customer is ready to receive the goods.

Outlook for grocery retailers

Grocery retailers are looking for opportunities to make their online business profitable.
Optimization is still underutilized in this space, so there are a lot of opportunities to drive down costs per order. Using optimization technology for last-mile distribution generates substantial positive impact in efficiency, sustainability, and service without large investments. It's a great time for retailers to embrace optimization tooling and make strides towards profitability.

Manufacturing



Finished Goods Logistics: packing, loading & routing

Many companies are dealing with the challenge to pack and load their outbound logistics efficiently, which they do by optimizing separate silo's. But that is about to change: the Finished Goods Logistics solution package offers an integrated system to handle Packing, Loading and Routing at the same time. "At once, our customers can improve these processes and gain more visibility over their end-to-end operations. Which also means we can reduce CO2 emissions and improve supply chain resilience," says Valerie van de Kamp, Business consultant and Industry expert at ORTEC.

With price pressures surging to the highest level in many decades, it is important to manage rising demand with an optimized, streamlined and integrated process. "We designed the Finished Goods Logistics proposition by considering the main challenges in the industry," explains Valerie van de Kamp. "Companies must continuously lower distribution costs per unit, considering the trade-off between their costs and the level of service they provide. And this while managing an increased number of Stock-Keeping Units (SKUs), customer locations, and carrier partners – and making sure the plans are predictable and accurate, which is needed for effective execution."

Fulfilling the needs of the industry

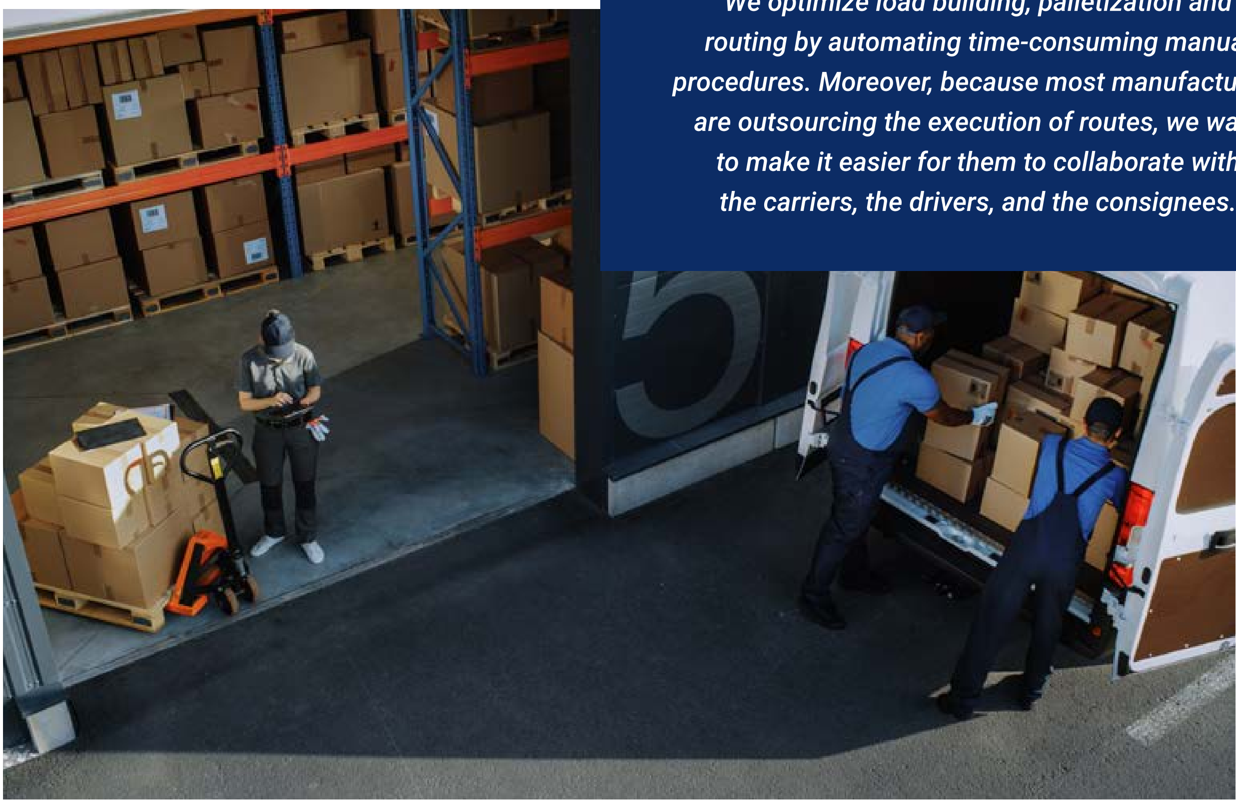
ORTEC's solution? An end-to-end integrated approach that streamlines the entire process, based on three key pillars: optimization, collaboration, and standardization. "We optimize load building, palletization and routing by automating time-consuming manual procedures. Moreover, because most manufacturers are outsourcing the execution of routes, we want to make it easier for them to collaborate with the carriers, the drivers, and the consignees. All actions are triggered via the same User Interface, which combines on-premises Routing and cloud-native Packing and Loading, to which we also added a carrier management component.

Planners have a full overview of daily operations - and easier communication with the carriers assures transparency throughout dispatch and execution. This increased supply chain visibility allows companies to standardize their processes. Besides all that, typically a cost reduction of 5 to 15 percent can be acquired due to the more effective routes, fully loaded trucks and reduction of materials needed in the process."

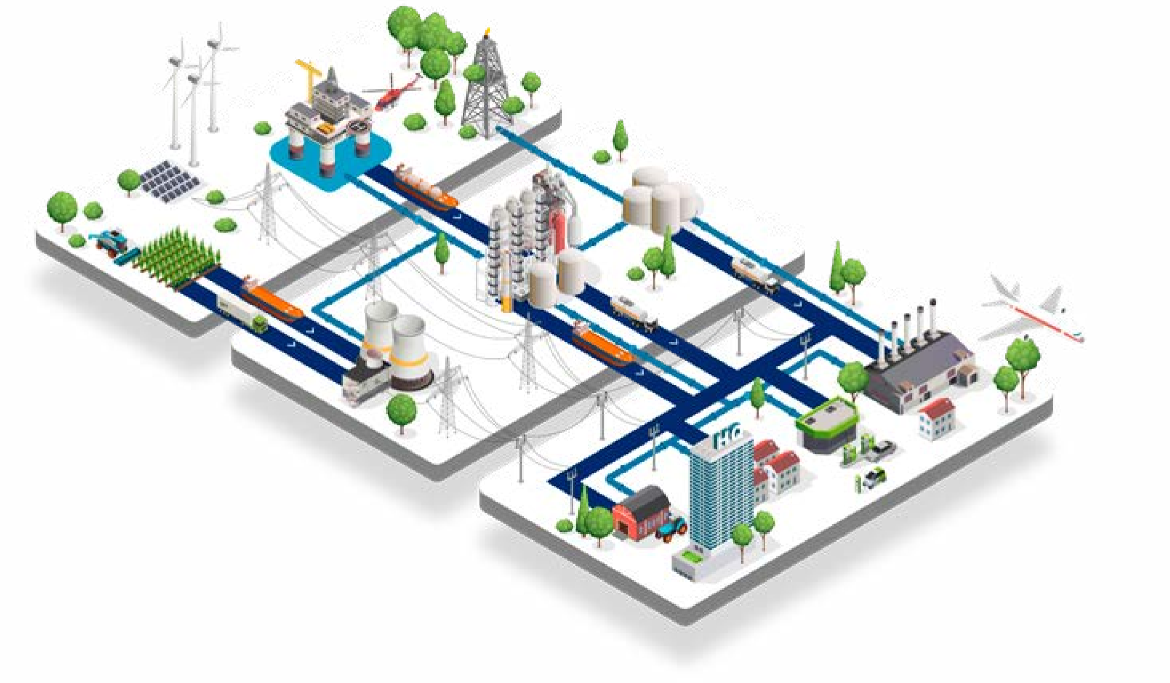
… and those of the planet

"The Finished Goods Logistics proposition is also a great example of how we pursue the ORTEC purpose of improving the world," continues Van de Kamp. "Recent market studies show that over 20% of the trucks driving around Europe are empty and that badly planned transportation leads to over 20% of returns being due to shipping damage. On average, the cost to replace damaged products can be up to 17 times the original cost to ship. However, with Finished Goods Logistics, we can reduce the shipping of air, provide a plan that enables safe and damage-free transportation of products, and reduce CO_2 emissions by providing an accurate and optimized route plan. By servicing this market, we also pursue wider goals: helping manufacturers build resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation throughout the supply chain process." "As ORTEC, we have quite some experience in this industry", concludes Goos Kant, Managing Partner at ORTEC and Professor of Logistics Optimization, "and we're already implementing the complete new Finished Good Logistics package at manufacturing customers in the area of electronic equipment," "We're really excited about this new solution package, and we expect great things to come of it."

> *"We optimize load building, palletization and routing by automating time-consuming manual procedures. Moreover, because most manufacturers are outsourcing the execution of routes, we want to make it easier for them to collaborate with the carriers, the drivers, and the consignees."*



Energy



Transitioning to zero-emission mobility: get the conversation started!

Transportation and supply chain managers are facing a complex challenge: can they start transitioning to zero-emission mobility at a reasonable cost, without impacting daily operations? It's an issue they can no longer postpone. Supporting our customers in the transition to e-mobility is an important strategic topic for ORTEC.

According to UN data, road transport accounts for 10% of global emissions. On top of that, emissions in this sector are rising faster than in others. Zooming in on Europe, 28% of greenhouse gas emissions in the EU come from transportation, according to McKinsey. The firm also projects that the mobility sector will likely be the second industry to reach carbon neutrality in Europe, possibly by 2045. Country-level commitments at the UN's Climate Change Conference (COP 26) seem to support this forecast. The issue is particularly urgent for companies that perform inner-city transport. More than 40 cities around the world, 24 of them in Europe, have begun to ban diesel and gasoline trucks in their city centers. As the numbers show, the energy transition is inevitable. However, there are several challenges hindering the cost-effective transition to zero-emission operations. Mathematics and data can help make the right decisions and accelerating the transition.

The strategic question: developing an integral investment plan

With e-mobility technology advancing rapidly, the adoption of electric vehicles is picking up. McKinsey expects that the adoption of e-Trucks, across vehicle classes, will exceed 30% by 2030. Companies like Scania already offer 250 KM range trucks and promise future models with an even larger range and reduced charging times. In this period of rapid technological development, high capital investments need to be made, not just on the fleet. Charging infrastructure requirements are a common bottleneck. Industry leaders face questions like: Which zero-emission vehicles to buy and when? How much charging infrastructure investment is required? What would it cost to upgrade the electricity grid at our DC's, and how long would it take? Is it more efficient to have our own local renewable energy source? Organizations need to consider many different variables to minimize the risk of inefficient investments. Scenario modelling is a valuable approach that can help you make complex decisions in the current situation, where technology is rapidly changing.

The operartional puzzle: smart daily planning of zero-emission vehicles

Introducing or scaling up the adoption of zero-emission vehicles also has operational consequences. Many companies start with a pilot phase and just a few vehicles to gain experience in the operation of an electric fleet. A plan for a few vehicles can be done by hand, but the following questions increase the level of complexity: What is the required battery capacity for a trip? When should you charge each vehicle and for how long? How do emission zone regulations impact your plan? How can you accommodate last-minute changes when a vehicle's battery capacity deviates from the plan? Flexible planning software empowers your team to prepare for these challenges. You need systems that take care of the additional complexity, create a smart and robust plan, and offer support if operational interventions are required. At ORTEC, we are expanding our suite of routing solutions to support this need, by using data and mathematics to evaluate all options and present only the relevant decisions to the planner. This enables planners to focus and allows them to make the best decision in any situation.

Workshop 'Getting aligned'

Although ORTEC's products and services solve customer challenges with state-of-the-art technology, this should never be the start of the conversation. You can only build the best technological solution if you fully understand the challenge. That's why we believe in the power of exploratory innovation workshops to start the conversation. These workshops enable our customers to get internal alignment and identify which challenges are worth solving first.

Transportation & Storage

Den Hartogh Logistics and ORTEC: using data and mathematics to cut carbon emissions

ORTEC's customer Den Hartogh Logistics is a global logistics provider specializing in bulk transportation for the chemical, gas and polymer, and dry food industries. As Luke van de Bunt, Network Planning Manager and member of the Sustainability Working Group at Den Hartogh Logistics is all too aware, implementing short-term sustainability improvements in logistics can be complicated: "If the rest of the industry is not ready, making the shift can be very hard. Everyone agrees that something must be done, that we have to work together and that everyone should do their part, but someone will eventually have to go beyond words alone.

An interview with Luke van de Bunt, Network Planning Manager and member of the Sustainability Working Group at Den Hartogh Logistics

In 2021, family-owned Den Hartogh Logistics published the "Roadmap to SPECE," a five-year strategic plan based on the five pillars of safety, profitable growth, employee engagement, customer satisfaction and environmental sustainability. Or: eliminating accidents, doubling in size, happy employees and customers and greater sustainability. A separate strategy was developed for the latter pillar, which Van de Bunt contributed to and co-wrote. The goal: to cut carbon emissions by 25% by 2025 compared to 2019, and to achieve carbon neutrality by 2050 - in line with the Green Deal.

> *"We can do all the high-level calculations we want and conclude that electric trucks are more expensive than the diesel equivalent, but going one step further is much more interesting."*
>
> *Luke van de Bunt*

Electric truck pilot

"We explored which measures would have the greatest impact to help us achieve our objective for 2025, and cutting carbon emissions produced by our own trucks was high up on the list", Van de Bunt explains. "Half of Den Hartogh's total emissions come from trucking, so the impact of switching to EVs or hydrogen-powered trucks could potentially be enormous. Pilots reveal surprising insights, like battery fear. A mathematical model can tell you exactly how many miles you should - theoretically - be able to drive on a full charge, but if the driver is not confident that they can get to their final destination with 30% capacity left, your calculations are pretty useless. Experimentation and experience will ultimately help overcome these practical hurdles."

The modal shift

Another obstacle Den Hartogh faces is that electric trucks cannot be used to transport hazardous goods. Van de Bunt: "Battery trucks are also heavier than diesel trucks, so you end up transporting less products due to maximum weight limits. What's more, lower payloads are also less sustainable." In contrast, the availability and deployability of hydrogen-powered trucks is very limited at best. However, their range will be considerably greater as the technology matures, which will make them more interested for long-haul runs in the future.

Another promising greening approach is to take transportation to the water or track, instead of the road. Den Hartogh has already managed to make that modal shift for long-distance transportation, but the challenge facing now is to do the same for short-haul routes, e.g. between Rotterdam and Antwerp. "Transportation by train or boat is more expensive at those distances, though, and the capacity of trains, boats and terminals is limited," Van de Bunt adds. "If we were to implement this modal shift throughout the entire industry, our current railway and water transport capacities would have to be significantly expanded.

"Den Hartogh has already managed to make that modal shift for long-distance transportation, but the challenge facing now is to do the same for short-haul routes, e.g. between Rotterdam and Antwerp."

How can Den Hartogh leverage the power of data and math?

"We can do all the high-level calculations we want and conclude that electric trucks are more expensive than the diesel equivalent, but going one step further is much more interesting. What makes it more expensive and what parameters can we tweak to get the business case to work? If the battery were lighter, we could transport full payloads, just as we do now with diesel trucks. And what if the infrastructure of charging locations were a little denser? Tinkering and tweaking reveals what we should focus on: lobbying to have electric transportation for hazardous substances approved, or simply improving infrastructure density? Modelling can help us answer those questions."

Professional and Technical Services

Workforce Management makes timekeeping much more reliable

The chef in the Michelin-starred restaurant, the waitress at the anniversary party, the employee in the company cafeteria, the team in the snack bars and restaurants at the zoo: Vermaat Group schedules huge numbers of culinary professionals every day at countless locations across the Netherlands. ORTEC's workforce management system helps with that, says Product Owner Workforce Planning Vanessa Mersmann.

Vermaat Group is a hospitality and catering company with 5,000 employees, not to mention the temporary workers who are regularly deployed at one of the 500 locations and at events. Vermaat serves various sectors: corporate hospitality, hospitals, leisure, party service, you name it. Mersmann started working at Vermaat some nine years ago. *"For* me, the first step was to implement a timekeeping system that had recently been purchased. Organizationally, that system was a great fit for Vermaat, but after four years we found that we were growing so fast that more functionalities were required. So, in 2018, I started looking for a new workforce management system with a project team, and we decided on ORTEC."

> *"Because the hours are registered right away. It's of great importance that the math work is taken out of our hands."*

Real-time insight

The workforce management system makes timekeeping much more reliable, as Mersmann can attest. "Because those hours are registered right away. It's of great importance that the math work is taken out of our hands. All supplements for irregular hours, violations and collective bargaining agreement regulations are automatically calculated, so everyone gets what they are entitled to. It also means far fewer payroll audits. Seven years ago, five or six of us spent a week processing salaries. Now we are able to do it with two people in two days at most. It also provides insight during the scheduling period. Regional managers can check in real time to see whether their employees are getting their hours that period, or if they are working too much. We used to have a time clock at all our locations. Now, we have a module, in which employees can specify when they started and finish work, should those times differ from the schedule. This information is then automatically available to your manager."

Mix and match

At the time, Mersmann chose ORTEC's system in part to 'unburden' the locations so that they would spend less time on scheduling and would be able to deploy their own people optimally. "I think we can still make some progress in that area. It's a pretty complex system that all our planners have to understand. And since we have an enormous number of planners, we in fact would prefer to arrange the planning even a little more centrally, perhaps starting at regional level. Eventually, we would like to move towards self-rostering so that employees can schedule their own shifts. We are now participating in a pilot with ORTEC to test a simpler, web-based version of the planning tool for the sites." We submit requests to employment agencies fairly quickly. We are now working with the People & Culture Department to determine whether there are any of our "own" people who would like to work some additional hours that we are not yet aware of. Having 5,000 employees means this aspect is difficult to monitor. We hope to be working with ORTEC again in the future to make more efficient use of our current staffing.

> *"Eventually, we would like to move towards self-rostering so that employees can schedule their own shifts. We are now participating in a pilot with ORTEC to test a simpler, web-based version of the planning tool for the sites."*

Health

Integrated capacity management reduces pressure on healthcare and on staff

The standard of healthcare in the Netherlands is high and that's something we want to retain while, at the same time, ensuring that healthcare remains financially healthy. The impact of these challenges is evident every day. Many resources are stretched and staff shortages are a growing problem. Staff absenteeism is also increasing and many are leaving the industry. This means that one in three in the Dutch workforce will be employed in healthcare by 2060, unless we handle people and resources smarter (Source: WRR).

Future-proof healthcare

Capacity management has become indispensable in preventing increased pressure on the healthcare system and its staff. Capacity management is about creating and implementing effective scheduling in the short, medium and long term. Optimizing the balance between the demand for healthcare and the available resources can ease excessive workload in the system, resulting in staff no longer being forced to work in 'flat out or standstill' mode, as currently happens in many hospitals. It also helps ensure that healthcare remains accessible for patients, now and in the future.

Integrated capacity management aligns a hospital's various departments and objectives, enabling the provision of top-quality care for as many patients as possible while ensuring that each hospital can fulfill its own specific mission.

Insight and consistency of decisions

Making the best use of a hospital's capacity requires many different decisions, all of which impact each other. ORTEC Healthcare Suite organizes all these decisions in a logical and integrated way and retains overview of all the plans and rosters. It provides insight into the organization and effect of capacity deployment choices on hospital performance and helps to optimize these choices. ORTEC Healthcare Suite helps bring coherence to all the decisions a hospital has to make, from day to day as well as in the longer term.

Deploying the right capacity at the right time

Integrated capacity management enables health organizations to work well in advance to ensure that the right capacity is available at the right time. This can be done by ensuring capacity management integration along two axes using the ORTEC Healthcare Suite. Strategic, tactical and operational elements can be plotted on the vertical axis, and A&E, the outpatient clinic, diagnostics, OR and the nursing department on the horizontal axis.

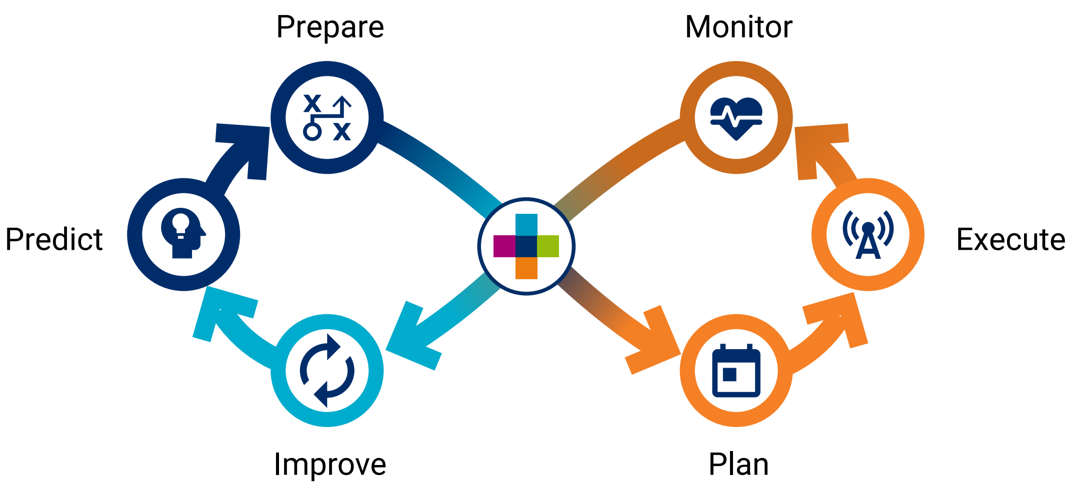
This enables optimal alignment of all capacities needed during the patient's care pathway in the long, medium and short term. Healthcare Suite is structured exactly along these two axes and comprises several modules. The modules are interrelated and deliver more in combination than individually, although each module can also be used independently. This allows each hospital to add value gradually, tailoring the solution to match the institution and ultimately achieve its own ideal situation.

Technology & Innovation

Innovation is key for us to challenge ourselves, but more importantly to continuously find new ways to improve our impact at customers. From a technology and innovation perspective, this chapter illustrates a selection of the developments of 2022 to achieve our ambition.

Fit for purpose and faster implementation

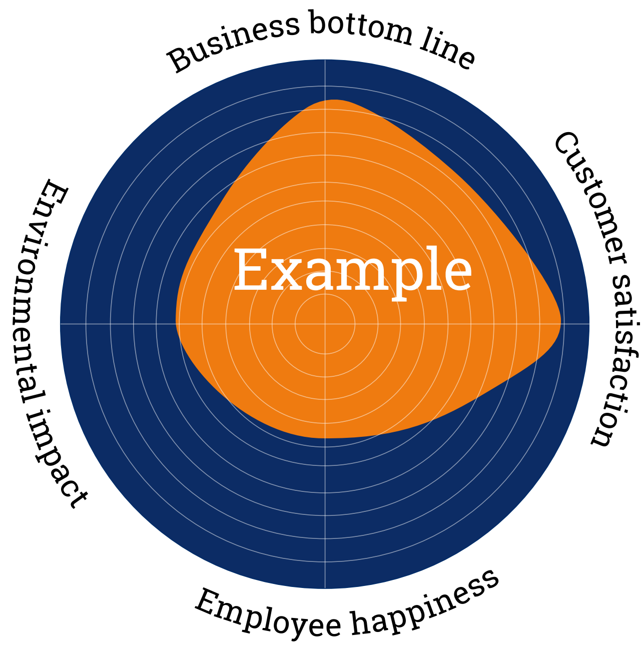
Thanks to all the hard work that has been done in 2022, ORTEC's future portfolio is right on track. Our focus on the jobs-to-be-done in our six key industries results in Cloud-native solutions, fit-for-purpose answers, and faster implementations, in the meanwhile already designing for the future support of what we call the 'learning loop', supported by the development of our underlying Data and Analytics (DnA) platform.



"A lot of things have been happening 'backstage' in 2022," says Patrick Hennen, Chief Innovation & Technology officer. "Many teams have been working tirelessly to develop our end-to-end solutions fit for purpose for our jobs to be done per industry, and in the meanwhile already designing for the future support of what we call the 'learning loop', supported by the development of our underlying Data and Analytics (DnA) platform. There are two specific accomplishments I want to highlight here – the first one being that we are successfully making large steps in becoming a true SaaS company, including a renewed contract with Microsoft. While our business units focus on value selling to increase ORTEC's impact, from a Technology perspective we focus on automating and standardizing our software services by becoming more scalable and implementing more efficient solutions. The second important achievement is the speedy implementation of our next generation cloud-native solutions. Being faster allows us to onboard customers more quickly, with lower expenses – and this really makes a huge difference. Compared to implementing our current flagship products, implementation time for cloud-native solutions is factors faster, sometimes more than 10x faster."

What we've learned innovating with our customers

Innovation is all about shaping our future offering towards our clients. In the past couple of years, we've been experimenting with a way to create surprising and impactful solutions with and for our clients. We've collaborated with key and strategic customers to shape new concepts and new value propositions around them and their needs.



We made use of design thinking to shape our outside-in approach: starting with industry, company and people's needs makes us see things under a new light and come up with new ideas for products and services that strengthen our jobs to be done and makes maximum use of our USP, the mathematics. With the experience we built, with our workshop and design philosophy, we're shaping the next generation of products and 'learning-loop' and we're launching a joint innovation lab together.

Patrick Hennen
Chief Technology &
Innovation Officer

The Future of Mathematics for ORTEC

Our purpose is to improve the world using our passion for mathematics. But what does 'mathematics' look like, now and in the (near) future? Artificial intelligence, cloud computing and other trends are influencing the direction of our portfolio and our opportunities to make an impact. How should we respond to these trends and how should we shape the future of mathematics for ORTEC? Fit-for-purpose is our answer. Instead of building very generic algorithms, we focus on tuning our algorithms for the purpose of specific industry challenges.

Our current portfolio direction focuses on jobs-to-be-done in our six key industries. This puts a strong industry focus on the cloud-native solutions that we are building. We use domain-driven design (DDD) to scope these new industry-focused solutions: as a result, only those features that are relevant to a specific industry become part of the industry solutions.

Cutting the Complexity

Having an industry focus on our solutions allows us to exploit industry-specific characteristics. For example, in parcel delivery we have many stops per trip – but in manufacturing, we have just a few. Creating dedicated data structures that fit the characteristics of the specific industry problem greatly improves the performance of the algorithms, both in terms of speed as well as accuracy.

Fit-for-purpose optimizer successfully live

We have developed the first fit-for-purpose algorithms for ORTEC for Field Service: a route optimization solution focused on the optimization of service engineers. This solution is now successfully live at several customers in different countries, with significant performance and solution quality improvements.

The optimization engine in our ORTEC for Field Service solution makes three types of decisions: assignment of tasks to engineers, sequencing of tasks per engineer, and scheduling these tasks. However, the field services industry requires also other types of decisions, like planning multi-day tasks and multi-resource tasks. The optimization engines of the ORTEC for Field Service solution can easily be extended with these features –a pilot version for multi-day tasks is already available.

Other areas of investigation

In the area of home delivery, we are actively investigating similar requirements for workforce scheduling, routing, time slot booking and yield management. For the manufacturing industry, we are investigating the possibilities for optimization and routing –in the industry retail and wholesale for routing and driver assignment. The initial results of these innovative trajectories are very promising.

ORTEC Wins DIMACS Challenge

Seven ORTECers, one week of hackathon, and lots of clever engineering: this is how we won the Vehicle Routing Problem with Time Windows track of the 12th Discrete Mathematics and Theoretical Computer Science (DIMACS) Implementation Challenge. Our fit-for-purpose solver was the fastest and best performing in the Vehicle Routing Problem with Time Window (VRPTW) category – beating many strong competitors.

ORTEC participated in this challenge to demonstrate their vehicle routing optimization expertise in a fair competition. “And ultimately, we won because our existing solutions and our colleagues ***already*** make us world champions in our field,” says Leendert Kok, Chief Science Architect at ORTEC. “The algorithm built for this challenge consists of state-of-the-art methods, ideas inspired by our production algorithm, and powerful engineering tricks that we apply across our products.”

Bring learnings back to our products

As one of the challenge’s organizers also mentioned on Twitter, what is perhaps most impressive about the team’s achievement is that most of their specialized solver was built during one week of hackathon. “We’re looking into whether and how we can apply our ideas to customer cases,” says Wouter Kool, Operations Research Engineer, “and the goal is of course to bring these learnings back to our products. But we’re also publishing our project as an open-source solver, to encourage academic research on vehicle routing. The point is not winning per se but stimulating new ideas. And I believe in the importance of keeping up with Academia – state-of-the-art methodologies guarantee the best performance in our products.”

Fueling lines of research

DIMACS is a world-leading platform for catalyzing and conducting research and education in mathematics, modeling, and algorithms. Their Implementation Challenges aim to improve the practical performance of algorithms for ‘important problems […] that are hard in the theoretical sense’. “The DIMACS Implementation Challenges and other contests we participate in, or sponsor bring complex problems into the limelight,” adds Joaquim Gromicho, Science & Education Officer at ORTEC. “Good algorithms are robust against the differences of real-life business cases and give good outputs even when we modify the constraints. Participating in these challenges fuels lines of research with a sizeable, tangible impact on the world.”

ORTEC Featured in Gartner Market Guide

Supply chain disruptions have made headlines the past year, from delays in shipments to shortages of goods. Companies seek solutions that can help with optimizing their operations to handle changing customer demand among other challenges. Many supply chains are turning to vehicle routing and scheduling and last-mile technologies. In the new Gartner Market Guide for Vehicle Routing and Schedule and Last-Mile Technologies, ORTEC is mentioned among a select group of vendors for its solutions in these categories.

Gartner is the world's leading research and advisory company and a member of the S&P 500.
As organizations continue to adjust to COVID-19 and changing customer demands among other challenges, they seek new ways to optimize fleet operations. Gartner recommends that when evaluating technology that can help achieve these goals, supply chain leaders should "validate the benefits of emerging VRS and last-mile capabilities — such as customer engagement, machine learning (ML), artificial intelligence (AI) and visibility — by identifying if these warrant adoption or replacement in your business."

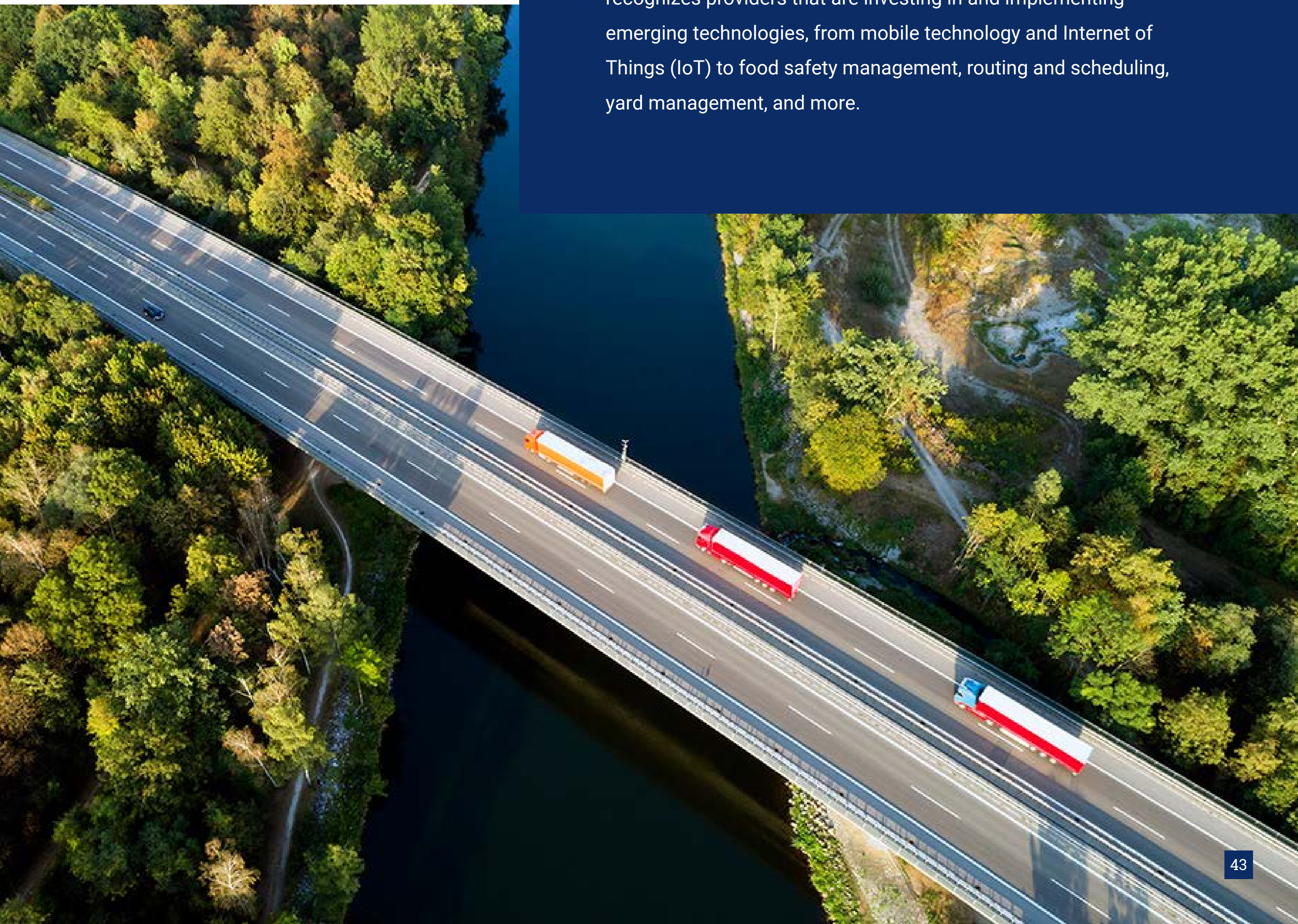
ORTEC Routing Solutions

ORTEC uses machine learning and AI technologies to help supply chain customers route and deliver products, particularly by enhancing delivery accuracy and efficiency. Gartner's report offers supply chain leaders insight into the latest vehicle routing and scheduling and last-mile technologies, and how to evaluate these solutions to make operations more efficient.
The report says ORTEC Routing Solutions leverage "ML technology and offers strategic planning capabilities like network analysis, scenario planning, demand forecasting and capacity planning to optimize operations strategically." Other ORTEC features highlighted include cost-to-serve analytics, load optimization and asset management capabilities with predictive maintenance capabilities.

Meet changing needs

"There continues to be a growing need in supply chain for solutions that improve vehicle routing and scheduling as well as solve last-mile challenges," said Jeff Bailey, CEO, ORTEC Americas. "Gartner recognizing ORTEC in this Market Guide reinforces our commitment to provide such technologies to help our customers and meet the changing needs of the market." Gartner also breaks down VRS vendors by functionalities they offer, including core capabilities and last-mile capabilities. ORTEC is one of just two vendors in the report to have last-mile capabilities in 13 of 14 categories. ORTEC is also one of four vendors that has core capabilities in 14 of 15 categories, such as fleet maintenance and the ability to provide sustainability insights. To read more on the Garter Market Guide for Vehicle Routing and Scheduling and Last-Mile Technologies, visit https://www.gartner.com.

In December, ORTEC USA was named a winner of the 2022 *Food Logistics Top Software & Technology Providers* award. This award recognizes providers that are investing in and implementing emerging technologies, from mobile technology and Internet of Things (IoT) to food safety management, routing and scheduling, yard management, and more.



Sustainability at ORTEC

We are passionate about using mathematics to contribute towards a better world. Guided by the UN Sustainable Development Goals, we continue to improve the sustainability of our own operations, boost the positive impact of our solutions through our customers and dedicate our know-how to solve societal and environmental challenges through our partners.

Making a positive contribution to the world

At ORTEC we have a strong commitment to our employees and customers, as well to the future of society and the world we live in. We are intrinsically motivated to do good for the world, which is reflected by our purpose statement: we improve the world using our passion for mathematics.

Our believe is that organizations can make a significant contribution to the United Nations Sustainable Development Goals (SDGs) and we can support them in making this happen. ORTEC helps many organizations around the globe to make better business decisions. Our decision support software and data science capabilities not only help to improve business results, but also increase the positive impact organizations have on the world. In our collaboration with customers, we seek for continuous improvement of our collective impact.

Besides that, we want to lead by example and continue to look for ways to improve ourselves when it comes to sustainability. Per last year, we can officially call ourselves a Carbon Neutral company after receiving the Carbon Neutral certification from Control Union. It makes us proud to get external acknowledgement for the progress we make, and it motivates us to grow our positive contribution further.

Edgar Benschop
Chief Marketing Officer

Impact and UN Sustainable Development Goals

Our impact in 2022

2022 was another volatile year for everyone. Against this backdrop of uncertainty in the world, ORTEC has been able to further increase its impact on the world last year.

We adapted the reporting of our 2022 impact to directly link to the SDGs. This is the impact we created in 2022:

Climate Action & Affordable and Clean Energy

- We prevented the emission of **940 kilotons of CO_2** – which is as much as the carbon sequestered by more than 15.5 million tree seedlings grown for 10 years (**source**).

Our solutions optimize routes and loads to make distribution channels and deliveries more efficient, which includes reducing the distance driven and resources used. Savings in fuel and energy equate to reduced CO_2 emissions and increased energy efficiency.

Decent Work and Economic Growth

- We contributed to the employee satisfaction of **817,000 people**: more than the number of people living in San Francisco.
- We improved our customers' financial performance by **€ 1,300 million**: enough to buy 26,000 top of the range electric cars.

Our products and services enhance the work of many of our customer's employees by providing better solutions to complex tasks and easing communication across an organization. The decisions aided by our solutions lead to significant productivity gains.

Quality Education

- We provided skill training courses to over **1,600 people**.

The ORTEC academy and Analytics Academy, in partnership with the University of Amsterdam, provides courses in software and analytics to increase the data capabilities of our customers and the wider public.

How do we measure our impact?

Measuring the impact that we create with our customers is a challenging task. ORTEC has a wide variety of solutions and customers, and multiple teams are involved in gathering and analyzing all impact data. To calculate our impact, we combine the various product components with those of our data science and consulting services.

Our plans for 2023

Sustainability at ORTEC is based on minimizing the negative impact of our own activities whilst maximizing the positive impact of our work on people, planet, and profit. It is an intrinsic motivation to contribute to a better world. We continuously seek for new and improved ways to grow our impact, building on the foundation we have established already in our 40+ years of existence.

Enhanced sustainability reporting

No longer only a feel-good-factor, sustainability is a part of necessary risk management and crucial for valuing companies. Research in recent years has shown that ESG-positive funds outperformed benchmarks across global markets. Further, legislation on sustainability disclosures is growing across the regions we operate in, and a heightened level of transparency is expected. In particular, the EU's Corporate Sustainability Reporting Directive (CSRD) has expanded mandatory disclosures to include almost five times more companies. To be future-ready, we will chart out the requirements for ORTEC and develop a roadmap for the years to come.

Increased capacity-building

Sustainable impact is a subject that permeates all our work here at ORTEC. Many of our teams already work on relevant environmental and social issues and are making strides in increasing our positive impact. Our people are our greatest asset – for 2023, we will expand support for continued learning and dialogue on sustainability across functions and industries. By empowering our teams, we embed sustainability deeper into how, what and why we do our work.

Continued mitigation of our footprint

ORTEC's internal sustainability focus is on monitoring and reducing our carbon footprint. To realize this, representatives in ORTEC offices across the globe collect and analyze their data to discover additional opportunities for energy management and emission reduction. Any remainder emissions will be offset through contributions to (re)forestation projects. Our commitment to reducing our footprint is expressed by the relevant external corporate responsibility certifications and memberships.

Reducing our environmental footprint

ORTEC receives Carbon Neutral Certification in accordance with PAS 2060

ORTEC received its official Carbon Neutral Certification in accordance with PAS 2060. The certification is a valuable and important milestone for the steps we are taking in our journey towards climate positivity.

Our carbon neutral status was verified through a Qualifying Explanatory Statement (QES), detailing our carbon footprint, the measures taken to reduce carbon emissions and the purchase of carbon credits to offset remaining emissions. PAS2060 is currently the only internationally recognized standard for organizational carbon neutrality, and guides companies on how to measure, reduce and offset emissions in a transparent, efficient, and accurate manner.

Our scope 1, 2 and 3 activities in 2021 left a total carbon footprint of 1,535.82 MT CO2. As we were unable to prevent these emissions, we compensated the total amount through the purchase of high quality and verified carbon offsets in accordance with the requirements of the PAS2060.


CONTROLUNION

Certificate
Achievement of Carbon Neutrality

PAS 2060 Verification

ORTEC International B.V.
Houtsingel 5
2719 EA Zoetermeer
Netherlands

PAS 2060:2014

Control Union Certifications Germany GmbH

01.01.2021 – 31.12.2021

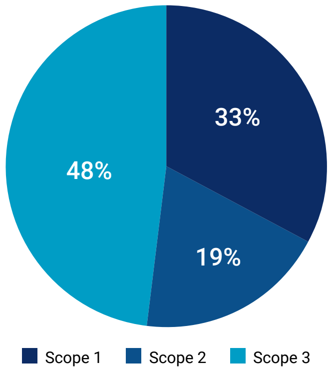
1.535,82 MT CO_2eq

Our 2022 carbon emissions

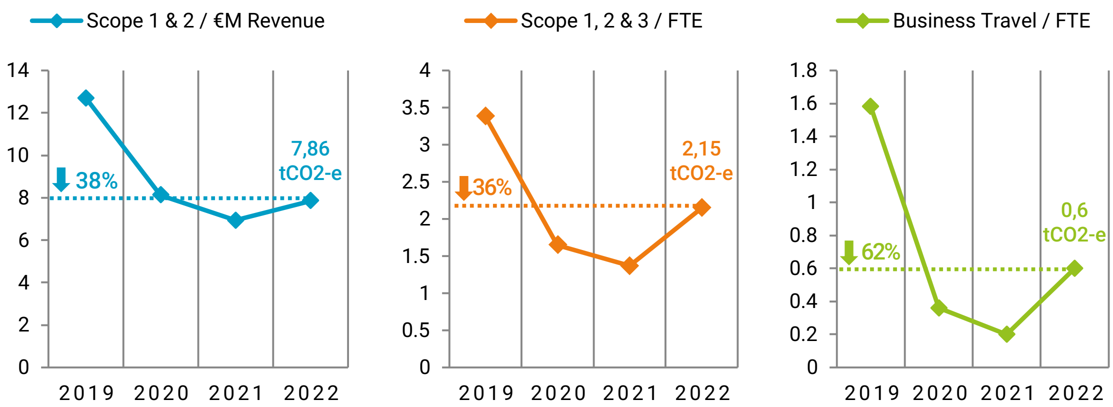
ORTEC reports according to the Greenhouse Gas (GHG) Protocol Corporate Standard, which classifies GHG emissions into Scope 1 for direct emissions, Scope 2 for indirect emissions and Scope 3 for indirect emissions that occur in the value chain. Due to our commitment to carbon neutrality, ORTEC offsets 110% of residual emissions.

Breakdown of our 2022 emissions by scope

Scope 1		Scope 3	
Office Gas Heating	**4.1%**	Data & Cloud Services	**12.9%**
Fleet Fuel Consumption	**28.8%**	Laptop Lifecycle	**7.4%**
Scope 2		Plane Travel	**22.6%**
District Heating	**0.4%**	Car Travel	**5.2%**
Office Electricity	**15.6%**	Train and Ferry Travel	**0.05%**
Fleet Electricity	**3.1%**		



Carbon intensity has increased but remain below pre-pandemic levels



The Covid-19 pandemic and resulting lockdowns that begun in 2020 greatly affected travel, commuting and office workspaces. Due to the nature of our business and the lack of physical products in our value chain, this resulted in a significant drop in our total emissions. With restrictions continuing into 2021 and measures in place to promote reduced travel, we saw our carbon intensities across different metrics continue to decrease.

In 2022, most of the world began to return to business as usual while adjusting to the 'new normal'. Although emissions in 2022 have increased overall in the last year, comparisons to pre-pandemic levels (2019 as a base year) show that our new ways of working have helped us maintain lower CO2 emissions against business and workforce growth. Despite business travel rebounding in 2022, emissions from business travel are almost two-thirds lower when compared to 2019.

Our journey continues to better mitigate our carbon footprint

It is important to note that ORTEC offices across different jurisdictions may experience and navigate this 'new normal' in unique ways but are each gaining more visibility on emissions as we continue our journey. The combined efforts of teams managing facilities and working environments has enabled ORTEC to reduce office resource use and travel instances – our hybrid working policies, remote collaboration tools and encouragement of greener transport all help to mitigate our carbon footprint.

While our growth has increased data usage, endeavors by our suppliers to improve efficiency and source renewable energy will greatly temper the resulting carbon intensity. Our main data center in Rotterdam is powered by wind energy and by 2025, the electricity for cloud services is expected to be sourced from 100% renewable energy.

Emissions and Energy Trends

	unit	*2019*[1]	*2020*[1]	*2021*[1]	**2022**
Emissions					
Scope 1	*tCO2-e*	1101	684	644	**716**
Scope 2 (location-based)	*tCO2-e*	-	-	-	**382**
Scope 2 (market-based)	*tCO2-e*	283	250	223	**416**[2]
Scope 3[3]	*tCO2-e*	1630	529	529	**1046**
Total Scope 1,2 & 3	*tCO2-e*	3014	1463	1396	**2177**
Energy					
Natural Gas	*M^3*	28968	34472	33167	**42594**
Diesel & Gasoline	*L*	349565	209297	180614	**205826**
Heat	*GJ*	1931	2085	1850	**349**[4]
Electricity	*kWh*	1037405	758376	773725	**1053380**
Renewable Energy at Global Offices		-	65%	71%	**7.6%**[5]
Electricity % of Fleet Energy Mix[6]		-	-	-	**9.5%**

Footnotes:

1. Over time, data availability allowed us to include more office locations and data categories. Figures for Scope 3 in 2019, 2020 and 2021 have been adjusted to include new Scope 3 categories.
2. In 2022, market-based Scope 2 for energy not certified as renewable is calculated using the residual mix grid emission factor.
3. Our Scope 3 emissions do not currently include emissions from employee commuting or teleworking.
4. Only global offices that receive fully district heating were included as this form of heating results in the lowest emissions.
5. Due to procurement changes by our facility providers, our Netherlands rental offices did not receive green energy certificates in 2022, resulting in a lower green energy mix. We intend to work with our suppliers to increase this percentage.
6. This represents the estimated ratio of energy, derived from electricity, consumed by our lease vehicles.

Carbon compensation through nature-based solutions

As part of our commitment to reducing the environmental impact of our activities, ORTEC has renewed our partnership with Trees for All, a non-profit that supports (re)forestation projects across the globe.

ORTEC compensates our residual CO2 emissions through Trees for All based on the Plan Vivo standard. This means that we offset the emissions we were not able to reduce by contributing towards projects that capture an equivalent amount of carbon from the atmosphere. Our partnership with Trees for All provides us the confidence that the projects our funds go towards are vetted and monitored, and the resulting carbon offset is properly accounted for: trees are maintained, and carbon credits are not resold. We can trust that our investment is reducing the harm caused by our emissions.

This method of reducing our carbon footprint is a form of nature-based solution. While there are other forms of carbon compensation, such as investments into renewable energy or community development projects, ORTEC has chosen a nature-based approach as it also contributes towards the restoration of natural ecosystems, biodiversity, and support towards local communities dependent on conservation efforts.

Corporate Responsibility through Analytics for a Better World

Launch of the Analytics for a Better World Institute

In January 2022, ORTEC, University of Amsterdam (UvA) and Dimitris Bertsimas of the Massachusetts Institute of Technology (MIT) launched the Analytics for a Better World Institute (ABW). An initiative that brings together the brightest minds to pursue a special mission: applying analytics together with NGOs, the public sector, and non-profit organizations to make an impact on the Sustainable Development Goals (SDGs).

ABW enables social good, sustainable development and humanitarian aid organizations to scale up the use of analytics, by helping them to carry out analytics projects and developing new analytics applications and techniques related to the SDGs.

Personal drive

"The three parties are committed to the new institute. "During my 27 years at ORTEC, I have seen how analytics truly makes a difference at companies across the globe", says Michael van Duijn, CEO at ORTEC. "At the same time, it's frustrating to see that valuable research, technology and knowledge does not easily find its way to non-commercial organizations. And when it does, the tangible impact is often limited." Analytics have proven their value in creating impact for businesses, but the brightest minds are especially harnessed to accelerate the adoption of analytics products at companies. "There's nothing inherently wrong with that", says Dick Den Hertog, Professor of Operations Research at the University of Amsterdam and Science-to-Impact Director of ABW. "but there is so much value to be created by applying analytics to the SDGs." Dimitris Bertsimas, professor of Business Analytics at MIT, couldn't agree more: "Analytics has had an increasing influence on the commercial sector and has attracted a lot of talent in the process. The financial incentives drawing people to the non-profit sector are less alluring, which is why there's a lot of low-hanging fruit to be picked."

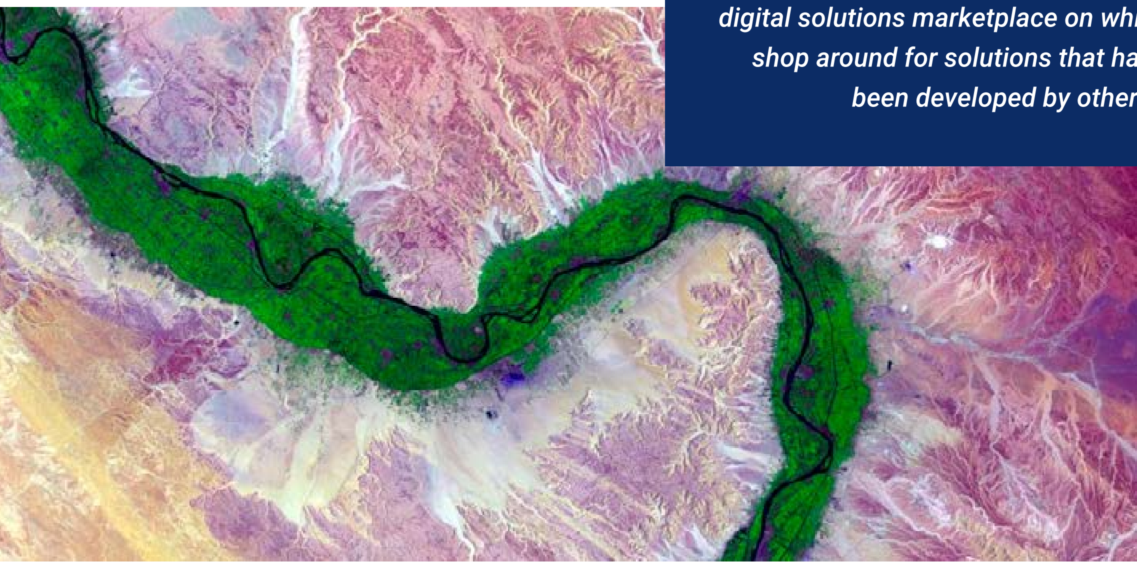
"It's frustrating to see that valuable research, technology and knowledge does not easily find its way to non-commercial organizations."

Michael van Duijn

A special mission

The mission of ABW stretches further than just implementing analytics. "We're also looking to create an open-source digital solutions marketplace on which NGOs can shop around for solutions that have already been developed by others", says Marc Salomon, Professor of Decision Sciences at the University of Amsterdam, and Chairman of the Amsterdam Business School. "This free for use marketplace will help NGOs cut costs, give them quicker access to solutions and significantly boost the impact of investments." ABW will also help NGOs with educating their staff. Salomon continues: "We'll be organizing in-house courses and plenary Summer and Winter schools aimed at teaching NGO staff what they can do with analytics." On top of that, ABW will also conduct applied research, launch a journal, and organize meetups and seminars for researchers.

> ***"We're also looking to create an open-source digital solutions marketplace on which NGOs can shop around for solutions that have already been developed by others."***



Combining science with practice

ABW brings together both science and practice to pursue its special mission. "Over the past 40 years, we have learned that analytics is not 'just some technical tooling'. You need much more to make data, mathematics, and statistics work in practice", says van Duijn. "From the science side of things, much has been written about analytics and its role in boosting humanitarian endeavors, but it is rarely applied in practice", says den Hertog. "To build something real, you often need software and business skills. Fortunately, that's what ORTEC does best, making this the perfect combination.

> ***"Over the past 40 years, we have learned that analytics is not 'just some technical tooling'. You need much more to make data, mathematics, and statistics work in practice."***

> I believe that ABW can contribute to solving some of the major challenges facing humanity.
>
> Robert Monné

Challenges facing humanity

The parties made the commitment to grant the institute a serious startup budget for the next three years to help run the organization and launch projects related to the SDGs. "We're a non-profit, so any profit we make is invested right back into the institute to help advance our mission", says Robert Monné, Director of ABW. "I believe that ABW can contribute to solving some of the major challenges facing humanity: climate, hunger, deforestation, the extinction of flora and fauna, you name it. We've already seen the tremendous value that analytics can have for commercial organizations and the time is now to harness their power to help contribute to the SDGs."

ABW HIGHLIGHTS 2022

What we have achieved so far

Partner development

- The succesful built up and extension of the ABW nonprofit network
- Lots of enthusiasm, commitment and interest from sponsors and researchers

Impact Projects and research

- Projects and collaborations with i.a. AMREF and 510/Red Cross, inspired by the value opportunities of analytics (more information below)
- First edition of the ABW Fellowship/Academy: 8-week data science practitioner training, 340 subscribers, 43 global participants, 14 follow-up projects, 10 sponsors providing courses, 120 mentor hours, 165 course hours

Outreach

- A growing community, 2K LinkedIn followers, 830+ seminar newsletter subscribers, 320+ general email subscribers, multiple conference presentations
- Inspiring first edition of the yearly conference, 200+ participants

Visit analyticsbetterworld.org or follow their LinkedIn for more information and developments.

Analytics for a Better World

Data to the rescue: improving humanitarian aid

In close pro bono collaboration with ORTEC and Analytics for a Better World, 510 took various steps in 2022 to contribute to the IFRC Digital Transformation journey:

Digital Maturity Framework

In 2022, 510 laid the foundations of a framework that identifies what needs to be in place for national societies to be in their desired state of digital maturity. Thanks to this framework, national societies can find out how digitally mature they currently are (from level 0 to level 6), what level of maturity they would like to be in, and how to reach that state. It assesses across three domains: people, process, and technology. On 510's request, the assessments are shown as a color-based Excel dashboard. This makes it a user-friendly tool which is convenient and quick to use and interpret.

The Digital Maturity framework is not a standalone assessment tool. It was developed as part of an in-depth Digital Transformation assessment to help National Societies formulate their own roadmap for Digital Transformation. The framework has been adopted in the IFRC's Digital Transformation strategy to offer a vocabulary of Digital Transformation in multiple contexts and provide a basis to track the process.

IFRC Data Science curriculum

The Digital Maturity Framework as discussed above tells what steps to take to grow to the next level of data maturity. Some of these steps relate to education. With the goal of augmenting the skills and competences of the 510 team, ORTEC and Analytics for a Better World developed and offered a data & digital curriculum. This combined a wide range of courses and (self-study) materials. The trainings were customized by a series of capability assessments and curriculum co-design workshops, which resulted in a tailored course to the level and role of the participants.

Data architecture advice

510 was looking for a future proof data architecture. They wanted to know how to efficiently manage their data, reuse their data in a better way to increase impact, and improve their data governance. Moreover, it was one of their goals to transfer models and data sources to Red Cross and Red Crescent National Societies. How to do that? ORTEC analyzed this on three aspects: technical, data, and people.

Based on ORTEC's advise, 510 arranged a:

- Data Steward for data governance
- Data Lake for stable storage and usage of data
- Data Catalog to know what data there is, to only store it once, and to manage the access to it.
- And set up a simpler and more scalable architecture overall

In addition to the above, ORTEC supported on three other aspects related to data architecture:

- Training 510 on the use the architecture
- Optimizing 510's cloud costs and increasing cost-awareness
- Making 510 more sustainable to deploy products to local teams. By following the proposed strategy, 510 can empower national societies to deploy and use 510's products.

Thanks to these developments, the 510 teams don't accidentally work with old data anymore, data can be reused by other teams more easily, and all data is stored in a central place. The latter means that it's more accessible as well as it results in less costs for data storage. This resulted in a 60% cost reduction of cloud costs.

A pro bono collaboration between 510, ORTEC, and Analytics for a Better World

About 510 | Red Cross

510 is the Data & Digital initiative of the Netherlands Red Cross. It's their purpose to improve the speed, quality and cost-effectiveness of humanitarian aid by using data & digital products. By converting data into understanding, they can better prepare for and cope with disasters and crises. As such, it supports the International Federation of the Red Cross Red Crescent (IFRC) and its societies.
www.510.global

Data for creating lasting health change in Africa

Data is an essential enabler for Amref to reach their goal: lasting health change in Africa. By applying data analytics technology, they can increase their impact on the people in need today and influence the policies of tomorrow. It enables Amref to:

- Support programmatic decision making and run a more efficient operation to reach more people in need, in a shorter timeframe, and support them better;
- Increase transparency and measurability of their efforts and impact, which builds trust and deepens the partnerships with their donors
- Build their thought leadership and support influencing African health policy decision making

To assess: the current and desired state of data maturity

To find out how data mature Amref already was and to discover their desired state of maturity, ORTEC and Amref jointly did a thorough assessment. Some highlights of this assessment:

Strategy & Ambition workshop with Global Leadership Team

Together with Amref's Global Leadership Team (GLT), the ORTEC and Amref assessment team facilitated a Strategy & Ambition workshop to get a clear picture of the current situation. This way, we identified the why-statement ('Why does Amref want to become more data driven?'), identified opportunities and threats, and supported in setting ambitions.

1-on-1 interviews

By conducting 34 in-depth 1-on-1 interviews with Amref employees, the joint assessment team could get a better picture of the current situation. This also included project reviews: by looking at current and previous projects which involved data, we could identify the current usage of data and tools used.

Questionnaire

To reach a broader audience at Amref, questionnaires were sent to those who weren't interviewed 1-on-1. This resulted in 58 responses.

Stakeholder analysis

To identify the leaders needed to be involved in the change and determine the change approach, the assessment team performed a stakeholder analysis.

The Analytics Maturity Model

The information collected through the interviews and questionnaires was mapped into the Analytics Maturity Model. Through this model, we looked at six different domains at Amref with regards to data and analytics.

1. People
2. Culture
3. Organization
4. Process
5. Data
6. Technology

For each of these domains, ORTEC assessed Amref's data maturity: from level 1 (basis data skills) up to level 5 (analytics innovator). The goal was not to become more data driven in itself, but to be able to use data and analytics to support their goals. For that, we found a maturity level that fits. This led to a clear picture of their 'as is' situation (current level) and their 'to-be' situation (their desired level of maturity in order to realize their goals)

Steps towards the 'to-be state'

The assessment is the basis of the tailor-made roadmap for Amref to become more data driven. Thanks to this roadmap, Amref has a clear plan to grow from their 'as-is' to their 'to-be' state, with the initial focus on the first year. Reaching their final 'to-be' is a multiyear plan.

About Amref

Amref Health Africa is Africa's leading health non-governmental organization (NGO), founded in 1957. They sustainably strengthen health systems and improve access to life-saving care by partnering with communities. ORTEC collaborates with Amref since 2019 through their Dutch office 'Amref Flying Doctors'.

Employee Quality & Engagement

Driving high employee quality and engagement is a key theme in ORTEC's strategy. From an employee perspective, this chapter illustrates a selection of the initiatives of 2022 to achieve our ambition.

Impactful behavior, DE&I and hybrid working

Impactful behavior is like the glue which holds us together. It is present in everything we do and a very important part of our culture. It is reflected in the way we interact with each other and with our clients, how we manage to work in a hybrid, effective and connected way but also in how we embrace inclusivity, making everyone feel welcome and be of added value. You can also find it in the way we think about and mold our future workforce, given the many changes happening inside and outside ORTEC.

So how do we grow impactful behavior?

This year we started to offer the ‘habit hacking’ training course. Because once you know how to change the smallest habits, you can start making a change in your behavior to become more impactful. We also created a platform to inspire our workforce with examples and tips & tricks regarding developing their impactful behavior. And to facilitate the process of setting goals that are close to our daily business, we also changed our performance management approach to be more agile.

DE&I

Also, in the area of Diversity, Equity and Inclusion (DE&I) successes can be shared. About 80% of our workforce completed the Awareness training on unconscious bias. Our applicant tracking system used for recruitment has recently been adjusted to show inclusive answers to the gender question. In addition, there are several offices and departments incorporating DE&I in their monthly update meetings or stand-ups. For instance by presenting a challenging statement that opens up a conversation.

Working in a hybrid way

Hybrid working has become the norm. The hybrid way of working charter facilitates teams to talk about what their best way of ‘going hybrid’ is. Connection is key here. Being able to find each other for a quick chat, or discuss about a complex challenge, create, innovate, advise, and truly engage together. We have ample options to do this online and live in the office.

Marieke Litjens
Global Hr Director

Workforce of the future

Workplace design

ORTEC's vision on hybrid working

Like the rest of the world, ORTEC is finding its way in the post-pandemic world of hybrid working. Our vision.

"Connection is key to deliver on our vision", says Marieke Litjens, Global HR Director at ORTEC. "Staying connected physically fuels knowledge sharing, culture building, learning, creativity, productivity, networking, better communication and not at the least having fun. While online connection can cover a lot, regular on-site team meetings and gatherings are essential. We feel responsible for continuously eliminating hurdles to cooperate across the globe. And to actively encourage and facilitate collaboration between colleagues to bring positive impact on our customers. Thus maintaining the level playing field we created during the pandemic."

Own their part

At ORTEC, we foresee a combination of working from home, in the office and at the customer as default, whereby we expect that colleagues work in the offices for two or three days per week on average. Litjens: "We trust the professionalism and creativity of all teams to work with each other, and with our customers in a hybrid way that best fits everyone's need. We feel responsible for providing a healthy, safe, and effective working place to all our employees. We want to contribute to a sustainable world by rethinking our travel habits and reducing our CO2 emissions. Every team's contribution to this goal is different; all teams own their part."

Down to earth

A truly hybrid way of working is new to everyone. ORTEC's evolution has always been driven by pragmatic, down-to-earth, steps; a trial-and-error approach that celebrates experimentation and allows errors, states Litjens. "This change should not have to be any different. We explore this new way of working trying to find out what works for us, for our customers, and for our culture. No one knows what the award-winning hybrid way of working recipe is. We will have to find out for ourselves and our teams, and we will face challenges along the way. We will get there."

> *"We trust the professionalism and creativity of all teams to work with each other, and with our customers in a hybrid way that best fits everyone's needs."*

BEST AND BRIGHTEST COMPANIES TO WORK FOR IN THE NATION WINNER 2022

ORTEC USA awarded Top Workplace and Best and Brightest Company to Work For

ORTEC has been awarded a Top Workplace 2022 honor by The Atlanta Journal-Constitution for the third year in a row. The list is based solely on employee feedback gathered through a third-party survey administered by employee engagement technology partner Energage LLC. The anonymous survey uniquely measures 15 culture drivers that are critical to the success of any organization: including appreciation, execution, and innovation.

“Having strong workplace culture and employee engagement is incredibly important to us,” said Jeff Bailey, CEO, ORTEC Americas. “ORTEC is a company that nourishes innovation, so it’s a great honor to be recognized among the Top Workplaces in Atlanta for the third year in a row. It shows we’re continuing to move in the right direction. We welcome individuals from different backgrounds, experiences, and talents, which creates a unique and thriving workplace environment.”

Next to the Top workforces 2022 award, ORTEC USA has been named ‘One of the Best and Brightest Companies To Work For in Houston’ by the National Association for Business Resources. This marks the second year in a row that ORTEC has been recognized for this honor.

ORTEC was assessed by an independent research firm, which reviewed a number of key measures relative to other nationally recognized winners. The applicants were scored on the categories creative, wellness and wellbeing solutions, employee enrichment, as well as engagement and retention.

Giving employees a voice

ORTEC welcomes individuals from different backgrounds, experiences, and talents. This creates a unique and thriving workplace environment. “ORTEC really strives to be as inclusive as possible, especially when it comes to giving employees a voice,” said Didem Cohen, HR manager, ORTEC North America, when asked about employee engagement. “Of course, receiving feedback is always helpful, but it’s our job to act according to what they consider important. We want them to know they are heard and have a say in making decisions which will impact them.”

Employee development

Leadership Development Program 2022

Great leaders develop not only those they lead, but also themselves. To boost the development of leadership qualities of ORTEC's senior managers and leaders, the Leadership Development Program was held for the third time. Upon invitation by ORTEC's Executive Team, 11 participants from various departments and countries completed the 8-month program in 2022. While having intervision sessions throughout the program, the participants completed four modules. Afterwards, individual coaching was offered. The modules were supported by external parties as well as internal trainers. Members of the Executive Team were linked to various assignments as a sponsor.

The four modules

1 **Authentic leadership**

The *Authentic Leadership* module focuses on the leader to become self-aware. It helps them to act in a genuine way and stay true to themselves. This module contributes to true bonding between the participants: a bond that will be beneficial throughout the rest of their careers. "It was very beneficial and fun to connect in-depth with different colleagues around the world. Despite our differences in locations, we were facing similar challenges and supported each other in tackling them. It made it a great bonding experience," says Daphne de Poot, USA's Director of Operations at ORTEC and one of the 2022 Leadership Development Program participants.

2 **Change leadership**
From new initiatives to strategy execution: as a leader, you always have to deal with change. This module offers diverse workshops and trainings on topics such as design thinking, influencing, and pitching. "The change assignments were actual ORTEC cases which made it very relevant and enjoyable to work on," says Szabolcs Balázs, Managing Director Central and Southern Europe at ORTEC and one of the 2022 Leadership Development Program participants. Some of the proposed solutions were embedded within our organization afterwards.

3 **Organizational leadership**
This module focuses on ORTEC as a company and helps leaders to know what responsibilities they have in certain situations. During the module, participants also looked at real-life cases such as 'what role to take as a leader to contribute to diversity and inclusion at ORTEC?'

4 **Strategic leadership**
Related to *Strategic Leadership*, participants follow a course at connected universities such as Nyenrode Business University, HEC (Haute Études Commerciales) Paris, Harvard University and Rotterdam School of Management. Courses are very diverse, it ranges from 'Mastering Strategic Negotiations' to 'Female Leadership.'

In addition to developing more leadership qualities in current roles, the program also contributes to succession planning.

Daphne de Poot awarded Women in Supply Chain award

In September, ORTEC USA's Director of Operations Daphne de Poot was awarded *The Women in Supply Chain* award from Supply & Demand Chain Executive. This recognition honors female supply chain leaders and executives whose accomplishments, mentorship and examples set a foundation for women in all levels of a company's supply chain network.

Next to Daphne de Poot, ORTEC USA's CEO Jeff Bailey, was named a *Georgia Titan 100*, which recognizes Georgia's Top 100 CEOs & C-level executives. Mathew Witte, Senior Vice President ORTEC USA, was named one of the winners of the 2022 ***Pros to Know*** award by Supply & Demand Chain Executive.

Global Development Days

Being able to work remotely with teammates living in different countries is something to cherish and value – but there's nothing like meeting in person. That's why every two years, ORTEC employees come together to know each other better, spend time with distant colleagues, and build long-lasting relationships: the Global Development Days.

Sponsored and organized by the Technology unit, the Global Development Days bring together all colleagues united by the same passion: Software Development. 'Four countries, one passion' was also the theme for the 2018 edition, held in Romania. In 2020 we had to take the difficult decision to postpone the event. The 2022 edition was held in June, in the Netherlands.

Embrace differences

The 2022 slogan was "Create. Develop. Connect." As Daan Noorlander, managing director of Technology, explained in his opening speech, it highlights how the interdependence of different skillset, experiences and perspectives is the key to achieve our ambitions. "Not only must we be aware of our differences – we must embrace them," Daan said. "We always need someone else to be ourselves: just like a white object is not visible on a white background, we need the other and the other needs us. Differences help us in taking up the challenge of cooperation, again and again."

Outdoor Activities and Workshops

The Global Development Days are about teambuilding and networking, with some personal development opportunities sprinkled here and there. There were e-chopper and mountain bike rides to explore the beautiful nature surrounding the venue, archery games and painting workshops, and a keynote presentation about how multitasking is only a myth: you rather do one thing at a time or switch mindfully between your many responsibilities. All attendants learnt to juggle in just 15 minutes. Many ORTECers also gave presentations and workshops about a variety of topics: hacking for fun and profit, OR and AI, how to be closer to your customers, et cetera. In his keynote speech on Friday morning, CTO Patrick Hennen introduced ORTEC's ambitions for 2027.

Create. Develop. Connect.

Education Factory 2022: increased continous learning possibilities

Learning is a never-ending journey. To offer ORTEC employees even more possibilities to continuously develop themselves, the curriculum of ORTEC's internal academy the Education Factory has evolved again in 2022.

It resulted particularly in new courses focused on people skills. In total, 64 different trainings were offered across multiple knowledge areas: from data science to soft skills and from technology to sales. To make the trainings available for the global workforce, the Education Factory offered many of its trainings in different time zones, and online as well as live.

The Education Factory trained over 530 employees and the trainings were well received: they were graded with an 8.4 out of 10 on average and trainers got an outstanding grade of over a 9 out of 10. Most of the trainings were provided by enthusiastic ORTEC-employees, and some by external parties. To support ORTEC-trainers in providing qualitative trainings, we focused on 'training the trainers' by offering external courses for all trainers to develop their training skills.

64
different trainings

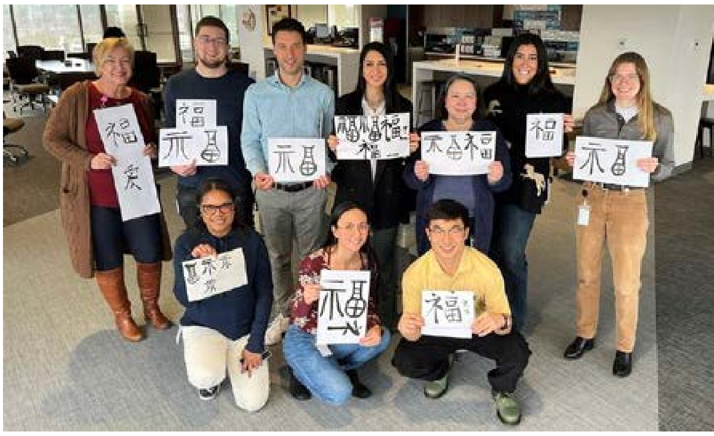
530
trained employees

8.4
out of 10 score

Thanks to implementing a new learning management system, it not only got more convenient for ORTEC employees to register, but it also gives insights to ORTEC management and participants. As such, there's a record of learning time invested per training course and participants can keep track of their own educational history as well as upcoming events.

Diversity, Equity & Inclusion

DE&I developments 2022



An inclusive culture and a diverse workforce are important for ORTEC. Diversity brings a broad range of perspectives enhancing innovation, sparking creativity, understanding clients and colleagues better, as well as improving decision-making.

Inclusivity ensures everyone can reach their full potential. Biases, however, may stand in the way. Gaining awareness is half of the work. In 2022, ORTEC's Diversity, Equity and Inclusion (DE&I) work has taken steps to further lay the foundation that was built in 2021.

Awareness campaign: unconscious bias

"It is easier to break an atom, than a prejudice", said Albert Einstein. To get a better understanding of one's own prejudices, ORTEC employees were offered an interactive e-Learning on unconscious bias. In total, 846 employees completed the 3-module training.

- Module 1: Identify bias
- Module 2: Cultivate connection
- Module 3: Choose courage

To empower the training, there was an internal poster campaign with questions like "Imagine a programmer. Is it a man?" to confront employees with a wide range of possible biases.

More steps towards more awareness

The awareness campaign has greatly contributed to creating more awareness. "But, to really become conscious of our biases is something for the long haul", says Marieke Litjens, Global HR Director at ORTEC. Some highlights of 2022:

- **Gender pay gap analysis**
  The gender pay gap analysis was conducted internally at ORTEC in the Netherlands. It showed that there is no significant pay difference for men versus women. In 2023, the pay gap analysis will also be conducted through an external party.
- **Reversed mentoring**
  Currently ongoing is a pilot on reversed mentoring: members of the Executive Team are being mentored by members of an underrepresented employee group at ORTEC.
- **Reporting point**
  Where to go if you don't feel included? ORTEC's DE&I group started an internal investigation with the goal to set up a place where employees can report these kinds of issues.
- **Diversity calendar**
  ORTEC United States has paid consistent attention to Diversity & Inclusion throughout 2022 by having a 'Diversity calendar'. Through this calendar, they celebrated and connected to specific milestones and festivities.
- **Inclusive communication**
  ORTEC's Communications department was trained to ensure inclusive communication.

ORTEC USA implementing the DE&I initiative

In January 2022, ORTEC US implemented the Diversity, Equity, and Inclusion (DE&I) initiative. Each month, the Atlanta and Houston offices collaborated in celebration of a holiday or observance, such as Black History Month, Indigenous People's Day, or Veteran's Day.

Every month, a dedicated DE&I team sent out a newsletter, The Addition, which included a description of the observance, events, and additional resources both local to the respective offices and virtual. In addition, each month 2-4 events or activities were incorporated, including but certainly not limited to trivia, museum visits, watch parties, and many more diverse and informative happenings.

Additionally, the team wrote and sent out an article each month pertaining to the history or an interesting aspect of the holiday they were honoring. Also, one volunteering event per quarter and an eBook club dedicated to at least one of the DE&I observances every other month was organized.

We're happy to report that each event had lots of engagement from employees both remote and in the office. In August, an internal survey for feedback on the DE&I initiative was sent out. The feedback was very positive and even included comments from some individuals about wanting to be more involved in 2023.

ORTEC hosts the Be The Difference Festival

ORTEC hosted the Be The Difference Festival: an internal event to celebrate our unique skills and personalities that drive the impact we have at our customers ánd our planet

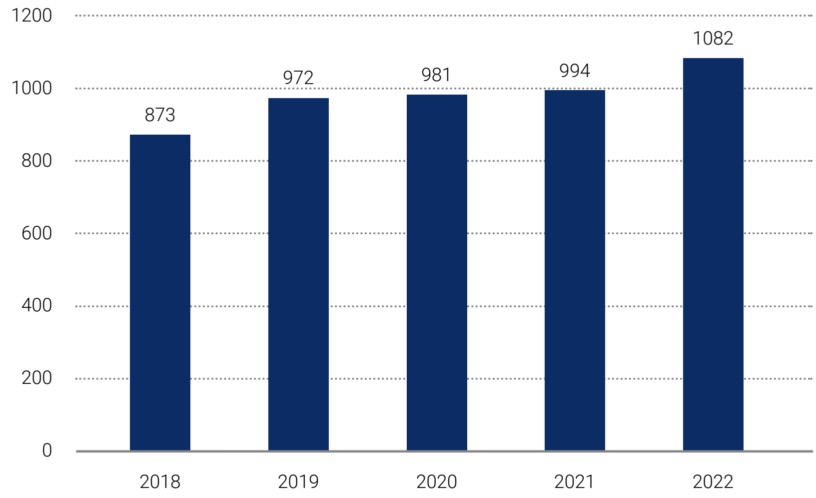
Frans van Helden, Managing Partner ODSC: "After two years of COVID-restrictions, we wanted to organize a get-together again. Rather than just focusing on something we already share – our drive to positively impact the world with data and mathematics – we wanted to highlight the value of all these unique things that set us apart. I am convinced that if we can organize our work at ORTEC in such a way that you can put your personal motivations to work, together we can achieve the maximum."

Sharing passions

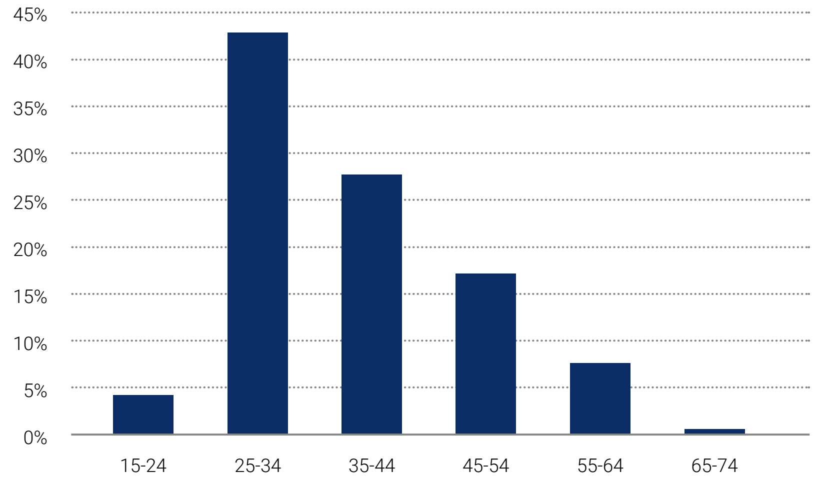
It resulted in the Be The Difference Festival. A festival that offered all employees a two-day program full of fun and inspiring sessions, food, relaxation, and dancing. Most sessions were organized by employees themselves, sharing their professional or personal passions. In addition, several keynote speakers were asked to inspire the crowd with their drive, such as ORTEC's founder Gerrit Timmer. "Now we're back at the office", Frans continues, "I really enjoy seeing so many colleagues still smiling. It's great that as colleagues we can have such a good time together. Giving us new energy, friendships and collaborations in so many ways; learning from each other while doing the things we love, like applying math, business painting, yoga, dancing to the sounds of the ORTEC band."

Nationalities
41
37 nationalities in 2021

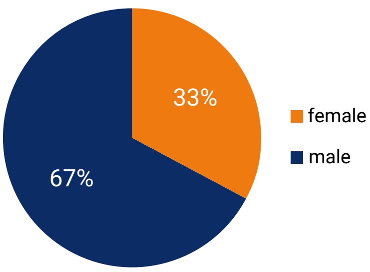
Headcount



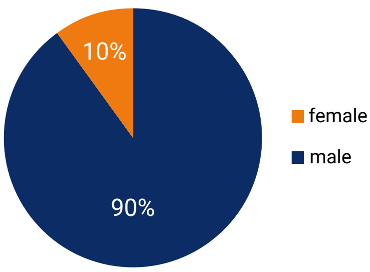
Division of individual employees over age groups



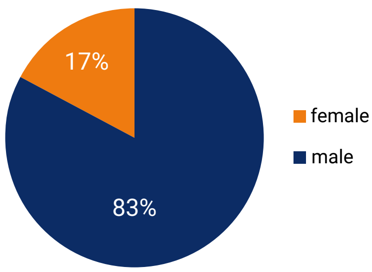
Gender division



Gender division senior management



Gender division board



In 2022 we executed an analysis to conclude if female and male employees are treated equally with regards to their start salary, time to promotion and salary increases. It led to the conclusion that there are no significant differences between female and male employees.

Leadership

Our leadership team is made up of dedicated, focused, and experienced executives. Working with each other and with our employees worldwide, their knowledge and experience come together to create value for businesses and society at large.

ORTEC's leadership consists of a Board and an Executive Team.

Board

Aart van Beuzekom
Chairman

Michael van Duijn
Chief Executive Officer

Rik Boer
Chief Financial Officer

Gerrit Timmer
Non-Executive Director

Marianne Tijssen
Non-Executive Director

Herman Bol
Non-Executive Director

Executive Team

Michael van Duijn
Chief Executive Officer

Rik Boer
Chief Financial Officer

Patrick Hennen
Chief Technology & Innovation Officer

Marijn Deurloo
Chief Product Officer

Marco Lock
Chief Operations Officer

Edgar Benschop
Chief Marketing Officer

Organization & Corporate Governance

This chapter provides an overview of the current legal structure and changes in 2022.

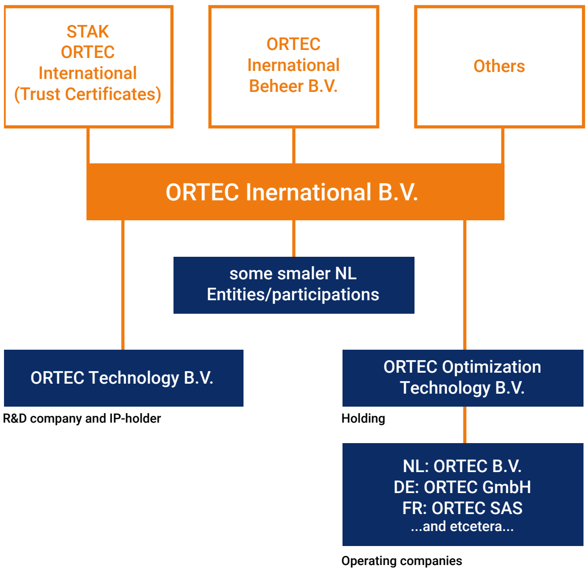
Current legal structure and changes

Group activities are performed out of entities in the Netherlands, United States, Germany, Belgium, France, United Kingdom, Romania, Italy, Australia, Brazil, Poland, and Denmark. The average number of Full Time Equivalents (FTE), working for all entities, that take part in the consolidation, increased from 965 to 1,022.

The legal structure of ORTEC consists of the group head (ORTEC International B.V.) with a one-tier Board (and the Dutch "structuurvennootschap"). The Executive Team manages the regional or industry focused business units, global R&D and supporting units (e.g., Finance, IT, HR), and sets global policies and both business and sustainability goals.

A works council ("ondernemingsraad") is active within ORTEC B.V, the largest operational company within the group. It represents the employees of the Dutch entities and meets periodically with the Dutch management and Executive Team to discuss strategic topics and important developments. The pension scheme for the Dutch employees is provided by 'het nederlandse pensioenfonds'.

Most entities within the ORTEC group have a strong dependency with other group members. That is obvious for the use (resell) of IP, but also for management, presales, consulting, implementation, and support activities. This relates to expert knowledge and skills, but also to balance global workforce with local business peaks and valleys. ORTEC has an Advanced Pricing Agreement with the Dutch tax authorities for all intercompany transactions.



ORTEC Optimization Technology B.V. is split into two separate entities per 2022: ORTEC Optimization Technology B.V. (holding function) and ORTEC Technology B.V. (R&D function). ORTEC's two entities in Germany merged to one ORTEC GmbH at the start of 2022. During 2022 a small stake has been acquired in SmartOcto360 B.V., ORTEC Greece Single Member P.C. was established, and ORTEC Sports B.V. (NL) has been sold to a global player in that field. At the start of 2023 ORTEC reduced its stake in IQ-TEC B.V. (NL) and acquired a stake in Hello Planner B.V. (NL).

Shares and certificates

The number of shares in ORTEC International B.V. remained unchanged at 1,000,000. The number of issued shares (319,613) did not change during the year. All employees have the opportunity to purchase certificates of ORTEC International B.V. This allows them to benefit from the growth in value of the company and it creates a stronger bond between the employees and the company. This has led to more than 300 employees owning a total of 8% of ORTEC International B.V. (indirectly) via certificates.

Risk Management

This chapter outlines the various strategic and operational risks ORTEC anticipates.

Strategic and operational risks

Group revenues come from a wide variety of small to large companies, out of different industries, with a broad range of products and services, from all over the world. The retention rate of ORTEC's customers is very high, and the current market share is small compared to the market potential.

The competition is diverse because of ORTEC's wide business scope. Strengths and weaknesses compared to the larger competitors around the globe are known. Expected growth in both revenue and profit depends on a number of uncertain circumstances. The most important uncertainty is the economic climate and the related interest from companies in ORTEC target markets to invest in software and services. An overall world economy downturn or geopolitical instability affects the growth ambition of ORTEC, and new competition in a specific area can change our profits and strategy. Nevertheless, the variety of the business activities, as well as the option to reduce innovations when needed, make the business risk low.

Future success also depends on ORTEC's capabilities to develop its products to be sufficiently generic to cover multiple market segments, while at the same time be sufficiently specific to match specific customer or market requirements. Moreover, the success depends on the ability of ORTEC to reduce the required expertise to sell and implement the ORTEC products to grow this capability in each region faster.

Most activities use state-of-the-art technology to offer customers stable, sustainable, functional rich and innovative solutions. Nevertheless, the speed of technology evolution and related customer expectations is high and forms a potential threat on both the R&D and Sales and implementation activities. Therefore, ORTEC continuously improves her techniques and platforms where needed. This requires significant ongoing development investments, but it's also ORTEC's promise to customers to protect their investments. The risk that technology would eliminate ORTEC's solutions on the short term is low.

Business Continuity risks

The number and variety of risks that potentially could harm the continuity of the group is growing. An annual risk assessment is made for the following categories: Customers, Geographies and Industries, Partners/Suppliers, Technology, Intellectual Property, Fraud, Organizational structure and Management control, Employees/Workforce, Compliance and Laws, Financial, and Company Reputation. Large continuity risks are either further investigated, mitigated, or accepted. Business continuity plans are available, and the Executive Team is trained for dealing with an unforeseen crisis.

Data Protection risks

Dealing with cybercrimes is unfortunately business-as-usual. More countries in which ORTEC does business introduced or changed privacy laws. It requires measures to protect the confidentiality, integrity and availability of data and systems for our customers' and our own processes. The company has a "Quality, Risk Management and Compliance" team and has certified security, privacy, and quality experts that assists senior management to identify and mitigate security and privacy risks. The team creates internal (mandatory) awareness trainings, policies and standardizes business processes to ease compliance to laws, regulations, and policies. A global Security Incident Response Team investigates abnormalities and defines mitigation actions. Extended standardization and certification of our processes (e.g., ISO and SOC2) help to monitor and manage risks.

Financial risks

During the normal course of business, the company uses various financial instruments that expose it to market, currency, interest, cash flow, credit, and liquidity risks. To control these risks, the company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the company. The company does not apply derivatives, including interest rate swaps, forward exchange contracts, or purchased options to control its risks. The company does not trade in financial derivatives.

Credit risk - This arises principally from the group's loans and receivables presented under financial fixed assets, trade and other receivables and cash. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Most of the receivables is related to large internationally operating companies that have a low credit risk. Historically the percentage of the receivables that were not received, because the customer was in default, is very low. An agreement with the Rabobank is in place to provide additional working capital when needed.

Interest rate risk and cash-flow risk - The company runs an interest rate risk on interest bearing assets and liabilities and on the refinancing of existing loans. For assets and liabilities with variable interest rate agreements, the group runs a risk of future cash flows and for fixed interest rate loans a fair value risk.

Currency risk - The group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of group entities, primarily the Euro. The currencies in which these transactions primarily are denominated are EUR and USD.

Liquidity risk - The group monitors its cash position by using successive liquidity budgets. The management ensures that the cash position is sufficient to meet the company's financial obligations towards creditors and to stay within the limits of its loan covenants.

Consolidated Financial Statements 2022

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

(before profit appropriation)

		31-12-2022		31-12-2021	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Fixed assets					
Intangible fixed assets:	*1*				
• Software		**0**		0	
• Goodwill		**486**		732	
		486		732	
Tangible fixed assets:	*2*				
• Computer hardware and software		**1,982**		1,702	
• Office furniture and equipment		**791**		837	
		2,773		2,539	
Financial fixed assets:	*3*				
• Participating interests		**360**		256	
• Other receivables		**205**		177	
		565		433	
			3,824		3,704
Current assets	*4*				
• Projects in progress		**5,097**		4,120	
• Trade receivables		**29,225**		23,209	
• Receivables from shareholder		**746**		0	
• Receivables from participating interests		**0**		33	
• Taxes and social security contributions		**1,943**		2,948	
• Other receivables, prepayments and accrued income		**5,678**		4,243	
			42,689		34,553
Cash and cash equivalents	*5*		**17,207**		16,208
			63,720		54,465

	Note	31-12-2022		31-12-2021	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR x 1,000
Group equity	6				
Shareholders' equity		**28,773**		17,867	
Minority interest		**95**		120	
			28,868		17,987
Provisions	7				
Deferred taxes		**0**		0	
Participating interests		**33**		77	
			33		77
Long-term liabilities	8				
Other debts		**200**		200	
Prepayments		**803**		839	
			1,003		1,039
Current liabilities	9				
Turnover invoiced in advance		**9,689**		9,318	
Debts to credit institutions		**0**		0	
Trade payables		**6,567**		4,780	
Debt to shareholder		**0**		793	
Debt to participating interest		**0**		0	
Taxes and social security contributions		**6,001**		5,317	
Other liabilities, accruals and deferred income		**11,559**		15,154	
			33,816		35,362
			63,720		54,465

CONSOLIDATED INCOME STATEMENT FOR 2022

		2022		2021	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Net turnover	*10*		**144,163**		125,135
Costs of outsourced work and other external costs		**19,900**		16,906	
Wages and salaries		**73,662**		66,424	
Social security and pension charges		**14,589**		12,717	
Amortization of intangible fixed assets		**246**		346	
Depreciation of tangible fixed assets		**919**		846	
Other operating expenses		**25,258**		22,916	
Capitalized costs of software development		**0**		0	
Total operating expenses	*11*		**134,574**		120,155
Operating result			**9,589**		4,980
Financial income	*12*		**354**		220
Financial expenses			**-228**		-125
Result from ordinary activities before tax			**9,715**		5,075
Corporate income tax	*13*	**-2,920**		-1,240	
Share of result of participating interests		**5,329**		-64	
			2,409		-1,304
Consolidated profit after tax			**12,124**		3,771
Share of consolidated profit (loss) attributable to minority interest			**26**		-88
Net profit for the year			**12,150**		3,683

CONSOLIDATED CASH FLOW STATEMENT FOR 2022

	2022		2021	
	EUR x 1,000	**EUR x 1,000**	EUR x 1,000	EUR x 1,000
Operating activities				
Operating result		**9,589**		4,980
Adjustments for:				
• Amortization of intangible fixed assets	**246**		346	
• Depreciation of tangible fixed assets	**919**		846	
• Changes in provisions	**0**		0	
• Changes in working capital	**-11,546**		10,960	
		-10,381		12,152
		-792		17,132
Share of result of participating interests	**0**		0	
Interest received	**354**		220	
Share of result in participating interest	**5,181**		0	
Interest paid	**-228**		-125	
Corporate income tax paid	**-1,056**		-583	
Other financial expenses paid	**0**		0	
		4,251		-488
Cash flow from operating activities		**3,459**		16,644
Investing activities				
Desinvestments in tangible fixed assets	**16**		0	
Investments in tangible fixed assets	**-1,110**		-945	
Change in other receivables classified as financial fixed assets	**-28**		29	
Investments in participations	**0**		-832	
Cash flow from investing activities		**-1,122**		-1,748
Carry forward		**2,337**		14,896

	2022		2021	
	EUR x 1,000	**EUR x 1,000**	EUR x 1,000	EUR x 1,000
Brought forward		**2,337**		14,896
Financing activities				
Selling of own shares	**0**		160	
Purchases of own shares	**-1,290**		-4,560	
Other movements in equity	**-45**		-45	
Changes in long-term liabilities	**-36**		-405	
Cash flow from financing activities		**-1,371**		-4,805
		966		10,091
Translation differences		**33**		124
Net cash flow		**999**		10,215

	2022	2021
	EUR x1,000	EUR x 1,000
Movements in cash and cash equivalents		
Cash and cash equivalents at the start of the year	**16,208**	5,993
Cash and cash equivalents deconsolidated participation at the start of the year	**-**	-
Credit to financial institutions at the start of the year	**0**	0
	16,208	5,993
Cash and cash equivalents at the end of the year	**17,207**	16,208
Credit to financial institutions at the end of the year	**0**	0
	17,207	16,208
Increase/decrease cash and cash equivalents	**999**	10,215

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2022

	2022		2021	
	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000
Consolidated net profit attributable to the legal entity		**12,150**		3,683
Translation differences on foreign participating interests	**92**		154	
Realised value adjustment charged to equity	**0**		0	
Net change directly recognised in the equity of the legal entity		**92**		154
Total comprehensive income of the legal entity		**12,242**		3,837

General

Relationship with parent company and principal activities

ORTEC International B.V., hereafter to be referred to as ‘the company’, having its legal address at Houtsingel 5 in Zoetermeer and its statutory seat at the Chamber of Commerce in Gouda with registration number 29047703, is a private limited liability company under Dutch law and a 49,0% owned subsidiary of ORTEC International Beheer B.V. The other shares and depositary receipts for shares are held by third parties and staff members. The company’s principal activities are providing advice and training in the area of planning, policy and financial issues, as well as developing, implementing and selling systems supporting decision-making. The company is also a holding company.

Group structure

ORTEC International B.V. in Zoetermeer is the parent of the ORTEC group.

Basis of preparation

The financial statements have been prepared in accordance with part 9 of Book 2 of the Netherlands Civil Code.
The accounting policies applied are based on the historical cost convention.

Going concern

These financial statements have been prepared based of the going concern assumption.

Accounting policies

General

Unless stated otherwise, assets and liabilities are carried at nominal value.

An asset is recognised in the balance sheet when it is probable that the future economic benefits that are attributable to the asset will flow to the company and their value can be measured reliably. A liability is recognised in the balance sheet if it is likely that its settlement will result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably.

Income is recognised in profit or loss when an increase in future economic potential related to an increase in an asset or a decrease in a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase in a liability has arisen, the size of which can be measured reliably.

If a transaction results in the transfer of all or substantially all future economic benefits and of all or substantially all risks relating to an asset or a liability to a third party, the asset or liability is no longer recognised in the balance sheet. Furthermore, assets and liabilities are no longer recognised in the balance sheet as soon as the conditions of the probability of the future economic benefits and/or the reliability of their value measurement are no longer met.

Income and expenses are allocated to the period to which they relate. Income is recognised when the company has transferred the significant risks and rewards of ownership of the goods for resale to the buyer.

The financial statements are presented in euros, the company's functional currency. All financial information in euros has been rounded to the nearest thousand.

In 2022 there was a change of accounting policy for our software development. We stopped with capitalizing the development hours and booked it directly in the result.

Change in accounting policies

From the financial year 2022 internally generated software is not capitalized as an asset on the balance sheet and amortized over three years. The reason for this change in accounting policy is that most developments are for platforms and mutually dependent products/applications where the difference between investments and ongoing technology and industry specific maintenance and improvements are less clear. The related costs are part of the ongoing process of innovating the software. Also, this change is in line with the trend that software product companies not capitalize anymore. Furthermore most stakeholders are assessing the group excluding software capitalization.

This policy change doesn't change the company's investment appetite or the necessity to evaluate the return on investment.

The impact on the shareholders' equity is:

	€ (x1,000)
Shareholders' equity 2021 financial statements 2021	29,932
Lower intangible fixed assets	-15,887
Lower provision of deferred tax	3,691
Lower Minority interests	131
Group equity as at 31 December 2021 in the comparative figures 2021 in the financial statements	17,867

The impact on the consolidated income statement is:

	€ (x1,000)
Result financial statements 2021	3,358
Lower depreciation of intangible fixed assets	10,419
Lower capitalized cost of software development	-10,094
Result for the year 2021 in the financial statements 2022	3,683

In the company balance sheet the impact on the balance sheet as at 31 December 2021 is recognized in the participating interest in group companies and in the company income statement in the share of result of participating interests after tax for the year 2021.

Due to a change in law and regulations the project in progress at balance sheet date are not netted. The impact on the comparative figures as at 31 December 2021 are an adjustment in the project in progress to project in progress in advance for an amount of € 3,420k. There is no impact on the equity and result for the year. The comparative figures are adjusted for this matter.

Use of estimates

The preparation of the financial statements requires that management make judgements, estimates and assumptions that influence the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Consolidation principles

The consolidated financial statements include the financial information of the company and its group companies and other legal entities over which that company can exercise control or which are under its centralised management. The consolidated participating interests are listed in the notes to the company balance sheet and income statement. Group companies are entities in which the company has a majority share or where it can otherwise exercise significant influence over the business and financial policy. In assessing whether there is significant influence over the business and financial policy, financial instruments containing directly exercisable potential voting rights are taken into account. Participations held for disposal are not consolidated.

Newly acquired participating interests are consolidated from the moment that significant influence can be exercised over the business and financial policy. Disposed participating interests are deconsolidated from the moment that such influence ends.

In preparing the consolidated financial statements, intra-group debts, receivables and transactions are eliminated. The group companies are consolidated in full and the minority interest is disclosed separately.

Mergers and acquisitions

As at April 28 2022 the group sold the shares of ORTEC Sports B.V. to Sportradar AG. The figures till April are in the consolidated group figures. A part of the selling price will be received after balance sheet date. In the figures a receivable is recorded based on the best estimate. This transaction has a positive impact on the result for the year and is recognized in the share of result of participating interest in the income statement.

ORTEC Optimization Technology B.V. is split into two separate entities per 2022. ORTEC Optimization Technology B.V. retains the holding function of its subsidiaries (the majority of the ORTEC operating companies). The R&D function - including employees and IP ownership - moved to the new entity ORTEC Technology B.V. The two entities are sisters and 100% owned by ORTEC International B.V.

At the end of the year there was a merger within the group between Mentalshare Direct Holding B,V., Mentalshare Direct IE B.V. and NewHealth Group B.V. whereas NewHealth Group B.V. is the remaining entity and Mentalshare Direct Holding B,V. and Mentalshare Direct IE B.V. are the disappearing entities. This has no impact on the balance sheet as at 31 December 2022 and the result for the year 2022.

In 2022 there was a merger within the group between ORTEC GmbH and ORTEC Heidelberg GmbH whereas ORTEC GmbH is the remaining entity and ORTEC Heidelberg GmbH is the disappearing entity. This has no impact on the balance sheet as at 31 December 2022 and the result for the year 2022.

Principles for the translation of foreign currency

Transactions denominated in foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency on the balance sheet date at the exchange rate prevailing on that date. Non-monetary assets and liabilities denominated in foreign currency and stated at historical cost are translated to euros at the exchange rate prevailing on the transaction date. Foreign currency translation gains and losses are recognised in profit or loss under financial income and expenses. Non-monetary assets and liabilities denominated in foreign currency and valued at fair value are translated to euros at the rate prevailing on the date the fair value was determined.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euros at the exchange rate applying on the balance sheet date. Income and expenses of foreign operations are translated to euros at the exchange rates forecast on a quarterly basis.

Translation gains and losses are taken to the reserve for translation differences. If a foreign operation is sold in whole or in part, the relevant amount in the reserve for translation differences is transferred to profit or loss.

Financial instruments

General

Financial instruments comprise investments in shares and bonds, trade and other receivables, cash, loans and other financial obligations, and trade and other payables. The financial statements include the following financial instruments: trading portfolio (financial assets and financial liabilities), loans extended and other receivables, and debts.

The company does not use derivatives.

After initial recognition, financial instruments are valued as described below.

Loans extended and other receivables

After initial recognition, loans extended and other receivables are valued at amortised cost using the effective interest method, less any impairment losses.

Long-term and current liabilities and other financial obligations

After initial recognition, long-term and current liabilities and other financial obligations are measured at amortised cost based on the effective interest rate method.

The redemption obligations payable for long-term liabilities in the coming year are presented under current liabilities.

Impairment of financial assets

A financial asset that is *not* stated at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and financial assets that are held to maturity) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset stated at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

Impairment losses below (amortised) cost of investments in equity instruments that are stated at fair value through profit or loss, are recognised directly in profit or loss.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

Intangible fixed assets

Goodwill

Goodwill represents the excess of the cost of acquisition of the participating interests and the group's interest in the net fair value of the acquired identifiable assets and the 'contingent' liabilities of the acquired participating interests, less accumulated amortization and impairment losses.

Goodwill paid upon the acquisition of foreign group companies and participating interests is translated at the exchange rate applying on the transaction date. The capitalized goodwill is amortised on a straight-line basis over the estimated useful life, determined at five years.

Tangible fixed assets

Computer hardware and software, office furniture and equipment and vehicles are valued at cost of acquisition less accumulated depreciation and impairment losses.

The costs consist of the price of acquisition, plus other costs that are necessary to get the assets to their location and condition for their intended use.

Depreciation is calculated as a percentage of the cost of acquisition according to the straight-line method on the basis of useful life.

The following depreciation rates are applied:

- computer hardware and software: 20% - 33.33%;
- office furniture and equipment: 10% - 16.67%.

Financial fixed assets

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of net asset value. Net asset value is calculated based on the company's accounting policies. Equity investments with a negative net asset value are valued at nil. If the company guarantees the debts of the relevant participating interest, a provision is formed. This provision is recognised primarily to the debit of the amount receivable from the participating interest, with the remainder, comprising either the company's share of the losses incurred by the participating interest or the expected payments to be made by the company on behalf of the participating interest, being presented under provisions.

Participating interests where no significant influence is exercised are valued at cost of acquisition or permanently lower value in use.

Loans to non-consolidated participating interests are included at amortised cost using the effective interest method, less any impairment losses.

The accounting policies for other financial fixed assets are included under the heading 'Financial instruments'.
Dividends are accounted for in the period in which they are declared. Interest income is recognised in the period to which it relates using the effective interest rate method. Any profit or loss is recognised under financial income or expenses.

Impairment

For tangible and intangible fixed assets an assessment is made as of each balance sheet date as to whether there are indications that these assets are subject to impairment. If there are such indications, then the recoverable value of the asset is estimated. The recoverable value is the higher of the value in use and the net realisable value. If it is not possible to estimate the recoverable value of an individual asset, then the recoverable value of the cash flow generating unit to which the asset belongs is estimated.

If the carrying value of an asset or a cash flow generating unit is higher than the recoverable value, an impairment loss is recorded for the difference between the carrying value and the recoverable value. In case of an impairment loss of a cash flow generating unit, the loss is first allocated to goodwill that has been allocated to the cash flow generating unit. Any remaining loss is allocated to the other assets of the unit in proportion to their carrying values.

In addition an assessment is made on each balance sheet date whether there is any indication that an impairment loss that was recorded in previous years has decreased. If there is such indication, then the recoverable value of the related asset or cash flow generating unit is estimated.

Reversal of an impairment loss that was recorded in the past only takes place in case of a change in the estimates used to determine the recoverable value since the recording of the last impairment loss. In such case, the carrying value of the asset (or cash flow generating unit) is increased up to the amount of the estimated recoverable value, but not higher than the carrying value that would have applied (after depreciation) if no impairment loss had been recorded in prior years for the asset (or cash flow generating unit).

An impairment loss for goodwill is not reversed in a subsequent period, unless the previous impairment loss was caused by an extraordinary specific external event that is not expected to recur and if there are successive external events that undo the effect of the earlier event.

As a departure from the above, on each balance sheet date the recoverable value is determined for the following assets (regardless of whether there are indications of impairment):

- intangible fixed assets that have not yet been taken into use;
- intangible fixed assets that are amortised over a useful life of more than 20 years (starting from the time when they are taken into use).

Disposal of fixed assets

Fixed assets available for sale are valued at the lower of their carrying amount and net realisable value.

Projects in progress

Projects in progress that are invoiced by the hour are valued based on the number of hours worked but not yet invoiced times the agreed hourly rate. Projects in progress performed for a fixed price are valued by dividing the number of hours already worked by the expected total number of hours needed, multiplying this ratio with the agreed fixed price, and then deducting prepayments. Provisions are formed for anticipated losses on projects in progress.

The net amount of projects in progress is presented under current assets for projects with a debit balance. Projects with a credit balance are presented under current liabilities.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost is based on the first-in-first-out principle. This lower net realizable value is based on basis of individual assessment of the recoverability of the inventories.

Receivables

The principles for the valuation of receivables are described under the heading ‘Financial instruments’.

Shareholders’ equity

Financial instruments that are designated as equity instruments by virtue of their economic substance are presented under shareholders’ equity. Payments to holders of these instruments are deducted from shareholders’ equity after having first deducted any related income tax gain.

Financial instruments that qualify as financial liabilities by virtue of their economic substance are presented under liabilities. Interest, dividends, income and expenditure relating to these financial instruments are recognised in the income statement as income or expenses.

Minority interest

The minority interest is measured at the third-party share in the net asset value, as determined in accordance with the company’s accounting policies.

Provisions

Provisions are measured at the nominal value of the expenses expected to be incurred in settling the liabilities and losses.

A provision is recognised if the following applies:

- the company has a legal or constructive obligation arising from a past event; and
- its amount can be estimated reliably; and
- it is probable that an outflow of economic benefits will be required to settle the obligation.

Long-term liabilities

The valuation of long-term liabilities is explained under the heading 'Financial instruments'.

Current liabilities

The valuation of current liabilities is explained under the heading 'Financial instruments'.

Income recognition

Rendering of services

Income from services rendered is recognised in the income statement as net turnover in proportion to the stage of completion of the transaction as at reporting date. The stage of completion is assessed by reference to surveys of the work performed.

Projects in progress

As soon as the outcome of a project in progress can be estimated reliably, income from projects and costs associated with projects are recognised as income and expenses in profit or loss in proportion to the amount of work performed as at balance sheet date. Income from projects includes the contractually agreed amount plus any revenues from variations in contract work, claims and reimbursements, insofar as it is probable that these revenues will be realised and can be estimated reliably.

The extent to which work has been completed under a project in progress is determined by comparing the project costs incurred as at balance sheet date to the estimated total contract costs. If the outcome of a project in progress cannot be reliably estimated, contract revenues should only be recognised up to the amount of contract costs incurred likely to be recovered. Expected losses on projects in progress are immediately recognised in profit or loss.

Licences

The company receives licence fees in exchange for providing software. Turnover is recognised as soon as the rights to licences have been transferred.

Subscription based revenues

Subscription based revenues, including managed services and cloud offerings, are generally recognized during the term of the arrangement.

Costs of outsourced work and other external costs

This concerns costs that are directly attributable to net turnover.

Share of result of participating interests

The share of the result of participating interests concerns the group's share of the income or losses of companies in which it has a participating interest. Gains or losses on transactions involving the transfer of assets and liabilities between the group and the non-consolidated participating interests and between non-consolidated participating interests themselves are not recognised insofar as they can be deemed unrealised.

The income or losses of participating interests acquired or sold during the financial year are recognised in consolidated profit or loss from the date of acquisition or until the date of sale, respectively.

Pensions

Dutch pension plans

The main principle is that the pension charge to be recognised for the reporting period should be equal to the pension contributions payable to the pension fund over the period. In so far as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the staff and other (explicit or implicit) commitments to staff. The liability is stated at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date.

For any surplus at the pension fund as at balance sheet date, a receivable is recognised if the company has the power to withdraw this surplus, if it is likely that the surplus will flow to the company and if the receivable can be reliably determined.

Foreign pension plans

Pension plans that are comparable in design and function to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (company, fund and members) are treated and valued in line with Dutch pension plans (see previous section).

For foreign pension plans that are not comparable in design and function to the Dutch pension system, a best estimate is made of the liability as at balance sheet date. Such liabilities are measured on the basis of an actuarial valuation principle generally accepted in the Netherlands.

Corporate income tax

Corporate income taxes comprise the current and deferred income tax payable and recoverable for the reporting period. Corporate income tax is recognised in the income statement, except where it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the reporting year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to the tax payable in respect of prior years.

If the carrying values of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences.

A provision for deferred tax liabilities is recognised for taxable temporary differences.

For deductible temporary differences, unused loss carry forwards and unused tax credits, a deferred tax asset is recognised, but only in so far as it is probable that taxable profits will be available in the future for offset or compensation.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is recognised unless the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is only recognised in so far as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference.
Deferred tax assets and liabilities are stated at nominal value.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash flows in foreign currency are translated into euros using the average weighted exchange rates at the dates of the transaction. 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.

Determination of fair value

The fair value of a financial instrument is the amount for which an asset could be traded or a liability settled between knowledgeable and willing parties in an arm's-length transaction.

- The fair value of listed financial instruments is measured based on the bid price.
- The fair value of non-listed financial instruments is measured based on their expected future cash flows, calculated using a discount rate that reflects the risk-free market interest rate applicable to the residual term of the instrument plus credit and liquidity risk premiums.

1 Intangible fixed assets

Changes in intangible fixed assets were as follows:

	Goodwill
	EUR x 1,000
Balance at 1 January 2022:	
• Cost of acquisition	2,888
• Accumulated amortization and impairment	-2,156
Carrying amount	732
Changes in carrying amount:	
• New consolidation 2022	-
• Investments	-
• Amortization	-246
• Cost of Disposals	-
• Accumulated amortization of Disposals	-
• Net change	-246
Balance at 31 December 2022:	
• Cost of acquisition	2,888
• Accumulated amortization and impairment	-2,402
• Carrying amount	486

2 Tangible fixed assets

Changes in tangible fixed assets were as follows:

	Computer hardware and software	Office furniture and equipment	Total
	EUR x 1,000	EUR x 1,000	EUR x 1,000
Balance at 1 January 2022:			
• Cost of acquisition	**10,930**	**4,802**	**15,732**
• Accumulated depreciation and impairment	**-9,228**	**-3,965**	**-13,193**
• Carrying amount	**1,702**	**837**	**2,539**
Changes in carrying amount:			
• Desinvestments	**-**	**-16**	**-16**
• Exchange results	**24**	**35**	**59**
• Investments	**975**	**135**	**1,110**
• Depreciation	**-719**	**-200**	**-919**
• Net change	**280**	**-46**	**234**
Balance at 31 December 2022:			
	11,929	**4,956**	**16,885**
Cost of acquisition			
• Accumulated depreciation and impairment	**-9,947**	**-4,165**	**-14,112**
• Carrying amount	**1,982**	**791**	**2,773**

3 Financial fixed assets

Changes in financial fixed assets were as follows:

	Participating interests EUR x 1,000	Other receivables EUR x 1,000	Total EUR x 1,000
Balance at 1 January 2022	**256**	**177**	**433**
Changes during the financial year:			
Investments	**0**	**28**	**28**
Share of result of participating interests	**104**	**0**	**104**
Net change	**104**	**28**	**132**
Balance at 31 December 2022	**360**	**205**	**565**

The group has the following participating interests:

Name	Registered office	Share in issued capital %
IQ-TEC B.V.	Zoetermeer, The Netherlands	**51**
Rhythm Beheer B.V.	Zoetermeer, The Netherlands	**50**
Digital Shapers B.V.	Amsterdam, The Netherlands	**45**
Rhythm B.V.	Zoetermeer, The Netherlands	**45**
SmartOcto360 B.V	Nijmegen, The Netherlands	**3**

4 Current assets

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Projects in progress	**5,097**	4,120
Trade receivables	**29,225**	23,209
Receivables from shareholder	**746**	0
Receivables from participating interests	**0**	33
Taxes and social security contributions	**1,943**	2,948
Other receivables	**1,001**	990
Prepayments and accrued income	**4,677**	3,253
	42,689	34,553

Projects in progress

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Projects in progress still to be invoiced	**5,097**	4,120
Provision for projects in progress	**0**	0
	5,097	4,120

Trade receivables

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Amortised cost of outstanding receivables	**30,182**	24,027
Less: bad debt provision	**-957**	-818
	29,225	23,209

The trade receivables are all due within one year. Trade receivables totalling EUR 24.4 million (2021: EUR 18.2 million) have been pledged as collateral for short-term debts to credit institutions.

Taxes and social security contributions

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Deferred tax asset	**1,068**	1,461
Withholding tax	**42**	22
Value-added tax	**404**	464
Wage taxes and social security contributions	**195**	165
Other taxes	**234**	836
	1,943	2,948

At the end of 2022, an amount of EUR 1.0 million of the deferred tax assets is expected to be deductible within one year (end of 2021: EUR 1.2 million).

For compensable losses for an amount of € 2.5 million no deferred tax asset is recognised.

Other receivables

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Licence fees to be invoiced	**381**	527
Other receivables	**620**	463
	1,001	990

Other receivables includes an amount of EUR 0.0 million (2021: EUR 0.0 million) not due within one year.

Prepayments and accrued income

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Prepaid rent	**7**	8
Other prepayments and accrued income	**4,670**	3,245
	4,677	3,253

5 Cash and cash equivalents

	31-12-2022	31-12-2022
	EUR x 1,000	EUR x 1,000
Cash and cash equivalents	**0**	0
Bank overdrafts	**17,207**	16,208
	17,207	16,208

Cash and cash equivalents only include deposits that are available on demand.

6 Group equity

Statement of changes in legal entity's share of group equity

		2022		2021
	EUR x 1,000	**EUR x 1,000**	EUR x 1,000	EUR x 1,000
Legal entity's share of group equity as at 1 January		**17,867**		30,820
Change of accounting policy		**0**		-12,390
Changed legal entity's share of group equity as at 1 January		**17,867**		18,430
Consolidated net profit after tax attributable to the legal entity	**12,150**		3,683	
Other changes in equity	**-1,336**		-4,400	
Translation differences on foreign participating interests	**92**		154	
Total comprehensive income of the legal entity		**10,906**		-563
Legal entity's share of group equity as at 31 December		**28,773**		17,867

Minority interest

Minority interest in participating interest

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
NewHealth Group B.V.	**95**	120
Balance at 31 December	**95**	120

The balance sheet item 'Minority interest' concerns the total share of third parties in the equity of group companies.

7 Provisions

Provisions for participating interests are short term.

8 Long-term liabilities

	Other debts	Prepayments	Total long term liabilities
	EUR x 1,000	EUR x 1,000	EUR x 1,000
Carrying amount at 1 January 2022	**200**	**839**	**1,039**
Payment debt	**0**	**0**	**0**
Addition	-	-	-
Reduction prepayments	-	**-36**	**-36**
Repayment next year	-	-	-
Carrying amount at 31 December 2022	**200**	**803**	**1,003**
Term of more than 5 years	-	**217**	-

Prepayments

The prepayments concern leases on an office building and inventory and a rent free period which are periodically credited to the income statement from 2020 until 2029. No collateral has been furnished. An amount of € 83,000 is short–term and is incorporated in the above mentioned carrying amount as at 31 December 2022.

Other debts

The other debts included a loan for an amount of € 0.2 million. The interest rate is 4%. The loan will be redempted ultimately at the end of 2025. No collateral has been furnished.

9 Current liabilities

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Turnover invoiced in advance	**9,689**	9,318
Trade payables	**6,567**	4,780
Debt to shareholder	**0**	793
Other taxes and social security contributions	**6,001**	5,317
Other liabilities	**0**	256
Accruals and deferred income	**11,559**	14,898
	33,816	35,362

In the trade payables an amount of € 490,000 due to a pension fund is included.

All current liabilities fall due in less than one year.

Debts to credit institutions

ORTEC International B.V., has agreed the following lines of credit with its banker:

- A credit facility with a maximum of EUR 9 million for financing the group's normal business activities. This credit facility has an indefinite term. The interest payable is based on the average 1-month EURIBOR plus margin.
- A Guarantee Facility Agreement concerning the guarantee facility with a maximum amount of EUR 700,000.
- The guarantee facility may only be used for issuing bank guarantees, discount bills of exchange and open letters of credit. For bank guarantees a fee is charged of 1.00% per annum. The guarantee facility has an indefinite term.

Turnover invoiced in advance

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Turnover on maintenance invoiced in advance	**5,532**	5,886
Projects in progress invoiced in advance	**4,157**	3,432
	9,689	9,318

Other taxes and social security contributions payable

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Wage tax and social security contributions	**2,030**	1,860
Value-added tax	**3,223**	3,174
Other taxes	**748**	283
	6,001	5,317

Accruals and deferred income

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Wage costs	**10,689**	10,280
Invoices to be received	**870**	4,618
	11,559	14,898

Financial instruments

General
During the normal course of business, the company uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the company.

The company does not apply derivatives, including interest rate swaps/forward exchange contracts/purchased options to control its risks. The company does not trade in financial derivatives.

Credit risk
Credit risk arises principally from the Group's loans and receivables presented under financial fixed assets, trade and other receivables and cash, with a total amount of EUR 59.9 million (2021: EUR 50.8 million).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The vast majority of the receivables is related to large internationally operating companies that have a low credit risk. Historically the percentage of the receivables that were not received, because the customer was in default, is very low.

Interest rate risk and cash-flow risk
The company runs an interest rate risk on interest bearing assets and liabilities. For assets and liabilities with variable interest rate agreements, the Group runs a risks of future cash flows and for fixed interest rate loans a fair value risk.

The effective interest rate of the short term bank facility is 1.4%.

Currency risk
The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the euro. The currencies in which these transactions primarily are denominated are EUR and USD.

Liquidity risk
The Group monitors its cash position by using successive liquidity budgets. The management ensures that the cash position is sufficient to meet the company's financial obligations towards creditors and to stay within the limits of its loan covenants.

Liquidity risk mitigating measures
The company has the following line of credit available:

- A facility with a maximum of EUR 9 million to cover the companies short term financing needs. This credit facility has an indefinite term. The interest payable is based on EURIBOR plus margin.

Off-balance sheet assets and liabilities

Liabilities

Rental and lease costs

The rental and lease costs are recognised in profit and loss on a straight-line basis over the term of the lease. The residual terms can be specified as follows:

	2022	2021
	EUR x 1,000	EUR x 1,000
Not more than 1 year	**18,266**	13,022
Between 1 and 5 years	**45,674**	8,695
More than 5 years	**1,380**	932
	65,320	22,649

The rental agreements have residual terms ranging from one to ten years totalled EUR 14,060,000. There are some liabilities with a term of more than five years, which amount to EUR 1,380,000.

The company uses 198 cars under an operating lease. At balance sheet date, the lease obligation totalled EUR 2,975,000. The residual terms of the lease obligation range from one to four years. The other commitments concern software and total approximately EUR 48,285,000.

The accounts receivable and furniture and equipment have been pledged to credit institutions as collateral for credit facilities. The credit facility made available to the legal entity and its Dutch subsidiaries comprise a total maximum amount of EUR 9,000,000.

In addition, group companies have issued EUR 690,000 in deposits.

Fiscal unity

The company forms a tax entity for corporate income tax purposes together with ORTEC Technology B.V., ORTEC Optimization Technology B.V., ORTEC B.V., ORTEC Sports B.V. (till April), ORTEC USA B.V. and ORTEC Industrial Automation B.V. Each of the companies recognises the portion of corporate income tax that the relevant company would owe as an independent taxpayer, taking into account the tax facilities applicable to the company. Each company is joint and several liable for the total debt of the tax entity.

The company forms a tax entity for VAT together with ORTEC B.V., ORTEC Sports B.V. (till April), ORTEC Technology B.V., ORTEC Optimization Technology B.V. and ORTEC Industrial Automation B.V. Each company is joint and several liable for the total debt of the tax entity.

10 Net turnover

The geographical breakdown of net turnover was as follows:

	2022	2021
	EUR x 1,000	EUR x 1,000
Netherlands	**61,464**	50,734
Rest of Europe	**39,964**	39,918
North America	**34,443**	26,290
Rest of the world	**8,292**	8,193
	144,163	125,135

Breakdown of net turnover by revenue type:

	2022	2021
	EUR x 1,000	EUR x 1,000
Licenses	**2,436**	2,757
Recurring	**71,587**	57,014
Services	**66,873**	62,163
Other	**3,267**	3,201
	144,163	125,135

11 Total operating expenses

Personnel costs

At 31 December 2022, het nederlandse pensioenfonds had a coverage ratio of 110.6% (31 December 2021: 107.3%). The current administration agreement with the pension funds has been in effect since 1 October 2020 and has been concluded for an undetermined time with a notice period of three months. Based on the administration agreement, the maximum pension contribution for 2022 is 17.5%.

The defined benefit scheme is based on a career-average system. The old-age pension taking effect from age 68 had a maximum annual accrual pension rate of 1.875% (2021: 1.875%).

There is no obligation to index pension entitlements already accrued during past service years. There is no obligation to index currently payable or contributory pensions.

Social security and pension charges

	2022	2021
	EUR x 1,000	EUR x 1,000
Pension charges	**4,360**	3,532
Social security charges	**10,229**	9,184
	14,589	12,717

Staffing level

During the 2022 financial year the average number of staff members, converted into full-time equivalents (FTEs), was 1.022 (2021: 965).

This staffing level (average number of staff members) can be broken down into staff categories as follows:

Average number of staff members (FTEs) by region

	2022	2021
Netherlands	**568**	550
Rest of Europe	**342**	318
North America	**86**	69
Rest of the world	**26**	28
	1,022	965

Average number of staff members (FTEs) by function

	2022	2021
Internal support	**133**	124
Sales	**96**	88
R&D	**220**	210
Implementation, consultancy and support services	**573**	543
	1,022	965

Depreciation/amortization of intangible and tangible fixed assets

	2022		2021	
	EUR x 1,000	**EUR x 1,000**	EUR x 1,000	EUR x 1,000
Intangible fixed assets				
Software	**0**		0	
Goodwill	**246**		346	
		246		346
Tangible fixed assets				
Computer hardware/software and office furniture and equipment	**919**		846	
Other operating assets	**–**		–	
	919		846	
Less: Book gain/loss on sale	**–**		–	
		919		846
		1,165		1,192

The total costs for research, maintenance and development amounts to € 20,734.000.

12 Financial results

Financial income

	2022	2021
	EUR x 1,000	EUR x 1,000
Bank interest	**38**	0
Interest from shareholder	**76**	105
Other (interest)	**12**	0
Translation gains	**228**	115
	354	220

Financial expenses

	2022	2021
	EUR x 1,000	EUR x 1,000
Bank interest	**62**	3
Other (interest)	**60**	15
Bank costs	**106**	107
Translation losses	**0**	0
	228	125

13 Corporate income tax from ordinary activities

The company forms a tax entity for corporate income tax purposes together with ORTEC Technology B.V., ORTEC Optimization Technology B.V., ORTEC B.V., ORTEC Sports B.V.(till April), ORTEC USA B.V. and ORTEC Industrial Automation B.V. Each of the companies recognises the portion of corporate income tax that the relevant company would owe as an independent taxpayer, taking into account the tax facilities applicable to the company. Each company is joint and several liable for the total debt of the tax entity.

The tax expense recognised in the income statement for 2022 amounts to EUR 2,920,000 or 30.1% of the result before tax (2021: 26.4%) and consists of the following components:

	2022	2021
	EUR x 1,000	EUR x 1,000
Tax expense for current financial year based on Dutch 25% rate	**2,506**	1,207
Taxes on non-deductible costs	**149**	114
Adjustment for prior periods	**93**	-133
Release DTA	**0**	0
Impact not recognizing DTA	**-87**	55
Foreign withholding taxes	**140**	98
Rate differences for foreign results	**82**	-54
Other	**37**	-47
Total tax expense	**2,920**	1,240

14 Transactions with related parties

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 on a commercial basis.

Company Financial Statements 2022

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2022

(before profit appropriation)

		31-12-2022		31-12-2021	
		EUR x 1,000	**EUR x 1,000**	EUR x 1,000	EUR x 1,000
Fixed assets					
Intangible Fixed Assets					
• Goodwill		**375**		513	
			375		513
Financial fixed assets:	*15*				
• Participating interests in group companies		**36,944**		24,346	
• Receivable from participating interest		**200**		200	
			37,144		24,546
Current assets					
Receivables:	*16*				
• Taxes and social security contributions		**45**		920	
• Receivable from shareholder		**746**		0	
• Receivables from participating interests		**79**		70	
• Other receivables		**1,003**		511	
			1,873		1,501
Cash and cash equivalents			**608**		551
			40,000		27,111

	Note	31-12-2022		31-12-2021	
		EUR x 1,000	**EUR x 1,000**	EUR x 1,000	EUR x 1,000
Shareholders' equity	*17*				
Issued capital		**320**		320	
Share premium reserves		**927**		2,216	
Legal reserves		**-59**		-152	
Other reserves		**15,435**		11,800	
Unappropriated profit		**12,150**		3,683	
			28,773		17,867
Long-term liabilities					
Loan to financial institution			**0**		0
Current liabilities	*18*				
Trade payables		**557**		529	
Debt to financial institutions		**0**		0	
Debt to shareholder		**0**		793	
Debt to participating interest		**10,058**		7,595	
Taxes		**506**		0	
Other liabilities, accruals and deferred income		**106**		327	
			11,227		9,244
			40,000		27,111

COMPANY INCOME STATEMENT FOR 2022

	2022	2021
	EUR x 1,000	EUR x 1,000
Share of result of participating interests after tax	**12,506**	3,995
Other income and expenses after tax	**-356**	-312
Net profit after tax	**12,150**	3,683

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR 2022

General

The separate financial statements are part of the company's consolidated financial statements for 2022. With regard to the separate income statement, the company uses the exemption available under Section 2:402 of the Netherlands Civil Code.

For explanatory information on items in the separate balance sheet and income statement on which no further details are provided below, please refer to the notes to the consolidated balance sheet and income statement.

Accounting policies

The accounting policies are identical to those applied to the consolidated balance sheet and income statement.

Financial instruments

Financial instruments in the separate balance sheet are presented in accordance with their legal form.

Share of result of participating interests

The company's share of the result of companies in which it has a participating interest comprises its share of the income or losses of these companies. Gains or losses on transactions where assets and liabilities were transferred between the company and its participating interests and between different participating interests are not recognised to the extent that they can be deemed unrealised.

15 Financial fixed assets

Changes in financial fixed assets were as follows:

	Participating interests in group companies	Receivable from participating interests	Total
	EUR x 1,000	EUR x 1,000	EUR x 1,000
Balance at 1 January 2022	**36,411**	**200**	**36,611**
Change of accounting policy	**-12,065**	**0**	**-12,065**
Changed balance at 1 January 2022	**24,346**	**200**	**24,546**
Changes during the financial year:			
• Translation differences on participating interests	**92**	**-**	**92**
• Additions	**-**	**-**	**-**
• Redemption	**-**	**-**	**-**
• Share of result of participating interests	**12,506**	**-**	**12,513**
• Net change	**12,598**	**-**	**12,598**
Balance at 31 December 2022	**36,944**	**200**	**37,144**

In the year 2021 a new loan is granted to a participating interest for an amount of € 200,000. Interest for the loan has been set at 4% per annum. The loan will be redempted ultimately at the end of 2025. No collateral has been furnished.

ORTEC International B.V. in Zoetermeer is the head of the group and has the following capital interests:

	Domicile	Interest in Issued capital % 2022	Interest in Issued capital % 2021
Consolidated participating interests			
ORTEC Optimization Technology B.V.	Zoetermeer	100	100
ORTEC Technology B.V.	Zoetermeer	100	0
ORTEC B.V.	Zoetermeer	100	100
ORTEC Sports B.V.	Zoetermeer	0	100
ORTEC Belgium BvbA	Boortmeerbeek	100	100
ORTEC GmbH	Bremen	100	100
ORTEC Heidelberg GmbH	Heidelberg	0	100
ORTEC SAS	Paris	100	100
ORTEC UK Ltd	Grangemouth	100	100
ORTEC USA B.V.	Zoetermeer	100	100
ORTEC International USA, Inc	Atlanta	100	100
ORTEC CEE Srl	Bucharest	100	100
ORTEC Srl	Milan	100	100
ORTEC Nordic AS	Roskilde	100	100
ORTEC Singapore Pte Ltd	Singapore	0	100
ORTEC SPÓtKA Zoo	Warsaw	100	100
ORTEC Industrial Automation B.V.	Zoetermeer	100	100
ORTEC Austr. & NZ Pty Ltd	Melbourne	100	100
ORTEC Logiqcare Holding B.V.	Zoetermeer	100	100
ORTEC Logiqcare B.V.	Zoetermeer	100	100
ORTEC Logistica America Latina Ltda	Rio de Janeiro	100	100
ORTEC Greece Single Member P.C.	Chalandri, Athens	100	0
NewHealth Group B.V.	Den Haag	54	54
NewHealth Collective B.V.	Den Haag	54	54
Mentalshare Direct B.V.	Utrecht	54	54
Mentalshare Direct Holding B.V.	Utrecht	0	54
Mentalshare Direct IE B.V.	Utrecht	0	54
Stichting Mirro	Den Haag	54	54
Other participating interests			
IQ-TEC B.V.	Zoetermeer	51	51
Rhythm Beheer B.V.	Zoetermeer	50	50
Rhythm B.V.	Zoetermeer	45	45
Digital Shapers B.V.	Amsterdam	45	45
SmartOcto360 B.V.	Nijmegen	3	0

16 Receivables

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Receivables from participating interests	**79**	70
Receivables from shareholder	**746**	0
Taxes and social security contributions	**45**	920
Other receivables	**1,003**	511
	1,873	1,501

All receivables fall due within one year.

17 Shareholders' equity

	Issued capital	Share premium reserves	Legal reserves	Other reserves	Unappro-priated profit	Total
	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000	EUR x 1,000
Balance at 1 January 2022	**320**	**2,216**	**15,539**	**8,499**	**3,358**	**29,932**
Changes accounting policies	**0**	**0**	**-15,691**	**3,301**	**325**	**-12,065**
Changed balance 1-1-2022	**320**	**2,216**	**-152**	**11,800**	**3,683**	**17,867**
Changes:						
Release to other reserves	–	–	–	–	–	–
Appropriation of profit	–	–	–	**3,683**	**-3,683**	–
Other changes in equity	–	**1**	**1**	**-48**	–	**-46**
Buying own shares	–	**-1,290**	–	–	–	**-1,290**
Translation loss on participating interests	–	–	**92**	–	–	**92**
Retained earnings	–	–	–	–	**12,150**	**12,150**
Balance at 31 December 2022	**320**	**927**	**-59**	**15,435**	**12,150**	**28,773**

Issued capital

The company's authorised capital amounts to EUR 1,000,000, divided into 1,000,000 ordinary shares with a nominal value of EUR 1 each, 319,613 of which have been issued. The company owns 31,328 own shares as at 31 December 2022. In the year own shares of the company were bought for an amount of € 1,290,000. This amount is deducted from the share premium.

Share premium reserve

Share premium concerns the income from issuing shares insofar as it exceeds the nominal value of the shares.

At least EUR 1.6 million of the share premium reserve qualifies as freely distributable share premium as referred to in the 2001 Income Tax Act.

Legal reserves

Legal reserves are formed for translation differences on foreign participating interests.

Legal reserve for translation differences

A legal reserve must be formed to account for translation gains and losses on foreign participating interests. This concerns the capital employed by the legal entity plus its share of the income or loss, which is translated from the relevant foreign currency into the reporting currency of the legal entity. The net deficit or surplus in the reserve for translation differences cannot be distributed to the debit of the reserves.

	2022	2021
	EUR x 1,000	EUR x 1,000
Balance at 1 January	**-152**	-306
Translation gains (losses) on participating interests	**92**	154
Balance at 31 December	**-60**	-152

18 Current liabilities

	31-12-2022	31-12-2021
	EUR x 1,000	EUR x 1,000
Trade payables	557	529
Debt to shareholder	0	793
Debt to participating interest	10,058	7,595
Taxes	506	0
Other liabilities, accruals and deferred income	106	327
	11,227	9,244

All current liabilities fall due within one year.

Off-balance sheet commitments

The company is jointly and severally liable for the debts to credit institutions of the companies that are part of the group.

Remuneration of the auditors

The remuneration of PKF Wallast has been charged to the company, it's participations and other companies which have been consolidated based on the matching principle, as referred to in Section 2:382a (1, 2) of the Netherlands Civil Code.

	PKF Wallast	**Other PKF network**	**Total PKF**
	2022	**2022**	**2022**
	EUR x 1,000	**EUR x 1,000**	**EUR x 1,000**
Audit of the Financial Statements	**142**	**18**	**160**
Fiscal advisory fees	**37**	**0**	**37**
Other non-audit services	**10**	**0**	**10**
	189	**18**	**207**

	PKF Wallast	Other PKF network	Total PKF
	2021	2021	2021
	EUR x 1,000	EUR x 1,000	EUR x 1,000
Audit of the Financial Statements	128	61	189
Fiscal advisory fees	28	2	30
Other non-audit services	50	0	50
	206	63	269

Remuneration of the Board of Management (One Tier Board)

In the year under review, the remuneration including pension obligations as referred to in Section 2:383(1) of the Netherlands Civil Code charged to the company and group companies for the Executives of the Board totalled EUR 527,000 (2021: EUR 464,000) and for the Non Executives of the Board totalled EUR 371,000 (2021: EUR 349,000).

OTHER DISCLOSURE

Subsequent events

There are no other subsequent events.

Proposed profit appropriation

Management proposes adding the profit for the 2022 financial year in full to other reserves. The net profit after tax for 2022 is included under the item ‘unappropriated profit’ in shareholders’ equity.

Zoetermeer, 22 May 2023

Board

The Executive members:

M. van Duijn

H.R. Boer

The Non-Executive members:

A.A. van Beuzekom

G.T. Timmer

M.J. Tijssen

H.H.J. Bol

Other information

Independent auditor's report

Provisions in the articles of association governing the appropriation of profit

Under article 19 of the company's articles of association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserves.

The company can pay dividends to shareholders and other parties entitled to the distributable profit insofar as shareholders' equity exceeds the paid-up and called-up part of the capital plus the statutory reserves and insofar as this is deemed advisable based on the dividend distribution test performed by management.

Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT

To: The shareholders and board of ORTEC International B.V.

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

Our opinion

We have audited the financial statements 2022 of ORTEC International B.V. based in Zoetermeer.

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

The financial statements comprise:

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

Basis for our opinion

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

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

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

Information in support of our opinion

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

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Audit approach fraud risks
We have paid attention to the fraud risks relating to management override and revenue recognition including incorrect valuation projects in progress and turnover invoiced in advance.

We have evaluate the design and implementation of the relevant internal controls which are especially relevant for the abovementioned risks.

Based on our risk criteria we have performed specific substantive audit procedures. We have among other things performed specific audit procedures regarding significant estimates, revenue recognition and significant transactions outside the entity's normal course of business.
We have also performed other relevant procedures.

Based on our risk analysis we have determined no other material fraud risks.

Audit approach going concern
The board has identified no risks regarding going concern and has prepared the financial statements based on going concern.
We have evaluated this going concern assumption by among other things:
- considering the board's going concern assessment contains all relevant information of which we have become aware during our audit and asking the board about the most important principles and assumptions;
- assessing whether the board has identified events and circumstances that may cast reasonable doubt on the entity's ability to continue as a going concern;
- inquiring the board regarding its knowledge of going concern risks after the period of the going concern assessment performed by the board;

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

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

Accountants &
business advisers

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

C. Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements
The board 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, the board is responsible for such internal control as the board 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, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting, unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities 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 the board;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

Delft, 25 May 2023

PKF Wallast

Was signed

drs. M.C. van der Linde RA

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